LIBRARY OF PARLIAMENT

Canada. Parl. H.of C.
Special Comm. on
Estimates, 1956.
Proceedings.

J
103
H7
1956
E8A1

DATE	NAME - NOM
✓	

Canada. Parl. H.of C. Special
Comm. on Estimates, 1956.

J
103
H7
1956
E8
A1

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 1

THURSDAY, MARCH 15, 1956
FRIDAY, MARCH 16, 1956

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Hon. Paul Martin, Minister of National Health and Welfare; Dr. D. G. W. Cameron, Deputy Minister of National Health; Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. C. A. Roberts, Principal Medical Officer and Dr. C. L. Francis, Research Division.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,
and Messrs.

Blair
Byrne
Cannon
Decore
Deschatelets
Dupuis
Fleming
Garland
Gauthier (*Nickel Belt*)
Hees
Henry
Knowles
Jutras
Martin
MacEachen
Macnaughton
McLeod
Nicholson
Power (*St. John's West*)
Robertson
Starr
Stuart (*Charlotte*)
Thatcher
Trainor
Yuill

E. W. Innes,
Clerk of the Committee.

ORDERS OF REFERENCE

WEDNESDAY, February 29, 1956.

Resolved—That a Select Committee to be designated be appointed to consider such of the Estimates as may be referred to it and to report from time to time its findings and recommendations to the House.

FRIDAY, March 2, 1956.

Ordered,—That the following Members: Messrs. Blair, Byrne, Cameron (*Nanaimo*), Cannon, Decore, Deschatelets, Dupuis, Fleming, Garland, Gauthier (*Nickel Belt*) Hees, Henry, Jutras, Martin, MacEachen, Macnaughton, McLeod, Power (*St. John's West*), Robertson, Starr, Stuart (*Charlotte*), Stewart (*Winnipeg North*), Thatcher, Trainor, Tucker and Yuill, shall constitute the membership of the said Committee as provided by the resolution passed by the House on February 29, and that Standing Order 67 be suspended in connection therewith.

FRIDAY, March 2, 1956.

Ordered,—That items numbered 179 to 197 inclusive, relating to the Department of Labour; items numbered 244 to 281 inclusive, relating to the Department of National Health and Welfare; items numbered 285 to 291 inclusive, relating to the Department of National Revenue; and items numbered 324 to 327 inclusive, and 528, relating to the Post Office Department, as listed in the Main Estimates 1956-57, be withdrawn from the Committee of Supply, and referred to the Special Committee on Estimates, saving always the powers of the Committee of Supply in relation to the voting of public moneys.

WEDNESDAY, March 7, 1956.

Ordered,—That the name of Mr. Knowles be substituted for that of Mr. Stewart (*Winnipeg North*); and

That the name of Mr. Nicholson be substituted for that of Mr. Cameron (*Nanaimo*), on the said Committee.

THURSDAY, March 15, 1956.

Ordered,—That the said Committee be empowered to print, from day to day, 750 copies in English and 250 copies in French of its Proceedings, and that Standing Order 66 be suspended in relation thereto.

Ordered,—That the quorum of the said Committee be reduced from 14 to 10 members.

Ordered,—That the said Committee be granted leave to sit while the House is sitting.

Attest.

LEON J. RAYMOND,
Clerk of the House.

71755—1½

REPORT TO THE HOUSE

THURSDAY, March 15, 1956.

The Special Committtee on Estimates begs leave to present the following as its

FIRST REPORT

Your Committee recommends:

1. That it be empowered to print, from day to day, 750 copies in English and 250 copies in French of its Proceedings, and that Standing Order 66 be suspended in relation thereto.

2. That its quorum be reduced from 14 to 10 members.

3. That it be granted leave to sit while the House is sitting.

Respectfully submitted.

WALTER A. TUCKER,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, March 15, 1956.
(1)

The Special Committee on Estimates met at 10.30 a.m. this day.

Members present: Messrs. Blair, Byrne, Cannon, Dupuis, Fleming, Garland, Gauthier (*Nickel Belt*), Hees, Henry, Knowles, Jutras, Martin, MacEachen, McLeod, Nicholson, Power (*St. John's West*), Robertson, Starr, Stuart (*Charlotte*), Thatcher, Trainor, Tucker, Yuill.

Mr. Jutras moved, seconded by Mr. Gauthier (*Nickel Belt*), that Mr. Tucker be Chairman of this Committee.

Mr. Fleming moved, seconded by Mr. Blair, that Mr. Thatcher be Chairman of this Committee.

The question being proposed on the first motion, it was resolved in the affirmative. Mr. Tucker was declared the duly elected Chairman and he took the Chair.

The Chairman thanked the Committee for the honour conferred on him and then referred briefly to the Orders of Reference.

On motion of Mr. Thatcher,

Resolved,—That a recommendation be made to the House to reduce the quorum from 14 to 10 members.

On motion of Mr. Byrne,

Resolved,—That permission be sought to print, from day to day, 750 copies in English and 250 copies in French of the Proceedings of the Committee.

Following discussion, on motion of Mr. Garland,

Resolved,—That the Committee request permission to sit while the House is sitting.

The question of future meetings of the Committee was discussed.

On motion of Mr. Gauthier (*Nickel Belt*),

Resolved,—That a Sub-Committee on Agenda and Procedure be appointed comprised of the Chairman and 8 members to be named by him.

The Chairman announced that the following persons would act with him on the sub-committee on Agenda and Procedure: Messrs. Blair, Fleming, Garland, Gauthier (*Nickel Belt*), Knowles, Robertson, Stuart (*Charlotte*), and Yuill.

On motion of Mr. Robertson,

Resolved,—That the Committee meet again on Friday, March 16 at 11.30 a.m.

The committee adjourned until Friday, March 16.

FRIDAY, March 16, 1956.
(2)

The Special Committee on Estimates met at 10.00 a.m. this day. The Chairman, Mr. Walter A. Tucker, presided.

Members Present: Messrs. Blair, Byrne, Decore, Deschatelets, Dupuis, Fleming, Gauthier (*Nickel Belt*), Henry, Knowles, Jutras, Martin, MacEachen, McLeod, Nicholson, Power, (*St. John's West*), Robertson, Stuart, (*Charlotte*), Thatcher, Trainor, Tucker, and Yuill.

In attendance: From the Department of National Health and Welfare: Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. C. A. Roberts, Principal Medical Officer, Health Insurance Studies, and Dr. C. L. Francis, Research Division.

The Chairman outlined the decisions reached by the Sub-Committee on Agenda and Procedure at its meeting on Thursday, March 15.

The Committee proceeded to the consideration of the Estimates of the Department of National Health and Welfare.

Item numbered 263—Health Insurance Studies and Administration of the General Health Grants—was called.

Mr. Martin, Minister of National Health and Welfare, made a statement outlining the activities referred to in the above-mentioned item.

The Committee recessed from 10.50 a.m. to 11.50 a.m. to enable members to attend the opening of the House.

Item numbered 263 was further considered, the Minister answering questions thereon.

At 1.05 p.m. the Committee adjourned to the call of the Chair.

E. W. Innes,
Clerk of the Committee.

PROCEEDINGS

FRIDAY, March 16, 1956.
10.00 a.m.

The CHAIRMAN: Gentlemen, will you please come to order. We now have a quorum. I shall not take a great deal of time in regard to the meeting of the steering committee. It was decided that we should meet at 10 o'clock this morning and in addition meet again at 11.30 so that there would be time to hear the minister's statement and to question him to some extent upon it and thus obviate the necessity of meeting this afternoon. Then it was decided to meet on Tuesday afternoon unless there was something going on in the house which would make it quite clear that the majority of the members of the committee would want to be in the house.

Mr. FLEMING: Such as the pipe line debate?

The CHAIRMAN: That may have reached a stage when all the members would not want to be there necessarily; but we shall decide that when the time comes.

Incidentally, so that you may know what the steering committee is up against, next week there will be a question as to securing reporters. There are just enough to man the committee meetings which are held in the mornings next week. So it will be quite impossible for us to hold any meetings next week in the morning. The steering committee will have to do the best it can about this.

The committee also decided that we should call item 263 of the estimates in order to enable the minister to make a statement in regard to health insurance, so that we could deal with it at the outset, rather than to have the usual item of departmental administration called first. So I shall now call item 263 which is to be found on page 48 of the estimates and ask the minister to make the statement that he is prepared to make.

National Health Branch—
Health Services—
263. Health Insurance Studies and Administration of the General Health Grants, $108,355.

Hon. Mr. MARTIN: Mr. Chairman and members of the committee: the statement which the Prime Minister made on the 26th of January last in which he gave to the House of Commons an account of the proposals advanced by the federal government for participation in provincial health insurance programs was obviously a general statement. So I thought this morning that it would be desirable for me to discuss in greater detail than the Prime Minister was able to do on that occasion—the nature of these proposals and their implications financially and otherwise for the future development of the health services of Canada.

I think it is important to understand in this connection that although health is primarily a provincial and municipal responsibility in Canada, the federal expenditures for health services will reach about $107 million in 1955-56. The actual figure, I think, is important in considering what ultimately will have to be said about this matter.

Now this figure equals about 28 per cent of the combined provincial and municipal expenditure for health services in Canada, and it is worth recalling

that federal expenditures have almost doubled since 1948 when the national health program was introduced. During the same period, provincial and municipal expenditures in British Columbia, Alberta, Saskatchewan and Newfoundland have trebled.

About 60 per cent of the federal health expenditures are devoted to medical and hospital care for those groups for whom the federal government has assumed responsibility. It is important to bear that in mind when we discuss the important question of health insurance because the persons concerned are veterans and members of the armed forces, Indians, Eskimos, sick mariners and newly arrived immigrants, who represent more than 500,000 persons in Canada and who are the subject matter of the application of a health insurance program in part or more extensively.

While expenditures on behalf of veterans have become stabilized in recent years, expenditures on behalf of Indians and Eskimos, for example, have risen from $5·5 millions in 1947-48 to over $17 millions in the current fiscal year, as provided for in the estimates which are before this committee.

So by spending these significant sums of money, the Federal Government has demonstrated its desire to give good health services to those groups for which it has assumed responsibility. At the same time, the federal government has encouraged the provinces, through the national health program, to develop and expand health services for their own residents.

The persons eligible for medical and hospital services through the auspices of the Department of National Health and Welfare are made up as follows: medical and hospital care is provided to some 160,000 Indians and Eskimos; and about 20,000 Canadian seamen and fishermen are insured under the sick mariners program.

In addition to the services provided by the Department of National Health and Welfare, some 155,000 war pensioners are eligible, through the Department of Veterans Affairs, for care for service-connected disabilities. About 35,000 recipients of war veterans allowances are provided with full medical and hospital care.

Necessary medical and hospital services are also provided, under special arrangements, for newly-arrived immigrants, and, in conjunction with municipalities, to immigrants during their first year in Canada.

In addition, more than 500,000 other veterans may receive treatment free or on a repayment basis, depending on their income status.

In association with the Departments of Northern Affairs and National Resources, and Citizenship and Immigration, our department has recently established a northern health service which will ultimately provide health care services for residents of our northern areas. Finally, some mention should be made of the health services which the federal government provides to its own employees through the civil service health division of the Department of National Health and Welfare.

This service is not extended to civil servants all over the country as yet, but it is extended to some 35,000 employees here in the capital of our country.

The directorate of Indian health services maintains 18 hospitals, 36 nursing stations, and 61 other health centres through Canada, with a capacity of more than 2,000 beds. In addition, other hospital accommodation is obtained as necessary, and agreements are entered into with private practitioners for the provision of services in areas where departmental staff or facilities are not located.

The matter of health care for Indians and Eskimos is important because of what I shall have to say later on about specific proposals.

Mr. FLEMING: Are there copies of your brief available so that we might follow it?

Hon. Mr. MARTIN: I am interpolating as I go along. There is a basic copy but I am adding to it. I trust the reporter is noting my interpolations.

The great success achieved in lowering mortality through this program —the death rate from tuberculosis, for example, has been reduced from 579·0 to 60·2 in the ten years before 1954—has been of material aid to provincial governments in raising health standards within their borders.

While treatment is made available to persons on reserve or who follow the Indian way of life, and to Eskimos, all who can afford to pay are expected to do so, and the band to which an Indian belongs is expected to assume as much responsibility as possible within its resources. Some groups are largely dependent, while others increase their degree of contribution each year as circumstances permit.

The Department of National Health and Welfare provides necessary health care to immigrants who become ill on arrival in Canada or are enroute to their destination in this country or are awaiting employment. In addition, under agreements between the Department of Labour and certain provinces, the federal government meets half the cost of medical and hospital care for indigent immigrants during their first year in Canada. Under these agreements, the municipality of residence is reimbursed in full for the cost of treatment.

The federal government, through the Department of National Health and Welfare, provides medical and hospital services on a prepaid basis to members of foreigngoing ships arriving in Canada, of coastal vessels in the inter-provincial trade, under certain conditions of federal government vessels and, on an elective basis, of fishing vessels. Under this program, which has been in existence since Confederation, and is perhaps one of the oldest health insurance schemes in the world, treatment is provided for periods up to a year for all conditions except prolonged mental illness.

The program is financed through a tonnage tax on the ships concerned. Of the some 125,000 covered under the programs in a year, about 20,000 are Canadians. Total expenditures are now about $700,000 in a year and approximately 15,000 persons are treated each year. I regret to say that the scheme is not one that pays for itself as it was intended to do.

A federal health activity of interest and importance to all provinces is, of course, the National Health program which, since its inauguration in 1948, has made grants available to assist the provinces in assessing their own health needs and strengthening and improving their facilities and services.

The following facts and figures will, I think, unfold a story of unprecedented progress in health. I would like to preface what I have to say by noting that this program is the result of a cooperative effort between the two senior levels of government; and it represents the value of teamwork—what can be done—and it does not seek to indicate that the federal government has usurped provincial responsibilities or in any particular to do the major share of the job. This program, however, in the words of the Premier of Ontario, has spearheaded much of the health activity which has gone on in this country recently. For instance, during the seven years covered by the program, more than 800 individual hospital construction projects have been undertaken; space for more than 65,000 beds of all types has been made available under the hospital construction grant; 9,100 health workers of various categories obtained professional training to enable them to give better service; 4,500 have been added to the ranks of Canada's public health workers by being employed under the grants by provinces, municipalities, hospitals and voluntary agencies; in addition to the greatly increased provincial, municipal and voluntary expenditures, more than $154,000,000 have been spent through the federal grants program during the period covered by the program.

Now, when one realizes that the federal expenditures in health in one year represent more than were spent in the 30 years prior to 1948, one will get some appreciation of the magnitude of the responsibility assumed by the federal government in a field normally reserved to the provinces, and will see that this represents a considerable advance.

These combined efforts for improving health were instrumental in reducing general morbidity, in lowering the mortality form tuberculosis and generally in raising health standards and lengthening the span of life. In short, they have meant a healthier, happier, more productive nation.

There is much yet to be done, but we have effected in this cooperative arrangement—federal government and the provinces together—a tremendous improvement. One program which establishes a striking success in this cooperation which we have sought to establish between the two senior levels of government is in the Salk vaccine program of last year, a dramatic example of the national health program in operation. This program, like so many activities supported under the grants, has only been possible because of the cooperation of every person, both in government and private organizations, who is concerned with the development of sound public health practice in Canada. The federal grants have provided a stimulus which cannot be measured in economic terms. Their history is notable for the keen interest with which they were received and the cooperative way in which all agencies involved have worked together to provide the maximum benefits for the money spent. You will find in the administration of the Salk vaccine implications which have something to do with health insurance.

The fact that we are able now to discuss health insurance problems with full knowledge of the basic facts is in no small measure due to the efforts of the provincial health survey teams who examined and assessed the health resources of the nation. Let me say that all these surveys were undertaken by the provinces, however, at the full and complete expense of the federal government. At this point I should like to mention the cooperation known to all of us in the effort known as the Canadian sickness survey, again paid for entirely by the federal government. These studies and investigations permit us now to look into the future with more clarity and put our plans on a more solid foundation.

The administrators of the grants program, both federal and provincial, have been alert to the many new developments and possibilities which progress in medicine and public health has placed at their disposal. The flexible structure of the program, with its yearly review of progress and trends, has enabled the provincial and federal governments together to make available with the least possible delay the benefits of this progress—and to make it available to many thousands who might not otherwise have benefited from it.

As you all know, over the years a great deal of study has been given by the government to the many problems involved in the matter of health insurance. We have recognized that the variety of approaches, the range of services, the jurisdictional problems, the need for maintaining professional freedom—that these and other considerations call for the most intelligent and objective judgment of which we are capable. As a result, every facet of the problem has been thoroughly explored and the results of this work have been reflected in such documents as the Heagerty report and some of the earlier proposals that have been put forward. I would like to say to the committee that this matter is an extremely important one in every way. We can give this or that interpretation to what has been, or should have been, done, but as far as I am concerned in my responsibility as a member of the government I can only regard this matter as one involving very considerable implications, one that has a very important cost factor, but one which I am sure can yield untold benefits for the people of this country.

Following these extensive studies, it was decided in 1948 to take the first step forward in implementing a long-range program with the inauguration of the national health grants which have since done so much to raise the level of health care in Canada and to make full scale health insurance a practical possibility.

This national health program was envisaged in the minds of its authors as a great deal more than a means of encouraging the improvement of existing health services and the establishment of new facilities. When Mr. King announced the grants on May 14, 1948, he pointed out that they should be regarded as "fundamental prerequisites of a nationwide system of health insurance". Indeed, he went so far as to say in the House of Commons that the grants "also represent first stages in the development of a comprehensive health insurance plan for all of Canada".

The Prime Minister of Canada, and the actual head of the government, has made it quite clear on a number of occasions that it remains the policy of the government of Canada to support "a system contributory health insurance to be administered by the provinces". The Prime Minister has also emphasized certain features that would be characteristic of any scheme in which the federal government participated.

First, and most important, it has never been the intention of the federal government to impose any scheme from the top. Let there be no misunderstanding about this. We respect fully the importance of provincial and local autonomy in this as in other matters. It will be recalled that at the October conference, the Prime Minister spoke specifically of—and now I am quoting from the official public proceedings—"schemes involving no constitutional change or interference in provincial affairs, but technical support and financial assistance from the federal authority".

Now, I think it is important to make this early observation so that what we have said to the provinces in camera we will not hesitate to say in public in order to give the assurance which everyone of them, all ten, expect of the federal government. Government in Canada is a complex of responsibilities—sometimes exclusive, sometimes overlapping. No government can be assumed to have less concern than another for the welfare of the individual Canadian citizen and no government should presume to invade the prerogatives of another or to cross the frontier of its constitutional rights. Canada is strongly founded on mutual respect and mutual interest and it must remain faithful to this concept. To lessen in any way—through centralization—the strength of the provinces would be to lessen the strength of our federation.

I would like to say to the committee I am sure that the only way we can make progress in this matter is by recognizing these fundamental principles, and any attempt to take a different course would only delay matters and would not further them one iota. That is why in every detail we must make sure that the provincial governments are marching step by step with us in this matter.

Secondly, we believe that federal support for provincial health programs should serve the national rather than merely "local or sectional interest". It is evident to all that there would be little justification for the national government imposing taxes on all the Canadian people to share the cost of health insurance in two or three provinces. Similarly, within any province it is expected that services would not be provided only to certain groups of the population, but would be universally available to all. I will have more to say about this in a moment.

Finally, since health is primarily a provincial responsibility, the various provinces should take the initiative in working out plans adapted to local conditions.

Notwithstanding this fact, the Prime Minister did, it seems to me, take an important initiative in July 1953 when he indicated the readiness of the federal government to participate in health insurance programs just as soon as most of the provinces were prepared to undertake satisfactory schemes.

At the October conference last year, the Prime Minister was more explicit as to what was meant by the term "most of the provinces". He stated specifically that the federal government was prepared to share in the development of health insurance programs if a majority of the provinces, representing a majority of the Canadian population, were ready to proceed. He indicated in answer to a question put to him in the House of Commons yesterday that that was the policy of the government of Canada. He also proposed for the consideration of the conference a suggested order of priority in the development of services which would provide for the establishment of radiological and laboratory diagnostic services and hospital care as the first two elements in a universal health care program.

The conference, after considering the Prime Minister's proposals, agreed to his suggestion that a continuing committee be established, consisting of the Ministers of Health and Finance of the federal and provincial governments, to examine in further detail all aspects of the problem. As members of this committee know, the Committee of Ministers met on January 23 to 26 of this year to carry out the assignment which was given to it by the conference, and after four days of discussion and detailed examination of all aspects of the problem, the federal government presented certain proposals to the provinces which the provinces have now under consideration. I should now like to outline to the committee the main features of these proposals.

1. As already stated at the conference in October, the federal government will be willing to assist with technical support and financial assistance any provinces wishing to embark upon agreed phases of provincially administered health insurance schemes, involving no constitutional change or interference in provincial affairs, as soon as a majority of provincial governments representing a majority of the Canadian people are ready to proceed.

2. The view of the Federal Government, concurred in generally by the provinces, is that priority of attention at this time should be given to the development of plans to cover diagnostic (laboratory and radiological) services and hospital care, and that only after the establishment of some form of hospital insurance should further consideration be given to what additional steps should be taken.

I wish to make it clear that this stage and this program was agreed to by every one of the ten provinces without exception. We did not say: "this is what we want". We asked them: "what do you want?" and the ten of them agreed on this, and then we gave our concurrence.

3. The federal government is therefore ready, once a majority of governments representing a majority of the people of Canada declare that they are ready to introduce hospital insurance, to recommend to parliament that it provide by legislation grants to cover a share of the cost of this element of health insurance, to take effect when that majority of provinces have such plans in operation.

4. Provincial hospital insurance plans, in order to qualify for consideration,
   (*a*) should make coverage universally available to all persons in the province;
   (*b*) may include provision of specified diagnostic (laboratory and radiological) services to persons in hospital, and within an agreed period of time to persons outside of hospital;

(c) may provide for a limit to be placed on co-insurance or deterrent charges so as to ensure that an excessive financial burden is not placed on patients in respect of hospitalization costs at the time of receipt of service.

5. The federal government's contribution to the costs of hospitalization provided under a recognized provincial hospital insurance plan would be a specified proportion of "shareable" costs. Shareable costs would be determined on the basis of normal operating and maintenance costs, insofar as these relate to standard ward care; but would *not* include capital costs (such as depreciation, interest, amortization of debentures, and so forth), nor extra costs properly attributable to the provision of semi-private and private ward care; nor the "uninsured" portion of a patient's hospitalization costs (such as the amount which is paid directly by patients through co-insurance or deterrent charges); nor provincial administrative costs. Costs of care provided to patients entitled to care under DVA (in respect of pensionable disability), workmen's compensation, insurance claims, or similar arrangements would also be deducted in determining "shareable" costs.

6. There would likewise be excluded, from any plan in which the federal government would share, the costs of caring for patients in tubercular and mental hospitals, under the control of the provinces and subsidized by the provinces. This is altogether apart from psychiatric service in general hospitals or tuberculosis control services in the general hospitals. The costs of care in these institutions is already being met, almost entirely from public funds; there can, therefore, be no justification for loading on to the insurance program costs which have already been lifted from the shoulders of the patient and assumed by provincial and in some cases by municipal governments. Both Saskatchewan and British Columbia have recognized this in their present provincial plans of hospital insurance by carrying the costs of T.B. and mental hospitals as a charge on their general revenues, rather than on their insurance funds.

7. The federal government will pay to each province which operates a recognized plan within the framework of the principles I have just outlined grants equal to a portion of the "shareable" costs, and amounting to:

(a) 25 per cent of the average per capita costs for hospital services in Canada as a whole; plus

(b) 25 per cent of the average per capita costs in the province itself. multiplied by the population covered.

In calculating the percentages and per capita costs referred to, only shareable costs as I have already described them, are included.

It may be of interest at this point to examine the way in which the formula which I have described would work out in the case of the different provinces. Since hospital costs vary from one province to another, the formula for distribution of the federal share endeavours to take into account the cost factor, as well as providing incentive to efficiency and economy of operation.

First of all the proposed federal contribution on a nation-wide basis amounts to 50 per cent of total estimated shareable costs or a minimum in the first year for the federal government of $182,500,000 when all ten provinces are fully participating. So the scheme is one that will cost the nation as a minimum in the first year of operation, assuming the participation of all ten provinces, a little less than $400 million. The federal share will amount to an estimated $11.42 per capita for the country as a whole.

Estimated per capita costs of a hospital care and diagnostic services' program vary all the way from $12.22 in Newfoundland to $28.52 in British

Columbia, with the national average working out to $22.84. Obviously a simple 50-50 sharing with each province would have been unfair in our judgment since the federal government would under such a formula be giving British Columbia $14.26 while Newfoundland would only receive $6.11.

An alternative approach might have been to base the federal contribution on one-half of the national average per capita costs and pay this amount to all the provinces. This would likewise have been unfair since, with a flat contribution to all provinces of $11.42 per capita, Newfoundland would receive over 90 per cent of its own cost while British Columbia would only receive 40 per cent.

I would like to take this opportunity of paying tribute to the officials of my own department and to those of the Department of Finance for their very great help in this matter and I would like especially to mention my two deputy ministers, Dr. Davidson and Dr. Cameron.

As a result, after careful consideration by our department and the Department of Finance, a formula was developed which combined each of these alternatives, and based the federal contribution on both factors. In other words, the federal government will pay to each province grants equal to a portion of the shareable costs and amounting to: 25 per cent of the average per capita costs for Canada as a whole; plus 25 per cent of the average per capita costs in the province itself; multiplied by the population covered.

In that portion of the formula which involves paying 25 per cent of the actual shareable costs in each province, recognition is given to the position of the higher cost provinces—Brititsh Columbia, Alberta, Saskatchewan and Ontario. In that portion of the formula which involves paying 25 per cent of the national average, recognition is given to the position of the lower cost provinces which, incidentally, are also for the most part those provinces with smaller financial resources from which to provide their smaller share of the cost.

These six lower cost provinces will actually recover more than 50 per cent of their shareable costs, although the actual dollar payments per capita will be less than the national average federal payment of $11.42. Newfoundland will actually receive an estimated 72% of its shareable costs, Prince Edward Island 65%, New Brunswick 59%, Nova Scotia 57%, Quebec 53% and Manitoba 51%. On the other hand, British Columbia, Alberta, Saskatchewan and Ontario will receive from the federal government slightly less than 50 per cent of their costs.

And here I would like to digress momentarily. When I made this formula known, the provincial treasurer of Saskatchewan, for instance, approved the formula and said it was one which he regarded as being in the national interest.

In terms of actual dollar payments per capita of the population, the four provinces I have just mentioned will receive the highest grants, being in excess of the national average in every case. For example, British Columbia will recover 45% of the province's per capita cost but the per capita payments will be $12.84—almost $1.50 per person more than the national average and actually the highest per capita payment among all the provinces.

In the case of Alberta, that province will recover 46% of its provincial per capita costs; Saskatchewan 47% and Ontario 49%, very close to the actual national average. In each case the per capita payments received by these three provinces will be actually higher than the national average of $11.42.

So much for the financial aspects of the formula and of the federal proposal. In addition to financial support I would like to emphasize that the federal government stands ready to provide technical assistance in the development of provincial programs without in any way interfering in provincial

affairs or attempting to dictate the manner in which they should be organized. Federal health officials have made comprehensive studies of various health schemes already in operation in Canada and elsewhere and we think it is common sense to seek to profit by the experience of others and to avoid needless problems and mistakes.

I should like to add one comment as to the general character of the discussions which took place in the four day period, January 23rd to 26th. I would like to say that I have never presided over a series of meetings where the representatives present applied themselves with greater earnestness and single-mindedness of purpose to the task before them. I would like to pay sincere and heartfelt tribute to the splendid spirit of cooperation and constructive participation which was manifested by all those who participated in the conference. In the words of Provincial Treasurer Fines of Saskatchewan, echoed by Health Minister Martin of British Columbia, this meeting of January 23rd to 26th proved to be an historic occasion in the evolution of our plans for health insurance in this country. These words were subscribed to by Provincial Treasurer Porter of Ontario, by Health Minister Cross of Alberta and by others: and I think it only proper that the people of Canada should know that, once again, on this as on other important and vital public questions, the governments at different levels in Canada, of differing political faiths, have proved themselves capable of working together in the best interests of the people of Canada, and on a basis consistent with the highest traditions of democracy.

There is very little more, Mr. Chairman, that I need say at this juncture. The federal government has put forward a definite proposal: it remains now for the provinces to consider carefully this proposal as I know they are doing, and to indicate their willingness to proceed. One province, British Columbia, has already indicated its acceptance of this proposal.

I was asked at the last conference, a week ago today, to make a report to the conference, of the conference in January, and I indicated then, in the presence of all the ten provincial premiers that our proposal was being studied, I presumed by them, and to date we had heard only from one province. I do not want that remark to be taken as in any way seeking to bring pressure on any government. Now, this is a vast and complex problem, involving many considerations of public policy which the provinces will, for understandable reasons, wish to appraise and evaluate with utmost care. There will be no word from me or my colleagues in the government at any time during this period of consideration which does not take into account the position of the provinces in this matter. There is no doubt that each of the provincial governments which decides to accept the federal government's proposal will face important administrative problems as well as financial ones. We know what this means, because the burden for us is equally great, although, I believe the benefits will certainly outweigh the present concerns.

We have already had many years of fruitful collaboration between the federal and provincial governments in the fields of health and welfare. If we now act wisely and responsibly, I believe that this same spirit can be carried forward in working out the many complex questions involved in the establishment of an adequate nation-wide hospital insurance plan.

We, the federal government, stand ready to assume our full share of the financial burden. But, more important, we are prepared to approach this problem in understanding awareness of the unique framework of the Canadian society, of the constitutional division of authority in this field and of the special local conditions and needs that must be taken into account in a country of such diverse geographic and economic regions.

The various provinces have not given any indication to me when they propose to give us an indication of their attitude. Some provinces, I know, are

establishing committees to give careful consideration to this matter, and in the largest province of Canada, the province of Ontario, a committee has been set up for the purpose of going into this question. The situation is that we have made a proposal to them, and we are awaiting their response.

The CHAIRMAN: What is the wish of the committee? It is now 10 minutes to 11, and we were going to adjourn in time to go into the house. Do you wish to take some questions now, or will we adjourn now?

An hon. MEMBER: I think we should adjourn now.

Mr. THATCHER: Could we get a copy of the minister's remarks, Mr. Chairman?

Hon. Mr. MARTIN: Yes, except that what I have said is not all in there.

Mr. FLEMING: It is all in harmony.

Hon. Mr. MARTIN: Well, the government is always logical.

Mr. FLEMING: That is not the question.

The CHAIRMAN: We will try and furnish the members of the committee with copies. We will reconvene today at the conclusion of the proceedings leading up to the calling of the Orders of the Day.

—Upon resuming.

The CHAIRMAN: Order, gentlemen, we have a quorum and we shall proceed.

Mr. BLAIR: Mr. Chairman, we of the official opposition realize that this is a complex problem. We have heard the minister's address, and the subject matter which has just been presented to us. We intend to ask questions with a view to clarification, explanatory questions concerning this document which has been presented to us this morning.

Hon. Mr. MARTIN: I shall be glad to answer any questions right now, Dr. Blair.

Mr. BLAIR: There was a question, Mr. Chairman, concerning the treatment of tuberculosis and mental disease. I would ask the minister to elaborate further on the position in regard to these two important subjects.

Hon. Mr. MARTIN: Yes. The total cost of t.b. and mental health in Canada is somewhere in the neighbourhood of $120 million to $140 million. Now, before the conference was held in January there was some doubt in our minds as to the extent of the payments for t.b. and mental health care in the various provinces.

It was difficult for us to get full replies from all the provinces before the conference. However, at the conference we had a series of interrogations one with another, when it was revealed that all the provinces but one paid practically one hundred per cent of t.b. and mental health care, and that in one province, Ontario, over 90 per cent of the cost of t.b. and mental health care was borne by the province itself. That is the first fact.

Now, with the assumption of responsibility by the province in that particular—it does not apply to psychiatric care in general hospitals, or to the expenses when a tubercular patient is treated in a general hospital; so we have made an exception for that kind of treatment. That is properly insurable; that is properly coverable under a hospital insurance policy.

The third consideration is that in those three provinces where you have hospital insurance, Alberta, Saskatchewan and British Columbia, t.b. and mental health care are not insurable items.

In the case of the province of Saskatchewan where, more than in the other provinces, you have payment by way of premiums to a very considerable extent, they do not cover, in their insurance programme, t.b. and mental health care.

In the case of Alberta and more particularly that of British Columbia, they do not cover them either. But in the latter two provinces they have a separate account.

The reason I draw a distinction on the part of Saskatchewan is that in the case of a premium insurance scheme there is not the same reason for having a separate account. So it would be unfair to ask the federal government in its hospital insurance plan to provide the provinces with moneys in respect of something that is not covered by insurance. They do not do it now and it would be unfair and it is not valid—and I am sure upon reflection it would appear so—to ask the federal government to do so.

In addition, our examination of the health insurance systems of practically all the countries of the world reveals that they do not cover t.b. and mental health care. I do not say that they do not do anything about these things but they do not cover them except perhaps in the case of the United Kingdom. But there you have a different situation. That is a unitary state, number one; and number two, all the hosiptals have become the property of the national government. There are, basically no such things as private hosiptals any longer. They are owned for the most part by the state.

But that is not our situation in Canada and I hope that it never becomes our situation, and I do not believe that is the intention of any of the provinces in Canada.

Now, of course, we shall continue assistance in another way for mental health and t.b. care. Under the national health program, our biggest single grant is for mental health. We shall continue that work, and we shall give the provinces assistance in that way. But we are not envisaging the provision of moneys to the provinces in respect of hospital insurance to cover these cases, except in so far as they are psychiatric services or t.b. services rendered in general hospitals.

What would the situation be if we did? We would be using money under the guise of hospital insurance to subsidize the provinces in respect of matters that are their own normally accepted responsibility.

The principle is the same as in family allowances. We do not give family allowances to children in institutions maintained by the community or by the provinces. We give family allowances to children, but we are not using the family allowances program in order to subsidize any provincial government in respect to a responsibility that is theirs. I think that is generally understood.

Mr. BLAIR: The minister realizes of course the importance of this mental health situation in Canada. I have before me a resolution of the Canadian Mental Health Association in which they think it would in effect lower the standards if that were to be left out, and they would like the psychiatric patient to be regarded as a medical patient.

This is from a very important body of people who are acquainted with this situation; and they further state that eventually the aim of including psychiatric patients regardless of the form of hospitalization, should be included under health insurance.

Hon. Mr. MARTIN: Would you please get me the letter from Dr. J. D. Griffin.

I had this delegation in to see me. The president of the association is Mrs. Davidson of Saskatchewan, a very outstanding woman indeed, and no relation to Dr. Davidson, my deputy minister. The director of the Association is Dr. J. D. Griffin.

I have also seen, in addition to the national body, the provincial body in Alberta. When I was out there last week I spent some time with them.

I think there is now a general understanding of the situation. They seemingly thought in part that we were not going to provide any assistance under this plan for those in general hospital, but that was not the intention.

It was only in regard to the provincial institutions, and in this connection I would like to place on the record a letter I have from Dr. Griffin on this very important matter.

Mr. KNOWLES: I would like to say a few words before I lead into my questions. My first word is this: that without saying anything about the length of time it has taken to reach this point, and without at this point going into our feeling that we would like to see a much wider step being taken in this field; nevertheless we, of the C.C.F. group in parliament, are pleased that this step in the field of national health insurance is being taken or at least that a proposal, which may lead to the step, has been made.

We are getting into semantics when we talk about this proposal as being in the nature of health insurance. However, I do not mind using the term, even though thus far it includes only national hospitalization insurance plus one or two other things. I do not mind using the term as I have because if we keep clamouring for national health insurance we may move on until it is that, with all that the term means. In other words, there are qualifications or political overtones that I could make, but I want my main and first words to be that we welcome the fact that this step is being taken.

Hon. Mr. MARTIN: I think Mr. Knowles feels that it has taken him ten years to get this kind of statement on the record.

Mr. KNOWLES: Perhaps the minister should not start out so volubly just yet!

Mr. FLEMING: Did you say that it took him ten years?

Hon. Mr. MARTIN: No, it took him ten years to be so gracious. He is usually gracious but in this particular matter he is now very gracious!

Mr. KNOWLES: It has taken you and your forebears thirty-seven years to reach this point. I want to confirm from such information as I have been able to gather by having talked to people who participated in the conference of January 23 to 26, that it was quite a satisfactory conference. But there is a barb in that compliment too, Mr. Chairman, as regards the minister, because I think it can be said about this conference, very readily, that it was more of a conference than some of the other conferences which have been held at the federal-provincial level. There was more give and take, more discussion.

Some of these conferences are felt by some in the provinces to be occasions when the federal authorities simply hand out proposals or regulations to the provincial people, and afterwards it is said in the house that they were arrived at by agreement.

Hon. Mr. MARTIN: You are resorting to argument by assertion, which is not argument at all.

Mr. KNOWLES: Something in which the minister never indulges? At any rate we will deal with the other conferences and the other so-called agreements when we reach the other items in the estimates. But at least so far as this conference is concerned, it does seem to have been a co-operative affair which produced results, at least in the form of proposals which the federal government has made and to which the provinces are now giving consideration.

My next word is this: I think the minister is trying to have it both ways, something which traditionally is not allowed around here, although it is worked a great deal, when he asserts that health is primarily a provincial responsibility. Then he turns around and boasts of all the things that the federal government has done in the field of health. Let me say first of all that, unless I have failed to detect it, the word "health" does not appear in the British North America Act.

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: There are provisions in sections 91 and 92 regarding certain hospitals and institutions of that nature.

Hon. Mr. MARTIN: Eleemosynary institutions.

Mr. KNOWLES: Yes, but the actual word "health" does not appear.

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: We have moved a long way in our social thinking since 1867. The minister can say that the responsibility for hospitals and institutions of that type is provincial because it is in section 92 of the British North America Act. Other kinds of hospitals such as marine hospitals, are mentioned in section 91; but since the general question of health is not there at all, I submit that in 1956 health is a Canadian responsibility that should be shared equally among the various levels of government.

I do not think we should lose too much time saying that that health has to be dealt with at the provincial level, that it is a provincial responsibility, and then in saying when we do something at the federal level that we are great boys, spending a lot of money, and doing wonderful things. I think it would be better to accept it as a Canadian responsibility and to go to work with a determinaton to make progress as fast as we can.

Next, I would like to say a word about the minister's reference to the national health grants, and to the amount of money that has been made available to the provinces under those grants. When Mr. King announced the health grants program in 1948, we welcomed it with enthusiasm. We pay tribute to what has been done by means of those grants and to the assistance which those grants has made available to the provinces.

I am glad that we seem to have reached a point where it is being inferred, at least, that with facilities no longer so inadequate as they were in 1948, it is now possible to talk about health insurance. Far a great number of years it has been said that health insurance was impossible until the health grants program had laid the foundation, but now we seem to have made some progress in that direction. However, before the minister boasts too much about the $155 million paid out in health grants since 1948, he should be reminded that in 1945 the green book offered us $150 millions a year; instead the figure has only reached a total of $154 million in eight years.

Hon. Mr. MARTIN: Not with regard to grants. The total amount of grants in 1945 was $17 million, and the figure you are talking about now includes medical care, hospital insurance and so on.

Mr. KNOWLES: It included the sum of money which the federal government was prepared to put into this field; but the plan got changed between 1945 and 1948 so that instead of $150 million a year which was the offer in 1945, we had $30 million a year offered in 1948 which in eight years has amounted in actual payments to $154 million.

Hon. Mr. MARTIN: In 1945, the proposals to the provinces involved health grants then totalling about $17 million, the total sum now available to the provinces by way of health grants is $48 million, so we have gone away beyond 1945 on the mere matter of grants. I think you will admit that is correct.

Mr. KNOWLES: There is another aspect of it, namely, the difference between the amount available for health grants and the amount that the provinces are able to take up. This arises because many of those grants were on a matching basis, or on the basis of one formula or another.

Hon. Mr. MARTIN: Most of them are not on a matching basis. The general health grant is not on a matching basis, the t.b. grant is not, the mental health is not, professional training is not, and medical research training is not. And so on.

Mr. KNOWLES: There are a number which are on a matching basis, or on a basis which require contributions from the provinces. It is made clear in the estimates that the offer of $48 million this year, for example, does not mean that that much money will be paid out this year. As I have said, the estimates take cognizance of that fact.

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: My point is that the $154 million that has been paid out since 1948 is good, but in terms of what was talked about in 1945 and in terms of our greatly increased national wealth since then, I do not think the minister should boast with quite the fanfare he enjoys.

Hon. Mr. MARTIN: I wish to point out that I have not really stated the case properly because you have not understood it.

Mr. FLEMING: The hon. member does not expect the leopard to change his spots.

Mr. KNOWLES: I do not think that the minister is attempting to state the case properly until he tells us how much money the provinces and the municipalities have put in along with the $154 million which the federal government has put in.

Hon. Mr. MARTIN: In my statement today I tried to establish here that we were working together and I realize the great work of each one of the provinces.

Mr. KNOWLES: The minister did not say that the provinces and municipalities did not put money up, but—

Hon. Mr. MARTIN: I said that the provinces' total was treble ours. The fact is, Mr. Knowles, that you have not carefully followed my statement.

Mr. KNOWLES: I followed it very closely. I noted that you indicated that two or three of the provinces had to pay treble what the federal government paid, but you did not give the total picture. Did you at any point give a figure in dollars for the provinces and municipalities comparable to the $154 million?

Hon. Mr. MARTIN: No, but I will.

Mr. BLAIR: You want the matching grant paid by the provinces?

Mr. KNOWLES: Let us have all three levels in the overall picture, federal, provincial and municipal.

May I now say a few words about the health insurance proposals. First of all, we are particularly pleased at the universality which is laid down as a basic principle in these proposals. In other words, we understand that whatever plan is put into effect in any province, on the basis of the financial and technical aid offered by the federal government, that plan must make the services included in the plan available to every person in the province.

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: And whatever may be the method by which the federal government raises its share of the cost, or the method by which the provincial government raises its share of the cost, the availability of the service must be universal.

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: That is good, for we think that a national health plan should be a plan designed to bring hospital and medical health services to all the people of Canada.

I move on to the discussion that the minister indulged in regarding the stage suggested by this plan, namely radiological, diagnostic services and hospital services—unless there are one or two minor things I missed there are no more. At this stage the plan goes only so far as hospitalization.

Hon. Mr. MARTIN: What I said was that the provinces themselves—

Mr. KNOWLES: I am coming to that. The minister was very quick at that point to say that the provinces concurred in this stage, and I thought that he was looking at me when he quoted a minister from Saskatchewan as being one of those who concurred.

Hon. Mr. MARTIN: I was looking at you.

Mr. KNOWLES: Does the minister not realize that all ten, in fact the eleven governments might agree and be unanimous in going at least this far and be pleased that we are going this far, but that some of them might like to go further.

Hon. Mr. MARTIN: Mr. Knowles, I do not have any doubt that the province of Saskatchewan would go further. What I said was that they all, without intervention on our part, took the position that this was the stage, and the only practical stage to proceed with at this time.

Mr. KNOWLES: The minister tries to convey the impression that because they all agreed to go this far, they are all satisfied this is far enough to go.

Hon. Mr. MARTIN: I just said the opposite.

Mr. KNOWLES: I want to make it clear that I am satisfied that the view of some of the provinces, and certainly the view of one province, is that this is only a step and that we have got to move on to coverage beyond hospitalization. The minister knows that we will support him 100 per cent against any opposition he may have to this plan, but when we get this plan into effect we will want to go further, and some day we will.

I want to say a word now about the formula, 25 and 25, which adds up to something different from 50. We have no quarrel with the formula apart from the figures. By that I mean that we think that the idea of providing half of the federal government's assistance on the basis of the national average cost and half on the basis of provincial average is a reasonable device for the considerations that the minister gave in his remarks. Where we take exception is to the fact that the figures are 25 and 25. We think the percentages should be at least 30 and 30 or 37½ and 37½. We think the federal share of a health insurance program should be in the order of 60 or 75 per cent instead of in the order of 50 per cent. I think that our reasons for taking that position are well known; it is not for want of our having tried to make it clear down through the years. We believe health care should be made available to the people because of their need and that it should be paid for according to ability to pay and the more you move in the direction of paying out of the federal treasury, which draws its income mainly from income and corporation taxes, the more you move in the direction of ability to pay.

I do not want to bring in a civil servant, but Doctor Davidson will remember my making this demand in respect to old age security six years ago; and we think it applies here. If we have a main quarrel with this offer at the present time, it is that it does not offer a high enough percentage. We think 60 per cent should be the minimum, and we feel that there is a loss to the provinces occasioned by the fact that the figure is 50 per cent rather than 60 per cent. I am using the figure 50 as if 25 and 25 would add up to 50.

Hon. Mr. MARTIN: In some cases it runs up to 75 per cent.

Mr. KNOWLES: You must add to that the fact that some of the provinces at any rate anticipated a plan of 60 per cent including mental health and t.b. cases; whereas now, reducing it to 50 per cent and cutting out those other groups you are imposing a much greater financial burden than some of the provinces thought would be the case. We feel that the offer should be amended by raising those figures of 25 and 25 preferably to 37½ and 37½ or at any rate to 30 and 30 respectively.

I want to say a word about a point which Doctor Blair raised, namely the question of including t.b. and mental health patients. First of all I want to support the implication in what Doctor Blair said, that we should get out of the dark ages completely in regard to mental health and should not leave it in a category all by itself; it should be treated on all fours in the same category as so-called physical health.

Hon. Mr. MARTIN: Do you not think that I would be justified now in saying that it would be wrong to create the impression that that is the case now. It is not right to give the impression that these patients are being treated separately. There is a great deal of concentrated effort being made in psychiatric treatment today.

Mr. KNOWLES: I heard a doctor from Montreal speak on this subject on "Press Conference".

Hon. Mr. MARTIN: He was not speaking about hospital insurance. It was Doctor Cameron, and he was talking about mental health.

Mr. KNOWLES: If it were possible to call persons to this committee—

Hon. Mr. MARTIN: If you did call Doctor Cameron he would tell you that if it was not for the Federal mental health grants he would not be able to carry on effectively.

Mr. KNOWLES: I must interrupt for a moment and thank the minister for helping me out with my speech in a way that I did not help him out with his.

Hon. Mr. MARTIN: I want your speech to be a good one.

The CHAIRMAN: I am sure if you preferred to make your statement the minister will be replying to you anyway. If you prefer him not to help you out I am sure he won't.

Mr. FLEMING: Are you sure he won't? I have known him longer than you have.

Hon. Mr. MARTIN: I am not accustomed to parliamentary committees and I had assumed what I was doing was perfectly in order.

Mr. KNOWLES: I regard the minister's interventions as helpful.

Hon. Mr. MARTIN: I never saw such harmony before.

Mr. KNOWLES: I hope this harmony will lend itself to extending the principles of health insurance and extending the government's share of the cost.

Let me get to the arguments which the minister used about t.b. and mental health. He made one or two arguments when he made his initial statement, and further arguments when answering Doctor Blair. In his initial statement he took the position that these costs were already being met. I think he said that these costs had already been removed from the shoulders of the individual people and were being borne by the provinces.

Hon. Mr. MARTIN: Except in the case of psychiatric cases in general hospitals, or those in private institutions like Homewood, which are not general hospitals. There are some institutions privately maintained, for mental health cases.

Mr. KNOWLES: All right. These are details we need not go into. It is agreed so far as individuals are concerned—certainly it is true in Manitoba so far as t.b. is concerned as well as in some other provinces—that t.b. patients' care is paid for entirely. The minister said that has been taken off the shoulders of the individual, but it is still on the shoulders of the municipality or the province and we think the argument the minister made on this point is not convincing. We believe it is still a part of the financial responsibilities of the federal and provincial governments in these fields.

Hon. Mr. MARTIN: That may be true, but not to be covered by hospital insurance.

Mr. KNOWLES: In Saskatchewan, for example—my colleague from Mackenzie can correct me if I do not report it accurately—in Saskatchewan there is a plan of hospital insurance under which everybody in the province is covered.

Hon. Mr. MARTIN: No, not everybody. You spoke a moment ago about universality. There is not universality in Saskatchewan now.

Mr. KNOWLES: Hospital services are available on a universal basis.

Hon. Mr. MARTIN: No. About 10 per cent of the population is not covered in Saskatchewan.

Mr. KNOWLES: What group are they?

Hon. Mr. MARTIN: It includes Indians.

Mr. KNOWLES: Who come under federal care.

Hon. Mr. MARTIN: It is not universally applicable. It is not as universal as in British Columbia. In British Columbia they cover Indians. The British Columbia hospital insurance scheme is the one that is more widely available to all citizens than in any province.

Mr. KNOWLES: But no citizen in either of those provinces fails to come under hospital coverage of one kind or another.

Hon. Mr. MARTIN: Only in British Columbia is that completely the case. In Saskatchewan it is the case to the extent of 90 per cent of the population.

The CHAIRMAN: Is it not true in Saskatchewan that if the individual does not pay the premium, or the municipality on his behalf, then when he goes into hospital it is the same as it was before, the individual on failing that the municipality has to pay for it? Either the individual has to pay or the municipality has to pay.

Mr. KNOWLES: You are driving up the same alley as I am. The point is in Saskatchewan where they have an insurance scheme everybody is covered one way or the other whether he pays into that scheme or not. The old age pensioner does not pay the hospital insurance premium but he is covered. The mental or t.b. patient does not pay the hosiptal insurance fee but he is covered.

Hon. Mr. MARTIN: No. In Saskatchewan Indians who are t.b. patients are taken care of by the federal government. We have asked the government of Saskatchewan in the hospital scheme to include Indians and they have consistently taken the position they did not feel they should. That is the position now.

Mr. KNOWLES: Have you offered to the province of Saskatchewan the proposition that they include their mental and t.b. patients in their insurance scheme and thereby come under this plan?

Hon. Mr. MARTIN: No. We will deal with one thing at a time. With respect to Indians we have offered to the province of Saskatchewan that we would pay the premiums and they would in turn give the Indian population in Saskatchewan the same treatment which is accorded to the white and the commission there has decided at this time not to accept.

And now, with respect to asking Saskatchewan if it would include t.b. and mental health patients under the hospital insurance shareable plan, we have not offered on that because we do not propose to. The question is simply this; in all the provinces they have mental health institutions which they have built and controlled themselves, and if they want assistance it is not right that they should get that assistance through a hospital insurance scheme which in part will be contributed to by contributions of one kind or another by the people of the country.

Mr. KNOWLES: Why is it different for a mental health patient than for a patient suffering from physiological illness?

Hon. Mr. MARTIN: Because the latter has an insurable illness. In the case of mental illness he does not have to worry about the cost. It is provided for out of the general funds of the province. If I am mentally ill today—and some of my political opponents say that is the case—the fact is I can go to a mental institution and I will not have to pay.

Mr. KNOWLES: And if you were an old age pensioner in the province of Saskatchewan and had to go to hospital you would not have to pay.

Hon. Mr. MARTIN: Yes, but don't complicate the picture. It is very simple, and I want to make sure we all understand it.

Mr. KNOWLES: May I suggest Mr. Chairman that I have the floor. What I am trying to say is that if the government wanted to include these people this terminological difficulty about insurability could easily be met. In my view all that the government has tried to do is find some excuse—I might as well use that word—for covering less than the total population.

Hon. Mr. MARTIN: Surely your argument now is not fair, Mr. Knowles. We are proposing in our hospital insurance plan just what they have been doing all along in Saskatchewan. They do not cover tuberculosis and mental health care.

Mr. KNOWLES: In Saskatchewan all along out of one fund or another old age pensioners, ordinary sick people and mental health patients have been covered.

Hon. Mr. MARTIN: I am not denying that. They are covered now but not by hospital insurance in Saskatchewan.

Mr. KNOWLES: You are coming in with a plan that will assist Saskatchewan with regard to old age pensioners and patients in ordinary hospitals, but with regard to mental hospital and t.b. patients you have drawn a line.

Hon. Mr. MARTIN: We have come forward with a plan under which we are prepared to share with the provinces in the cost of hospital insurance to individuals. It is a plan designed to help the citizens of Canada and not to help provincial governments and keep them out of responsibilities which they have accepted. That is the policy.

Mr. KNOWLES: If the minister is going to argue about provincial responsibilities I would point out that there are federal responsibilities too.

Hon. Mr. MARTIN: If Mr. Knowles wants to go on along those lines we might extend this still further. We might say: "Why should not this hospital insurance scheme include our federal D.V.A. hospitals? Why should not the provinces join with the federal government in providing 50 per cent of the cost of D.V.A. hospitals?" It would not be a valid argument to advance but I submit with all respect that yours is not either, Mr. Knowles.

Mr. KNOWLES: I have almost finished what I have to say, and if I may just conclude I shall not take up any more time now. Although there are improvements that we think should be made—we shall continue to press for them, Mr. Chairman, both here and in the house—nevertheless we are glad to see that steps are being taken in the present direction and we hope these steps will lead in turn to further steps for which we will not have to wait another 37 years.

The CHAIRMAN: The minister will now reply to some of Mr. Knowles' questions, and then Mr. McLeod will have the floor.

Mr. BLAIR: You may remember Mr. Chairman that I delayed my questioning until the minister got a letter from Dr. Griffin.

The CHAIRMAN: Afterwards, then, Dr. Blair wishes to ask further questions.

Hon. Mr. MARTIN: The letter from Dr. Griffin is as follows:

"The Hon. Paul Martin,
Minister of Health and Welfare,
Ottawa.

DEAR MR. MARTIN—Again I am in your debt. I have your very excellent statement of February 27 in which you set forth in full the present position of your department and the government with reference to the hospital insurance proposals. Since this matter has been of great interest to our organization I would like very much to distribute copies of your letter to the members of my National Board of Directors. This board has among its members some of the leading industrial and professional people of Canada. I am certain they will join with me in expressing once again appreciation for the magnificent work you have done and are doing in Ottawa, and gratitude to you for this letter.

With kind personal regards.

Yours sincerely,
J. D. GRIFFIN, M.D."

Dr. Griffin is the General Director of the Canadian Mental Health Association.

Mr. FLEMING: What has that got to do with the subject of the position of mental patients?

Mr. KNOWLES: It has probably to do with the mental health of the minister.

Mr. FLEMING: The letter which the minister has read does not on the face of it appear to refer to this subject at all. It has nothing to do with it.

Hon. Mr. MARTIN: It has. It is in answer to the brief to which Dr. Blair has directed our attention. We answered the resolution—explained the resolution as we have done it now—and Dr. Griffin acknowledges it.

Mr. BLAIR: He is thanking you for what you have done, not for any present proposals.

Hon. Mr. MARTIN: I will have to let the letter speak for itself.

I want to make this clear, and I think we could do a great service in this committee if we approached these problems as objectively as possible: I can understand the argument of those who want to bring mental health and tuberculosis care under a hospital insurance scheme. I can understand that, and that has been put forward, but we are bound to recognize what the situation will be if that is done and I believe that, on reflection, no one would argue that it could reasonably be done in the context of the present situation in Canada. If you say that the federal government should make increased appropriations to assist the provinces in mental health work, that is another matter and it is quite arguable. But I submit that it is not arguable to say that the federal government should now join with the provinces in providing insurance in a matter where the province now does the whole thing at no cost to the proposed insured citizen.

Mr. BLAIR: My concern in this matter is, of course, increased by the fact that this problem is a growing one. I have statistics showing that in 17 years the number of patients in Canadian mental hospitals has increased 65 per cent, and the total has now reached a figure of 50,000. This is a matter the seriousness of which we must all recognize and we should take urgent steps to do something about it. So far as tuberculosis is concerned, new drugs have cut down the

time of hospitalization required; I think that tuberculosis, if I may use a slang expression, is being "licked". On the other hand we cannot, of course, relax our research projects and our plans for diagnosis.

Hon. Mr. MARTIN: I fully agree.

Mr. BLAIR: Apart from what the minister says I think we have to deal with the problem which is presented to us, provincially and on a dominion scale, that is, the tremendous increase in the number of mental cases.

Hon. Mr. MARTIN: Again, I fully agree. But do you not also agree that the way to do that is to continue our mental health grants? You are not going to improve the situation one bit by making hospital insurance apply to something that the provinces are now fully discharging. I agree with you fully when you say this is a big problem. We have got to do something about mental health, generally, I would say, on an accelerated basis, but the way to do it is on the broad lines of the programme which has been mentioned.

Mr. BLAIR: Would you suggest that additional grants be given to the mental hospitals for diagnostic work or studies of that kind in the provinces?

Hon. Mr. MARTIN: That is the avenue by which to approach this.

The CHAIRMAN: Mr. McLeod wanted to have the floor.

Mr. TRAINOR: While we are still on the same question . . .

The CHAIRMAN: What I had in mind was this: we shall not be meeting this afternoon and I thought it was only fair for each party to be represented in this morning's discussion before we adjourn. I am bearing in mind the fact that we shall probably not be meeting until next Tuesday at the earliest. So I feel that after Dr. Blair and Mr. Knowles have been heard we should hear from Mr. McLeod on behalf of the Social Credit party.

Mr. THATCHER: And then from the independents.

The CHAIRMAN: I will call on you, Mr. Thatcher, next.

Mr. MCLEOD: Thank you Mr. Chairman, I will try to be quite brief in my remarks. I realize that this is an interim step and I do not think we should look for perfection at this time. We are bound to find that there are some difficulties and we shall meet some problems that will have to be ironed out.

But I was very much pleased by the stress which the minister laid from time to time during his remarks on team-work and the cooperation that had been achieved between the provinces and the federal department. I can say, though, that I was less pleased with the statement—outside this conference—from the leader of the government that where increased contributions were to be made to provinces and various organizations more extensive control would naturally have to follow these increased grants.

This, however, seems to be a case where this is not in evidence and I am very satisfied with that aspect.

With regard to mental health I would certainly like further provision for coverage, but I made a point recently of visiting the deputy minister of health and discussing this matter with the doctor in charge of the mental health department here in Ottawa, and I was agreeably surprised at the amount of work that was being done by this department in the field of mental health—the plan which they have in cooperation with the provinces, the schools of health and the universities throughout this country. It was an "eye opener" for me because I am firmly convinced that mental health is the greatest problem facing the people of Canada; and not only the people of Canada but those of the world today.

As I say, I was glad to see what efforts had been made. The minister said a few moments ago that he believes money for the improved care of mental sickness could be best spent by increasing the grants in respect of continued

research and study in cooperation with the provinces. It is true that we have many mental patients needing care, and it is also possibly true that the federal government should assume responsibility for taking care of them while they are in hospital but it seems we are going to accomplish more good by spending the dollars available for this work in research and continued study of the overall problem of achieving and maintaining health.

That is all I want to say at the present time Mr. Chairman, but I have two questions to ask, one of them in connection with this subject. I would like to know if there is any province in Canada at the present time which is not making any contribution toward the care of mental health patients.

Hon. Mr. MARTIN: No. There is no province that is not making a contribution, but the figure varies. In some places there are county mental institutions—I do not wish to single out in a discussion of this kind an individual province where that situation exists—where there is no grant from the provincial government. I have visited one of those institutions, a very fine one.

Mr. MCLEOD: Well, the reason I ask that, Mr. Chairman, was just to take care of the eventuality that might arise.

Hon. Mr. MARTIN: Yes.

Mr. MCLEOD: Now, I understood the minister to say that in provinces where the provincial governments had set up methods of taking care of these patients, from general revenue, that it was not proper for the government to step in.

Hon. Mr. MARTIN: That is right.

Mr. MCLEOD: Now, in the event of some province that has not that provision set up, and comes in under this federal scheme and it decides to treat all these patients just as insurable cases, then what would be the attitude of the federal government?

Hon. Mr. MARTIN: Well, in the case that I mentioned, Mr. McLeod, there is a provincial institution, a large one, but it does not accommodate all the mentally ill patients in the province. In the county institution I referred to, the inmates, the mentally ill people in the county institution are provided for totally by the county. There is no individual cost to them. So that in principle you have the same situation.

Now, we have made the proposal to this particular province suggesting that if they would find it possible to bring that county institution within their provincial scheme, we might be able, under the national health grant, to make some arrangement which would relieve them of some of the responsibility.

I am glad you raised that, and raising it will help me in certain negotiations that are now under way.

Mr. MCLEOD: Well, there is just one other point I would like to bring, and this is more general.

Hon. Mr. MARTIN: Mr. McLeod, I do not think that in your province there are any county institutions.

Mr. MCLEOD: I know pretty well the situation in our own province.

Hon. Mr. MARTIN: I do not think there are any county institutions there, are there? They are all provincial.

Mr. MCLEOD: We do not have any.

I believe the minister said that the grant would be on the understanding that all people in the provinces were covered by the health plan. Now, does that include Indians, seamen and non-pensionable war veterans?

Hon. Mr. MARTIN: Yes.

Mr. MCLEOD: Well, then if it does apply, these are presently the responsibility of the federal government?

Hon. Mr. MARTIN: Yes.

Mr. MCLEOD: You are thereby shifting 50 per cent of the responsibility to provincial shoulders?

Hon. Mr. MARTIN: Well, with regard to Indians the situation in this: there is no government, no jurisdiction in Canada constitutionally, or legally responsible for the care of Indians, or Eskimos. Under treaty there is the obligation to provide for education and welfare, but there is not any legal obligation in the matter of health care, and the federal government can easily take the position with regard to Indians that this is a problem that should be dealt with, in so far as health care is concerned, by the province in which the Indian happens to reside. Fortunately, I think, the governments of this country of all political shades have not taken that position, and have recognized there was at least a moral responsibility.

Mr. TRAINOR: Do you not think tradition has established that principle?

Hon. Mr. MARTIN: Oh, yes, I think tradition has established that principle. We are not asking that the province should look after all the health care of the Indians; we are simply saying that if an Indian goes into a general hospital like a white man, he should receive assistance under that scheme like anyone else.

Mr. MCLEOD: I am not disputing that point, Mr. Minister.

Hon. Mr. MARTIN: If we shouldered the responsibility on the provinces, we, to that extent, undoubtedly in turn are assuming a pretty heavy responsibility as well.

Mr. MCLEOD: Well, you have already assumed the responsibility for the Indians. I know that for a fact right in our own district.

Hon. Mr. MARTIN: Oh, that is right.

Mr. MCLEOD: You have assumed the responsibility of the seamen, and that will be quite a factor in British Columbia, in addition to non-pensionable veterans.

Now, if these are being turned over to become just the same as ordinary citizens, as it were, you are just—well, what I am trying to put over is, that the 50 per cent of your grant is being reduced by the amount which you would be liable for under the present scheme, under your present scheme.

Hon. Mr. MARTIN: Yes, but when you examine the dollar value of that, I think you will see that it is not very great. Our total Indian health bill is $17 million, and the most of that is t.b. In the case of mental health, I do not think our total Indian responsibility would go as high as $60,000, so that we are not talking in great quantitative terms.

Mr. MCLEOD: It is just one thing that detracts, to a certain extent from the amount of your contribution.

Hon. Mr. MARTIN: That is right.

Mr. MCLEOD: I have just one more thing—in fact, I have really nothing more to say, except that we have in British Columbia a hospital set-up that we are quite proud of, and our authorities there, to date, are the only authorities that have accepted the scheme, and therefore, I cannot have very much to say about it.

Hon. Mr. MARTIN: You do cover Indians, you see.

Mr. MCLEOD: We cover Indians, too, I believe.

Hon. Mr. MARTIN: I wish I could get Saskatchewan to do that.

Mr. MCLEOD: But we are paid by the federal department.

Hon. Mr. MARTIN: No, your Indians are covered—yours is a universally applicable scheme, and Indians are covered under the general fund, because a lot of the Indians—

Mr. McLEOD: Well, I believe now that we have quite a few of them right in our own little town. I believe the bills are covered from the federal treasury.

Hon. Mr. MARTIN: Only the co-insurance. The Indians are treated like anybody else. When you had a premium system we paid the premiums, but when you dropped the premium system and had it come out of the general funds they were included like anyone else.

The CHAIRMAN: Dr. Trainor, did you want to ask something? There is time.

Mr. TRAINOR: I just wanted to comment on this question of coverage of mental and tuberculosis patients. It appears to me that the issue is as to whether or not you consider it fair to load such patients on the ordinary citizen by way of increased premium, a provincial premium, or tax, or whatever it may be. Personally I do not believe it is fair to do so.

Hon. Mr. MARTIN: Well, doctor, I take that as rather a hopeful observation from you, because that would indicate that you are generally in favour of the plan that we had in mind. I had understood that you were not.

Mr. TRAINOR: The plan as far as mental and tuberculosis?

Hon. Mr. MARTIN: No, the hospital insurance scheme itself.

Mr. TRAINOR: No, that does not necessarily follow.

Hon. Mr. MARTIN: Oh, I see. Well, doctor, all I can say is, hospital insurance is designed to remove the financial barrier between the sick person and hospital care. Now, this barrier is already removed in regard to care in mental and t.b. hospitals by the provinces themselves, and that is the point. We are here to help the individual, and not here to relieve the provinces of the responsibility which they have assumed. But that does not mean that we are not going to carry on, that we should not carry on in other ways in doing what we can, as Mr. McLeod I thought so succinctly said, to provide improvement in this mental health problem.

Mr. TRAINOR: Incidentally, Mr. Chairman, I should like at this stage to congratulate the minister in the restraint that he has shown on this whole program, because, I think if he seeks to extend that further, as Mr. Knowles suggests, that he will really run into some real opposition.

Hon. Mr. MARTIN: I am sure you are right.

Mr. TRAINOR: I think the most difficult problem would be right there.

Hon. Mr. MARTIN: I am sure you are right, doctor.

You and I may not agree on this plan. As I understood your views, to the extent that this is a government sponsored scheme you find some difficulty with it. I know your convictions are very honest. I would say this; it is true, as Mr. Knowles said, that under our constitution it is wrong to say that health is exclusively the responsibility of the provinces. The constitution refers to eleemosynary institutions and so on, but by tradition and custom the provinces have pre-empted—are very jealous—each of them about this particular field. I am satisfied that, if an attempt were made to beat the gun and to do everything all at once, you would defeat your whole scheme. First of all, you would not have the provinces with you.

Mr. KNOWLES: There is a difference between beating the gun and making an offer.

Hon. Mr. MARTIN: I know, but I am not going to make an offer that I know could not and would not be accepted. That might have great current, temporary political advantage, but in the long run it would not be respected by the people.

Mr. BYRNE: Mr. Chairman, I would like to get some information.

The CHAIRMAN: Mr. Thatcher is next, and then you, Mr. Byrne.

Mr. THATCHER: Thank you Mr. Chairman. I will just take a minute, because I want to pursue the question of the cost factor later on.

I think everybody is going to welcome this reform, and yet at the same time I cannot help but be concerned, and almost appalled at the staggering cost of our social welfare measures. Now, in the estimates in front of me the department is now spending $900 million. With this it will be about $1·1 billion, or about 22 per cent of our budget. I am not saying that that is too heavy yet; but I think we do have to be somewhat concerned about it. This resolution that is now before us is going to cost the taxpayers $360 million immediately, and if you can take the experience of British Columbia and Saskatchewan where the original cost always multiplies, probably it is going to cost us a good deal more.

Hon. Mr. MARTIN: Yes.

Mr. THATCHER: I think the minister already said that this is only the next step, so that when the other steps are brought in the figure is really going to be—

Hon. Mr. MARTIN: Well, I was not suggesting anything about next steps at all. I was simply dealing with one costly feature at a time.

Mr. THATCHER: I think this committee should go into the real details of the cost factor. I would like to know how, for instance, the government plans to raise the funds to pay for this; whether it is to be a direct tax in any way, like the old age pension fund or whether it is just to come out of general revenue. Personally I had hoped that it is something in the way of a direct tax, because, I think that people do not realize they are paying for these things; and unless they know that they have to pay for them, they do not appreciate them. I feel very strongly that that is one thing the committee should consider at this time.

There is another thing that we learned in Saskatchewan from our hospital scheme, and that is that if you do not have some kind of deterrent, usually the costs run away. I am thinking for the moment of the drug question. At first drugs were given away free, and then it was found, I believe that they had to charge 20 per cent, and that cut the cost down. I suggest that the department should consider, in the scheme, making individuals pay for the first day, or first two days or something like that. It might help to keep your cost down to a more normal level.

I am pursuing this later, Mr. Chairman, but I would just like to ask the minister one question before stopping. Does the government intend to bring in covering legislature at this session?

Hon. Mr. MARTIN: No, Mr. Thatcher, my statement said that the moment a majority of the provinces representing a majority of the people indicate their acceptance of the plan, then we will bring in legislation at once, as quickly as that happens.

Mr. THATCHER: Likely not until next session?

Hon. Mr. MARTIN: I cannot say when it will happen, but if it happens tomorrow, we will act quickly.

Mr. KNOWLES: Supposing it happened the day after prorogation?

Hon. Mr. MARTIN: Mr. Thatcher raised a number of very important questions. I must say that I, as the minister of the crown in charge, cannot agree with him more; we must look at these things carefully. I believe that the proposal made by the federal government is a sound one. It is one that we have carefully thought out, in terms of financing and so on. As to how our share is going to be raised, that is obviously a matter of budgetary policy,

and would have to be indicated by the Minister of Finance in the proper way. We will not in any way interfere with a province as to how it raises its share of the money. They can do that by way of premiums, complete or in part. They can do that as they do in Saskatchewan, or British Columbia, out of general funds, or as in Alberta, on a municipal-provincial arrangement. We will not, in other words, in any way tell the provinces how they are to raise their share of the cost.

I do think that you have touched a point that is worthy of mention at this time. It is all very well for us to be talking about all these measures,—I will not say "no one", myself more than anybody else,—but I am concerned with it, naturally. They all have to be paid for, and the only way they can be paid for is out of the pockets of the people of the country. This money does not come from the government, or from the Conservative party, or the Liberal party. It comes from all of the people. That is where it comes from. I do not think we do much justice to our social objectives in failing to recognize that point.

Mr. FLEMING: I have been waiting for years to hear the minister say just that.

Hon. Mr. MARTIN: I have said that, Mr. Fleming in the House of Commons, repeatedly.

Mr. FLEMING: You have said a lot of other things that are not in harmony with it.

Hon. Mr. MARTIN: Every time I have said it you were preoccupied elsewhere.

Mr. FLEMING: The government was taking all the credit as though it was handing it out.

The CHAIRMAN: I have a list of Mr. Byrne and Mr. Fleming.

Mr. BYRNE: I will be only half a minute. It is simply this: Mr. McLeod's question left the impression that seamen and non-pensionable veterans were the full responsibility of the federal government. Is it not true that it is only those that are indigent or unable to look after themselves?

Hon. Mr. MARTIN: That is right.

The CHAIRMAN: Mr. Fleming?

Mr. FLEMING: Well, I have a few questions, Mr. Chairman. Do you want me to start?

The CHAIRMAN: I thought you would like to.

Mr. FLEMING: There is one, perhaps I could ask here. Was there any record kept of the proceedings of the January conference?

Hon. Mr. MARTIN: You mean a verbatim account?

Mr. FLEMING: Yes.

Hon. Mr. MARTIN: No. Of course, that conference was an in camera conference. I do not know if you can even call them minutes, Mr. Fleming.

Mr. FLEMING: There is nothing in the way of a record that is available now to this committee?

Hon. Mr. MARTIN: No.

Mr. FLEMING: Mr. Chairman, I will be a while. I have a number of questions.

The CHAIRMAN: It is after one now.

Now, gentlemen, the steering committee decided we would meet Tuesday afternoon unless there is something that was going on in the house that it was felt the members would want to be there. So all I can tell you now is, when we find out what is going to go on in the house on Tuesday afternoon, I will call a meeting of the steering committee and they will decide if we will meet Tuesday afternoon or not, and you will be advised.

—The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 2

TUESDAY, MARCH 20, 1956

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Hon. Paul Martin, Minister of National Health and Welfare; Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. G. E. Wride, Principal Medical Officer; and Dr. J. W. Willard, Supervisor, Research Division.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

71886—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Blair
Byrne
Cannon
Decore
Deschatelets
Dupuis
Fleming
Garland
Gauthier (*Nickel Belt*)
Hees
Henry
Knowles
Martin
MacEachen
Macnaughton
McLeod
Nicholson
Pommer
Power (*St. John's West*)
Robertson
Starr
Stuart (*Charlotte*)
Thatcher
Trainor
Yuill

E. W. Innes,
Clerk of the Committee.

ORDER OF REFERENCE

MONDAY, March 19, 1956.

Ordered,—That the name of Mr. Pommer be substituted for that of Mr. Jutras on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

71886—1½

MINUTES OF PROCEEDINGS

TUESDAY, March 20, 1956.
(3)

The Special Committee on Estimates met at 3.00 p.m. this day. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Messrs. Blair, Deschatelets, Dupuis, Fleming, Garland, Gauthier (*Nickel Belt*), Hees, Henry, Knowles, Martin, MacEachen, McLeod, Nicholson, Power (*St. John's West*), Pommer, Robertson, Starr, Stuart (*Charlotte*), Thatcher, Trainor, Tucker and Yuill.

In attendance: From the Department of National Health and Welfare: Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. G. E. Wride, Principal Medical Officer, Health Services, and Dr. J. W. Willard, Supervisor, Research Division.

The Chairman presented the following Report of the Sub-Committee on Agenda and Procedure dated March 19:

Your Sub-Committee recommends:

1. That the Committee meet on Tuesday, March 20 at 3.00 p.m.
2. That the Committee meet on Thursday, March 22 at 10.30 a.m.
3. That the Committee meet on Friday, March 23 at 10.00 a.m. and 11.30 a.m.

On motion of Mr. Knowles the said Report was adopted.

The Committee resumed consideration of Item numbered 263 of the Main Estimates—Health Insurance Studies and Administration of the General Health Grants—the Minister supplying information thereon.

At 5.05 p.m. the Committee adjourned until 10.30 a.m. Thursday, March 22.

E. W. Innes,
Clerk of the Committee.

PROCEEDINGS

MARCH 20, 1956
3.00 P.M.

The CHAIRMAN: Order, gentlemen. We have a quorum.

Your subcommittee met on Monday last and the report is as follows: The subcommittee agreed to recommend (1) that the committee meet on Tuesday at 3 p.m., (2) that the committee meet on Thursday at 10.30 a.m., and on Friday at 10 and 11.30. That was the actual decision. Then, also the possibility of meeting on Wednesday afternoon was discussed and it was agreed, I think that we would meet on Wednesday afternoon at 3 o'clock.

Hon. Mr. MARTIN: Tomorrow?

The CHAIRMAN: Wednesday, tomorrow.

Hon. Mr. MARTIN: I cannot make it tomorrow.

The CHAIRMAN: Well, that is the end of that. Will those other dates be satisfactory to you?

Hon. Mr. MARTIN: Yes.

The CHAIRMAN: Could I have a motion moving the adoption of the subcommittee's report?

Mr. KNOWLES: I so move.

The CHAIRMAN: Seconded?

Mr. ROBERTSON: Seconded.

The CHAIRMAN: All in favour?

Carried.

The CHAIRMAN: Now, we are still on 263.

Mr. FLEMING: Mr. Chairman, I think I just got started last meeting on a series of questions which I would like to address to the minister.

It is fair, I presume, Mr. Martin, to describe this as a limited plan, limited in its extent and its coverage?

Hon. Mr. MARTIN: Well, by that I presume you mean that it is not a comprehensive scheme of health insurance?

Mr. FLEMING: Yes.

Hon. Mr. MARTIN: I think that is quite clear.

Mr. FLEMING: And it is quite a long departure from the proposal of the Green Book of 1945?

Hon. Mr. MARTIN: No, I would not think it was a long departure. In 1945 the government had put forward a comprehensive scheme that covered medical care, a scheme that covered hospital insurance, home nursing. These were all tied in, of course, in addition, with the grants in aid which are now characterized by what we call the national health program inaugurated in 1948. They were also tied in with the fiscal arrangement, in other words, no particular proposal could be isolated. If the provinces were prepared to accept the package deal, as it were, the whole thing was made available to them. That was not acceptable to at least one province, and the proposal fell short of implementation. This present proposal represents the second stage. The first stage was the program of 1948. On the financial side this proposal is every bit as generous, if not more generous,—in so far as this particular phase of the program is concerned,—than that of 1945.

Mr. FLEMING: Yes, but you speak of this particular phase of the program. I am asking for a comment on the over-all comparison of the present plan with that of 1945, and I suggest that the 1945 proposal was a general health insurance plan and this is a limited plan. The 1945 plan contemplated the payment, or the contribution by the federal government of 60 per cent of the cost of the comprehensive health insurance plan cost, and this plan contemplates a contribution in the neighbourhood of 50 per cent of the cost of the limited plan with much more limited coverage.

Hon. Mr. MARTIN: Well—

Mr. FLEMING: I do not think it is only a matter of argument. I want to get a clear picture of this before going into some aspects of it.

Hon. Mr. MARTIN: Well, I think that is a fair comment, except that I think this interpolation should be made, the proposal of 1945 was part of a package deal.

Mr. FLEMING: Oh, I think we understand that.

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: That is only part of the general comprehensive proposal that I am confining my question to.

Hon. Mr. MARTIN: To the cost.

Mr. FLEMING: To the matter of health insurance.

Hon. Mr. MARTIN: Yes, and you also mentioned the cost. You said that the proposal of 1945 was a 60/40 arrangement. Actually, if you look carefully at the proposal of 1945 it was not fully a 60/40 arrangement. It was an arrangement that in general can be characterized as such, but it was 60 per cent on a ceiling basis. Once the cost got to about $12 the federal contribution stopped. There is no ceiling in the plan as before us now, and that is now before the provinces awaiting their official response. This is a straight grant in aid for this particular purpose, and there is no dollar ceiling. In addition to that it is not tied in, as in 1945 it was tied in with the necessity of embarking in two years time upon a medical care program, so that financially this is every bit as generous if not a more generous proposal in so far as the particular matter of hospital insurance is concerned than that made in 1945.

Mr. FLEMING: Yes. You see—

Hon. Mr. MARTIN: In addition—

Mr. FLEMING: You had an answer to the particular matter of hospital insurance, but that is the nub of the problem.

Hon. Mr. MARTIN: Well, I have agreed with you that this is not a comprehensive scheme, and I have explained one of the reasons why you are not comparing equal things. In 1945 the federal government put forward a comprehensive scheme, and it was not acceptable to one province in particular. This scheme is the second stage which deals with diagnostic and radiological service and hospital insurance, and the reason it is presently limited is not because of any action taken by the federal government, but because, as I indicated in my statement in chief on Friday, because the provinces themselves, all of them, agreed that at this time that was the only practical stage to adopt at the moment. For instance, the government of Ontario made it quite clear that they would not at this stage go any further, and that was done by all of the provinces, even though two provinces, British Columbia and Saskatchewan did say that, in so far as their objective is concerned, there is no question what they would have liked, but they recognize that most of the provinces at this time wish to confine themselves to hospital insurance, and to diagnostic and radiological services.

Mr. FLEMING: Well, now, let us examine some of the features of the plan, the present plan. You say that the effective, what we might call the effective date will be when a majority of the provinces with a majority of the population of Canada have plans in operation, and that was your expression. Now, what is the meaning of that expression, "in operation"?

Hon. Mr. MARTIN: Well, I think—

Mr. FLEMING: As you have used it.

Hon. Mr. MARTIN: Yes. Well, what I think I said was that—we better get my exact words.

Mr. FLEMING: Well, I took that down, "in operation".

Hon. Mr. MARTIN: Yes, but what I said was—if I might have the preliminary part of it, because I think it is a very important part of the picture. I said the federal government is ready, once a majority of the governments representing a majority of the people of Canada declare they are ready to introduce hospital insurance, to recommend to parliament that it provide by legislation grants to cover the federal share of the cost of this hospital insurance. That is the first act of the federal government and we will put on the statute books at once, or as early as possible—once the required majority of provinces with a majority of the population have agreed to proceed—legislation providing these grants, and then we will begin our payments when the provinces have their plans in operation. Now, I do not think it could be any clearer than that.

Mr. FLEMING: Well, I am asking you what you mean by "in operation"?

Hon. Mr. MARTIN: Well, precisely when they have their plans in operation.

Mr. FLEMING: That is to say, this is more a matter of signifying their consent to your present plan; it is more than by providing by statute. It is more, I take it than setting up commissions, or whatever administrative machinery is required for the purpose. The plan in the province must advance to the point where services are available and the cost is being paid; is that a fair statement?

Hon. Mr. MARTIN: Once they are ready to make their first payment, we are ready to make ours.

Mr. FLEMING: That will assume that the administrative machinery is all in existence?

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: But, may I just get it clear, Mr. Chairman; do I understand that we have to wait until six plans are in operation before the federal government lays its statute before parliament?

Hon. Mr. MARTIN: No, no.

Mr. KNOWLES: Is it not clear that as soon as six have signified their readiness, then the plan will be laid before parliament?

Hon. Mr. MARTIN: That is what I said. I said, the moment that six provinces representing the majority of the people express their agreement, then we will bring in legislation forthwith implementing our statutory authority to make grants. Those grants will depend upon the extent to which the plans are in operation.

Mr. KNOWLES: The money will be paid only when the plans are in operation?

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: But legislation will be introduced to parliament as soon as six have signified their willingness to establish such plans?

Hon. Mr. MARTIN: That is right. In other words, if tomorrow we have six provinces tell us they agree and they represent a majority of the people, we would as quickly as possible, in the current session, bring in the necessary legislation.

Mr. FLEMING: Now, when you speak about signifying acceptance, just a communication from the province, is a letter sufficient for that purpose?

Hon. Mr. MARTIN: We have never specified the form, but the usual way of communicating with the government is by letter, or telegram.

Mr. FLEMING: It does not require any formal act on the part of the legislature concerned, it is just the communication from the government of the province concerned?

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: Now, let me follow—I am speaking now about the plans in operation, the times at which you are proposing that the federal government contribution be available and be paid; do the provincial schemes in existence in such provinces as British Columbia, Alberta and Saskatchewan now qualify?

Hon. Mr. MARTIN: Yes—

Mr. FLEMING: In other words those—

Hon. Mr. MARTIN: Well, now, let me say one thing. The program—

Mr. FLEMING: Perhaps I should just clarify my question, do they qualify as plans, the provincial plans now in operation?

Hon. Mr. MARTIN: Yes, subject to what I am going to say now. There can be no doubt that subject to certain adjustments of a minor nature the programs in Saskatchewan and in British Columbia qualify. The program in Alberta at the moment has a 70 per cent coverage, and I would want to give more careful consideration to the question as to whether or not that particular plan is applicable; and, I should also add this rider, that in Saskatchewan of course Indians are now excluded, and they would have to be included in order to qualify, because the program has to be universally available to all the citizens in the provinces.

Mr. FLEMING: Now, you mentioned on Friday that British Columbia had indicated its acceptance.

Hon. Mr. MARTIN: Now, I should also say, as is mentioned to me, there would have to be some qualifications to some of these things. In British Columbia now they are bringing in, I understand, provision to cover chronic cases under their present hospital insurance plan, and there would be perhaps shadings of that sort that would have to be carefully examined, but in a general way my original answer stands. But, you will understand that until the scheme is actually presented to us and we have had a chance to carefully examine it, one does not want to be tied down specifically, particularly on interrogations like this when we have not got the plans before us, and my honourable friend—

Mr. FLEMING: Friendly interrogation.

Hon. Mr. MARTIN: Friendly interrogation, and I might say very constructive.

Mr. FLEMING: Thank you. Now, you indicated, Mr. Martin, last Friday that in British Columbia the government had indicated its acceptance of the proposal.

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: I presume that was done by letter?

Hon. Mr. MARTIN: I think it was done by wire, if I remember rightly. I forget.

Mr. FLEMING: Well, would it be fair to ask that the wire be communicated to the committee?

Hon. Mr. MARTIN: I do not know whether that is proper or not. I will give consideration to that.

Mr. FLEMING: In the house I think the usual clearance is given.

Hon. Mr. MARTIN: Yes, in the house, though I would not read the reply necessarily in the house. I think I would want the consent of the government concerned.

Mr. FLEMING: The practice in the house would be to table it subject to the consent of the government concerned.

Hon. Mr. MARTIN: Yes, subject to the usual reservation.

Mr. FLEMING: Well, may I ask for that now, and the minister, I understand, will consider it?

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: Has any time limit been placed by the federal government on the acceptance?

Hon. Mr. MARTIN: No.

Mr. FLEMING: Of the proposal?

Hon. Mr. MARTIN: No time limit has been placed on the matter. I have clearly indicated to the provinces that we regard this matter as important. We ourselves gave it full consideration, and we understand that there are very important financial and other implications, and that the provinces must have the time which they consider necessary to carefully study the matter. I was asked that question by the premier of Ontario, and the reply I gave him applies to all and it is in substance what I have just told you now.

Mr. FLEMING: Now, you require the concurrence of a majority of the provinces representing a majority of the population of Canada. That means, does it not, that you must have the concurrence of Ontario or Quebec or both?

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: Yes. Are you prepared to give the committee any indication as to what you expect in the way of concurrence on the part of any of the provinces?

Hon. Mr. MARTIN: No, I do not want to anticipate what the provinces would do.

Mr. FLEMING: Well, if you prefer not to, I will not press it.

Hon. Mr. MARTIN: All I can say is, we would be disappointed if we do not get the required number to make our proposal feasible.

An Hon. MEMBER: Or even more.

Hon. Mr. MARTIN: Or even more.

Mr. FLEMING: I would have asked in particular what the minister's expectation is of the attitude that the Quebec government will take. If the minister prefers not to answer, or make an observation on that point, I will not press it.

Hon. Mr. MARTIN: I am not going to say what any government will do. Obviously it would be improper for me to anticipate what will be the policy of any government. All I can say is that at the conference there was evidence on the part of all of a willingness to approach this problem responsibly, and I exclude no province from that observation, I do not exclude any province. At the present time, all I can do is sincerely hope that they will accept.

Mr. FLEMING: Well, I am going to direct the minister's attention to a statement attributed to Mr. Duplessis from Dolbeau on October 25 last, which is a Canadian Press dispatch reading—I am reading only the first paragraph—"Premier Duplessis today rejected the possibility of Quebec's participation in

a national health insurance scheme, and said that the province's public charities system is better suited to its people." I take it that the minister entertains hopes that the Quebec government will take a different view of his more limited plan?

Hon. Mr. MARTIN: Well, now, you are saying again, "more limited plan".

Mr. FLEMING: More limited than the national health insurance scheme that was referred to in this press statement.

Hon. Mr. MARTIN: Well, of course, I cannot accept your limitation, Mr. Fleming, because I suspect, and I say this with the kindliest feeling, that you are seeking to establish now that the government of Canada is putting forward something much less than it had put forward earlier. All I am saying to you is, that what has been proposed to the provinces is what the provinces themselves agreed should be the terms of reference.

Mr. FLEMING: Yes, but—

Hon. Mr. MARTIN: And I think that puts a very different emphasis than the suggestion involved in your use of the word "limited".

Mr. FLEMING: Well, let us not yet be at cross purposes on expressions. It is more important that we agree on the substance of what we are talking about, the plan that we are talking about. The plan that we are talking about, the plan of hospitalization insurance certainly—

Hon. Mr. MARTIN: Mr. Fleming—

Mr. FLEMING: —is a much less comprehensive plan than the national health insurance scheme.

Hon. Mr. MARTIN: Can I ask you a question? I know you do not smoke, but could you get a cigar for me?

Mr. KNOWLES: Do you mean you want him to go out and get it?

Mr. FLEMING: I will be glad to get the minister a cigar as soon as I finish these questions. If he will answer them as briefly as he can, then he will get his cigar much sooner.

Hon. Mr. MARTIN: One is coming now.

Mr. FLEMING: I would like to follow now with some questions on this matter of coverage.

Hon. Mr. MARTIN: Well, we have—

Mr. FLEMING: The minister—

Hon. Mr. MARTIN: I did not answer what you said about Mr. Duplessis. What I would simply say there is that I do not want to speculate as to what I believe would be the attitudes to be taken by the governments.

Mr. FLEMING: Well, you still have some hope that the attitude of each of the provincial governments will be favourable?

Hon. Mr. MARTIN: Until officially advised to the contrary.

Mr. FLEMING: Now, coming to this matter of coverage. The expression used by the minister on Friday in his statement was, "universally available." That was applying to the services in the provinces in order to qualify for federal contribution. Now, I would like to ask the minister about the meaning of that expression "universally available". Is it to include all persons living in the province at one time, or is there some qualification in that regard? We are speaking now of what is in the mind of the federal government, because the federal government has indicated it is prepared to make a contribution under certain conditions. I want to get at those conditions. Is this to include all persons resident in the province, or is it confined in some way, such as persons domiciled in the province? Is there any limitation?

Hon. Mr. MARTIN: It is obviously intended to mean those who are resident in the provinces. Now, that does not mean to say that if you, for instance, on the day when the scheme came into operation in Ontario happened to be sojourning in the Caribbean, for instance, as you have a right to, and you took suddenly ill, that you cannot qualify. Obviously it is not intended to be so restrictive as that. But it is intended to apply to all those people who are living in the province. Not the former citizens of Ontario who are permanently, let us say, residing in France.

Mr. FLEMING: Well, now you say "Who are living in the province", that is not altogether clear, because you might have somebody here who happens to be in the province for a short period of three or four months. When the minister earlier this afternoon used the expression, "resident", does he mean ordinarily resident?

Hon. Mr. MARTIN: Ordinarily resident.

Mr. FLEMING: Ordinarily resident, the same kind of expression as we have in the Income Tax Act, for instance?

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: Ordinarily resident, so that it is broader than domicile, it will include more people than those domiciled in Ontario. Ordinary residents will not include those who, we will say, are transient in a sense?

Hon. Mr. MARTIN: No, it won't include the traveller who comes from one province to Ontario for a day. Obviously no province would want to insure transients.

Mr. FLEMING: Well, you remember it did in the Old Country. People even landing there were entitled to services on landing. But, on this matter of inclusion, I think it has been made clear by the minister, that included in the plan will be the Indians and the Eskimos resident in the provinces. What about mariners?

Hon. Mr. MARTIN: All people living in the province, residing in the province.

Mr. FLEMING: If the mariner ordinarily resides in the province, then he will come within the scheme?

Hon. Mr. MARTIN: All those who are normally resident in the province.

Mr. FLEMING: And the present scheme must include them in order to meet the federal specifications?

Hon. Mr. MARTIN: The scheme must be universally available and I think that Mr. Knowles explained that even better than myself.

Mr. FLEMING: Well, let us take the other aspect of this, how far the services extend in favour of someone ordinarily resident in the province, is it laid down by the federal government that the services must be rendered, that is the hospital services, or shall we say, the radiological services, must be rendered within that province in order to qualify?

Hon. Mr. MARTIN: Not necessarily. As I indicated a moment ago, although you are a very, very healthy specimen, you might take sick while you are in attendance at an inter-parliamentary association meeting or something of the sort, and you may have to go to the hospital and you have got hospital expenses. You are normally resident in the province. I should think in a scheme, in a proper scheme, that your hospital expenses during temporary absences from the province should be covered within the terms of the contract in the province in which you are resident.

Mr. FLEMING: Thank you. Now, Mr. Martin, may I refer you—

Hon. Mr. MARTIN: That is now done, I might say, in Saskatchewan and in British Columbia.

Mr. FLEMING: Now that the minister has his cigar, Mr. Chairman, I think all will proceed more favourably.

May I refer the minister now to page 10 of his mimeographed statement of Friday last?

Hon. Mr. MARTIN: Which I have not had a chance to read, by the way.

Mr. KNOWLES: You haven't read your own statement?

Mr. FLEMING: May I refer the minister to the mimeographed statement.

Hon. Mr. MARTIN: I thought you meant the other one.

Mr. FLEMING: Page 10, section 4, "Provincial Hospital Insurance Plans in Order to Qualify for Consideration,—"

Hon. Mr. MARTIN: Just a minute, now, Mr. Fleming.

Mr. FLEMING: Then follow a, b, and c. I am interested in the first word of each of the clauses. "(a) should make coverage universally available to all persons in the province;".

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: Is the word "should" equivalent to must?

Hon. Mr. MARTIN: That is periphrastic.

Mr. FLEMING: Is it the equivalent of "must"; is it mandatory?

Hon. Mr. MARTIN: Periphrastic means must.

Mr. FLEMING: Thank you.

Mr. KNOWLES: That must be some cigar.

Mr. FLEMING: "(b) may include provision of specified diagnostic . . . . services . . . . ", "may". Is that optional?

Hon. Mr. MARTIN: Yes. You see, to fully appreciate that, Mr. Fleming, you could make out a strong case for saying that the next step should just be diagnostic, laboratory or radiological services, and, indeed last spring it looked as though most of the provinces shared that view, that the first thing, the next thing you must do was to establish a diagnostic service program, and then proceed with your hospital insurance, but it became clear, largely I suppose when they went into the question of cost, that they thought it would be better to combine both schemes, and so the province may either have diagnostic and radiological services and hospital insurance, or it may just have one, hospital insurance alone. So, it is made optional for that reason.

Mr. FLEMING: And similarly in "(c), May provide for a limit to be placed on co-insurance or deterrent charges—".

Hon. Mr. MARTIN: Yes. The federal government did not want to tell any province that it must impose a deterrent of any kind, but it recognized that that was possibly a desirable thing to encourage within reasonable limits. If the provinces wished to have a deterrent either in the form of the one that they have in Saskatchewan, or the one in British Columbia or Alberta, or none at all, that would be upto them.

Mr. FLEMING: Is the federal government proposing to put any limit on the deterrent charges.

Hon. Mr. MARTIN: Not a specific limit.

Mr. FLEMING: That is to be left entirely to the provinces.

Mr. KNOWLES: Does the minister mean British Columbia or Alberta?

Hon. Mr. MARTIN: No, Saskatchewan as well. Saskatchewan has its own system of deterrents by providing grants for non-bed occupancy. In Alberta they require a grant of $1 a day as a deterrent charge and there is a similar deterrent charge in B.C.

Mr. TRAINOR: What degree of deterrent would the minister consider?

Hon. Mr. MARTIN: I would not want to be tied down to that. It depends on a careful examination. We have had a lot of discussion about this deterrent charge. British Columbia has $1, and Mr. Cox who administers the hospital insurance scheme in British Columbia and who, in my judgment, is one of the most outstanding persons in this field, was inclined to the view that a dollar deterrent was not sufficient to actually deter patients from entering hospital. I do not know that he would agree with the suggested deterrent charge proposed in Ontario as a valid one or not. That was one of $10 on entry and $2½ a day thereafter. I would not want to say anything myself about that until I saw the scheme, and so on. But I think there is general agreement that a deterrent charge is desirable. There might be a figure placed on it, and the evidence we had adduced before us in the conference was very revealing.

I think I am right, speaking from memory, in saying that in Saskatchewan there is only about one-half day per patient more bed occupancy under the hospital insurance scheme than was the situation before the scheme was developed at all, which shows that the abuse of bed occupancy feared, and understandably so, by many people is in that particular area not justified.

The amount of abuse in terms of bed occupancy in British Columbia is not high. I think it is not much more than Saskatchewan, and Mr. Cox led us to believe that he hoped that, before the end of this current year, with administrative practices that he had in mind, even that slight increase will be reduced. But I think there is general agreement that some form of deterrent charge is desirable.

Mr. FLEMING: For the sake of clarification I have some questions with regard to certain exclusions which I understood are imposed.

Hon. Mr. MARTIN: Yes.

Mr. KNOWLES: On the point of deterrents, it is clear however that if a province does go in for a deterrent, that is removed from the shareable cost.

Hon. Mr. MARTIN: It causes a diminution in the total amount of shared responsibility.

Mr. KNOWLES: So in fact the federal authorities apply a deterrent to deterrents.

Hon. Mr. MARTIN: It is clear that is money which obviously must be used to reduce the total financial load imposed upon the two jurisdictions concerned—the federal and the provincial governments. One should not overestimate the amount of that reduction. In the case of British Columbia it is not more than $1½ million a year. In the case of Saskatchewan, with the Saskatchewan scheme, there would be no sharing of the revenues from deterrent charges there because it is the other way around. It is a grant made by the administering authority to the hospital to induce it to make sure that there is no abuse of bed occupancy.

Mr. KNOWLES: That is a deterrent on the hospital rather than a deterrent which will fall directly on the individual patient.

Hon. Mr. MARTIN: That is right. But the result is the same, or more effective, or less effective, whatever it may be.

Mr. FLEMING: First, I understand that administration costs are excluded from the cost to which the federal government will contribute.

Hon. Mr. MARTIN: The cost of administration is to be borne by the province.

Mr. FLEMING: Have you any estimate as to what that is going to amount to in the ten provinces concerned?

Hon. Mr. MARTIN: It would all depend on the scheme.

Mr. FLEMING: I understand that in Ontario they reckon the cost of administration to be $7\frac{1}{2}$ million a year.

Hon. Mr. MARTIN: I do not think they are in a position to make an estimate yet. In the case of Saskatchewan, the administration cost is about 5 per cent, while in British Columbia I think it was around 7 per cent initially but is now less than that. It was higher in British Columbia in the initial stage due to the collection of premiums. A lot depends on the scheme, and these provincial schemes have not all been formulated to the extent that would permit us to make judgment.

I think the scheme or cost in Alberta which has a different arrangement, is even less than it is in Saskatchewan, but there must be extenuating circumstances which are not apparent at the moment.

Mr. FLEMING: Your second exclusion is with respect to tubercular patients what is the total expenditure on tubercular patients across the country in a year now?

Hon. Mr. MARTIN: I think it is about $45 million, is it not? We have that table and I think the total for mental health and t.b. is about $122 million.

Mr. FLEMING: I would like to get that separately if I might.

Hon. Mr. MARTIN: Let us see how accurate my memory is. I have a table here but I do not think it is the one I want. I think you will find that my figures are roughly correct; around $40 million for t.b.

Mr. FLEMING: So that if that were brought in it would mean a federal contribution at the present time between $20 million and $22 million a year?

Hon Mr. MARTIN: As I have explained—

Mr. FLEMING: Excuse me.

Hon. Mr. MARTIN: I would like to answer—I would like to make my own answer if you do not mind. I find that there could be no logical reason for including it.

Mr. FLEMING: Can we go to that now? I want to establish the amount first.

Hon. Mr. MARTIN: We will get that for you. You can take it that my figure is about right.

Mr. FLEMING: You say your figure is about right. Let us say that my figure is right and that if the federal government were not excluding tubercular cases, then the federal government's contribution would be increased from $20 million to $22 million per annum, at the present figures?

Hon. Mr. MARTIN: If tuberculosis and mental care were included, the share of the load would be greater and that was the purpose of your question. I would say it is equally obvious that they should not be included for the reason that the cost of tuberculosis and mental care is now borne almost entirely in ten provinces by the provincial governments.

Mr. FLEMING: You said all that last Friday.

Hon. Mr. MARTIN: I want to refresh your mind.

Mr. FLEMING: Well, three or four times will probably suffice for that. If it was obvious to the minister that tuberculosis cases should not be included then why were they included along with mental cases in the 1945 proposal? What is the great principle which has arisen since which makes it logicial to exclude them from the hospital plan when it was deemed proper to include them in 1945 in an insurance plan?

Hon. Mr. MARTIN: First of all let me say that I was not in charge of this thing in 1945; and secondly, let me say that they were not included.

Mr. FLEMING: They were not excluded.

Hon. Mr. MARTIN: You have not read the green book in a long time.

Mr. FLEMING: Yes, I read the green book within the last twenty hours or so, and I say that they were not excluded.

Hon. Mr. MARTIN: I say that they were not included.

Mr. FLEMING: Then the minister and I will have to continue to disagree.

Hon. Mr. MARTIN: If you look at the record you will see that they were not included.

Mr. FLEMING: I say, rightly or wrongly, that they were not excluded.

Hon. Mr. MARTIN: If it is generally agreed that two and two make four, and if you insist that two and two do not make four, then we must take your answer.

Mr. FLEMING: I did not say that at all. I asked if the minister would indicate the principle which has arisen. First he said that he was not in charge, and I shall leave his answer at that.

Hon. Mr. MARTIN: No, I say that they were not included.

Mr. FLEMING: We shall have an opportunity to deal with that again.

Mr. KNOWLES: The minister's view is not shared by the provincial governments.

Hon. Mr. MARTIN: In 1945?

Mr. KNOWLES: No. I mean it was not obvious to the provincial governments that they should not be included.

Hon. Mr. MARTIN: No. I think that is not a fair comment. Neither B.C. nor Saskatchewan nor any hospital insurance scheme I know about include tuberculosis or mental care in their insurance schemes. I do not think you would seriously argue that if they took that view with their own schemes they would expect us seriously to include them in ours.

Mr. KNOWLES: They include it in the load on the provincial treasury.

Hon. Mr. MARTIN: That is quite a different matter.

Mr. NICHOLSON: The minister would not seriously suggest that having made provision for tuberculosis and mental cases Saskatchewan would then impose an exclusion on the patients who went into the mental hospital.

Hon. Mr. MARTIN: Perhaps I do not understand your question, but that is exactly what Saskatchewan and B.C. did do. Are you agreeing with me?

Mr. NICHOLSON: No. Tuberculosis patients were covered in Saskatchewan prior to the establishment of a hospital service. Likewise mental patients were covered when the government embarked on an insurance program.

Hon. Mr. MARTIN: This is an important matter and at this stage I would state that some of the things that were said as a result of the last day's meeting have drawn large public interest and I prefer to give a further answer on this question of tuberculosis and mental care.

We must, in looking at this problem, bo gack to consider just what we are trying to accomplish through our hospital insurance program: *a*) Are we trying to achieve a more equitable distribution of the costs of hospital care, as between the three levels of government, municipal, provincial and federal? *b*) Or are we trying to eliminate or reduce the present financial barriers between the patient who needs hospital care, and the care itself?

Surely there can be no doubt whatever about what we are trying to accomplish. It is the latter of these two objectives, not the former, which is our concern. When Mr. Knowles or Dr. Blair or I myself talk about health insurance, we are thinking about the person who, under present circumstances, is faced as an individual with very heavy medical and hospital expenses which he now has to pay out of his own pocket—and which in many cases he bankrupts himself or goes into debt in his endeavour to pay.

In devising any hospital insurance scheme to meet the situation of such individuals, we must be careful to produce a plan that will work. The premium cost or the tax levy that the individual must pay should, if at all possible, be kept low. Otherwise the cost of the insurance to the individual becomes, like the cost of hospital care itself, so great as to be quite out of reach of many people.

Now, if governments,—federal, provincial, and municipal,—are all going to dump on the insurance program all the costs which they are presently carrying out of general revenues, the program will be licked before it gets started. The premium level will be raised so high to cover these costs that it will be quite out of line with the premium levels now effective under voluntary and commercial types of coverage. Anyone who argues that D.V.A. hospital costs, t.b. or mental hospital costs should be loaded on to the hospital insurance fund is helping to ensure the early breakdown of such a program.

This is not a program to lift the present burden of hospital care off the shoulders of the three governmental treasuries. Its purpose is rather to lift the burden, in part at least, off the shoulders of the individual. The federal government has offered to help by contributing 50 per cent of the costs: in making such an offer, it does not hedge it about by trying to unload on to the insurance program its D.V.A. hospital costs for pensioned veterans. It proposes to continue to carry these out of general revenues as it always has. The same applies to mental and t.b. hospital care for Indians,—which is, incidentally, much the greatest part of the total costs of hospital care for Indians. All of these costs it will continue to carry out of general revenues. The provinces should do the same. So should the municipalities. They should continue, as they have always done, to provide for mental and t.b. hospital care out of public funds (the amount that is collected from individual patients is very small indeed, hardly 10 per cent across Canada as a whole). Likewise, they should continue their present provincial and municipal contributions to general hospitals. Only if this is done will the benefits of the federal aid that is being provided get through to the individual patient.

If all that is to happen is that provincial and municipal governments, as a result of the federal offer of help, relieve themselves of the expense they have been carrying to date, this will accomplish nothing so far as the individual is concerned.

What about Saskatchewan and British Columbia? Did they, under their own schemes, include t.b. and mental hospital care under insurance? Of course not. They recognized that it was not proper to do so: that these risks were not for the most part covered under voluntary insurance: that they were already, in fact, being covered by the policies of the provincial governments themselves to provide mental and t.b. hospitals at public expense. Consequently, B.C. and Saskatchewan continued to finance t.b. and mental hospital care apart from the insurance program. They were right. We propose to do the same. The only reason for suggesting t.b. and mental hospitals be included is to shift 50 per cent of the costs from provincial and municipal treasuries,—not from the patient himself—to the federal government. That is not the purpose of the federal government's health insurance proposals.

There is just as much reason for suggesting that our D.V.A. hospitals be included, as that t.b. and mental hospitals be included. Does anyone suggest that the federal government "unload" those costs? What is the difference?

And then in addition to that, in all other countries but one that I know of where you have a hospital insurance scheme, these items are not covered in the insurance program. I think it is important for us to bear this clearly in mind. What we are seeking to establish is a program which is going to

assist the individual in meeting his hospital costs. That does not mean to say, as I said to Dr. Blair the other day, that we should not do all we can to improve mental health. Of course we must.

Mental health is a very important problem and we are now doing a very considerable amount of work under our national health program in providing our second largest single grant for mental health and we shall continue that program. As Dr. Blair indicated there can be no let-up in that particular. The best way to deal with that problem is to deal with it other than in the proposed arrangement for hospital insurance. What I have said about tuberculosis and mental health does not, of course, apply to special care of this kind in general hospitals. I was referring only to that type of care which is provided by the provinces in their own institutions.

Mr. FLEMING: In dealing with this third exclusion of the mental institutions or cases in mental institutions, what is the total cost across Canada involved in that care?

Mr. DUPUIS: Is it not a fact that in the province of Quebec when a father or a mother has some children who are in a mental institution they are forced to pay for their board there? What I mean is this; in the province of Quebec, supposing a father or a mother had a child in a mental institution, it is not the general fund of the province which pays for it; it is the head of the family who pays for the board of that child.

Hon. Mr. MARTIN: There may be some cases where payment is made, but the general practice is that the bulk of mental hospital cost are provided out of the general revenues.

Mr. BLAIR: I would like to get the position of the mental cases in the general hospital clarified.

Hon. Mr. MARTIN: Dr. Blair, as you know, more and more effort is being made to try and deal with mental health through programs of prevention. I do not think that one should give the impression that the incidence of mental illness in Canada is more serious than in any other country, because that is not true. The population of the mental institutions in most of the countries of the world reflects an increase in the case load, whatever the reason is I would not want to make a final judgment but I am sure that one of the reasons is that the methods of treatment and the methods of diagnosis have very considerably improved, with the result that individuals who formerly were given mental care are now being given that care today in a more enlightened era, with better equipment and with better trained professional men supervising the whole operation.

Now our mental institutions have increased in number, and under the national health program we have given modest assistance in terms of construction to the provinces to enable them to meet this program. We have given substantial assistance to the provinces for the training of all individuals who serve in those mental institutions, either as psychiatrists or as occupational therapists, or as general ward personnel, and we have provided millions of dollars of equipment, particularly in therapy and the like, all of which is designed to make these hospitals more functional and more serviceable.

But the provinces and ourselves have come to the conclusion — I think we arrived at it about five years ago — that we had to try to do something about cutting down the number of people who go into our mental institutions. So we have embarked on a program of prevention. One of the things we have devised is the child guidance clinic. We have assisted practically 100 per cent through these federal contributions in the establishment of some of these child guidance clinics, where the medical officer and those associated with him through their psychiatric training make an assessment of the children,

for instance, in the schools, who show some emotional disturbance, and who are regarded by the medical people as likely cases for future serious mental deterioration.

Then these children are brought into these guidance clinics during their period of school attendance, and are given training and attention, and that has had noticeable results in those communities where these clinics have been established. In addition to that it has now become the practice particularly in the larger hospitals in the country, and for some of the hospitals in communities not so large, to establish psychiatric treatment wards. Dr. Blair's son is doing very distinguished work in this particular field and I am sure that he has given his father quite a bit of information, and has done so much better than I could possibly do it.

We attempt to meet and to deal with potential cases, that is to say cases which would likely find their way into mental institutions, and to give them treatment in hospitals—sometimes even while they are living at home—in the hope of being able to do a good bit for them; and in quite a large percentage of cases, it has helped very considerably. We have reduced very considerably the number who have ultimately to receive treatment in the traditional and orthodox mental institutions.

In addition to this we have in Canada now certain centres for psychiatric research which I think are quite remarkable. One of them was referred to by Mr. Knowles the other day, namely, the Allen Memorial Institute in Montreal under the direction of Dr. Ewan Cameron, who is a very outstanding man, engaged in research work in mental diseases.

We have given many thousands of dollars to this particular institution,—all as part of the program of detecting ways and means of providing methods by which we can cut down the incidence of mental illness.

There they are embarking on new mechanisms for the treatment of mental disease, including alcoholism; they are experimenting with various therapeutic drugs, and with all the new devices which medical science in the last decade has made available to mankind.

In our universities, at Toronto, at Western, and at the University of Montreal as well as the "Crease Clinic" in British Columbia, some very considerable research is being carried on,—somewhat along the same principles as the work which I mentioned is being carried on at the Allen Memorial Institute in Montreal. We are doing everything we can in co-operation with the provinces. They bear the primary responsibility in dollars and cents, because it is obviously their function; but it is our function to try to assist in this problem. I shall not say the problem is any worse in this century than it was in any other century but it has been projected perhaps more into the area of public discussion for the reasons I mentioned earlier. So, Mr. Blair, you may be sure that every effort is being made to deal with this problem.

In our own department we have a mental health division which is under the direction of a man of very considerable experience, and I want to thank Mr. McLeod, by the way, for the tribute which he paid to that division and to its director. I think it was both a generous as well as a deserved tribute for him to have paid.

It might be useful for this committee to come to the department and to experience the very sort of thing which Mr. McLeod was able to tell the committee about the other day. So I think the way to tackle this problem is in the manner which I have indicated.

I could have mentioned too, that under our provincial training grant, we have provided for the training of almost 1,200 individuals in the country in a variety of disciplines concerned with psychiatric care. They are not psychiatrists by any means. At the University of Toronto, for instance,

we are subsidizing a course of training for young ladies. We call these girls who are taking this training at Toronto, occupational therapists. They have a two-year course. If you go now into a mental institution in Ontario, if you go into a place like Whitby you will see young ladies there, wearing a green uniform, and their main job is to give special attention to a limited number of patients.

Now, the importance of this new development cannot be overstressed. These girls are responsible, as I say, for a limited number. They devote their full time to these patients, showing them how to rehabilitate themselves, how to occupy their time. Formerly these same patients would be in a custodial institution. Thew would be given psychiatric attention by an expert whose profession was limited in numbers, and whose time was definitely limited, and on that account the patient did not receive the kind of treatment that he is receiving now.

Mr. STARR: Pardon me, Mr. Chairman. Where are these girls; you call them occupational therapists. For instance, the girls that are doing that sort of work in the Whitby hospital, where are they trained?

Hon. Mr. MARTIN: They are trained at the University of Toronto.

Mr. STARR: At the expense of the federal government?

Hon. Mr. MARTIN: That is right. It is a two-year course, and we would like to see this course expanded considerably.

Mr. BLAIR: I was trying to clarify the position of general hospitals, and this is the question I would like to ask you now. I want this thing clear. If you have a patient in a general hospital suffering from a psychosomatic illness, and they are in the medical wards of the hospital, are they recognized as mental patients, or is it recognized as a physical illness? The two may be combined.

Hon. Mr. MARTIN: It may be combined.

Mr. BLAIR: You might have a psychosomatic patient—

Hon. Mr. MARTIN: If they are in the general hospital, they are and would be included under the general hospital insurance scheme.

Mr. BLAIR: If they are in a general hospital?

Hon. Mr. MARTIN: Oh, yes. They are paying for that themselves, but if they go to a place like, let us say the Crease clinic, they do not in most cases pay for that. That cost is borne by the province out of the general revenue account. But, if they go to a general hospital and they have to pay for the cost of that care, they are just like anyone else who suffers from pneumonia, or some other disease for which they would receive treatment in a general hospital, and they will be covered.

Mr. BLAIR: There would be no differentiation when it comes to the psychosomatic angle?

Hon. Mr. MARTIN: Oh, no.

Mr. FLEMING: May I come in again, Mr. Chairman? I asked the minister for the amount of the expenditures on mental cases which—

Hon. Mr. MARTIN: For T.B., the last figure we have got from the provinces, 1953-54 was 30 million for T.B. and 55 million for mental.

Mr. FLEMING: That earlier figure of 45 if my memory—

Hon. Mr. MARTIN: —was not very far out. I said around 40 million which was pretty good.

Mr. FLEMING: We had 30 then.

Hon. Mr. MARTIN: Mr. Fleming, this is for the figures 1953-54. The figure that I gave still stands in my mind for a more recent year. We have not got all our papers here. We will check and see if they were not for the last year.

Mr. FLEMING: Very well.

Hon. Mr. MARTIN: In any event the figures I have given should have been sufficient for your present purpose.

Mr. FLEMING: Now, as to this matter of the mental cases in the general hospitals, at what point, was it that your government decided to include these in the shareable cost?

Hon. Mr. MARTIN: Well, actually at the conference, my recollection is that that, specifically—we did not deal with the question of psychiatric services in general hospitals. I think we were only discussing whether or not we would bear the cost of general T.B. and mental health care. More recently, since the conference, the Prime Minister was asked a question on this matter.

I think my honourable friend asked the Prime Minister. Now, I have been wondering, if I might say so, why he asked the Prime Minister and not me. Not that the Prime Minister could not answer it well, much better than I, but I suspect there was a motive, an understandable motive. But, my honourable friend will remember that this question that day back-fired.

Mr. FLEMING: No, I think I will have to remind the minister of what the facts were, Mr. Chairman.

Hon. Mr. MARTIN: Well, it does not matter.

Mr. FLEMING: The minister, I think, has been fair enough to acknowledge that this matter of clarification of the position of mental patients as between those in so-called mental institutions on the one hand and those in general hospitals on the other, occurred only since the conference, because the statement made in the house by the Prime Minister, if it is proper for the Prime Minister to make a statement on this matter, on January 26, on page 556 of Hansard simply says: "We would not propose under this legislation to share the costs of care for mental illness and tuberculosis,—". There was no such distinction drawn there. The question to which the minister has now made reference was one that I asked on February 16. It was not the first question that day. It is at page 1233 of Hansard and was asked following a question by Mr. Diefenbaker of the Prime Minister. I understand the reason he asked the Prime Minister, because the Prime Minister made a statement on behalf of the government on January 26 on the matter.

Mr. Diefenbaker asked: "I should like to direct a question to the Prime Minister. In the submission of the health plan to the various provinces, were tuberculosis and mental cases included? If not, why were they not included, and is consideration being given thereto?", and the Prime Minister answered, "They were not included. For many years they have been recognized as a provincial responsibility and the submission that was being made was for the provision of additional services to those already in existence." Then I asked this question of the Prime Minister, seeing that he was the person being asked. It was a supplementary question, "May I ask a supplementary question? Does that exclusion apply to mental health patients in general hospitals or only to patients in mental hospitals?" And the Prime Minister replied, "This is still a matter that has not been finally determined, but the intention was to exclude the mental hospitals that have been in exisence for all time as provincial institutions." And that was February 16. Apparently the matter had not been decided then, but it is clear that it has been decided now, and the minister's statement is now quite clear.

Hon. Mr. MARTIN: I simply want to say this: there was never any doubt about the policy. What the Prime Minister said was right in the reply which he gave to you. But, when a Prime Minister is asked a question about a particular department, it is expecting, I think a great deal to think that the Prime Minister should be able to give all of the details which a minister himself naturally finds it very difficult sometimes to be able to carry in his own mind. I think the present Prime Minister is perfectly remarkable in his understanding and his knowledge of every department of the government. But, if my honourable friend had asked me that question on that particular day, I think my reply would have been as it is now, as it is today.

Mr. FLEMING: Well, in any event, may I take it then that on that date the minister would have been or was in a position to say that patients, mental patients in general hospitals would be included in the shareable cost?

Hon. Mr. MARTIN: If I had had the opportunity of discussing the matter with the Prime Minister at that time; but the Prime Minister cannot be expected to carry all the details in his mind; and it was for that reason I said if my honourable friend had asked me the question, which I thought would have been easier in the circumstances, I would have given the reply I gave today; but what the Prime Minister said was accurate.

Mr. FLEMING: Well, he said it had not been decided.

Mr. THATCHER: Mr. Chairman, just one point. If the government had decided what Mr. Fleming has suggested, have they any idea what the extra cost would be?

Hon. Mr. MARTIN: I have given the figure around $120 million.

Mr. THATCHER: Over and above—

Hon. Mr. MARTIN: No, the figures I have quoted to Mr. Fleming for 1953-54 would be less than that. It would be around $100 million. But I think the figure that I have in mind is a figure based upon a later year, and I have not got this right at hand, but we are trying to get it.

Mr. KNOWLES: The answer to Mr. Thatcher would be half of those figures, would it not?

Hon. Mr. MARTIN: Yes, our share of the total cost.

Mr. THATCHER: Well, as far as the taxpayer is concerned.

Hon. Mr. MARTIN: I am glad you are on this committee, Mr. Thatcher. You and I will look after the taxpayer.

Mr. KNOWLES: Mr. Chairman, will you take another question on this point? Arising out of the prepared statement you read earlier on this whole question, Mr. Martin, I wonder if you do not see the position some of the provincial ministers of health, and the provincial treasurers, who feel that you have applied one principle to mental and T.B. hospitals, but the opposite principle to the cost of Indian health?

Hon. Mr. MARTIN: No, we have not—

Mr. KNOWLES: In the one case—just a minute. In the one case you say mental and T.B. costs are presently being shared, being borne by the provinces; why disturb it? Why unload that on to the insurance scheme?

Hon. Mr. MARTIN: Yes.

Mr. KNOWLES: But, in the other case, Indian health care which the federal government is now caring for, you load on to the scheme, 50 per cent of which you put on to the provinces. I think the minister will recognize that I thoroughly disagree with the position being taken in Manitoba by Mr. Bend, the Minister of Health there, but that is one of the objections that he is putting up to the plan, namely that you are not prepared to share in the mental and T.B. load, but you do put half the Indian load on the provinces.

Hon. Mr. MARTIN: Mr. Knowles, you are not right, you are not correct to be—I am saying that with great respect to you—

Mr. KNOWLES: I am sure I am quoting Mr. Bend correctly.

Hon. Mr. MARTIN: Well, with respect to Mr. Bend, I would simply say this, that Mr. Bend made a very outstanding contribution at this conference.

Mr. KNOWLES: I wish he would make a better one back home than he is doing.

An hon. MEMBER: He is doing all right.

Hon. Mr. MARTIN: May I say that, and I think you will agree that he is very interested in this problem himself, and he did make a very outstanding contribution. Now, what are we trying to do? We are not trying to saddle on to the provinces the whole cost of Indian care, the mental health of Indians, and T.B. We are simply saying that with regard to general hospital care, Indians shall be included along with the other citizens in the province. We are not saddling the whole cost of Indian health on them. We are just saying that with regard to Indians who go into a general hospital for general ward care, they should be included like any other person. But with regard to those cared for in mental and T.B. institutions the federal government will continue to look after them.

Mr. KNOWLES: In full?

Hon. Mr. MARTIN: In full. That is our responsibility. That responsibility is by far the greater part of the total cost. Our total Indian health bill is over $17 million, and I forget what the percentage in British Columbia of general ward care for Indians treated in general hospitals was, but it was a rather small amount. In any event, the Indians will be paying towards the cost of the thing for which we are asking that they be insured, namely: treatment for general ward purposes in a general hospital. Why should they not receive it as well as anyone else? We are not saddling on to the provinces the responsibility of T.B. and mental care for Indians, we are bearing that. We are also bearing the care of pensionable disabilities in D.V.A. hospitals. It would be just as logical to argue that we should transfer that likewise to the provincial insurance fund,—they bearing half the cost and ourselves the other half. But we are not. We are being practical and logical in this matter. On top of that, the fact is that you have, in the experience of the two most experienced provinces in the matter of health insurance the very practice which we ourselves are proposing should be followed in this case, as well as the practice of most countries where they have health insurance schemes.

The CHAIRMAN: Mr. Garland, do you wish to ask a question.

Mr. GARLAND: Mr. Chairman, I wanted to get in a little bit earlier in connection with the distinctions between mental cases in general hospitals and cases in the mental institutions. I am wondering what thought the government has given or what safeguards there are in the federal proposals to prevent the possibility of provincial authorities denying or delaying the admittance to a provincial mental institution, patients that are being taken care of, or not being taken care of in a general hospital for the obvious reason of reducing their responsibility. When I say "their", I mean the provincial responsibilities?

Hon. Mr. MARTIN: Well, in the first place, in psychiatric units that have been established in general hospitals, the opportunities which their facilities provide, I think is the best counter-balance, if one were in fact needed. But, Mr. Garland, my experience with any of the provinces has been, in the matter of health, most of the administrations do seek to do what is right. I cannot believe that any province would deny admission to a provincial institution to an individual for the purpose of recovering from the federal

government money that it might get from through another avenue. People who will go into the psychiatric wards in the general hospital are not the kind of people at that particular moment who are necessarily admissible to a mental institution. I won't say that they are not the kind of people who, in another day would not have been admitted, but in the light of the more modern techniques of treatment, they, generally speaking are not now. I have no fear on that score. Now, if abuses should develop, and that is always possible; if they should develop we would simply have to meet that. We would obviously not allow an abuse that was obviously for the purpose which you have indicated, but I really have no fear on that score.

Mr. GARLAND: The reason for my question is obvious. People at all levels of government are more concerned with the patient than they are with who is going to share the responsibility.

Hon. Mr. MARTIN: Well, I am satisfied, Mr. Garland, that from the experience that I have had in the last nine years, working with health departments all over, they are a pretty sincere group of individuals who have only one concern, and that is the health care of this nation. If there is one avneue where we had a great measure of co-operation across political lines, it has been in this matter of health care, and I am sure that is the way it will stay.

Mr. FLEMING: Mr. Chairman, we had covered the first three exclusions—

The CHAIRMAN: Mr. McLeod, do you wish to ask a question on this point before we leave it?

Mr. McLEOD: Well, I had a couple of observations, Mr. Chairman.

The CHAIRMAN: On this point?

Mr McLEOD: They are not questions, but I might help clarify the—

The CHAIRMAN: You wanted to leave the point you were on now, Mr. Fleming?

Mr. FLEMING: Yes, I wanted to go on to another feature.

The CHAIRMAN: All right, Mr. McLeod.

Mr. McLEOD: It just appears to me that the impression here is that this is going to be more or less a fight to shoulder the responsibility as between the provinces and the federal government, and then between the general hospitals and what we might call the mental institutions.

Now, I know a little bit about these things in our own province. I know that in the general hospital in Vancouver, I think we have just about as well advanced a psychiatric ward as there is anywhere in Canada.

Hon. Mr. MARTIN: A very good one.

Mr. McLEOD: The only thing that will bar a patient from going there is the inability to handle them. Where there are patients that get beyond the ability to be handled—they become violent, or through some such condition as that—then, of course the general hospital will certainly have them committed to either the Crease Clinic or the Essondale Institution. So, I think that is a point that can be pretty well left to the hospital management. It is just as I noted here today, I have never seen any general hospital, even the smaller general hospital in the interior of British Columbia refuse a mental patient that is within their means to handle, so I do not think there is any need of this worry about where they are going to be sent or anything else.

Hon. Mr. MARTIN: In addition to that, Mr. McLeod, the type of person that usually goes into the general hospital for psychiatric care goes in for treatment for a very limited period.

An hon. MEMBER: Observation.

Hon. Mr. MARTIN: Observation, or perhaps for several weeks.

Mr. McLEOD: A little more than that. They sometimes even go in for very advanced surgery in the hospital at Vancouver.

Hon. Mr. MARTIN: Yes, but they do not go in for the normal custodial care which characterizes the work in the mental institutions.

Mr. McLEOD: No, or for what you might call chronic.

Hon. Mr. MARTIN: Yes.

Mr. McLEOD: Well, there are two types of patients and I do not think we should concern ourselves much about it. I have been very much interested in the amount of money that has been available for research. There are some figures here. I got them from our own department. In 1954-55 there was $7,177,855 made available by way of grants by the federal government. Of that amount $6,635,747 was allocated. But, of the total amount there was just $6,013,547 that was used. Now, I take it that the various institutions across this country are not advanced to the stage where they can use the total amount that is available for them from the Department of Health and Welfare, federally here in Ottawa. I think the training scheme which has been mentioned here today is something that should be stressed, and should be worked upon so that the money which is being made available by this government can be put to proper use.

Hon. Mr. MARTIN: Well, Mr.—

Mr. McLEOD: Now, there is just one more question and then I am finished. It is apart from mental or anything else, but there is one thing that has rather bothered me.

It has to be half the population and six of the provinces. Now why has that last phrase been tacked on to this? Why does it have to be six of the provinces? Why cannot it be half of the population? Now, what I have in mind is that Ontario, British Columbia, Alberta and Saskatchewan are very likely the first provinces that will be prepared to come into the scheme and I believe that is roughly half the people in Canada.

Hon. Mr. MARTIN: That is less than half.

Mr. McLEOD: Not quite?

Hon. Mr. MARTIN: No.

Mr. McLEOD: How much more would you have to have?

Hon. Mr. MARTIN: You would have to have at least one of the provinces of Ontario or Quebec.

Mr. McLEOD: I said Ontario, British Columbia, Alberta and Saskatchewan.

Hon. Mr. MARTIN: You would have to have at least five provinces to cover half.

Mr. McLEOD: There might be a delay caused there from one of the smaller provinces.

Hon. Mr. MARTIN: Well, let me deal with your last question first, you have asked three questions.

First, the government of Canada is of the opinion, as the Prime Minister stated in 1949 and again in 1953 that it would not be, in the government's judgment fair for any taxpayer in Canada to be called upon to provide assistance in this particular matter to a group of provinces that represented less than half the population of the country. You may or may not agree with that, but that is the policy of the government. I think that in a matter of this importance that is a fair formula. This is a very important subject, and the people of Canada are faced with a heavy tax load, and it does not seem right that we should use money provided by all of the taxpayers to assist a small group of the people of the country in one or two provinces. That is the basis of the policy.

Now, with regard to your second last question about training, you have put your finger on a vital point One of the great drawbacks in our mental health control program is the lack of sufficient personnel to do the job, the lack of the number of psychiatrists properly trained, the lack of nurses, the lack of psychiatric social workers, the lack of psychologists. But, that does not mean to say that something is not being done about the problem, because that is not the case Since health grants were first introduced, more than 1,400 persons have received training This includes 217 psychiatrists, 241 nurses, 233 psychiatric social workers and 135 psychologists

I might add, that although the number of patients in mental hospitals have increased considerably for the reasons that I have mentioned, the ratio of patients to full-time hospital staff has been materially improved For example, in 1950 Canadian mental hospitals had 155 patients for every doctor, but by 1954 there were only 90 patients for each doctor. This improvement in medical staff ratio is contributing greatly, obviously to the improvement in the treatment services, but you have put your finger on an important point, and it is one to which we are directing our full energies.

Now, with regard to your last question on the amount of money now spent on research in this field, and the amount of money spent on research earlier, the health program was introduced in 1948. At that time $25,000 only was being spent in Canada on this type of research. We brought forward the national health program in May of 1948, and the largest single grant is the one providing for mental health care. In that time the amount of money devoted to research for mental health has risen from $25,000 to $500,000 annually, so it will be seen that in the past eight years the increase in the moneys made available for research in mental health has risen twenty-fold. In addition to that, we have assisted the provinces in the building of 15,300 mental health beds.

Mr. STUART (*Charlotte*): Can I ask a question now, Mr. Chairman?

The CHAIRMAN: I think Dr. Trainor was trying to get the floor.

Mr. TRAINOR: Yes. I was going to pursue this question raised by Mr. Garland. I think that there should be some protection for the general hospitals against the possibility of an event happening such as Mr Garland envisaged. That is to say that the provinces would load cases on them that they did not wish to treat, or were not equipped to treat. Therefore, I would think that, although it may be a detail that would not be proper to introduce here, the scheme should contain some provision that would indicate that there be some machinery set up to protect the general hospitals against having to hold on to the patient that they did not feel they were equipped to handle.

Hon. Mr. MARTIN: Well, you can be sure that we will watch this aspect of the problem very carefully. We are not going to permit moneys which the parliament of Canada provides to be improperly used. We shall watch this problem with great care.

Mr. STUART (*Charlotte*): I would just like to go into one or two matters in connection with the sick mariners' benefits. If this health plan goes into effect, do sick mariners come under this health plan, or will they carry on as before?

Hon. Mr. MARTIN: They will come under this plan.

Mr. STUART (*Charlotte*): Well, if they come under this plan, would it take from them the many privileges they have had in the past, or will this plan cover the same scope as the sick mariners'?

Hon. Mr. MARTIN: I think that the treatment which will be given under a proper hospital insurance scheme will show increased benefits.

Mr. STUART (*Charlotte*): Well, is it not true that in the past the doctors' fees and all were included in the sick mariners' benefit?

Hon. Mr. MARTIN: You are right.

Mr. STUART (*Charlotte*): And I have known a case where even teeth extractions was carried on under the sick mariners' benefit.

Hon. Mr. MARTIN: Of course, we are talking about the hospital insurance feature. Under the present mariners' program, Mr. Stuart, I believe the cost of that, as I indicated the other day is about $700,000. The revenues obtained do not meet the full cost.

Mr. STUART (*Charlotte*): Oh, I realize that.

Hon. Mr. MARTIN: But, there is a theoretical obligation to make payments. When we come to that particular item in the estimates, we can explain why the scheme has not been fully self-liquidating. But, in so far as the hospital insurance aspect is concerned, the facilities provided through it will be every bit as complete as the hospital services now provided.

Mr. KNOWLES: How do you relate this to section 91 of the B.N.A. Act?

Hon. Mr. MARTIN: No.

Mr. KNOWLES: I am asking you to relate it to the provisions of the B.N.A. Act.

Hon. Mr. MARTIN: With regard to sick mariners?

Mr. KNOWLES: Yes, to the maintenance of marine hospitals.

Hon. Mr. MARTIN: The provision for sick mariners arises out of one of our oldest acts, it goes back to 1867, and it is provided for under the Canada Shipping Act. And it is also, in so far as foreign seamen are concerned, provided by way of multi-partite arrangements made with other nations.

Mr. KNOWLES: I do not have the British North America Act in front of me. If anybody has got Beauchesne, it is to be found therein, but there is a reference to marine hospitals in section 91 of the British North America Act which puts it under federal responsibility, and it was in relation to that that I was talking.

Hon. Mr. MARTIN: I am talking about the treatment of sick seamen in general hospitals while the reference you make is to marine hospitals. In the province of Quebec we have a hospital wherein we treat sick mariners who are covered by virtue of a treaty obligation which Canada had entered into with other countries. We have the power to provide for that kind of treatment for foreign mariners by virtue of the authority given us under the British North America Act. It is a treaty obligation and we cannot, under the domestic hospital scheme, cover mariners who come from other countries. We have no way of loading on other countries or on the provinces obligations which are our statutory and constitutional obligation.

Mr. FLEMING: We have touched upon three things.

Mr. KNOWLES: The minister is ingenious, and he knows it.

Hon. Mr. MARTIN: No, the minister is complete in his replies, or he endeavours to be.

Mr. FLEMING: We have dealt with tuberculosis and mental cases and I would like to ask the minister about the depreciation on hospital buildings. Is that excluded from the shareable cost?

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: What about depreciation upon hospital equipment?

Hon. Mr. MARTIN: That is excluded. What was your question again?

Mr. FLEMING: You told us that depreciation on hospital buildings is excluded from shareable costs under the scheme.

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: Then I asked you about depreciation on hospital equipment.

Hon. Mr. MARTIN: Oh, that is included.

Mr. FLEMING: And home care is the next one.

Hon. Mr. MARTIN: Where do you see that?

Mr. FLEMING: Home care is excluded?

Hon. Mr. MARTIN: That is right. What are you reading from?

Mr. FLEMING: I am reading from my own notes.

Hon. Mr. MARTIN: Are they legible?

Mr. FLEMING: They are to me. My next question is about emergency and out-patient services rendered by hospitals.

Hon. Mr. MARTIN: They will be included on a limited basis only. Out-patients departments are becoming more and more a new feature of modern hospitalization. We gave moneys five years ago to the Herbert Ready Memorial Hospital in Montreal to experiment with its out-patient department program and we are finding that we can relieve the hospitals of some of their present bed occupancy burden by having the patient treated at home. For instance, the patient will stay at home and will come to the hospital for treatment which is given properly and more efficiently when rendered there; and that kind of service, in a sense at least, is part of hospital care. Naturally, we would want in such a program to make sure that they are not treating, for example, appendectomy at home, but anything which came within the ambit of the Herbert Ready Memorial scheme would be included so far as hospital care is concerned.

Mr. KNOWLES: Did the minister hear Dr. Trainor's question?

Mr. TRAINOR: I said it would not include out-patient medical care.

Hon. Mr. MARTIN: This is a hospital insurance scheme.

Mr. TRAINOR: It would not include out-patient medical services.

Hon. Mr. MARTIN: Not necessarily. The patient might be treated on an out-patient basis just as he would in a hospital. He might receive medical care in a hospital if he is a staff case in a general ward, where treatment would be provided.

Mr. TRAINOR: My point is this: that medical attendance—that the charge for medical attention is still the responsibility of the patient.

Hon. Mr. MARTIN: That is right.

Mr. ROBERTSON: In most out-patient departments there is no charge for it.

Hon. Mr. MARTIN: Again, the general medical care that you are talking about is not covered by the proposal which the federal government has made to the provinces. There is certain medical care accommodation given in hospitals as part of general ward care.

Mr. TRAINOR: And they are covered.

Hon. Mr. MARTIN: They might be covered depending on the scheme. You will remember the question which was asked of me the other day in the house of commons. That is a question which I would have to say would be determined by the province concerned. But a general answer to your question is, as I have indicated, and it is the one which you yourself had anticipated.

Mr. FLEMING: You made a statement in regard to this possible formula by which you arrived at the contributions to be made by the federal government. Was any consideration given to establishing a floor or a minimum of 50 per cent of the cost in any province?

Hon. Mr. MARTIN: Do you mean—do you mind repeating that question, but before you repeat it, I want to be very careful; this is very important and it might be that it will be read by others. Dr. Trainor asked a very important question about out-patient services. I should like to make it clear that the scope of these services will apply largely to cases requiring emergency, diagnostic, radiological and laboratory services.

Mr. TRAINOR: That is an entirely different type of out-patient service; it is an entirely different type as given in the large metropolitan hospitals to indigents at the present time.

Hon. Mr. MARTIN: That is right.

Mr. TRAINOR: In this case we know that the medical profession will offer their services gratituously; but in the other type of service I presume it is for a paying patient and one who would obviously be expected to pay medical bills.

Hon. Mr. MARTIN: For an insured patient.

Mr. TRAINOR: They would be patients whom the doctors would regard as being private patients.

Hon. Mr. MARTIN: There is no difficulty there.

Mr. TRAINOR: There would not be a subterfuge by which that type of patient would be handled under this scheme and thereby escape his ordinary medical charges?

Hon. Mr. MARTIN: There would be no toleration of subterfuge.

Mr. KNOWLES: Do you not draw the line, with respect to bed patients or out-patients, at the point where medical attention is part of the normal hospital care? In other words, medical attention which is part of the normal hospital care would be covered.

Hon. Mr. MARTIN: That would be right.

Mr. KNOWLES: The medical services which one gets as part of his hospital bill, including the services of internes, sometimes save people's lives.

Hon. Mr. MARTIN: Generally speaking that is a general characterisation which is apt, but we will have to examine each particular scheme.

Mr. FLEMING: I now come to the question which the Minister said he did not hear or was not prepared to deal with at the moment. I was dealing with the classification of federal contributions, and the minister outlined last Friday a double-barreled formula which has been applied by the federal government.

Hon. Mr. MARTIN: I do not like the use of the words "double barreled". I think it is a bad expression. It suggests a shot-gun operation and that is not what we have in mind.

Mr. KNOWLES: The chairman does not like shot-guns.

The CHAIRMAN: I do not mind if they are not used the way one was a while ago.

Mr. FLEMING: Four provinces were mentioned which will receive less than 50 per cent of their cost of shareable items. Was consideration given at any time by the federal government to establishing for each province a floor, a minimum of 50 per cent of contributions on the part of the federal government to shareable items in the aggregate?

Hon. Mr. MARTIN: We gave consideration to many schemes, but we tried to devise a scheme which we believed would take into account in so far as that

was practical, the needs of all the provinces based upon the cost factor and also upon the likely effect of the formula as an inducement to economical operation.

Mr. FLEMING: Was this particular possibility taken into account of the establishment of a floor or minimum?

Hon. Mr. MARTIN: Oh yes.

Mr. FLEMING: The fact is that it is now the considered policy of the government not to give any ground in regard to this formula?

Hon. Mr. MARTIN: Well, the government—

Mr. FLEMING: Or is the formula—in other words, has the federal government given its last word on the subject?

Hon. Mr. MARTIN: We believe that the formula we have devised is the one which is the fairest under the circumstances, and is one which appeals to most of the provinces.

Mr. TRAINOR: It is not open to renegotiation?

Hon. Mr. MARTIN: No. We have stated our policy. It was a considered policy and that is the policy that the provincial governments will be considering.

Mr. FLEMING: You had two proposals before that, and I take it that this is your final word on the subject of the formula that you are prepared to apply.

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: Surely the door is never closed tightly.

Mr. FLEMING: Having regard to the fact that the government was prepared—

Hon. Mr. MARTIN: The door is never closed tightly to any reasonable suggestion, but that does not mean that this is a negotiable formula. It represents our policy and that is the policy which is now being stated.

The provincial treasurer, Mr. Fines, I am sure would not mind my saying that although Saskatchewan was not going to get as much as the other provinces, it did feel that in the light of the circumstances this was a fair formula.

Mr. KNOWLES: If you are talking about combining the average of provincial costs with the average of national costs then I agree to that. But the percentages should be higher.

Hon. Mr. MARTIN: It is a fair formula, and it is all very well to suggest that this places a big burden on the provinces. All these matters cost money, but let no one think that there is no burden being imposed by this formula on the federal government and on the tax payers of the country through the federal government. The total scheme is going to cost the federal government $182 million at the minimum in its first year and that is a considerable sum of money. At the present time in all the provinces grants are paid by the provincial governments. In addition to that in all the provinces a very considerable percentage of the population in the province has been habituated to an insurance contract, a hospital insurance program of one form or another, be it the Blue Cross, or commercial, or a combination of the two.

So that in the end the provincial share of the moneys will have to be raised by the provinces according to the formula which they themselves will decide; and a substantial sum of money is now being paid for that very purpose by a considerable section of the population. That is not true in the case of the federal government, but our share will represent a new net. I notice that my honourable friend is shaking his head.

Mr. KNOWLES: Some of it will be money which the individual is now paying.

Hon. Mr. MARTIN: For instance, let us take Ontario; the total shareable cost in Ontario as estimated, will be $129 million. If the federal government's share were 25 per cent on a national per capita basis and 25 per cent was paid on a provincial per capita cost, the share of Ontario will be $62 million which is also our contribution.

Mr. FLEMING: No, No! Wait a minute.

Hon. Mr. MARTIN: Just a minute now. The provincial share will be $62 million while our share — no, the provincial share will be $66 million and our share will be $62 million. And at the present time the estimated provincial expenditure now being made is $17 million, including medical as well as regular maintenance grants, while the estimated amount of municipal expenditure in Ontario is $13 million. I am giving round figures for 1956.

So the balance to be raised will be $36 million.

Mr. FLEMING: If the minister has a table, would he mind putting it on the record, with regard to all the provinces.

Hon. Mr. MARTIN: I would be glad to do so. I took Ontario because it has the largest amount and it has the biggest burden, although considerable sums of money are already being spent by individuals by way of their premium contributions to voluntary insurance.

What I want to point out is that the load is going to be very great on the part of the province; it is, although I think the objective makes it worth while.

Mr. KNOWLES: Hear, hear.

Hon. Mr. MARTIN: But I would point out that in the case of the federal government, through these extensions and demands, we have got to raise completely new-found money, and the reason I am doing that is because in the questioning which is about to begin now, no one should conclude that the total cost involved in this case is insignificant; nor should anyone conclude that the federal government has not assumed a very important burden, which is in our case, entirely an additional burden.

Mr. KNOWLES: Some of the money which individuals raise will replace some of the money which the federal government will have to pay for hospital bills. We are re-channeling that money.

Hon. Mr. MARTIN: Supposing that it is re-channeling, substantially it is not so entirely, but the amount of the grants already being paid comes out of the provincial share, and it does not represent new-found money entirely; however, in the case of the federal government it does.

Mr. FLEMING: I have one further question. In the formula which the minister described on Friday, he used a factor, the multiplication of "the population covered" in each province.

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: How are you going to determine the population covered? Are you going to take the last census figure?

Hon. Mr. MARTIN: That is all you can do.

Mr. FLEMING: It is understood then that it is the figure you are taking? I see that the minister nods his head. Would he mind saying yes?

Hon. Mr. MARTIN: Yes.

Mr. KNOWLES: The last census figure or the Dominion Bureau of Statistics estimate based on the previous year?

Hon. Mr. MARTIN: It is the D.B.S. estimate.

Mr. FLEMING: Then there is this matter of the cost increase and I want to ask you if it is on 1954 that you based this calculation of cost?

Hon. Mr. MARTIN: No. 1956.

Mr. FLEMING: It is the 1956 estimate of $182 million. It is not based on 1954 but on the 1956 estimate?

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: What is the factor which you have used in estimating the amount or the rate of increase per annum both for the dominion as well as for the respective provinces? I notice that in Ontario they are reckoning on a 10 per cent annual rise in the cost.

Hon. Mr. MARTIN: I will give you that in a minute. This is a very extensive study in which we used the most recent data available, and in some cases provincial data which was more recent when this was available. The data reads as follows:

IV *Estimated Per Diem Costs*

1. Used most recent data available on per diem from D.B.S. hospital reports (1953).

2. In some provinces there was more recent data and where this was available it was used.

3. Adjusted 1953 costs upward by about 10 per cent per annum through the years 1954, 1955, 1956, based this rise in costs on an analysis of the experience and a projection of the rise in hospital costs in the years 1951, 1952 and 1953.

4. Per diem rates for chronic and convalescent care are much lower than those for active treatment care—it was estimated that the chronic and convalescent rate would be about 50 per cent of the active treatment rate.

5. Provincial officials considered this a reasonable assumption—Manitoba officials considered that in their province 60 per cent would be more satisfactory—accordingly the percentage was used in the case of Manitoba.

V *Total and Net Operating Costs of Hospital Care and Full Laboratory and Radiological*

1. *Total Operating Costs* obtained my multiplying the *Estimated Total Days of Care* by the *Estimated Per Diem Cost.*

For Canada, this amounts to $432·4 million or $27.05 per capita in 1956 (including full Laboratory and Radiological).

2. *Net Operating Costs* are obtained by *excluding* from total operating costs estimates of:

(1) the extra revenues for private and semi-private room care,

(2) the extra revenues from workmen's compensation, D.V.A. and other agency cases, certain outpatient services and donations,

(3) the depreciation on buildings, improvements and permanent fixtures.

For Canada, the net operating cost amounts to $365·1 million or $22.84 per capita in 1956 (including full laboratory and radiological services).

VI Future Costs

Population Growth—population has been increasing at rate of about 3 per cent per annum—this will increase the total days of care by increasing the occupancy rate in existing hospitals and by stimulating the construction of new accommodation.

Increasing Costs—costs have been rising at about 10 per cent per annum on the basis of past experience.

Higher wages for hospital employees and shorter hours of work per week will be important in increasing costs in some areas in the future. This will be influenced by the general salary level and conditions concerning hours of work, unionization and so on.

Some areas where for various reasons there has been low utilization and low bed capacity hospital insurance may result in greater utilization of hospital facilities which will mean increased construction outlays and higher costs of hospitalization.

Mr. FLEMING: I come now to my question with respect to the projected rate of increase in the years ahead. You have given us figures for 1956. I asked you about the rate of increase projected beyond 1956.

Hon. Mr. MARTIN: In regard to future costs the population has been increasing by 3 per cent per annum, so naturally these are matters that have to be taken into account. There is no doubt that we have given you minimum figures.

Mr. FLEMING: Just looking at the future, is it a fair interpretation to put on the departmental approach to this question, that it is going to mean about a 10 per cent overall increase in cost per annum.

Hon. Mr. MARTIN: All I can say is this,—

Mr. FLEMING: As far as it can reasonably be projected ahead?

Hon. Mr. MARTIN: That is the conclusion that our officers have come to, and we have had a group working on this thing for some time and that is their conclusion. I have every confidence in their judgment.

Mr. STARR: The minister mentioned a moment ago the foreseeable future with increased costs in the construction of hospitals.

Hon. Mr. MARTIN: Yes.

Mr. STARR: I may be out of order, but it has always bothered me somewhat to know that the federal grant for the construction of hospitals was established when the cost of construction was relatively smaller than it is now, and was somewhere in the vicinity of $7,000 per bed. But now it has risen to about $15,000, with the possibility as the minister stated, of its rising to a far greater amount in cost per bed. Does the government contemplate helping out in those instances with increased grants for construction, increased construction grants?

Hon. Mr. MARTIN: I do not consider this question is irrelevant. I think it has a bearing. I could take the position that it is a matter that we should deal with specifically when we come to deal with national health grants as such; but I think it has a bearing.

The CHAIRMAN: Very well. I presume Mr. Fleming has no objection.

Hon. Mr. MARTIN: It has a bearing since in this case we have been dealing with the rise in costs and the undoubted increase in construction of hospitals will be a factor which has to be borne in mind; and to that extent we pay $1,000 per acute bed, and $1,500 per chronic bed.

As Mr. Knowles pointed out last week if there is any doubt about the constitutional position in the matter of health, there is no doubt when it comes to the question of hospitalization. In 1948 we announced that we were embarking upon a hospital construction program over a limited period. Generally the other grants which we had in mind were not intended to be limited in time, but we estimated, or it was estimated, that there would be a shortage of beds in Canada of about 65,000 at that time.

That estimate was based upon figures prepared by Dr. Agnew and by a group who had worked with him. There is another estimate on the shortage of beds which was not as high as Dr. Agnew's but we took his, and in the last seven and a half years with the provinces and with voluntary bodies, municipalities, and so on, we have been able to reduce the bed shortage by almost

70,000, and we estimate at the present time—I am not saying that this is a total estimated objective in terms of fully operating hospital insurance schemes —but as things are at the present time, we estimate that we are still about 20,000 beds short. So there is quite a difference in the figures which we had to face in 1948 and the resulting situation

No, it is not our intention to increase these amounts. We have set a limit on federal participation in the hospital construction program because we felt that the role of the federal government in the health field lay in other channels such as research in tuberculosis particularly, in cancer research, in professional training, in medical and scientific research, and in mental health. Nevertheless these grants which will continue, are serving a very important purpose in spear-heading the program.

Now the final observation I wish to make at this point is that your figure of $15,000 is not a national figure, because the cost of hospital construction varies all over the country. I visited a hospital in Ontario which they were able to build for $9,000 per bed. That was near London, and it as serviceable a hospital as you could find anywhere.

Mr. STARR: That is true but in all probability it is one of the smaller types of hospital rather than a large metropolitan hospital.

Hon. Mr. MARTIN: It was a 60-bed hospital.

The CHAIRMAN: Gentlemen, it was agreed we should adjourn at 5.

Mr. FLEMING: There is one thing just before we adjourn. I think it will save us some time in the questioning if at the next meeting the officials will bring us some kind of table indicating the ledger balance in this matter. In the case of the federal government we know $182 million is on one side of the ledger, but I would like to know on the other side of the ledger what items are going to be taken out of the existing $107 million of expenditures to be included in $182 million. In other words, what is the net difference in the position of the federal government as between this past year and under the new scheme.

Second, could we have a similar ledger plan (*a*) before the plan and (*b*) with the plan for the provinces in general, and if it is feasible for each province.

Then, the third feature of the type of ledger statement I would like to see in the same form is in regard to the individual. Could we have a statement as to how the total expenditure of $365 million estimated for the total cost on shareable items right across Canada is broken down as between (*a*) expenditures that are now covered under public expenditures in one form or another, federal, provincial or municipal, and (*b*) on the other hand are paid by the individual himself.

Hon. Mr. MARTIN: Can you get that ready, Dr. Willard?

The CHAIRMAN: We will adjourn and meet again on Thursday next at 10.30 in room 277.

The Committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 3

THURSDAY, MARCH 22, 1956
FRIDAY, MARCH 23, 1956

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Hon. Paul Martin, Minister of National Health and Welfare; Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. J. W. Willard, Supervisor, Research Division; and Dr. C. A. Roberts, Principal Medical Officer, Health Insurance Studies.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956

71884—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Blair
Byrne
Cannon
Decore
Deschatelets
Dupuis
Fleming
Garland
Gauthier (*Nickel Belt*)
Hees
Henry
Knowles
Martin
MacEachen
Macnaughton
McLeod
Nicholson
Pommer
Power (*St. John's West*)
Robertson
Starr
Stuart (*Charlotte*)
Thatcher
Trainor
Yuill

E. W. Innes,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, March 22, 1956.
(4)

The Special Committee on Estimates met at 10.30 a.m. this day. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Messrs. Blair, Byrne, Decore, Deschatelets, Dupuis, Fleming, Gauthier (*Nickel Belt*), Knowles, Martin, MacEachen, McLeod, Nicholson, Pommer, Robertson, Starr, Stuart (*Charlotte*), Thatcher, Tucker, and Yuill.

In attendance: From the Department of National Health and Welfare, Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. J. W. Willard, Supervisor, Research Division; and Dr. C. A. Roberts, Principal Medical Officer, Health Insurance Studies.

The Committee resumed consideration of Item numbered 263 of the Main Estimates—Health Insurance Studies and Administration of the General Health Grants, the Minister supplying information thereon.

At 12.40 p.m. the Committee adjourned until 10.00 a.m. Friday, March 23.

FRIDAY, March 23, 1956.
(5)

The Special Committee on Estimates met at 10.00 a.m. this day. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Messrs. Blair, Byrne, Dupuis, Fleming, Garland, Knowles, Martin, MacEachen, McLeod, Nicholson, Power (*St. John's West*), Pommer, Stuart (*Charlotte*), Thatcher, Trainor, Tucker, Yuill.

In attendance: From the Department of National Health and Welfare, Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. C. A. Roberts, Principal Medical Officer, Health Insurance Studies; and Dr. J. W. Willard, Supervisor, Research Division.

The Committee resumed consideration of Item numbered 263 of the Main Estimates—Health Insurance Studies and Administration of the General Health Grants, the Minister supplying information thereon.

At 11.00 a.m. the Committee adjourned until 10.30 a.m. Tuesday, March 27.

E. W. Innes,
Clerk of the Committee.

71884—1½

PROCEEDINGS

MARCH 22, 1956.
10.30 a.m.

The CHAIRMAN: We will come to order. I will call on Mr. Fleming.

Mr. FLEMING: Mr. Chairman, may I ask if that statement that I asked for at the conclusion of the last meeting is ready, or nearly ready?

Hon. Mr. Paul MARTIN (*Minister of National Health and Welfare*): No; it will not be ready until possibly tomorrow and more likely not until Tuesday.

Mr. KNOWLES: I guess we are going to have to speak louder in this room, are we not, Mr. Chairman?

The CHAIRMAN: I expect so.

Mr. FLEMING: Well then, Mr. Chairman, I will leave aside the questions on that subject of the contemplated—

The CHAIRMAN: We will have that material for you,—

Mr. FLEMING: —expenditures and offsetting factors that have to be taken into account both with regard to the federal ledger balance and the provincial ledger balance and the individual citizens' ledger balance.

Hon. Mr. MARTIN: May I ask you, Mr. Fleming, a question that would help us a great deal, perhaps, in preparing some of that material; is it your judgment that the proposed financial proposal for the federal government which would amount to $182 million in the first year should be higher?

Mr. FLEMING: My judgment is that this committee should have all the relevant information.

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: And, in assessing the proposed figure of $182 million there are a number of factors that must be taken into account.

Hon. Mr. MARTIN: But my question was—

Mr. FLEMING: Some of those are the offsetting factors of the present federal expenditure of which the federal government will be in part relieved—

Hon. Mr. MARTIN: Very little.

Mr. FLEMING: —if the scheme is carried into effect. I had a talk with the officials at the conclusion of the meeting, Mr. Chairman, to make quite clear to them the type of statement that I was asking for. I think there will not be any problem as to what it was I was asking for.

Hon. Mr. MARTIN: Yes, except that I do think you should not be allowed to leave the impression which your last observation does leave. The proposal does not transfer to the provinces any appreciable financial responsibility.

Mr. FLEMING: Well, the statement will show that, will it not?

Hon. Mr. MARTIN: Yes, the statement will show that, but my question to you is, I am trying to ascertain whether or not you think that the federal proposal should be increased? In other words, that the share of the federal government should be higher than it is, than has actually been proposed. Do I understand that?

Mr. FLEMING: No, you have not any right, I think, to understand any such thing, except to understand that I am here to get all the information—

Hon. Mr. MARTIN: Quite.

Mr. FLEMING: —that is available, and that ought to be before parliament in its approach to this question.

Hon. Mr. MARTIN: Certainly.

Mr. FLEMING: It is extremely important, and we want it expressed in a comprehensive and orderly way.

Hon. Mr. MARTIN: Certainly.

Mr. FLEMING: I will turn now, Mr. Chairman, to the subject of the payment for the plan and the method. There has been no mention as to the way in which the federal government would propose to finance its share.

Hon. Mr. MARTIN: I said that would be a budgetary matter.

Mr. FLEMING: Yes, the minister at last Friday's meeting indicated that that would be a subject of budgetary policy for the Minister of Finance and government, and that he wasn't prepared to make any statement on it at this time.

Hon. Mr. MARTIN: But I can assure you that in so far as the Minister of National Health and Welfare is concerned, there would be no recommendation that there would be premiums imposed on the Canadian people to raise the federal share.

Mr. FLEMING: Well, that is something important. The minister's view then is that the federal government should not, under any circumstances, finance its share of the cost of the plan by premiums?

Hon. Mr. MARTIN: That would be the view of the Minister of National Health and Welfare.

Mr. KNOWLES: Hear, hear.

Mr. FLEMING: Can I take it that is his personal view regardless of whether the provinces choose to finance their share in whole or in part by the premium method?

Hon. Mr. MARTIN: What the provinces do would be entirely their own affair. They will receive no interference in any way from us as to how they raise their portion of the shareable costs.

Mr. THATCHER: Would the minister say why he opposed—

Hon. Mr. MARTIN: Well, the reason I oppose it, of course, is on constitutional grounds. Mr. Knowles and I have had a long series of disputations on this point, and I am glad he has come my way and recognizes now that it is not within the competence of the federal government under the constitution as it now stands to impose contributions on the people of Canada for a particular social measure.

Mr. KNOWLES: This is once where the B.N.A. Act forces you to follow a good principle.

Mr. THATCHER: Does the minister not think that if the revenue was collected by the premium method that the people would appreciate the fact that they are paying for the scheme and that it might keep the cost more in check?

Hon. Mr. MARTIN: Mr. Thatcher, I cannot agree with you more strongly. You and I have been expressing similar views in part throughout this committee. You have said something that I strongly believe in. I think that all of these social measures have to be paid for out of the hard work of the people, and I think it is an understandable and desirable discipline that there should be a realization of that fact. One way to bring about that realization is by earmarked contributions. However, in the case of the federal government there is the constitutional obstacle, number one. We would not be able to bring about health insurance in Canada, I am sure, at the present

time, and for a long time if we in any way sought to interfere with the constitutional arrangement. It is for that reason that the Prime Minister said—

Mr. FLEMING: How about the old age pensions—

Hon. Mr. MARTIN: I will come to that. It was for that reason that the Prime Minister said that we were prepared to provide technical and financial assistance with no constitutional interference. Now, apart altogether from that, in a matter of this sort where the provinces are contributing half of the cost, and where there may be some difficulty in reaching certain of the insured groups, it would be practically impossible to do that on federal account.

Now, in the case of the old age security, that is a partially contributory system. I am sure that all of us concerned with that measure at that time would like to have seen it fully contributory. It is contributory in the sense that there is a 2 per cent corporation tax, 2 per cent income levy—2 per cent on incomes—and 2 per cent of the sales tax reserved for that particular purpose, and that portion of it is, of course, contributory. But we did obtain from the provinces agreement which had to be unanimous to amend the constitution to permit contributions even to that extent.

Mr. THATCHER: Well, then the reason is, you do not think you can get the same agreement on a health scheme along the same line?

Hon. Mr. MARTIN: That is basically the reason. We are anxious to see progress made in this matter.

Mr. KNOWLES: Mr. Martin, you should keep it clear that the B.N.A. Act prohibition comes into the picture only with respect to the matter of collecting premiums.

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: The B.N.A. Act doesn't prohibit payments of old age pension, or payments to the provinces on account of health.

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: Where the B.N.A. Act comes into the picture is when the federal government is thinking of any earmarked taxes.

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: It was for that reason that the amendment to the British North America Act was sought with respect to old age pensions.

Hon. Mr. MARTIN: And unemployment insurance.

Mr. THATCHER: On this same item is the minister, or the government exerting any pressure, or making any suggestions to the provinces that their revenue should be raised on a direct basis?

Hon. Mr. MARTIN: No. I have indicated my own personal preferences. I think there is a great deal to be said for the premium system. I know that there are difficulties. There were difficulties in British Columbia, but there are extenuating circumstances there. The operation of the premium system in Saskatchewan is satisfactory, and if I were asked for a personal preference, it would be the latter.

Mr. THATCHER: It would certainly be mine.

Hon. Mr. MARTIN: But I have not and do not propose to indicate, nor does the federal government, to the provinces what we feel. That is entirely a matter for them to decide. I note in the *Globe and Mail* this morning the premier of Ontario had some observations to make in connection with the matter. They are studying the matter and undoubtedly in the course of the next few weeks we will have some indication from them as to their position.

Mr. FLEMING: Mr. Martin, the view you express in regard to the constitutional position is the one I was just coming to. What you said, in effect, is the view that was expressed to the committee on old age security six years ago by Mr. Varcoe.

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: The fact is that the federal government has no power to levy on the individual an earmarked tax for a particular purpose . . . .

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: . . . . normally what we mean by contributions to any particular plan under the broad heading of social security, but, you have indicated so far as the manner in which the provincial share of the cost of the plan is to be raised, your personal preference is for the premium?

Hon. Mr. MARTIN: That would be my personal view.

Mr. FLEMING: Was that view expressed by you at the conference?

Hon. Mr. MARTIN: No. I made it clear at the conference that the federal government was not in any way concerned with the way the provinces raised their share of the costs.

Mr. FLEMING: May I take it that that is—

Hon. Mr. MARTIN: We were asked our view as a matter of fact by several. Our views were not given.

Mr. FLEMING: May I take it then that it is government policy and not simply the ministers preference that the federal government will not interest or concern themselves in the manner or method by which the provincial governments respectively choose to raise their share of the total cost of the plan?

Hon. Mr. MARTIN: Precisely. It would be impertinence on our part to take any other view.

Mr. FLEMING: Very good, and I presume that in that regard you have appreciated the difficulty of applying such a method initially on any universal basis in the provinces. It is the same problem that we had in studying this matter in relation to old age security five years ago. There are some groups that you could readily reach on a premium plan, where others it would be extremely difficult to reach from the administrative point of view on a premium plan?

Hon. Mr. MARTIN: Undoubtedly there would be difficulties of that sort. There will be great difficulties, but that does not mean to say the difficulties are not surmountable. I believe that they are.

Mr. FLEMING: May I take it from the study that has been given to the matter in your department that this is considered within the possibilities here that if the premium plan is adopted by the provinces, it may come in on a gradual basis?

Hon. Mr. MARTIN: That is a matter on which you and I would have to clearly define our terms. What is "gradual"—

Mr. FLEMING: Well, let me clarify it—

Hon. Mr. MARTIN: May I finish my—

Mr. FLEMING: By groups.

Hon. Mr. MARTIN: May I finish my answer?

Mr. FLEMING: By groups.

Hon. Mr. MARTIN: I say, what is "gradual"? If it meant a relatively short time, that would be fine, but gradual can be a matter of many years.

Mr. FLEMING: Well, it is by groups, by groups.

Hon. Mr. MARTIN: It is a question, I think, of looking at the context of the whole situation and making a judgment. Now, one of the conditions that we are establishing is that the scheme must be universally available. Otherwise we have class legislation, otherwise the Canadian taxpayer is providing funds for a select group in the community, and that is in our view undesirable. Now, I do not say that if the scheme were put into effect in a particular province tomorrow everyone would have to be covered; but I do say, and I say it with emphasis, that the scheme is one which within a reasonable time should be made available to everyone in the province, including the farmer, and the other people who are not easily reached by the payroll deduction method. I think we have got to realize this in this country, particularly in Ontario, which is my own province, where I think the problem is projected very clearly. We now have in many of the larger industrial centers and industrial plants medical care and hospital schemes that are made available, and properly so, to the men who work in the factories,—sometimes without contribution by the men themselves. Now, the farmers of the country are paying for that along with all the other consumer groups, and it would seem to me that the scheme to be devised under public auspices should be made available to them as well as to anyone else in the urban centers. It is for that reason with which I think you would agree, Mr. Fleming, that the scheme must be universally available.

Mr. FLEMING: Well, I think the minister in answering, in dealing with my question has gone on to a rather different subject. I was speaking about the method of meeting the provincial share of the cost. The minister has gone into availability of service. We were over that subject on Friday, and I think the minister has introduced a rather different note, although I would like to go back to that in a moment. But, my question is directed to this matter of the method by which the respective provinces choose to raise their share. I was asking whether the department has considered the possibility that the provinces may, in relation to a premium plan, proceed initially on the basis of levying a premium on those groups from whom it can be readily collected,—the employed groups are good examples,—and only in the course of time, or as the plan develops, raise the balance of the cost by premiums collected from those groups of the population from whom it is more difficult to collect the premium, the self-employed, farmers and others, and in the meantime levying that portion in some other way, perhaps by some form of taxation or general revenue, or something of the kind, bearing in mind the limitations on the provincial powers of taxation?

Hon. Mr. MARTIN: I have clearly indicated that how the provinces raise their revenue is not our concern. They can raise their revenue in any way they wish, and there will be no interference or suggestion from the federal government.

Mr. FLEMING: Now, the minister—

The CHAIRMAN: Subject, I take it, Mr. Minister to the idea that they are not proposing to raise it in such a way as to entrench too much on the universality of entitlement.

Hon. Mr. MARTIN: That is another problem. Mr. Fleming properly corrected me a moment ago and said I had taken him into another area of thinking, which is true.

Mr. KNOWLES: It must not detract at all from the universality?

Hon. Mr. MARTIN: No, but Mr. Fleming has asked me a simple question as to whether or not we would object to a provincial policy which would levy

or exact premiums from one group, and another form of payment from another section of the community. My answer to that is no. All we are concerned with, in the federal government, is that the scheme will cost a total of so much. Our share is roughly 50 per cent. We will decide how we raise our share of the 50 per cent and we will have nothing to say as to the province's method of raising its share of the 50 per cent.

Mr. YUILL: I think it is quite proper that the provinces be left on their own resources to determine their policy relative to paying their share, but having arrived at a just formula and prescribing a certain given amount from each province, I would like to suggest that it might be worthy of consideration to give the amount in a lump sum and let them take over from there. At the present time there is a certain amount of duplication of services, or controls that I think can very well be eliminated. If the share from my own province, for instance, for argument sake, or, as a figuré of speech, is a million dollars—

Hon. Mr. MARTIN: Mr. Yuill, I might say I do not understand the preliminary part of your question.

Mr. YUILL: I beg your pardon?

Hon. Mr. MARTIN: I do not understand your question.

Mr. YUILL: Well, take my province for instance, according to the formula that is set up we are entitled to give an amount of money, use a million dollars as a figure of speech; having arrived at that figure, would it not be fair to just say, "Well now, Alberta here is your share. You take over, it is your responsibility to administer that in the interests of the people of the province.

Hon. Mr. MARTIN: Well, we are not going to—I do not know that we are altogether at cross-purposes. Your government or the government of Province (A) will present us with a scheme, and assuming that it comes within the scope of the hospital insurance scheme, it would be entitled automatically to certain moneys, and that is pretty well the situation. There are no strings attached to the conditions that I have laid down.

Mr. YUILL: Before you get down to the administration within the province, first of all you arrive at a certain reasonable and just formula to be applied to every province. Because of the population or various other factors, they get a larger or smaller amount, but having agreed that is the fair share in the given province, then could it not be possible to give them that and leave the responsibility of administering that—

Hon. Mr. MARTIN: Well, the Prime Minister—

Mr. YUILL: —to be supplemented by their own medium of effort to build up their share of the—

Hon. Mr. MARTIN: The Prime Minister indicated that—

Mr. KNOWLES: Mr. Martin, the formula is based on the cost year by year. You just cannot turn the public money over to the provinces, and let them carry on from there.

Hon. Mr. MARTIN: No, but that was not his question.

Mr. YUILL: That would be something that would be determined every year.

Hon. Mr. MARTIN: That is right.

Mr. YUILL: Or whenever they did readjust that formula.

Hon. Mr. MARTIN: That is right.

Mr. YUILL: And when the amount is arrived at, and it is fair and equitable, I think it should be up to the provinces to apply that in their own good judgment, because I think—

Hon. Mr. MARTIN: I think that perhaps we are not fully understanding one another on this very question, Mr. Yuill. The federal government has said that it will provide approximately 50 per cent contribution to the hospital insurance scheme in any province. Now, if, in the example you take, the subject matter is the hospital insurance scheme, there is no difficulty, there will be a contribution of roughly 50 per cent by the federal government and there will be no interference by the federal government beyond that. We will be contributing probably technical assistance if asked, but there will be no other interference.

Mr. YUILL: At that very point—

Hon. Mr. MARTIN: May I finish please. It must be clear that the postulate which I made at the beginning is valid. The moneys given for a hospital insurance scheme cannot be used in the absence of a hospital scheme for some other purposes.

In regard to the question which Mr. Knowles and Mr. Fleming mentioned a moment ago, we must make a distinction between universality of contribution and universal availability of benefit. That was the point which Mr. Fleming had in mind, and we must keep it very much in our minds.

Mr. FLEMING: That is not what the minister said on the subject of universality of benefit, as I understood it. He rather distorted the effect of the evidence which he gave last week. According to my understanding his evidence this morning suggested that there might be in any province the introduction of the hospital benefit plan by groups. My understanding of the testimony which he gave last week was that there was to be no contribution by the federal government to the province unless there was universality of benefit within the province, and to every person ordinarily resident within the province. The expenditure turns on item A in section 4 of his original statement.

Hon. Mr. MARTIN: I think you are confused about this.

Mr. FLEMING: No. You may not have intended it, but your statement this morning I think must have been distorted.

Hon. Mr. MARTIN: No. I think you are influenced from having read the morning papers and not by the evidence. The situation is quite clear. We all agreed in this committee, I take it, that the scheme should be universally available.

Mr. FLEMING: At the outset?

Hon. Mr. MARTIN: No, I did not say at the outset; at any time the scheme must be universally available. We must recognize that this is a project of very considerable proportions, and that no one in his right senses would expect the province on the first day to be able to iron out all its defects. The federal government would be reasonable and would be practical. Even if you were in my place—and that is an eventuality that I cannot foresee for a long time—I think that would be your attitude.

Mr. FLEMING: Well, if that situation should eventually arise—and God forbid, I would not want to be sitting where the minister is sitting, smoking cigars and doing all the things he does—God forbid—but I can say that if this situation should arise, certainly the course of action taken would be one which was reasonable.

Hon. Mr. MARTIN: It might not be!

Mr. FLEMING: I think the minister in his earlier statement this morning seemed to suggest that at the outset, at the inauguration of the plan, strict universality of benefit might not be insisted upon, and that whatever might be said about universality as a goal, the minister seemed to be suggesting that at the outset the federal government would not insist on strict universality within the province. What is the position? Granted that there may be some administrative problem, that is apparent to all; but apart from the

administrative problem which can be anticipated, is it the policy to insist upon strict universality of benefits within the province to all persons normally resident within the province from the outset of the plan?

Hon. Mr. MARTIN: My statement stands. My regard for you is based on long association, but I always wonder why you ask a question. I have no doubt in my mind why you are now engaged in that particular form of interrogation. I simply submit that the principle is one of universal availability. That is the principle which I think you, as well as everyone else in this committee would insist upon in the application of the plan,—and that it would be practical and reasonable. Beyond that you would not expect me to go.

Mr. FLEMING: Beyond that I would expect you to clarify the statement that you made earlier.

Mr. KNOWLES: I think that Mr. Fleming is confusing what the minister said with respect to universal benefits with what he said with respect to universality of payments.

Hon. Mr. MARTIN: No. I do not think that Mr. Fleming is confused. I know him better than you do. I think that Mr. Fleming has been reading the morning papers.

Mr. FLEMING: No, he has not. It is the minister who is confused. I have not even seen the morning papers.

Hon. Mr. MARTIN: Then we shall have lunch together and I will tell you about it.

Mr. KNOWLES: Then he will confuse you.

Mr. FLEMING: If the minister does not wish to clarify the matter I shall go on to another subject.

Hon. Mr. MARTIN: No. I am thinking of the debate in the House of Commons later on. I believe that I have clarified it, and I can only conclude that you have not understood.

Mr. FLEMING: For the minister this is not the first time that he has drawn unwarranted conclusions. I can say that the minister has been offered an opportunity by my question for clarification of this matter as to the position at the outset, and that the question arises not by reason of anything in the morning newspapers—which I have not seen yet—but by reason of the statement he made this morning, which raised some doubts in my mind as to the weight to be attached in this matter to the statements that he made at the last meeting, and at the first meeting too.

Hon. Mr. MARTIN: I suggest that if you want clarification you should look at what I said last week and refresh yourself on what I have just said today and perhaps tomorrow you will put the matter again in a better perspective.

The CHAIRMAN: I suggest that you proceed, because the minister has given an answer with which he says he is satisfied, and I think that is as far as he would care to go at the present time.

Hon. Mr. MARTIN: No, it is as far as anyone could reasonably be expected to go.

The CHAIRMAN: Having given that answer, if we are going to give you the right of way I think you should proceed and not argue the position, Mr. Fleming.

Mr. FLEMING: Very well, Mr. Chairman, I shall proceed on that basis. Now I have several questions on the effect of the plan. There have been questions raised as to the effect of the plan on existing employer-employee agreements with respect to hospital services as well as to other health benefits.

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: I think the minister said this morning that it would be most unsatisfactory to disturb those agreements. What is going to be the effect upon such agreements if there is a considerable divergence among the provisions of such agreements? What has the minister to say by way of clarification with respect to the effect of the inauguration of this plan upon such agreements? You can take it for granted that in the course of time, as new agreements are negotiated, presumably they will take into effect whatever changes are made in the law with respect to the provision of availability for all; but within the period of let us say, two or three years from the inauguration of the plan in any province, what is going to be the effect upon existing employer-employee agreements?

Hon. Mr. MARTIN: You have in mind the Blue Cross, commercial schemes, farmers co-operatives, and so on?

Mr. FLEMING: I was coming to that later. At the moment I am thinking about it in general terms and the effect upon provisions made as between the employer and the employee. I was going to follow with that.

Hon. Mr. MARTIN: You are thinking of private contract schemes, or just public ones?

Mr. FLEMING: No.

Hon. Mr. MARTIN: You are thinking, let us say, of General Motors, where they provide medical and hospital benefits, and where they pay part of the contributions?

Mr. FLEMING: Yes. That is the first thing I was coming to.

Hon. Mr. MARTIN: Well in the first place that would be a matter for management and labour themselves to decide; and also it would be a matter of course for provincial policy. They would have to decide whether or not premiums—or if there are no premiums—whether or not the men who now receive these benefits free are going to join with the rest of the provincial community in paying taxes for whatever is proposed. That would be a matter for the province.

I suspect that what will happen is what has happened elsewhere where the very same situation existed, for example, in Saskatchewan and in British Columbia under their original premium system. The employer in some instances offered to pay the premium there himself. This has occurred with them, and of course in other cases the employees would pay their own premiums get compulsory benefits by other demands made upon management and capital.

Mr. FLEMING: You are saying that this would be a matter for renegotiation between employer and employee?

Hon. Mr. MARTIN: It may be, unless the employer wishes to continue to pay the premiums, and if he continues to pay the premiums, the consumer of that particular product is contributing likewise.

Mr. FLEMING: Will the minister come to the other subject that he suggested, the effect on the existing plan such as the private insurance plans and so on. I think it is common knowledge to us all that many of these plans have a time limit on the benefits or a deductible feature, and that the plans are open to persons of a certain specific age category; and obviously there will be some scope for operation for these insurers in addition to, or on top of any general plan of hospital benefits. Therefore I would like to hear the minister deal specifically with this subject.

Hon. Mr. MARTIN: This again is subject to the reservation I made a moment ago. This again would be a matter for each province to decide. It will not be a matter in which the federal government would have any direct

right to interfere in any way, nor will it do so; but I suspect that here again there will take place the kind of integration which is necessary, and I suspect too that the life of existing contracts need not in all cases be disturbed. They might be allowed to run their full course, and finally the insured would transfer to the public from the private insurance scheme. I am sure there will be no difficulty in this matter. It will require careful administration. I have talked to many of the administrators of these private schemes and I am sure that the experience in other countries and other jurisdictions will be of value. This problem existed in Saskatchewan but not to the same extent of course, that it will exist in Ontario which is a larger province with a higher proportion of private schemes in existence, but it did exist in British Columbia where careful administration resulted in stabilization and that is what will happen here. But it is undoubtedly a big administrative matter. It is just for that reason that I refuse to be drawn into any criticism of any particular province or area in respect to this matter.

The CHAIRMAN: Did you have a question Mr. Gauthier?

Hon. Mr. MARTIN: I would not suggest that you were offering criticism.

The CHAIRMAN: Mr. Gauthier?

Mr. GAUTHIER (*Nickel Belt*): On this universal scheme of hospital insurance, what effect would it have upon industries within Ontario which also have a plan in effect presently? There are negotiations going on with labour unions and between employers and employees, and I know of hospital plans which are already in effect. Should these people decide through their negotiations to continue the present plan which they have now, would they be forced to pay through their taxes for a double plan?

Hon. Mr. MARTIN: Mr. Gauthier it would not be up to us to decide that question. It would be up to the province to decide it. We shall ourselves determine how we shall raise our shares; but I am sure that if it was decided by any management in a particular instance, to continue the existing plan, that if they were receiving benefits, as they would under the hospital insurance scheme of the province, somebody would have to pay towards the contribution for that particular group, but that would be a matter to be determined by the province.

It might be paid by the employer, as I have suggested earlier, or the employees would undoubtedly expect that the employer would pay into it, or it would be a matter for arrangement between the province and its citizens.

Mr. THATCHER: Certain other countries have schemes which are more progressive than the proposed government scheme.

Hon. Mr. MARTIN: Is that right.

Mr. THATCHER: Yes.

Hon. Mr. MARTIN: We are talking about hospital insurance. There are many schemes in existence, for instance in Alberta and Saskatchewan.

Mr. THATCHER: Some companies have more progressive schemes than this one which is proposed. Maybe it takes in doctors and dentists as well. Under this scheme what the employee is worried about is whether he is going to have to pay for the scheme and also at the same time pay a direct premium for another government scheme.

Hon. Mr. MARTIN: I am sure that will not eventuate; in any event it is a matter for the province to deal with. We are now simply engaging in academic speculation.

Mr. THATCHER: In Saskatchewan, in my own city, we ran into this when they put in the original plan. About 1,000 airmen came in who already had a scheme of their own and they did not want to purchase the provincial scheme.

Therefore they were specifically exempted from the provincial scheme. If there were a lot of exemptions like that which took place, what effect would that have on the federal government's attitude as to universality?

Hon. Mr. MARTIN: It would have to depend on the particular facts of the case. In the case you are talking about—I happen to know that one—they were not regarded really as normal residents of that province. They were regarded as military personnel who were under a sort of transient status and that was an abnormal situation. But coming back to your earlier question, I certainly think it would be unfair. We must not confuse this scheme which consists of hospital insurance, radiological and diagnostic services with some of the schemes which have a combination of medical and hospital benefits. We are only talking about hospital insurance now. That is the extent to which the federal proposal goes.

According to what Premier Frost said this morning, he would not, under the circumstances, agree to go any further. He said he could not reach into the realm of medical care notwithstanding that last April he did put forward a certain suggestion of that nature. I am sure that no provincial government would require any of its citizens to pay twice, and I cannot believe that any private insurance company scheme can put forward a hospital insurance program which would be better and provide more benefits and would be cheaper than a community scheme.

Mr. THATCHER: Is not what you just suggest another reason why this should be financed by direct taxes, otherwise these people are simply going to have to pay for it?

Hon. Mr. MARTIN: Oh, you may be right; but I do not think it is up to any of us in a federal parliamentary committee to suggest what method should be followed by a province. In your own province they have a scheme that has a substantial premium and which also requires a contribution out of the consolidated fund. It is not up to me or to any of us in this committee to tell a provincial government how it should finance its scheme. You may be right. I have merely expressed my personal views. I realize that there are difficulties inherent in the views I have expressed. In any event it is a matter which is outside my province. But I do think it is a good thing for people to realize that these social benefits do cost money and that such money comes out of only one source, and if we can keep that reality in mind, I think it is a good thing.

Mr. FLEMING: It is clear that this hospital plan was intended for only public ward accommodation.

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: Do you contemplate that there will be a very real field in which the private schemes can operate by providing private or semi-private accommodation as well as the other benefits?

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: Such as are associated with some of the policies now?

Hon. Mr. MARTIN: Yes. It might be desirable to have an indication of the kind and scope of the benefits which we can have along with the others.

Mr. FLEMING: What benefits?

Hon. Mr. MARTIN: The scope of the benefits contemplated in the scheme we put up to the provinces.

Mr. FLEMING: I thought that we had done so.

Hon. Mr. MARTIN: No, we have never outlined them. We have simply said general ward care. We have never been precise. It does not cover the extra cost of semi-private or private rooms.

First of all the objective of the plan that we have in mind is to provide such hospital services as are required for the treatment of any illness, defect and disability, and through adequate financial support to make those services readily available where they are needed, and to encourage at the same time improved quality of hospital and health care, and thus to reduce the direct cost to the patient of hospital and health care. Those are the objectives; and the scope of the benefits is standard ward accommodation, meals and nursing care, drugs and related preparations as provided under an approved formulary which shall be developed in each province for in-patient hospital service. It does not mean all drugs. It does not mean an abuse of drugs. It simply means those drugs which are normally supplied such as aspirin, and which are usual in hospitals. I do not want my remarks to suggest that we are taking over the drug business because that is not going to be done. Operating, case room and anaesthetic services including the use of necessary facilities, equipment and supplies; the provision of surgical dressings, and casts.

Mr. BLAIR: You are reading too fast for me. Will you pick it up again at operating and case room and anaesthetic services?

Hon. Mr. MARTIN: Very well. As I said, operating and case room and anaesthetic services.

Mr. KNOWLES: Does anaesthetic service include the service of the anaesthetist himself?

Hon. Mr. MARTIN: No.

Mr. BLAIR: Would you mind clarifying that?

Hon. Mr. MARTIN: Operating room, case room, anaesthetic services, including necessary facilities, equipment and supplies,—the same as the services provided by the Blue Cross; special surgical dressings and casts; therapeutic radiological services, and physiotherapy if provided by the hospital through salaried staff. This will come up under radiological and diagnostic services, as provisions that could apply under certain conditions to out-patients services as well.

Mr. NICHOLSON: And how about laboratory tests?

Hon. Mr. MARTIN: That comes under the services.

Mr. KNOWLES: What about anaesthetic services? I could be wrong, but I am sure that in Manitoba, under the Blue Cross, the services of the anaesthetist were provided.

Hon. Mr. MARTIN: No. That is medical services.

Mr. KNOWLES: Even when the doctor is an anaesthetist and attached to the hospital?

Hon. Mr. MARTIN: I am sure there are few, if any, anaesthetists attached to the hospital as such.

Mr. KNOWLES: I am sure I had the services of a top anatesthetist in Winnipeg and there was no bill, apart from the Blue Cross.

Mr. STARR: At the outset of your remarks I was not sure whether I heard correctly; did you speak of improved medical and hospital care?

Hon. Mr. MARTIN: When I spoke about the objectives I said it was to encourage and improve the quality of hospital and health care. I did not say medical care.

Mr. POMMER: Does that have any special purpose?

Hon. Mr. MARTIN: There is usually a formulary in each province which is provided for the kind of drugs that are dispensed in general hospital care and treatment.

Mr. POMMER: Under the Blue Cross, for instance?

Hon. Mr. MARTIN: That does not include cortisone and certain other expensive drugs such as antibiotics. Just the normal things as included in the Blue Cross plan.

Mr. GAUTHIER (*Nickel Belt*): The things that are usually found in hospitals and then if the patient needs something extra, the patient is required to pay for it.

Mr. DESCHATELETS: Suppose I should go to a hospital for a check up. Would that be covered?

Hon. Mr. MARTIN: That would come under diagnostic and radiological, if required by your doctor.

The proposals of the federal government envisage two stages which the provinces wanted to start with now. Those were radiology and diagnostic services, and hospital insurance, or either one independently of the other. The provinces might want to proceed only with radiological services and diagnostic services and at the same time the committee may want to find out what we mean by radiological and diagnostic services. It is a very important concept, and I have not taken the time to go into it. I thought I would wait for a question. But in answer to your question, yes. You would be able to get that under a radiological and diagnostic services program depending on whether or not the province wants such things. The most successful radiological and diagnostic services program which serves and exists on a wide basis is in Manitoba, where you have a diagnostic service program provided for a large section of rural Manitoba. It is a program that is widely approved by the profession as well as by health workers generally. It is a program which meets the exigiencies of the present cost and personal economic situation of the area; and it is the kind of thing that the government of Quebec is contemplating, and towards which we would be prepared to make our share of contribution.

In Quebec in 1950 they introduced legislation to provide for the setting up of two or more large diagostic centres in the metropolitan area of Montreal, and in Quebec city. The premier of Quebec told me the other day, when we were discussing this problem, that he proposed to take steps towards the realization of this objective.

The services that are to be provided there are necessary. No doctor today could afford to buy all the equipment necessary for a complete diagnosis of his patients in all possible situations. It is true that some do, but they are very few in number,—Dr. Blair could talk about this more intelligently than I can.

In order to discharge his function properly towards his patient, the doctor must be in a position to make a good diagnosis, and he cannot do that in many instances unless his patient is subject to complicated and expensive tests which are the product of modern scientific advances, and the idea is, that this should be made available to the profession as well as to the public generally.

Mr. BLAIR: May I ask; I am thinking of the smaller hospital, say where the general practictioner admitted a patient into the hospital for diagnosis. Many of these cases have simply got to be admitted to the hospital. They may be there for a complete series of barium tests for a gastro-intestinal condition, and the patient is admitted to the hospital, possibly for four or five days, and then there is something discovered beyond the capabilities of the doctor who admitted him; this is a comparatively small hospital, would he have the right then, and would the scheme cover the expense of transferring the patient to a larger diagnostic center for probably a specialist's opinion on a condition like that; would they both be covered?

Hon. Mr. MARTIN: Well, it would depend upon the particular scheme of the province. Some schemes may have a period of days when the benefits do not apply. It would depend on this particular scheme whether that is covered. In some areas they are covered and in some areas they are not.

Mr. BLAIR: I think that is important, because that is the routine they usually go through.

Hon. Mr. MARTIN: We cannot decide that. If the province decided to include that, there would be no objection as far as we are concerned.

Mr. BLAIR: It still goes back to the provinces.

Mr. THATCHER: Mr. Chairman, I wonder if the minister would come back to the subject of drugs again for a minute. I think drugs are one of the very costly items in this program.

Hon. Mr. MARTIN: That is right.

Mr. THATCHER: Now, out in Saskatchewan when they first tried this scheme they had free drugs, but they soon found that people were coming in for such huge quantities of these drugs they had to put some kind of deterrent on. I think now that deterrent is 20 per cent. Now, it seems to me that these free drugs should not be unlimited. I suppose the minister will say, again, it is up to the provinces.

Hon. Mr. MARTIN: I have indicated, already, Mr. Thatcher, it will not be unlimited. I have clearly indicated that.

Mr. THATCHER: How will you limit them, by a ceiling?

Hon. Mr. MARTIN: I do not want anything that is said here to cause an avalanche on my desk. I have had one already. We are not going to interfere in any way with the drug stores. We are not going to put the drug stores out of business. Now, let that be clear.

Mr. THATCHER: No—

Hon. Mr. MARTIN: I do not put it that way, I know what is going to be said.

Mr. THATCHER: Let me get this straight; I think if you are going to give free drugs, as you have suggested, that some way or another the patient should have to pay for the first 20 per cent. I think that is the Saskatchewan figure. Maybe the percentage is not right, but the federal government is going to pay half of this, and it therefore seems to be reasonable that they should take some step to make sure that excesses that I have mentioned won't happen.

Hon. Mr. MARTIN: Well, Mr. Thatcher—we will certainly take every precaution to see that the safeguards that are provided are comparable to the safeguards that are now provided under the various private schemes. I am sure that that will be likewise the attitude of the provinces, because the cost would run away if one is not careful, but I am sure there will be no difficulty on that score.

The CHAIRMAN: Mr. MacEachen.

Mr. BLAIR: Pardon me, but I think what is bothering Mr. Thatcher, and you explained it when you mentioned the word "aspirin" that there are some of those common things that are usually given in the hospital along with the—

Mr. GAUTHIER (*Nickel Belt*): That is standard.

Mr. BLAIR: —Aspirins and laxative compounds, or the normal things like that are normally part of the hospital procedure.

Mr. MACEACHEN: Mr. Chairman, am I correct in concluding that the offer, in so far as diagnostic services are concerned, allows the provinces to determine to some extent the quality, or the extent or the scope of its services in their particular province?

Hon. Mr. MARTIN: Yes.

Mr. MACEACHEN: And does not mean that there will be no sort of general standard that exists throughout Canada?

Hon. Mr. MARTIN: Well, we would hope ultimately that it would result in a uniformity of standards and so on, but in a federal state you cannot proceed initially on the basis of providing uniform services. As long as each provincial government is in control of the particular subject matter there are bound to be variations, but the important thing will be that, even though one provincial scheme may not be exactly the same as another provincial scheme, it must, in any event either be a diagnostic service program as such, or a hospital insurance scheme.

Mr. YUILL: Is it not generally so, Mr. Chairman, that these schemes are based upon the equivalent of normal public ward services, so far as the odd additional drug, or what is prescribed?

Hon. Mr. MARTIN: Oh, yes.

Mr. YUILL: That is the basis, is it not?

Hon. Mr. MARTIN: That is the problem that Mr. Gauthier mentioned a while ago. This is the standard thing. There really is no problem in this. I was asking our officials to give us the formulary of one of the provinces. We do not have it here but we will have one here to give you an idea of what sort of thing is contemplated.

Mr. GAUTHIER (*Nickel Belt*): Relating to Mr. MacEachen's question, Mr. Chairman, of establishing across the country certain standards, I believe that this is a matter that the Canadian Medical Association and the Canadian Hospital Association, who are negotiating in these matters all the time, could come to a standard across the country on these—

Hon. Mr. MARTIN: Yes. This might be a convenient way to indicate how we are seeking to do that now. The standard of health care in the country, of course, does vary. The mortality rate of infants in one province is slightly higher than in another. A particular service in one province may be more efficient than in another. For instance, in the province of Manitoba they are very advanced in the matter of tuberculosis control. In the province of Ontario their mental control program is of a very high order. Now one of the functions of this department under section 5 of the National Health and Welfare Act is, by a process of co-ordination, to bring about a levelling upward of these services. We have twice a year a meeting of the Dominion Council of Health. This is one of the best examples of inter-governmental co-operation that exists in our country. The trouble with health matters is that they lack the spectacular appeal that attends certain other things, and there is not the same possibility of legislative or public interest, but, if the people of Canada could see the kind of efficient co-operation that goes on between all health departments they would be amazed. Now, taking the Dominion Council of Health, that body is 35 years old. Twice a year it meets here in Ottawa in our board room. The deputy minister, my Deputy Minister of Health, sits as chairman, and I frequently sit in at the meeting as the minister. All of the deputy ministers of the provinces are there. All of these questions are discussed and we make an endeavour to raise the standard in one province if it doesn't particularly conform to the standard of another. For instance, we are all very interested in child and maternal health. All of the provinces do not have a child and maternal health division. We have a very good chief pediatrician. One of her functions, one of her predecessor's functions—Dr. Couture—was to try to induce the various departments of health to have a division like this. And bit by bit we have succeeded with the result that we have been able to raise the standard here and there.

Another example is, for instance, in the matter of health information. The other day my good friend Mr. Jim Macdonnell in the House of Commons in his budget speech referred to a little publication we have. He made fun of that. I am sure if he read the pamphlet carefully he would see that it was a very valuable pamphlet, indeed. It was a pamphlet that had been recommended to us incidentally by the health department of the province of Ontario. Now, we do not—

Some Hon. MEMBERS: Oh, oh.

Hon. Mr. MARTIN: Well, it is true. We do not decide these ourselves, the provinces say, "Now, there is no sense in our going ahead and having a pamphlet on this and a pamphlet on that, could we not have some uniformity of service," so in our health information service division we provide all kinds of pamphlets and films and so on, all with the idea of trying to bring about the very point Mr. McEachen mentioned, and I think that in the hospital insurance scheme that same process would continue.

Mr. ROBERTSON: Mr. Chairman, the minister indicated that there might be some limitation of drugs under this plan, and he mentioned cortisone. Well, I would think that the federal government would not wish to put too much limitation on the use of certain drugs, because a special drug of this kind, although expensive, might mean the curing of the condition in less time and therefore allow them to be out of the hospital at less cost to the plan.

Hon. Mr. MARTIN: Well, I think that when the formulary is prepared we have got to be judicious and careful in this matter.

Mr. FLEMING: Mr. Chairman—

The CHAIRMAN: We will go back to Mr. Fleming. Do you want to ask another question Mr. MacEachen?

Mr. MACEACHEN: Yes. I am not exactly clear on this particular question of the content of the diagnostic services program and I wonder if there is a schedule of requirements?

Hon. Mr. MARTIN: I can give it to you—would you like it now?

Mr. MACEACHEN: Yes, sure.

Hon. Mr. MARTIN: Now, the objectives of the laboratory and radiological diagnostic services program are, first, to provide those laboratory and radiological services, together with the necessary interpretations, required for the purpose of maintaining health, preventing disease, and assisting in diagnosis of any illness, defect, or disability. Second, to make these services readily available where they are needed. And third, to ensure adequate quality of the procedures. And four, to reduce the direct cost to the patient of health care. I might just digress for a moment to say that the total estimated cost, nationally, of the radiological and diagnostic services program is about $48 million, on the basis of $3 per capita.

The outline of the program is as follows. Under the proposal presently being considered diagnostic services would be provided on an organized basis through: one, hospital laboratory and radiological departments. Two, specially developed X-ray and laboratory centers available to the public. Three, provincial and municipal public health laboratories.

The following benefits would be provided: one, X-ray tests for the diagnosis of illness, including fluoroscopy and routine admission chest X-ray plates. Two, laboratory examination for the diagnosis of illness including preventive tests (public health tests) such as tests for venereal disease, tuberculosis and cancer. Three, special diagnostic procedures such as electro-cardiograph, and basal metabolic rate. Now, the exclusions from this program are as follows: federal assistance will not be available under this program towards the provision of (a) the diagnosis of visual and hearing defects except as these

conditions require ordinary laboratory and radiological procedures; (b) the operation of blood banks or transfusion services other than blood-typing and cross-matching; (c) skin tests such as the Dick tests, Schick tests, etcetera (any skin tests normally done as a laboratory diagnostic procedure will, however, be acceptable); (d) services for medico-legal purposes. In other words, we are seeking to keep clear, in this particular scheme, of something that may be regarded as properly medical, and not purely diagnostic or radiological.

Mr. THATCHER: Mr. Chairman, there is just one point I am not clear on, the cost of this scheme which is $182 million that you mention, is this $182 million assuming that all ten provinces come in?

Hon. Mr. MARTIN: That is right.

Mr. THATCHER: And say if only six come in, it will be less, proportionately?

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: Mr. Chairman, perhaps this leads us naturally to deal with the question of facilities. Is it the view of the department that the inauguration of this plan will lead to an increased demand on hospital accommodation, and if the diagnostic and radiological services are provided in the plan a similar increased demand on those facilities?

Hon. Mr. MARTIN: Well, we dealt in part last week with this problem in so far as hospitalization is concerned when I indicated the tremendous increase in bed capacity as the results of the efforts by provincial, municipal and federal governments, and voluntary bodies in the building of almost 70,000 additional hospital beds. I estimated that on the basis of the current situation in Canada we possibly were short 20,000 beds, and of that a good bit of the shortage lies in the field of tuberculosis control and mental health. Now, in the event of an acceptance of this scheme by the provinces, I am sure there would be an increase, but just what that would be I cannot precisely say. I am sure that it is not going to be as violent as is so often publicly suggested in many places. I indicated the other day, in the case of the figures in Saskatchewan the increase in bed occupancy under the present arrangement is only about one-half day per patient—I also noted what the Premier of Ontario said the other day,—that the adoption of the hospital insurance program would necessitate on the part of the provincial departments of health some control over the building of hospitals, and I think properly so. That kind of control is now being exercised in the province of British Columbia, in the province of Ontario, and the province of Saskatchewan. Now, with regard to the demand, Mr. Fleming, the existence now, to a large percentage, particularly in Ontario and Quebec, and to a lesser extent in some of the other provinces, although it was high originally in British Columbia—of the Blue Cross scheme gives a pretty good indication of what kind of acceleration one could expect. The result of the Blue Cross scheme and other voluntary insurance schemes was undoubtedly to provide for more people going to hospitals, but I think that is a good thing. It all depends on how you look at this. A lot of people who should have been in the hospital were not going to the hospital.

Mr. FLEMING: Won't you have the same thing under this scheme?

Hon. Mr. MARTIN: And the purpose of this is to give people that kind of treatment, and also we might possibly arrange so that people who are there will not continue to be there. This works both ways. The Premier of Ontario said this morning in his evidence, which is recorded in the *Globe and Mail*, that he would expect that the doctors of Ontario would exercise considerable influence in this matter and that they would not send patients to hospitals who should not be there. What he said in that particular was very

interesting, and if my dear friend Mr. Fleming hasn't yet had an opportunity to read that evidence, I will be glad to give him my copy of the *Globe and Mail* which I read carefully this morning.

Mr. FLEMING: Thank you very much. I think I shouldn't accept political favours of that kind, Mr. Chairman.

Hon. Mr. MARTIN: You don't regard the *Globe and Mail* as a political favour, do you?

Mr. FLEMING: It will not affect my attitude in the committee, I can assure the minister.

Mr. Chairman, the inauguration of such schemes, whether Blue Cross or a public scheme of this kind is usually to make effective a demand that may have been present, but has not had an opportunity of making itself felt?

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: In reference to the need for hospital accommodation, I should like to ask the minister this question: as a result of various surveys that have been made, is the department satisfied that, having regard to the tremendous pressures which exist now on hospital accommodation, that there is going to be, within reasonable limits, an adequacy of facilities to enable the governments concerned to fulfil their contractual obligations under this scheme, under present circumstances?

Hon. Mr. MARTIN: I have not any doubt that in any new province where no hospital insurance scheme exists, that there would be at the beginning pressures and demands that would be hard to meet. I have not any doubt about that. But neither have I any doubt that that would be a matter which would not last very long. It would stabilize itself and correct itself.

Mr. FLEMING: Within what period of time?

Hon. Mr. MARTIN: I would not want to say, but in the provinces that have these schemes now, generally speaking the situation stabilizes itself within two or three years.

Mr. FLEMING: Because the minister will recall a statement attributed to the Prime Minister I have here a Canadian Press report from Victoria dated September 5, 1952 which reads:

> Prime Minister St. Laurent said today there is not sufficient hospital space in Canada at present to make a federal health insurance plan feasible. He made the statement in answer to reporters' questions on his arrival here from Vancouver by boat.

And then it quotes the Prime Minister as follows:

> I do not feel that the government has the right to give Canadians contractual rights to hospital treatment until there is sufficient accommodation in the hospitals to enable the government to fulfil that obligation. I do not feel that there is sufficient hospital space to enable all who would have contractual rights to receive hospital treatment.

We will recognize that the situation is not precisely the same today as it was in September of 1952. But, apart from the case in some of the provinces, that the minister mentioned, is he satisfied now that in the over-all picture in Canada, there is a reasonable adequacy of hospital accommodation to enable the governments concerned to discharge the contractual obligations that they will assume in a plan such as this?

Hon. Mr. MARTIN: I am sure that what the Prime Minister said was correct. The reason that we embarked on a national health program in 1948, notwithstanding the reluctance of one province—one or two provinces, to make the whole scheme feasible—was because we recognized that we had to put our

facilities at a level that would make possible ultimately the adoption of the very thing we are now discussing. That was the reason for the program announced by Mr. Mackenzie King in 1948, and stated by him as one of the reasons.

In 1952 we had made an appreciable dent in the problem in the matter of hospitalization, but not as much as we have in the year 1956. But if you look at the record of hospital building between 1952 and 1956 you will see that it represents a tremendous acceleration over the period from 1948 to 1952.

Mr. FLEMING: Agreed.

Hon. Mr. MARTIN: So that the Prime Minister's statement was correct. Now, I do not believe, however, you ever reach the stage where you are absolutely ready. We will never be completely ready. But what I can say now is that, in the matter of services we provided under our general public health grants, and our tuberculosis control grants, and our cancer control grants, and our medical research program, and our professional training grants —we are now in an immeasurably better position than we have ever been. We will have our difficulties; but those difficulties are now surmontable as a result of this prerequisite cooperative work.

The CHAIRMAN: I believe Mr. Thatcher has a question.

Mr. THATCHER: Mr. Chairman—

Hon. Mr. MARTIN: May I add one further word on what Mr. Fleming was talking about. My high-priced help have handed me some very interesting material, a small summary showing that the hospital occupancy rate based on beds set up in 1953 is, in the case of Ontario 77·8 per cent; Saskatchewan 78·4 per cent; British Columbia 76·7 per cent; Prince Edward Island, 60·8 per cent; Newfoundland, 68·0 per cent; Nova Scotia 61·3 per cent; New Brunswick 71·0; Quebec, 78·9; Manitoba 72·5; Alberta 72·9.

So that the situation, I think, pretty well confirms what I have said.

Mr. THATCHER: May I ask the minister a question. I want to preface it by something that happened in Saskatchewan—if he does not mind my mentioning that province. In Saskatchewan, when our scheme was brought in, there was immediately a terrific demand for hospital beds, that had not been experienced before. We had people waiting six months to get into the hospital. There are still people who cannot get in, perhaps, for a few weeks. It seems to me the experience Saskatchewan had is bound to be experienced in other provinces again.

And that leads me to my question. If this scheme goes throught, what additional amount of money does the federal government anticipate spending for hospital accomodation and hospital buildings under your plan number one, as it were? There is no figure included for extra hospital buildings in that $360 million.

Hon. Mr. MARTIN: No, and no person contemplates that. We set an objective in 1948, and we realized that objective. The objective was 65,000 beds.

Mr. THATCHER: And there were not any additional grants made?

Hon. Mr. MARTIN: We will continue our present hospital construction grants.

Mr. THATCHER: And, in addition to this $360 million for this scheme which the majority of provinces and the dominion will pay, you will have to have $40 million or $50 million for the next five years for hospital construction to provide beds so that people can use the scheme, once it is inaugurated?

Hon. Mr. MARTIN: No.

Mr. THATCHER: There will certainly be a very substantial sum.

Hon. Mr. MARTIN: We will continue our present hospital construction grants.

Mr. THATCHER: Yes, but it will have to be accelerated, if the experience of the other provinces is any criterion.

Hon. Mr. MARTIN: No, we do not believe so.

Mr. THATCHER: What is the use of having a hospital scheme, if you cannot get beds?

Hon. Mr. MARTIN: We believe that this demand has been met, basically already, by the acceleration of hospital building that has taken place under the programs I have mentioned, stimulated by the existence of the private insurance schemes.

Mr. THATCHER: May I ask the minister—and I am not disparaging for one moment your past program. But all I say is that if the experience of Saskatchewan is any criterion, the minute this plan goes into effect you will need substantial hospital beds in these other provinces.

Mr. GAUTHIER (*Nickel Belt*): What year did the Saskatchewan plan go into effect?

Hon. Mr. MARTIN: 1947.

Mr. GAUTHIER (*Nickel Belt*): That is the point.

Mr. THATCHER: There is still a shortage out there. I would like to know what figure you contemplated.

Hon. Mr. MARTIN: We do not contemplate that there will be the situation you envisage. But there may be; and, if there is, we will just have to meet it.

Mr. THATCHER: I was wondering what the extra cost would be.

Hon. Mr. MARTIN: What I am anxious to indicate is—and, may I say, I have heard that argument for a long time—

Mr. KNOWLES: And you used to use it, too.

Hon. Mr. MARTIN: I am not talking politically; but we have put a lot of hard work into this thing. The argument is always made that there are not enough of this, or enough of that. I believe that this argument can be used about anything that is worth doing. If it eventuates, then we will have to meet it.

Mr. THATCHER: But you have not any figure in your budget?

Hon. Mr. MARTIN: No.

Mr. BLAIR: Is it not considered that the inauguration of this scheme will bring an additional influx into the hospitals, but that those are delayed cases, and that the bulge will be over in a year or so?

Hon. Mr. MARTIN: Yes.

Mr. BLAIR: I suggest that it is like a situation where an industrial firm in a scheme of insurance for its employees. There will be a rush to get repairs made, that have been long delayed, both by the worker and the family.

Hon. Mr. MARTIN: Undoubtedly there will be a rush. But the general history has been that after two years it stabilizes.

Mr. BLAIR: Time will take care of it.

Mr. THATCHER: What the doctor said is not exactly right, because when people are getting something free they will use it. They do not go to hospitals today; but you just wait until this plan comes in. They will go to hospitals then. I am saying that the cost will be very much higher.

Mr. STARR: Does not a great deal of that depend upon the co-operation of the medical men sending their patients to hospitals that need not be sent?

Hon. Mr. MARTIN: A lot of it depends upon the policy on deterrents, and the attitude of the profession, which is, and will continue to be, responsible. I may say, by the way, that since we last met I attended a meeting with representatives of the Canadian medical profession and I am authorized to say by the association's president, Dr. Clarence Routley, that we can count on the full co-operation of that profession in this whole matter.

Mr. KNOWLES: Hear, hear.

Hon. Mr. MARTIN: This is not news. I have found the medical profession very co-operative throughout the whole time I have been Minister of National Health and Welfare.

Mr. NICHOLSON: Mr. Chairman, on this point might I point out that I have some hospital statistics before me.

Hon. Mr. MARTIN: Would you like to come on my staff, Mr. Nicholson?

Mr. NICHOLSON: It is mentioned that in the four western provinces, Prince Edward Island and Nova Scotia, we now have well over five beds per thousand, which certainly, in our province, is considered to be ample to carry on the scheme. What Mr. Thatcher says, probably, would apply to some of the city hospitals at some time. But we do not visualize that we require any substantial increase in our hospital beds in Saskatchewan, to look after our needs. This leaves four provinces, Ontario, Quebec, New Brunswick and Newfoundland, where the average is under five beds per thousand. But it is not sufficiently under to indicate that this is a problem which will place any great strain on our economy.

Hon. Mr. MARTIN: I do not think you should accuse Mr. Thatcher of being disloyal to his province, Mr. Nicholson. I think that he was simply trying to help out, and to give us some realization of the situation.

Mr. THATCHER: To state the experience.

Mr. NICHOLSON: We have not too many people who have to wait six months or for any substantial period of time for hospital beds.

Mr. THATCHER: Not now, probably.

Mr. BLAIR: You have to take into consideration the fact that a lot of people are driven to hospitals who ordinarily would be cleared in their own homes; and that is due to the difficulty of getting help in the home.

Mr. MACEACHEN: Mr. Chairman, I wish to go back to the schedule of items in the diagnostic services.

Hon. Mr. MARTIN: I cannot hear you, Mr. MacEachen. Would you speak a little louder?

Mr. MACEACHEN: Let us say a particular province examines this schedule of diagnostic services and decides that it wishes to stay in the program, including only part of several things; is that acceptable?

Hon. Mr. MARTIN: Yes, that would be acceptable; and I suspect that is the way it will have to be begun. It is a long-term proposition.

Mr. MACEACHEN: So that, in the early stages, a province might decide not to include, let us say, electro-cardiographs?

Hon. Mr. MARTIN: I cannot conceive that they would make that kind of exclusion.

Mr. MACEACHEN: But they could; they could exclude something.

Hon. Mr. MARTIN: Yes, but they might not say, "We will begin, in Cape Breton"—the most important part of Nova Scotia—"and we will go to the other parts later." Dr. Davidson, who comes from another part of Nova Scotia, says that I am wrong in that.

Mr. KNOWLES: May I say a word with regard to the point the minister made which, I think, has been well made—that these costs would tend to stabilize themselves within a reasonable period of time. It has been argued, and justifiably so, that when the plan first comes into effect the tendency for the backlog of cases to impose quite a load would be evident. In that connection I am sure the minister—and if he has not got this, he can get it from his help, which, by the way, I do not think is too high priced.

Dr. DAVIDSON: Hear, hear.

Mr. KNOWLES: I am referring to a copy of the Guillebaud report on the health services in Great Britain, which was tabled recently. This is Command Paper No. 9663, and it can be obtained from Her Majesty's stationers at a price of nine shillings.

Hon. Mr. MARTIN: There are some things in the British program I would want you to know that I do not like.

Mr. KNOWLES: Well, we can have an argument on that at some other time.

Hon. Mr. MARTIN: I am not arguing it.

Mr. KNOWLES: Just let me read one section from the *Economist* of January 28, 1956, with regard to the report to which I have just referred. It says:

> In brief, the conclusion is that expenditure on the health service actually absorbed a smaller proportion of the gross national product in 1953-54 than it did in 1949-50, the first full year it was in operation.

I do not wish to have the impression go out that, in absolute pounds, the figure was less; but it definitely would be that the percentage of the gross national product absorbed in paying for Great Britain's health services actually dropped from 3·75 to 3·24 per cent in that period of time.

I just offer that in support of the minister's contention that the cost would tend to stabilize itself, once the program got into full operation.

Mr. THATCHER: Did they not put on some deterrents, in the intervening period? Was that not true in respect of drugs, provisions which they did not have originally?

Mr. KNOWLES: There are a few deterrents. Nevertheless, the absolute cost has gone up, but not to the extent that the gross national product has gone up. And I submit that we would find that our experience here would be similar.

Hon. Mr. MARTIN: While that may be true—and I am not saying that it is not—the fact is that we must be realistic and not overlook the cost factor. And for that reason the administration has got to be careful, and able, and responsible. And of course this same thought applies to anything. But, in this particular field, we must underline that.

The reason I made the observation about the United Kingdom was not that I do not recognize many of the good features over there. I feel that so many of these desirable things are held up by projections that create prejudices that are unwarranted.

Now, there were abuses, and there were exaggerations, it seems to me, in the scheme in Great Britain, if I may say so. And they have received objective consideration in this country and in the United States, if I may say so.

The reason I make these interpolations is just so that those people who criticize these measures should realize that we are proceeding—the provinces and ourselves—in this matter responsibly and practically. This is a financial problem of the first order. It is basically a financial problem. And I think that the solution that the federal government has proposed is one that will help to put order, or to bring about order in respect of a matter that has, itself, very broad financial implications.

Mr. FLEMING: The final subject I have in mind relates to a comparison of this plan, or perhaps I should say its relationship to any possible general plan of health insurance in Canada. In 1945 the estimated cost of the health insurance proposal put forward at that time to the federal government was $250 million, was it not, per annum?

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: What would be the estimated cost today of a plan providing the same services?

Hon. Mr. MARTIN: Well, it would run between—it would depend, of course, on what was involved—anything between about $650 million and $800 million.

Mr. FLEMING: How is that very large increase accounted for?

Hon. Mr. MARTIN: Well, of course that was in 1945. Since that time costs have gone up—the cost of equipment, and the cost of the provision of services, like the costs of nursing services, and population increase—these and many other factors and, of course, good government.

Mr. FLEMING: "Good government"? You are, of course, referring to the provinces. What is the position of the government—that is, the federal government—in relation to health insurance, and the plan of health insurance? Is it a government objective today?

Hon. Mr. MARTIN: Yes, we have stated our party's position on the matter. Perhaps I might just establish that at this time. I am glad you asked me that question, Mr. Fleming.

Mr. KNOWLES: Is he asking for help for the 1919 platform?

Hon. Mr. MARTIN: We must keep it on a high plane.

Mr. FLEMING: The minister has just talked about his party's position.

Hon. Mr. MARTIN: And I am very proud of my party's position; and I am very proud of the part played by my party, and by the government in this field.

Mr. KNOWLES: It is a venerable position; we have had it with us for a long time.

Mr. FLEMING: I can tell the minister that he is now overlooking the Prime Minister's statements of 1949 and 1953.

Hon. Mr. MARTIN: No, you are wrong again.

Mr. KNOWLES: Those are the election years.

Hon. Mr. MARTIN: Mr. Knowles, you have your mind on elections continuously, I guess, but I do not. I want to say quite categorically that for nine years I have held this very difficult portfolio. Some people will think that the position of Minister of National Health and Welfare has its compensations. But there are extreme positions taken all the time by zealous advocates of this or that who seem to forget that there are people who honestly believe that this is not a right step to undertake. There are real people who feel that way. And I sometimes am concerned about the interventions that are made—and when I say that, I am serious about this. I do not question your interest, Mr. Knowles, because there is no doubt about that. I do not question your industry or your sincerity. But, the successive extreme positions taken on this subject do give a lot of people the idea that these are dangerous things to do.

For instance, there is the suggestion that this is socialism. You may speak about socialism; but any one who believes that health insurance is socialism just does not know what socialism means. You will agree with that, I think.

I had a letter only yesterday from a man whose judgment I value greatly, and he said, "You know, this is a socialistic enterprise." I will reply to him

and say it is not. I am not saying that socialists are not supporting this. But Mr. Churchill is not a socialist. And I remember talking to Mr. Churchill right here in Ottawa about this problem one day. I was asking what he would do, whether he would retrace his steps, and whether he would change the health insurance program in Great Britain. He said, "Of course, there are some abuses that I do not like—"—but he reminded me he was one of those who strongly supported Lloyd George in 1910 when he brought in health insurance.

The reason I mentioned that, and take advantage of this situation to mention it, is to assure a lot of people that this is a carefully thought out and a responsible scheme that we are entering into. Also I hope in this way to be able to convince Mr. Fleming that this is a good thing to do.

Mr. KNOWLES: On that, I am with you. May I just say a word to the minister.

Mr. FLEMING: Mr. Chairman, Mr. Fleming, to whom the minister has made reference, does not require the kind of persuasion that the minister is usually ready to offer.

Mr. KNOWLES: May I say—

Hon. Mr. MARTIN: I know Mr. Fleming better than anybody else in this room. I was a class-mate of his, and I have every respect for him. I know of his great qualities, and I am also aware of some of his disabilities.

Mr. FLEMING: Well, taking persuasion or advice from the minister is not going to be one of them, and I can tell you that.

Hon. Mr. MARTIN: But may I go back to this—

Mr. KNOWLES: Let me finish, very briefly, what the minister had to say about socialism and health insurance. I can state what I have to say very briefly. Socialism would include health insurance. That does not mean that there is no room for health insurance under other forms of economic and political organization. I think the minister and I agree on that point.

Then, with regard to his complaint about "the prodding" some of us have given him during his nine years in this portfolio, I can only say to him that it is a pleasure now to see the minister advocating the taking of steps which only a few years ago he was telling me he could not take. It is a pleasure to hear him today refuting the arguments about hospital beds, because that is one of the arguments he has been making across the years, with which we have had to contend.

So the minister is coming along, and here's hoping that he keeps on coming.

Hon. Mr. MARTIN: Your last remarks, Mr. Knowles, sort of weaken the richness of your main contribution to the discussion, and prompt me to make this observation: you remind me, Mr. Knowles, of the cheer-leader who sometimes confuses his role as cheer-leader with the man who actually make the touchdown.

Mr. KNOWLES: I am very happy to see the minister score.

Hon. Mr. MARTIN: Mr. Fleming, asked what was the policy. I think I can put it on record for him. The statement by the Prime minister is one that was placed on Hansard—

Mr. FLEMING: Is this 1956?

Hon. Mr. MARTIN: Yes, the statement of the Prime Minister, first given in 1953, and placed before the conference of the provinces, when we spoke about this matter last April.

Mr. FLEMING: I wished to be sure that it was 1956, not 1919.

Hon. Mr. MARTIN: This is the statement:

> The Liberal party is committed to support a policy of contributory health insurance to be administered by the provinces. But, under our federal system, to get health insurance started the people and the government of the various provinces have to take the initiative in working out plans adapted to local conditions.
>
> We are ready to assist in a sensible and practical nation-wide scheme, but that depends on satisfactory agreements with the provincial governments.
>
> I am more convinced than ever that this is a field which should, as far as practicable, be left to provincial administration. Conditions differ vastly from one province to another, and services which are suitable for one region are quite unsuitable to another. We now have had a great deal of experience with health schemes of all kinds in this country, including full-fledged hospital insurance in two of our provinces.
>
> But I do not think it would be fair to the taxpayers of Canada in all the provinces to take federal contributions to provincial schemes in only one or two provinces.
>
> Federal contributions should be regarded as a supplement and an evener-out, when most of the provinces are prepared to undertake satisfactory schemes.
>
> And it is Liberal policy to go on improving federal health grants which have done so much to place all the provinces in a better position to discharge their primary responsibility in this important field.

Mr. FLEMING: What is the feeling of the government as to capacity of the provinces to meet the cost of a national contributory health insurance plan such as the Prime Minister envisaged in that statement?

Hon. Mr. MARTIN: I do not think it is up to me to say what the capacity of the provinces may be. The provinces have to determine the priority of matters that will come within the scope of their policies.

It is popular to say, of course, that the provinces have a restricted field, and that all the responsibility ought to be laid on the federal government.

I am not going to enter into that kind of argument. Under our constitution within the powers exclusively given to the provinces, they are almost severeign bodies. And they are governments, like ourselves. They have to determine their own responsibilities, just as we do.

Mr. FLEMING: How does the scope of the services that were embraced in the 1945 plan compare with those contemplated in the type of program that the Prime Minister indicated the federal government was prepared to participate in?

Hon. Mr. MARTIN: In 1945, as you know, the federal government made a proposal that would have covered hospital insurance, preliminary and prerequisite grants, medical care, home nursing, and a series of other categories.

That was a scheme which I indicated last week was part of a package deal. It was tied in with fiscal agreement. And, because of the attitude of certain provinces—

Mr. FLEMING: Can we restrict it to the question I asked as to the scope of the services?

Hon. Mr. MARTIN: This is my answer.

Mr. FLEMING: The minister is wandering all over the place, and he takes two pages to answer—

Hon. Mr. MARTIN: You asked the question.

Mr. FLEMING: I asked a question about the scope of services, because I wanted to compare costs.

Hon. Mr. MARTIN: And because you asked the question, I was answering.

Mr. FLEMING: Don't go into the whole fiscal history. Stick to one thing at a time.

Hon. Mr. MARTIN: We might as well understand one another. I am not naive, and you cannot make me naive, Mr. Fleming.

Mr. FLEMING: I did not say you were.

Hon. Mr. MARTIN: You are asking questions for the purpose of seeking to embarrass the administration.

Mr. FLEMING: Well, that is a silly observation that the minister has made. I am asking questions for information, and I would like to get to the nub of it without so much circumlocution.

The CHAIRMAN: Let us try to get along together, please. The minister is answering the question.

Mr. FLEMING: The record will indicate my Question, I asked for a comparison of the services contemplated by the 1945 government proposal with the services contemplated by the type of plan that the Prime Minister, in the statement which has been read by the minister, indicated the federal government is now prepared to participate in. It was a simple question, and it is a simple matter of comparing the services.

Hon. Mr. MARTIN: Yes. Now, as I say, there was a comprehensive scheme that was not made possible, for the reasons I have mentioned. Now we are proposing a sharing arrangement in respect of diagnostic services, and hospital insurance. The decision to proceed with these steps is not just the decision of the federal government. It was equally a decision that was made by the provincial governments, and concurred in by the federal government.

Mr. FLEMING: But that was not my question.

Hon. Mr. MARTIN: It has everything to do with it.

Mr. FLEMING: I am asking about the scope of the services.

Hon. Mr. MARTIN: I have indicated that in 1945 it covered the whole comprehensive scheme.

Mr. FLEMING: It was a comprehensive scheme. Is the kind of scheme that the Prime Minister was talking about, that the federal government is now prepared to participate in, a comprehensive scheme?

Hon. Mr. MARTIN: As an objective, of course. Is that not the objective of your party, Mr. Fleming?

Mr. FLEMING: You say "as an objective"; I think the minister's statement went farther than that. He said that the Prime Minister had indicated that the government is prepared now to participate in a scheme. Is that a comprehensive scheme? Is the federal government prepared today to participate in a comprehensive scheme of national health insurance?

Hon. Mr. MARTIN: I would ask you to read what I have already said. I do not propose to add to it any more. You are asking me to say that a tree is a tree. I have said that a tree is a tree, and I have given the definition of a tree, and I do not propose to repeat it.

Mr. FLEMING: Well, if you will not answer my question—and you have not answered it—

Hon. Mr. MARTIN: Well, that is just your judgment.

Mr. FLEMING: The minister now has an opportunity to answer the question, if he wishes to.

Hon. Mr. MARTIN: I have answered your question.

Mr. FLEMING: The minister has not answered my question, and apparently he chooses not to answer it.

Hon. Mr. MARTIN: I deny that. I have answered it.

Mr. FLEMING: The record will show that the question is still unanswered.

Hon. Mr. MARTIN: May I ask this question: what is the attitude of your party, Mr. Fleming, on the same subject matter?

Mr. FLEMING: The minister is sitting up there, talking for the federal government. I have not expressed any opinion on the question; and I do not propose to express any opinion in this committee. But I am here to obtain information, and to get to the nub of the problem—and never mind all this vapour that is being thrown around here.

The CHAIRMAN: The minister pointed out what the program is—a program of health insurance, subject to agreement by the provinces. You are saying that there was a proposal made which is also subject to agreement by the provinces. Now, the minister has told you the present program, and he has read the Prime Minister's suggestion, his statement that the party is still in favour of health insurance, subject to agreement with the provinces. The minister has already answered the question, and I cannot follow you when you say that he has not answered it.

Hon. Mr. MARTIN: Perhaps I can help Mr. Fleming, just to save time—

Mr. FLEMING: When you were asked about the system of national health insurance, just so that we may understand—

Hon. Mr. MARTIN: Precisely.

Mr. FLEMING: What is the scope of the services provided in your national health insurance plan? We know what were the services proposed in 1945. They were set out. And the minister has given a general description of those services under the word "comprehensive".

I am trying now to get from him some statement as to the scope of the services that the federal government is now prepared to have included in the scheme of national health insurance, that it says it is prepared to participate in. Is it going to be a comprehensive scheme? Is it going to go as far as the 1945 scheme would have gone in the matter of intended services? That is a simple question, surely. It is a clear question.

Hon. Mr. MARTIN: I think the chairman was quite right in saying that I have already answered the question. However, I shall amplify it. But what I shall say will be simply by way of amplification of what has been said already.

In 1945 the proposal was a comprehensive one to be carried out in stages. We are now in the second stage. The first stage was 1948, when we announced a national health program. The second stage we are now in.

I would direct your attention to a statement made by the Prime Minister in the proceedings of the federal provincial conference of 1955, which was convoked here on October 3 of that year. At page 9, beginning at the bottom of the page, the Prime Minister said:

> We will also have occasion, during our meetings this week, to discuss the important question of health insurance. This is a matter, of course, which under our constitution falls squarely within provincial jurisdiction. The federal government does not wish to see this position altered; nor would it wish to be a party to a plan for health insurance which would require a constitutional change or federal interference in matters which are essentially of provincial concern.

And this was the view, by the way, also mentioned by the leader of the opposition in June last in the House of Commons. But you will see that from that point on there is a divergence of opinion. Then, to continue with the words of the Prime Minister:

> The federal government recognizes, however, that there may be circumstances in which it would be justified in offering to assist provincial

governments in implementing health insurance plans designed and administered by the provinces. For a number of years, through the national health grants program, we have provided assistance in the development of a full network of basic health facilities and services fitted to the needs of the Canadian people. We recognize that the building up of these facilities through the national health program constitutes, in the words of my predecessor, Mr. King, 'a fundamental prerequisite of a nation-wide system of health insurance'.

There are, of course, differences in the stage of readiness for health insurance in the various provinces. Certain provinces have already introduced some phases of a program; others have indicated during recent months that they are ready to consider some action now; still others may feel that they are not yet in a position to proceed. That is clearly to be expected in a federal state where the primary jurisdiction in health matters lies with the ten provincial governments. It was with this in mind that I said, with reference to health insurance on another occasion:

'Under our federal system, to get health insurance started the people and the governments of the various provinces have to take the initiative in working out plans adapted to local conditions. We are ready to assist in a sensible and practical nation-wide scheme, but that depends on satisfactory agreements with the provincial governments.'

In the view of my colleagues, and myself, there remain now two principal points which, in the course of our present discussions, might usefully be considered:

First: What are the stages by which further action by the provinces in the field of health insurance might be considered as feasible; what agreement can be reached among the provinces themselves as to the order or priority of the various services?

Second: Under what circumstances would the federal government be justified in offering to assist provincial activities in the health insurance field?

The first of these questions has been the object of considerable study over a long period by the technical officers of our respective governments. We have examined carefully the ten provincial health survey reports, financed by the federal government. We have likewise studied the finding of the national sickness survey, as well as the experience of health insurance plans in other countries. More recently, since our April meeting, we have had the benefit of detailed technical discussions with the officials of the provinces.

It has been suggested that, following the build-up of provincial and local hospital and other facilities through the national health program, the next step to be taken—

Note the words, "next step"—

—might well be the provision of universal radiological and laboratory services. This would assure the provision of expert diagnostic services in cases where the attending physician feels that it would be desirable to obtain the support of laboratory or radiological tests before arriving at conclusive findings and prescribing treatment.

Following upon the introduction of these diagnostic services, the next stage of development, if one may judge from the action already taken by a number of provinces and the interest expressed by others, would appear to be that of hospital insurance. Only after the establishment of some form of hospital insurance would it appear to be feasible to consider what further steps should be taken.

Mr. FLEMING: Are you going to come, at some time, to some passage that relates even distantly to my question?

Hon. Mr. MARTIN: This is very apropos.

Mr. FLEMING: It does not answer my question, at all. My question was a very simple one.

Hon. Mr. MARTIN: I am going to give the complete statement.

The CHAIRMAN: Will you permit Mr. Martin to finish his statement, because we agreed to let others have this room at 12.30 today; so that we just have time to finish this.

Hon. Mr. MARTIN: It continues:

> I have said enough, I think, to indicate the order of priority which might be considered practicable if a decision were reached, either at this conference or at some later date, that we should embark on a jointly-financed, but provincially operated and administered health insurance program.

Mr. FLEMING: And here endeth the irrelevant lesson.

Hon. Mr. MARTIN: This is very important, if you would only assess it carefully.

Mr. FLEMING: Perhaps in reply to a question at that time, but certainly not to my question.

Hon. Mr. MARTIN: I am giving you an amplification. And I am asking you now to permit me the courtesy of continuing it.

Mr. FLEMING: But it does not relate to my question, at all.

Hon. Mr. MARTIN: It continues:

> I turn next to the second of the questions which I posed for consideration a little earlier. In the view of the federal government the condition prerequisite to federal support of provincial program in respect of health insurance is that it can reasonably be shown that the national rather than merely local or sectional interest is thereby being served. I have already stated, on another occasion, that in my view, so long as only one, two or three provinces, representing a distinct minority of the Canadian population, indicate their intention to proceed with health insurance, there can be little if any justification for the national government imposing taxes on all the Canadian people to share the cost of health insurance in those provinces.

Mr. FLEMING: Put the whole book on record—and even then you would not be answering my question.

Hon. Mr. MARTIN: I hear a bellowing somewhere.

Mr. FLEMING: You will hear me, too.

Hon. Mr. MARTIN: It continues:

> But if there were a substantial majority of provincial governments representing a substantial majority of the Canadian people who were prepared to embark upon provincially administered health insurance schemes, involving no constitutional change or interference in provincial affairs, but simply technical support and financial assistance from the federal authority, then the federal government would be justified in participating in an increase in the capital assets of the Canadian people.

Mr. FLEMING: And I am still waiting for an answer to my question—my very simple question—clear as crystal.

Hon. Mr. MARTIN: I ask you to examine that carefully, and see.

Mr. NICHOLSON: Just before we adjourn, I should like to say this: Mr. Fleming asked about the increase in cost between 1945 and the present. The next time we come here could we have—

Hon. Mr. MARTIN: Well, will you state precisely what you want?

Mr. NICHOLSON: I would like to have a breakdown showing the increase in cost of certain specified items in connection with hospitals.

Hon. Mr. MARTIN: What specific items?

Mr. NICHOLSON: Nursing, soap, laundry—

Hon. Mr. MARTIN: Well, we could not do that. We cannot tell you what the cost of soap would be, or the cost of water.

Mr. NICHOLSON: Your statistical branch would have that.

Hon. Mr. MARTIN: Do you mind my suggesting that you might meet with Mr. Willard, right after this meeting, and tell him what you have in mind. If it is possible, we will do our best to meet your wishes. If it is not, then, we cannot do it.

The CHAIRMAN: It will be recalled that it was agreed that we would meet tomorrow at 10.00 o'clock.

Hon. Mr. MARTIN: 10.00 o'clock?

The CHAIRMAN: Yes; then we would adjourn for the proceedings, prior to the Orders of the Day, and then we would come back, after they are concluded and go on at 11.30, or around that time.

Mr. FLEMING: Until 1.00 o'clock?

Hon. Mr. MARTIN: I would remind Mr. Fleming of one thing. We did not deal with what we had left off with last week. That was the question of T.B. and mental care. And he was to establish the cost about which he spoke at some length but he did not do so. Has he any intentions in that particular?

Mr. FLEMING: What is the minister talking about, anyway?

Hon. Mr. MARTIN: T.B. and mental care in 1945.

Mr. FLEMING: I told the minister that there was nothing in his Green Book about that.

Hon. Mr. MARTIN: Next week we will begin by my dealing with that aspect of the matter, just to show how completely wrong you are.

Mr. FLEMING: The minister can say what he likes. I hope to be permitted to complete my questioning and I would hope to get some answers to my questions—instead of an array of circumlocution.

The CHAIRMAN: Then, we will adjourn, to resume tomorrow at 10.00 o'clock, with the hope of resuming after that at 11.30, and we will continue to 12.30.

The committee adjourned.

MARCH 23, 1956,
10.00 A.M.

The CHAIRMAN: Order, please. We have a quorum.

Mr. FLEMING: Mr. Chairman, we had reached the point of asking Mr. Martin about some relationship between this plan and a plan of national health insurance which the government had indicated its willingness to participate in. May I ask the minister has he looked on the present hospital plan as a forerunner of national health insurance, to use an expression that the minister used in a speech at Carleton Place on February 12, 1955, the BUP dispatch of which begins with the sentence "The dominion government program of national health grants is a forerunner of national health insurance, health minister Paul Martin said

today." That is where I get this expression and I ask the minister if the present hospital plan is, in the view of the government, also a forerunner of national health insurance?

Hon. Mr. MARTIN: Well, Mr. Fleming, I read yesterday into the record the statement of the Prime Minister on October 3. That deals with that aspect of the problem in so far as the government's position is concerned and I do not believe I could add anything useful to the words of the prime minister which are consistent with the speech referred to a moment ago, and which was delivered, I am happy to say, in the presence on that day of my friend your distinguished colleague the member from Lanark.

Mr. BLAIR: It was a cold day also.

Mr. FLEMING: I am glad you had one very good member in the audience. I come back to my question, Mr. Chairman, as to whether the government regards the present hospital plan as a forerunner of national health insurance?

Hon. Mr. MARTIN: Well, Mr. Fleming, I cannot add anything more than what I have just said. I would ask you to read the record of yesterday with the statement of the Prime Minister, and you will see you have there very clearly an answer.

Mr. FLEMING: It is not an answer to my question at all.

Hon. Mr. MARTIN: You mean it is not the kind of answer you want.

Mr. FLEMING: It is not an answer to my basic question. We had an endless and wearisome reading yesterday of what we are all familiar with in the Prime Minister's statement of last year. My question is specific. If the minister does not wish to answer I will go on to another.

Hon. Mr. MARTIN: Perhaps I had better deal with Mr. Fleming. I think my answer is quite clear. My friend asks if this is a forerunner. The real way to characterize the present plan is to say that this is the second stage of a nation-wide health insurance system. The realization of other stages depends, as the Prime Minister has indicated, on the action to be taken by the provinces themselves. I cannot be any more unequivocal than that.

Mr. FLEMING: The minister used the expression "contributory" yesterday, as applied to the kind of a national health insurance plan to which the federal government under certain circumstances would be prepared to contribute. The plan was to be contributory. Would the minister enlarge on what he meant by a contributory plan of national health insurance?

Hon. Mr. MARTIN: I think you know what was meant in my use of that word and what is meant even in the documents of your party where you use the same word. Incidentally I reserve the right personally as a member of this committee to ask you questions from time to time. I am not a witness here but a member of the committee and I am very anxious to find out what the attitude of your party is on this. Before you are through I am going to try to ascertain from you personally what the position of your party is. There is the view of Doctor Trainor, your view, your leader's view, and there is the view of the hon. member for Dufferin-Simcoe, all of which are a series of contradictions that I find very difficult to comprehend, so I say what is the position of your party.

Mr. FLEMING: If the minister is going to talk about contradictions he will find a multitude of them in the House of Commons, in the statements made in his party's speeches and from the government. If we are going to get down to a basis of a discussion now, let us understand each other, because I do not suppose any record has been more splattered with contradictions than that of the government and the Liberal party in connection with this.

Mr. KNOWLES: You run a close second, Don.

Hon. Mr. MARTIN: If you would look at the statement of Mr. Balcer, made over the television, in the matter of health insurance, you will understand why Mr. Knowles and I are very anxious to know where your party stands on this subject.

Mr. FLEMING: You will know when we have all the facts and information and not before then,—and I do not refer to any such series of circumlocutions as characterized the statements made by the minister in the house and in this committee.

Hon. Mr. MARTIN: Are Mr. Balcer's views the official views of the party of which you are a distinguished member?

Mr. FLEMING: I am not familiar with the statement.

Hon. Mr. MARTIN: I will produce it.

Mr. FLEMING: The minister may produce it but no comments, so far as I am concerned, will be made in so far as my view is concerned until we get all the facts.

Hon. Mr. MARTIN: That is a responsible view to take.

Mr. FLEMING: I hope that is what the minister would expect. Now, may I come back and ask the minister what he meant by contributory when he said the government under some circumstances was prepared to contribute to a contributory plan of national health insurance?

Hon. Mr. MARTIN: Well, when we talk of these various social measures, I think we talk now generally in terms of trying to relate the benefits received by the insured with the means by which that insurance, or scheme, is made possible.

Now of course any service—or in one sense all services—that are paid for are strictly speaking contributory. The scheme, for instance, in British Columbia which provides for hospital insurance out of the consolidated revenue fund is not, in the formal sense, contributory; but in another sense it is contributory. The scheme in Saskatchewan, where there is a greater element of premium payment, is obviously more formally contributory. I suppose what we mean by contributory in the formal sense, Mr. Fleming, is that there is some form of earmarking so as to bring home to those who benefit the realization that they are paying for the benefits received.

Mr. FLEMING: That is the point—

Hon. Mr. MARTIN: Having said all that, you will appreciate I am not in any way suggesting what should be the method of financing on the part of any province of its share.

Mr. FLEMING: But when the federal government talks about a contributory plan as being the form of plan of national health insurance which it is prepared under some conditions to support, I take it that the minister is thinking, when he talks about relationship of benefits, in terms of individual contributions?

Hon. Mr. MARTIN: Not necessarily. I discuss my personal view as one member of this committee, but I have no control over what the provinces do. I suspect that Mr. Knowles might take a different view. When we are discussing old age security, I think you subscribe pretty well, Mr. Knowles, to the view I express?

Mr. KNOWLES: There are different interpretations of the word contributory. I would say we have contributory national defence in this country where it is paid out of general revenue; also contributory unemployment insurance where a high percentage of the cost is contributed to by those who will benefit, whether employers or employees; and contributory family allowances which like national defence are paid out of the general revenue.

Mr. TRAINOR: On that point, the contributions are very unequal.

Hon. Mr. MARTIN: On what?

Mr. TRAINOR: On a contribution such as Mr. Knowles envisages.

Mr. KNOWLES: Yes, those contributions are unequal so far as individuals are concerned because they are paid for out of taxes which to some extent are on a basis of ability to pay. What we have to decide, when we get to the social field, is to what extent we want individuals to pay directly, and to what extent we want them to pay on the basis of ability to pay. I think there is a difference between Mr. Fleming's approach and mine. Then there is Mr. Thatcher's approach. The approach of Mr. Fleming and Mr. Thatcher is that they want the individual to bear as much as possible the actual payment for the benefits.

Mr. FLEMING: Perhaps Mr. Knowles will let me declare my own view. I have not expressed any preference on the subject yet.

Hon. Mr. MARTIN: I will come to Mr. Fleming's defence. I think Mr. Fleming ought to have the right to express his own views.

Mr. KNOWLES: If Mr. Fleming would express his views I would be glad to hear them. This is the third day he has had the floor and he has not told us where he stands.

Mr. FLEMING: At the moment I want to ask the minister some questions and try to get some information. He is here representing the government, and the government has put forward a plan; I think it is our function here to come to grips with this plan and really understand it. I will declare my own view without having any of these interruptions that are quite unwarranted. I do not know precisely what Mr. Thatcher's view is; whatever his view is he will be quite capable of declaring it, and whatever my view is I will declare when I think the time is proper. But, in the meantime, what we are concerned with, and what prompts my question, is the minister's use at the last meeting of the word "contributory" in describing the national health insurance plan which the federal government, under certain circumstances, is prepared to support, and in this case the minister's use of the word "contributory"; I asked him what he means by that, because this is a word that has acquired quite a variety of meanings.

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: As we saw six years ago, in the committee on old age security, a lot of people were talking about contributory and meaning quite different things by it. What I am trying to get at, is whether the minister in using that expression, as he did, means a form of individual earmarked contributions or simply a general sort of financing such as we have in connection with old age security payments?

Hon. Mr. MARTIN: Well, Mr. Fleming, there is nothing more that I can say about this as to what kind of system the provinces themselves will embark upon. That is not our concern. We, of course could not, in respect to hospital insurance, in the absence of a constitutional amendment, have a contributory scheme, in so far as our share is concerned.

Mr. FLEMING: Quite right.

Hon. Mr. MARTIN: In the formal sense.

Mr. FLEMING: Yes.

Hon. Mr. MARTIN: But, I would not agree that moneys that are provided out of the consolidated fund do not, at the same time justify one's saying that you have got a contributory scheme. I would hope that if our share of the moneys to be raised were out of the consolidated fund,—as I said, it would be a budgetary matter,—there would be some way, or some kind of system to impress upon the public that there was a relation between these particular

benefits and the payments made for them. But in any event, as Mr. Knowles has stated, anything that is done through the contribution of taxpayers is a contributory scheme, and it is in that sense that those words have been used from time to time.

Mr. FLEMING: Well, can we infer from the minister's last answer, that in this contributory national health insurance scheme, that the method of financing the provincial contribution would not necessarily be required, by the federal government to be uniform with respect to all provinces?

Hon. Mr. MARTIN: Oh, there is no doubt about that. I have clearly indicated, I think three times, that the way provinces raise their money is a matter entirely for them, for each province. If the province of British Columbia wanted to raise moneys for its hospital insurance scheme as it is now doing, and Saskatchewan wants to raise theirs as they are now doing, and Ontario wants to develop another scheme altogether, that is up to these provinces. They are entirely masters of their own house in that particular. That was clearly indicated—and as one would expect, there could be no other course taken—at the recent conference when we met with the ministers of finance and ministers of health.

Mr. FLEMING: One other subject; was consideration given by the government, in putting forward this proposal at this time, to any form of so-called disaster insurance?

Hon. Mr. MARTIN: What you mean by "disaster insurance" is catastrophic insurance. There have been private discussions between some provincial officials and some of the federal officials in the matter of catastrophic insurance. At the conference itself, no one, no province, put forward seriously a proposition for catastrophic insurance. The proposals for catastrophic coverage emanated from private sources some months ago. We carefully examined them, and came to the conclusion, first of all, that while in principle it was not without its good points, administratively it would be practically impossible—perhaps that is too strong—to carry out. It would certainly involve major complications. The total cost would be very considerable—not, perhaps, much less than the federal contribution in the present plan in the first year, assuming all ten provinces came in.

Mr. FLEMING: Excuse me, do you mean in addition to the cost of the hospital plan?

Hon. Mr. MARTIN: No, no. The total cost of the catastrophic scheme would cost somewhere close to $200 million if it were carried out all over; and then you would have—

Mr. FLEMING: Excuse me, I do not think the minister got my question. Will that be in addition to the—

Hon. Mr. MARTIN: No, I am assuming that the catastrophic scheme would be an alternative plan. You would not have both. Then, there would be the difficulty that you would not be covering, necessarily all the people who required coverage.

Mr. THATCHER: What is a catastrophic scheme?

Hon. Mr. MARTIN: Well, it is a scheme that suggests that instead of providing hospital insurance to everyone, you might provide insurance for all the people whose medical and hospital expenses in a year rise above a certain level,—say over 3 per cent of their total income. You might provide for all of the expenses over that,—though the figure need not necessarily be 3 per cent. In principle it is a pretty defensible proposition; but, when you examine it carefully from the administrative standpoint, from the point of view of the control of the cost, from the point of view of disciplining against abuse, it

became, in our minds an impractical proposition. It was at one time entertained, at least for purposes of study, by one provincial premier, but I know that he too finally agreed that it was not a practical proposition. At the conference itself, an opportunity was given by me, as chairman, for the projection, by any provincial government of such a plan, and it was not forthcoming. I know from my own private conversations that it no longer has the support of the provincial government which once considered it.

Mr. FLEMING: The minister approached this on the basis of not combining it with any form of hospital coverage?

Hon. Mr. MARTIN: Well, what I meant—

Mr. FLEMING: Well, in what you said now, I take it there is nothing to prevent a combination, if it was so planned?

Hon. Mr. MARTIN: Oh, no, there is nothing. For instance, supposing we embarked on a scheme of hospital insurance in cooperation with the provinces, there will be nothing to prevent for instance, supplementary catastrophic insurance coverage by private bodies, by private insurance companies. Likewise, there would be no objection, or there would be no reason why you could not, if you wanted, have public insurance to cover catastrophic cases. There would be no reason why the coverage under the scheme now contemplated could not be extended to cover in addition to catastrophic, those features that are not covered now in the plan before us, for instance private ward, private rooms and semi-private, and so on.

Mr. FLEMING: Well, that is, of course the field in which the private insurance companies will probably operate, if this hospital plan comes into effect?

Hon. Mr. MARTIN: Pardon?

Mr. FLEMING: I say that is the field in which the private insurance companies will probably operate, if this hospital plan comes into effect. But, what I was trying to ask was whether the catastrophic insurance had been studied seriously along with the other proposal in these exchanges of views between the federal and provincial governments?

Hon. Mr. MARTIN: Yes, we gave it very careful study, Mr. Fleming.

The CHAIRMAN: Is that all, Mr. Fleming?

Mr. FLEMING: Well, Mr. Chairman, I take it those statements are not available yet?

Hon. Mr. MARTIN: No, I will not be ready until Tuesday. I want to make them complete.

Mr. TRAINOR: About this question of cost of catastrophic coverage, the figures that the minister presented here have been actuarial calculations?

Hon. Mr. MARTIN: Well, they are based upon our assessment of the cost factors. I do not know whether they are actuarial. The persons who have made the cost estimates, I regard as extremely competent and persons in whom I have the fullest confidence.

Mr. TRAINOR: Well, on what basis were they made? There would have to be an estimate, obviously, of the number of catastrophic cases that would occur.

Hon. Mr. MARTIN: Certainly, and they are based upon—doctor, have you had a chance to see the national sickness survey?

Mr. TRAINOR: Yes, I have.

Hon. Mr. MARTIN: Well, then you can readily understand how we base our cost estimates on these—

Mr. FLEMING: Well, did you have a variety of calculations worked out on the basis of different approaches?

Hon. Mr. MARTIN: Well, in the national sickness survey we examined 40,000 families—40,000 individuals in Canada and their families—and this examination we have been told was the most comprehensive survey of its kind ever made of the Canadian people. It was carried out over a period of months. From that we elicited all sorts of information—their usual, or rather their normal health requirements, the normal incidence of sickness and, the cost that has normally attended such period of abnormality; and from that we make certain deductions. Likewise, from the sickness survey and from the health survey reports that were made five years before, we are able to ascertain the probable costs on a much wider scale and we arrive—these are all estimates, they are not exact figures, but they are reliable enough, and they were not over-exaggerated. I think in some particulars there were under estimates. But, I would be very glad to go into that very fully some time.

Mr. FLEMING: Well, are there available in the department calculations, based upon various bases of approach to the question of disaster insurance? If there are such calculations, it would be interesting, I think now that we are on this subject we should have a statement.

Hon. Mr. MARTIN: We will get that for you. Now, I just want to conclude on this question of catastrophic insurance. We have been talking about catastrophic care in principle, in general. Now in so far as the particular plan before us is concerned, the hospital scheme before us does deal with catastrophic hospital care. Remember, under the scheme that we have in mind there is no limit on the number of hospital days, unless the provinces provide a scheme whereby there would be a limit. Likewise, we would be prepared to cover chronic, long-term cases and this would cover the element of catastrophic costs in so far as hospital insurance is concerned. But, then we are not the ones who will finally determine how these principles will be applied; that will depend on the kind of scheme that the provinces are prepared to come forward with. For instance, in British Columbia Mr. Eric Martin, the Minister of Health in that province, recently announced that they were prepared to include chronic cases in their present hospital insurance scheme, something which heretofore they have not done. That covers an element of catastrophe in so far as hospital insurance is concerned and would be perfectly acceptable to us.

Mr. NICHOLSON: I am disappointed that after listening to Mr. Fleming for three long periods I am still not able to determine whether he is for or against the proposal before us or for proceeding with an over-all national insurance program.

Mr. FLEMING: I hope my friend will be patient and have this matter approached in an orderly way.

Mr. NICHOLSON: I am patient but I would like to point out, Mr. Chairman, that a year ago the member for Dufferin-Simcoe (Hon. Mr. Rowe) as acting leader of the Progressive Conservative party moved a want of confidence amendment criticizing the government for having failed to provide in co-operation with the provinces a contributory plan which would ensure that every Canadian would have an adequate hospital and medical service. We were very glad to support that amendment but I notice in checking over the records that none of the three members of the Progressive Conservative party who are on this committee had a good word to say in support of it though they all took part in that debate—it was a debate on the speech from the throne—in the house a year ago.

Mr. FLEMING: Which amendment do you mean?

Mr. NICHOLSON: This particular subsection (F).

Mr. FLEMING: There were seven subsections, and apparently my friend expects all seven matters to be dealt with by all the members in their speeches.

Mr. NICHOLSON: Well, I thought perhaps that the members of the Progressive Conservative party who have been chosen to serve on this committee would have had something to say on this particular subsection, which I think was a very constructive one in relation to a no-confidence proposal.

Mr. FLEMING: We shall try to do better this year and to submit our remarks beforehand to you and your hon. friends.

Mr. BLAIR: I have advocated insurance in this house for 11 years.

Mr. NICHOLSON: I agree, but I thought that was significant.

Mr. BLAIR: I have spoken so often on the theme of health insurance in the house that it has become wearisome, and if my time during the debate was taken up dealing with other things that was the reason.

Mr. NICHOLSON: But considering there was a want-of-confidence motion on this particular item—

Mr. BLAIR: On seven items.

Mr. KNOWLES: Apparently this was not one of the important ones.

Mr. FLEMING: That was a silly remark to make Mr. Knowles.

Hon. Mr. MARTIN: Maybe at this point, Mr. Chairman, I should withdraw and do some work.

The CHAIRMAN: No, I think maybe you should hear this.

Mr. NICHOLSON: My next comment is that I want to associate myself with Mr. Knowles in welcoming this particular plan. But I think the hon. minister should not be so hasty in lining up with Mr. Thatcher and Mr. Fleming when they make their objection to this.

Mr. FLEMING: Mr. Chairman, I object. I have not said a word of objection yet and I think my friend ought, in an elementary sense, to have some regard for fairness as well as for accuracy and honesty in making a remark of that kind. There has not been a word of objection yet; the only objection I have uttered in this committee since it opened was in regard to the way in which the hon. minister has evaded questions and engaged in circumlocutions.

Mr. NICHOLSON: I should have said Dr. Trainor. For example, Dr. Trainor intimated in the course of the first discussion that he thought the minister should be congratulated for the restraint he used in presenting this proposal and he intimated, as I recall, that the minister could go thus far and no further—that the medical doctors of Canada would not stand for anything further.

Hon. Mr. MARTIN: Mr. Nicholson, you are a very fair-minded man—

Mr. FLEMING: Not this morning.

Hon. Mr. MARTIN: Dr. Trainor will speak for himself but in fairness, Mr. Nicholson, I do not think Dr. Trainor said that at all. I think you are attributing to Dr. Trainor something that he did not say.

Mr. NICHOLSON: Dr. Trainor will correct me if I am wrong.

Hon. Mr. MARTIN: I would hope that you could associate yourself with Mr. Knowles in congratulating the government for the step it has taken.

Mr. NICHOLSON: I recall that Dr. Trainor and Mr. Thatcher did point out the fact that this was going to cost money—

Hon. Mr. MARTIN: Do you think we are fair, any of us as legislators, if we give the impression to the public of this country that they are not the ones who have to pay for these things? I will take second place to no man in trying to put forward, through government, proposals for the health and

welfare of the people but I am not going to suggest to anyone that these things are paid for by governments or by political parties. These propositions are paid for by the hard work of the people of Canada and we should not hesitate to say that.

Mr. NICHOLSON: On page 29, No. 1 of this Committee's Proceedings, Dr. Trainor said, Mr. Chairman:

> I should like at this stage to congratulate the minister in the restraint he has shown on this whole program because I think if he seeks to extend that further he will run into some real opposition.

Mr. FLEMING: That is quite different from what you said.

An Hon. MEMBER: You spoke of members of the medical association.

Mr. NICHOLSON: Dr. Trainor was, I presume, speaking for the medical association.

Mr. FLEMING: I object to that. No member has a right to say that another member of this committee or of the house is speaking for any particular group.

The CHAIRMAN: I think that is right.

Mr. FLEMING: As members of parliament they are responsible to all the people—not even to their constituents alone, but to all the people of Canada.

The CHAIRMAN: I agree with that. Just because a man may be a lawyer it should not be deemed that he is speaking merely for the lawyers, or because he is a doctor that he is speaking on behalf of doctors.

Mr. NICHOLSON: I let the record speak for itself.

Mr. TRAINOR: For Mr. Nicholson's information I may say right off the bat that I have no mandate to speak for the medical profession.

The CHAIRMAN: I think I should say that when we speak as members of the committee here we are speaking as members of the Canadian parliament, not primarily for the group we come from or even only for the area we come from.

Mr. NICHOLSON: I quite agree. I was actually thinking of those last remarks by Dr. Trainor that we will really "run into some opposition". I will leave it at that.

Mr. TRAINOR: I am prepared to stand by that statement.

Mr. NICHOLSON: No doubt, and I am prepared to stand by what I have said.

Mr. FLEMING: Make your own speech and let other members make theirs.

The CHAIRMAN: Actually, Mr. Fleming, I do not think you should say that because in the course of your own remarks you quoted a great deal from what other people had said.

Mr. FLEMING: Only in relation to questions.

The CHAIRMAN: But I suppose Mr. Nicholson is leading up to questions.

Mr. NICHOLSON: Yes, I am referring to what was said by Dr. Trainor and Mr. Thatcher and I am suggesting to the minister that instead of getting on the band wagon with Dr. Trainor and Mr. Thatcher—

Hon. Mr. MARTIN: I did not notice that.

Mr. NICHOLSON: —he should recognize that he has responsibility for showing leadership in this particular field.

An Hon. MEMBER: Responsibility for finding the money, too.

Mr. NICHOLSON: I agree that the minister cannot force on the Canadian people something that the Canadian people do not want but, as I say, I think the minister is responsible for showing real leadership in this particular field.

Hon. Mr. MARTIN: May I ask you a question, Mr. Nicholson? Will you indicate to the minister in what field or in what respect he is not accepting his full responsibility?

Mr. NICHOLSON: I think that when Dr. Trainor suggests, as he did the other day,—that the minister should not give in so easily.

Hon. Mr. MARTIN: Does the honourable gentleman really think that this minister would give in easily to Dr. Trainor?

Mr. NICHOLSON: That is what disturbs me. As soon as Dr. Trainor finished the minister said: "I am sure you are right" and I think, Mr. Chairman, that that was not good enough.

Mr. TRAINOR: Would the minister express a conviction—

Mr. NICHOLSON: The minister has to decide whether Dr. Trainor and Mr. Thatcher are representing the considered opinions of the Canadian people or not.

Hon. Mr. MARTIN: I am quite sure that with regard to matters of hospital insurance Dr. Trainor does not represent the opinions of the Canadian people; nor does he represent my opinion, but that does not alter the fact that Dr. Trainor is an honourable man and when he expresses a view with which I agree I am going to be fair and courageous enough to say "hear, hear". And if perchance you should say something which is equally reasonable I would do the same.

Mr. NICHOLSON: Just a word about Mr. Thatcher—I am concerned about this because it was never suggested that we could have a comprehensive health service program free. We recognize that collectively we have to provide for the building and operations of hospitals and the supply of medical and other services.

Mr. TRAINOR: But you say: "Let the rich pay for it". That is all.

Mr. NICHOLSON: No, we believe that the people of Canada collectively could well pay for it. What we complain about is the failure until this moment to deal with this problem on a national level. Take the question of medical services. In this report of the national health survey carried out back in 1943 it appears that it is considered throughout the world that to have any sort of medical service you should have a proportion of, roughly, one doctor for every thousand people. We have a doctor for every 1,030 in Canada. Great Britain, Denmark and other countries—

Hon. Mr. MARTIN: What is the year of the publication you are quoting from?

Mr. NICHOLSON: 1943.

Hon. Mr. MARTIN: If you are going to quote statistics, then let us quote the latest statistics.

Mr. NICHOLSON: These are the latest available in this particular field. I checked yesterday.

Hon. Mr. MARTIN: No.

Mr. NICHOLSON: I asked for the latest figures.

Hon. Mr. MARTIN: I will give you the latest figures.

Mr. NICHOLSON: This is not controversial.

Some Hon. MEMBERS: Yes, it is.

Mr. NICHOLSON: All right. Would the minister give me the ratio of doctors per thousand of population for each province in Canada?

Hon. Mr. MARTIN: Do you want those figures now?

Mr. NICHOLSON: Yes, if you please, and will you also give me the ratio for the armed services in Canada at the present time?

Hon. Mr. MARTIN: We have not got the armed services figures here.

Here is the position by provinces 1954 per 1,000 of population.

Newfoundland had 188 physicians—

Mr. NICHOLSON: 188?

Hon. Mr. MARTIN: I think what we shall do is distribute this later. I will give you those figures later, Mr. Nicholson. We will get this information in another form. It is not in the form now that I want it to be.

Mr. NICHOLSON: That is my point. I asked for the latest information, and this is what I have.

Hon. Mr. MARTIN: The information is here and we shall give it to you.

Mr. NICHOLSON: I wish you would put in on the record at this point.

Hon. Mr. MARTIN: It is not in the form which you have asked for.

The CHAIRMAN: We shall probably be able to let you have it after we reassemble at 11.30.

Mr. NICHOLSON: I do not think there has been any shift in this table showing the ratios across Canada.

Hon. Mr. MARTIN: There is a big shift and we will show that to you later.

Mr. NICHOLSON: In the meantime if the minister has not got the information,—

Hon. Mr. MARTIN: I have it before me but I want to put it in the form in which you asked for it.

Mr. NICHOLSON: In the meantime I am sure you will permit me to give the figures from this table: New Brunswick, 2,136; Saskatchewan, 2,078; Prince Edward Island, 1,639; Alberta, 1,626; Nova Scotia, 1,450; Manitoba, 1,438; Quebec, 1,206; British Columbia, 1,168 and Ontario 1,088.

The CHAIRMAN: That was for 1943?

Mr. NICHOLSON: 1943. This is an excellent study which was done in 1943, but it has not been brought up to date.

The CHAIRMAN: For what year is that supposed to be?

Mr. NICHOLSON: This is 1943. I do not think there has been any great change since then.

Hon. Mr. MARTIN: Have you given all the provinces now?

Mr. NICHOLSON: All but Newfoundland.

Hon. Mr. MARTIN: There has been a one third improvement since 1943.

Mr. NICHOLSON: How about the regional basis?

Hon. Mr. MARTIN: Will you please take it easy, Mr. Nicholson, you will be burning yourself out if you do not.

Mr. KNOWLES: I wonder if Mr. Martin would please indicate the page he is reading from?

Hon. Mr. MARTIN: Page 11. In 1943, the total ratio of civilians in Canada per doctor, was 1,367 as compared with 971 in 1954, a reduction of one-third.

As for provinces, in Newfoundland, the ratio was 2,117 persons per doctor; in Prince Edward Island, 1,280 as compared with 1,750 in 1943; 1,179 as compared with 1,656 in Nova Scotia; 1,436 in 1954 as compared with 2,338 in New Brunswick; 1,005 in 1954 as compared with 1,289 in 1943 in Quebec; 858 in 1954 as compared with 1,177 in Ontario in 1943; 1,036 in 1954 as compared with 1,529 in 1943 in Manitoba; 1,168 in 1954 as compared with 2,054 in 1943 in Saskatchewan; 1,052 in 1954 as compared with 1,707 in 1943 in Alberta; 777 in 1954 as compared with 1,385 in British Columbia in 1943.

Mr. NICHOLSON: I recognize—

Hon. Mr. MARTIN: That is a one-third improvement.

Mr. NICHOLSON: I recognise the fact that with the end of the war a great many medical doctors came back to civilian life; but there is still a very wide variation across Canada.

Hon. Mr. MARTIN: Yes, there is no doubt about that. If it will ease your mind, I will admit it at once. The present situation seems to be that there are enough doctors in Canada. I do not mean to say that that is true in every specialized field. In some specialized fields there is perhaps a surplus. But undoubtedly one can establish that in certain provinces—and you will be interested in this, Mr. Nicholson, if you will only pay attention, because it supports your point, and there is no sense in denying it—in some of the provinces where the economic return of the people is less than in other provinces, the number of doctors per thousand of population is less than in the better off areas. Let us put it that way.

If that is what you are seeking to establish, there is no doubt about it. Mr. Knowles will recall that on the occasion of one of our public controversies he and I dealt with this very thing and I pointed out that in New Brunswick, in Nova Scotia, in Prince Edward Island, and in Newfoundland the number of doctors in the population, was not comparable to the ratio in other provinces. I mean it was not as high as, for instance, in Ontario. So I admit the point at once, if that is what my honourable friend is trying to establish.

Mr. NICHOLSON: Yes, that is what I was trying to establish, as well as to answer Dr. Trainor's question as to what did we propose to do about it.

Hon. Mr. MARTIN: Are you asking me a question now? This is an important matter and if you ask me a question, I can answer you.

Mr. NICHOLSON: No. Dr. Trainor asked me a question.

Hon. Mr. MARTIN: What we have sought to do, among other things, is to try and make the practice in certain areas for doctors more acceptable, more encouraging.

Today, in order for a doctor to carry on a good practice—and I am sure that the technical people who know more about these things will confirm this—it means that they must have facilities; and the proposal for this diagnostic and radiological services program is one of the means by which we hope to be able to encourage doctors to go into areas where perhaps there have not been any, or not a sufficient number. We have found that our hospital construction program has had a tremendous effect in encouraging doctors to go into certain areas.

Mr. DUPUIS: It is done provincially in the province of Quebec, is it not?

Hon. Mr. MARTIN: Oh, it is done, but we help it very materially. I am thinking at the moment of Nipigon, Ontario, where there is a situation with which I am personally familiar. There was no doctor there. Doctors would not stay. So we made a suggestion to them regarding some arrangement which we worked out with the Red Cross in connection with their out-post hospital policy, with the result that a little hospital was built and doctors have come in. So that situation has been taken care of, and that sort of thing is taking place all over the country.

Mr. TRAINOR: Mr. Nicholson and his party would not be satisfied until they had the power to compel doctors to go where they wanted them to go.

Mr. DUPUIS: Is it not the responsibility of the provinces to look after the establishment of a doctor in a district where he is needed?

Hon. Mr. MARTIN: In one sense—the constitutional responsibility is another matter—it is largely a matter of responsibility for the medical profession itself. They do make an endeavour. Various bodies such as the Canadian Medical

Association and the Association des médecins de langue française co-operate greatly in this matter, but there is not any one special responsibility. It is a co-operative enterprise.

Mr. NICHOLSON: I was merely trying to establish the very wide disparity between the ratio of doctors per thousand across Canada. The figures which the minister supplied support the fact that in British Columbia there are twice as many doctors per thousand as in New Brunswick.

Hon. Mr. MARTIN: You would not draw from that a wrong conclusion? The conclusion you are seeking to establish is that because we have not heretofore had hospital insurance or something more comprehensive these disparities existed? These disparities, so far as provincial distribution is concerned, will be found everywhere. You will find them in the United Kingdom, in New Zealand, and in the Scandinavian countries.

Mr. NICHOLSON: I happen to represent 50,000 people on the prairies where our ratio is about one doctor per 5,000 patients, and that is away out of line with the ratio in most of Canada. Ten years ago we had one doctor per ten thousand patients, but you cannot expect people living in rural areas with one doctor per five thousand to be satisfied.

The CHAIRMAN: The only way in which we can get some committee members reconciled to attend these meetings before the session starts I think is to allow two or three minutes to get down to the house and get anything ready which they may want to prepare there. Actually you will not have more than four minutes now, so we shall adjourn to meet again as soon as the proceedings preceding the Orders of the Day are concluded.

Mr. FLEMING: We may not have had it in mind that the budget debate begins this morning, the first thing, when Mr. Macdonnell, the financial critic of the opposition, is leading off. I am very anxious to hear his speech.

The CHAIRMAN: The steering committee did not have that in mind; they did not know it would happen. I think that is correct.

Mr. FLEMING: Would it inconvenience the minister if we adjourned at this time?

Hon. Mr. MARTIN: Not at all, but I am a little hurt that my classmate would prefer hearing Mr. Macdonnell to me.

Mr. FLEMING: I must be brutal when I tell the minister that I do.

The CHAIRMAN: If we do not meet at 11.30 today I take it that we will not be able to meet during the rest of the day because the budget debate will be going on for the rest of the day.

Mr. FLEMING: I suppose your statement will be ready on Tuesday. Is Tuesday morning clear?

Hon. Mr. MARTIN: Tuesday would be all right with me. I would say 10.30 on Tuesday.

The CHAIRMAN: We shall now adjourn, gentlemen, to meet again on Tuesday morning at 10.30 in this room.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 4

TUESDAY, MARCH 27, 1956
WEDNESDAY, MARCH 28, 1956

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Hon. Paul Martin, Minister of National Health and Welfare; Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. C. A. Roberts, Principal Medical Officer, Health Insurance Studies; Dr. G. E. Wride, Principal Medical Officer, Health Services; and Dr. C. L. Francis, Research Division.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

72148—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Aitken, Miss
Blair
Cannon
Decore
Deschatelets
Dupuis
Enfield
Fleming
Garland
Gauthier (*Nickel Belt*)
Hees
Henry
Knowles
Jutras
Martin
MacEachen
Macnaughton
McLeod
Nicholson
Power (*St. John's West*)
Robertson
Starr
Stuart (*Charlotte*)
Thatcher
Yuill

E. W. Innes,
Clerk of the Committee.

ORDER OF REFERENCE

MONDAY, March 26, 1956.

Ordered,—That the name of Mr. Enfield be substituted for that of Mr. Byrne; and

That the name of Miss Aitken be substituted for that of Mr. Trainor, on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

72148—1½

MINUTES OF PROCEEDINGS

TUESDAY, March 27, 1956.
(6)

The Special Committee on Estimates met at 10.30 a.m. this day. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Miss Aitken and Messrs. Blair, Deschatelets, Enfield, Fleming, Gauthier (*Nickel Belt*), Henry, Knowles, Martin, Macnaughton, McLeod, Nicholson, Pommer, Robertson, Starr, Tucker and Yuill.

In attendance: From the Department of National Health and Welfare: Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. C. A. Roberts, Principal Medical Officer, Health Insurance Studies; Dr. C. L. Francis, Research Division; and Mr. G. E. Wride, Principal Medical Officer, Health Services.

The Committee resumed consideration of Item numbered 263 of the Main Estimates—Health Insurance Studies and Administration of the General Health Grants—the Minister supplying information thereon.

Mr. Martin put on the record information requested by Mr. Fleming at previous meetings.

At 12.30 p.m. the Committee adjourned to the call of the Chair.

WEDNESDAY, March 28, 1956.
(7)

The Special Committee on Estimates met at 10.00 a.m. this day. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Miss Aitken and Messrs. Blair, Cannon, Deschatelets, Dupuis, Enfield, Fleming, Garland, Gauthier (*Nickel Belt*), Henry, Knowles, Martin, McLeod, Robertson, Starr, Tucker and Yuill.

In attendance: From the Department of National Health and Welfare: Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. C. A. Roberts, Principal Medical Officer, Health Insurance Studies; Dr. C. L. Francis, Research Division; and Mr. G. E. Wride, Principal Medical Officer, Health Services.

The Committee resumed consideration of Item numbered 263 of the Main Estimates—Health Insurance Studies and Administration of the General Health Grants—Mr. Martin supplying information thereon.

At 11.30 a.m. the Committee adjourned until 10.30 a.m. Tuesday, April 10.

E. W. Innes,
Clerk of the Committee.

PROCEEDINGS

March 27, 1956.
10.30 A.M.

The CHAIRMAN: Order, gentlemen. We have a quorum.

Mr. NICHOLSON: Mr. Chairman, when we concluded the other day I was commenting on the distribution of medical services across Canada. I am indebted to the minister for bringing me up to date, and for showing the distribution according to provinces. I just received this morning from the department—through an oversight the department did not give me this latest document. They did give me the red book which is out of date.

Hon. Mr. MARTIN: Do not blame the department for that.

Mr. NICHOLSON: It was an oversight.

Hon. Mr. MARTIN: It was no oversight. Every member of parliament was sent a copy of that. I have checked the list and I find that the Right Hon. Sandy Nicholson was included.

Mr. NICHOLSON: Well, it did not reach me, Mr. Chairman.

The point I want to make is: that while the doctors coming out of the services came back into civilian work, they continued to concentrate in the most attractive areas in Canada.

Newfoundland has come into Confederation since then. Newfoundland is now on the bottom of the list instead of New Brunswick. Ontario has taken the place of British Columbia at the top of the list. While we have more doctors per thousand, we still have a distribution across the country which is disturbing.

Hon. Mr. MARTIN: Which is what?

Mr. NICHOLSON: It is disturbing.

Hon. Mr. MARTIN: Well, I think that the correct way of saying that, if I may interpolate, is that this question of distribution of professional skills is not something that is troublesome only in Canada and the United States, but, it is typical also of those countries where there are now in existence insurance schemes.

Mr. NICHOLSON: Quite right; but when the war broke out we found that in 1941, of all of the young men of military age who were called up, 44·1 per cent were rejected because they did not measure up to the standards we had at that time.

Hon. Mr. MARTIN: I think it should be noted at once that our standards were very high.

Mr. NICHOLSON: Quite so, but not too high.

Hon. Mr. MARTIN: That statement is continually repeated, and the belief created that the people of Canada and the United States are less healthy than other countries. The fact is, our standards are higher than most countries.

Mr. NICHOLSON: Well, at any rate those were the standards we had in 1941; 44·1 per cent were rejected because they did not measure up to the standards we had at that time. Now, that becomes a national problem. Now, the chairman will be able to support me. Some 35 years ago he went in to teach school in my constituency, the Hudson's Bay junction division. He was very young then. I imagine he was the only teacher within an area of 75 miles. I have not

checked this with the chairman, but his was the only school I know of that was in there. I have not checked whether there was a doctor in there. I imagine the real reason he was in there was that veterans from the first world war were settling in that area, and the department thought that was a very important area. I went there some years later, but we did not have hospital services there for at least 15 years after Mr. Tucker taught school there. Now there are over 100 teachers in the area where Mr. Tucker was the only teacher when he went there. I think the lack of hospital and medical services in that area is—as I said the other day, there are roughly 50,000 people in the Mackenzie constituency. We have 10 doctors in the constituency. There are Saskatoon and Yorkton, and other neighbouring places that serve some of our people, but, that is a ratio of one doctor per 5,000 people. I have checked and I find that in the armed services, with the cream of the people, we have a ratio of about one doctor per 400 in the navy, one doctor for 250 in the army and one doctor for 350 in the air force.

Now, the miinster can correct me if I am wrong, but it seems to me there is a very wide spread between one doctor for 250 in the army and one doctor for 5,000 where Mr. Tucker taught school some years ago. I think that that becomes a matter of national concern.

Hon. Mr. MARTIN: Mr. Nicholson, may I say that since you intervened last week, I have had a chance to look into your particular area. What you say is true. There will be no quarrel with those facts, and the conclusions you draw. But, I think the important thing is to recognize that, notwithstanding that there is in existence a health insurance scheme in the province covering that area,—although the medical care plan does not cover that particular area,—you still have the problem. One should not draw too firm a conclusion from my observation, any more than from the statement you made.

Mr. NICHOLSON: The point I am trying to make is that because of the provincial program we have had an improvement in the last 10 years. If it had not been for the assistance that the province gives by way of grants—there are six of the ten doctors who are on a contract program with the municipalities in cooperation with the provincial government. So, we have six extra doctors in the area, but, it still works out at one doctor per 5,000.

Hon. Mr. MARTIN: Yes. I am sure, if the diagnostic services program is carried on, that that will play a very important part in, not solving, but helping to resolve this problem. When they set up the diagnostic and radiological service program in rural Manitoba, one of the purposes was,—and, one of the achievements has been,—a better distribution of professional skills. This is one of the reasons for this particular phase of the program.

Mr. BLAIR: Before Mr. Nicholson reads this, may I ask him where he got that 44·1 statistic? That seems to be unusually high.

Mr. NICHOLSON: Yes, that is unusually high. It is found in *Hansard* for November 11, 1941.

Mr. GAUTHIER (*Nickel Belt*): Who made that statement?

Mr. NICHOLSON: Judge Thorson, when he was minister of national war services, placed a table before parliament that day. The chairman, Mr. Martin and I were the only people who were here at that time, but you will find that in *Hansard* for November 11, 1941.

Mr. BLAIR: If my memory serves me correctly, I think the allowance for that was about 15 per cent, not 44·1.

Mr. NICHOLSON: I did not bring *Hansard* along, but the table is there showing the percentage for the districts, a, b, c, d and so on across Canada. I am sure the minister will confirm the figures. I checked them last night.

Hon. Mr. MARTIN: I said there was no quarrel, as far as I am concerned, with your figures. But I said that your deduction was an improper one. It suggests a standard of ill health that is not true. It was largely because the standards themselves were very high.

Mr. NICHOLSON: Well, quite so, but those standards were set up by the medical—

Hon. Mr. MARTIN: And also, the 40 to 45 per cent rejection rate was due, in addition to this, to the fact that it was largely based on army figures of rejections more than air force and navy.

Mr. NICHOLSON: I did not bring *Hansard* along, but, Judge Thorson placed an extensive table before us, which is available on page 4277 of *Hansard*, 1941.

Hon. Mr. MARTIN: But, there should be no quarrel between you and me on this issue. What we are all anxious to do is to have higher standards.

Mr. NICHOLSON: Quite so.

Hon. Mr. MARTIN: All I am suggesting is that we should not draw deductions that will give a wrong impression.

Mr. NICHOLSON: Well, I think the logical deduction I am drawing is, one doctor per 5,000 people in the Mackenzie constituency means that many of the ill people are unable to get the medical care they should have.

Hon. Mr. MARTIN: Well, what do you suggest?

Mr. NICHOLSON: Well, I suggest that we proceed to establish a national health insurance program that will give the frontier parts of the country a better percentage of the medical services now—

Hon. Mr. MARTIN: But, that is exactly what we are seeking to do.

Mr. NICHOLSON: Yes, but I do not want to be dead by the time it comes.

Hon. Mr. MARTIN: Well, what you want us to do is, to do something overnight, ignoring the cost factors, ignoring the position of the provinces, with the result that you will defeat your purpose.

Mr. NICHOLSON: No, not at all.

Mr. BLAIR: Before you leave that, going back to this 44·1 to all intents and purposes a lot of those people were physically fit.

Mr. NICHOLSON: They did not measure up to the standards.

Mr. BLAIR: No, but if I remember rightly—I did a lot of examinations and I was on medical boards during the war, and Dr. Robertson will correct me if I am wrong—for instance, if a man had a history of sinus trouble he was out.

Hon. Mr. MARTIN: That is right.

Mr. ROBERTSON: Particularly if he had a hernia he was rejected.

Mr. BLAIR: What I am saying is, he was fit. It was just his history, that was all. He was as fit as any medical plan could make him.

Mr. NICHOLSON: But, it is still true, that 209,000 Canadian lads in the prime of life—

Hon. Mr. MARTIN: No, Mr. Nicholson, Dr. Blair has raised a point, and although he has not directed himself to your last observation, I agree with what he said. He could have also pointed out that the figures were somewhat enlarged because the same individuals would be counted several times in the rejection lists, having applied not only in the army but, as well, in the navy and air force and so on. As for the point you are now making, that in the armed forces there are more doctors per thousand than there are in your constituency. I am asking you what is your suggestion?

Mr. NICHOLSON: Yes, I want to answer that. I made the two points: that it is a national problem, when out of 209,000 young lads in the prime of life—when the country is in danger—44·1 per cent cannot get into "A" category. That becomes a national problem, because the defence of Canada is involved, and, that is a very large percentage. Now, I am not saying they are not able to be farmers or that they are not able to do something; but that is a very large percentage.

Hon. Mr. MARTIN: But, you must bear in mind what Dr. Blair just told you.

Mr. GAUTHIER (*Nickel Belt*): He was not listening.

Mr. NICHOLSON: They were not in "A" category.

Mr. BLAIR: Yes, but your national health scheme, no matter how it is run is not going to change that condition. A man can have a sinus—as I have suggested, and Dr. Robertson confirmed it—a man can have a sinus and be perfectly fit three or four months later, and always will; or, he can have a hernia, or can be—

Hon. Mr. MARTIN: Or have flat feet.

Mr. BLAIR: Well, flat feet puts him out for all time. That is a disability. You are not recognizing the debilities that have been corrected. It does not mean that a health scheme is going to be of any benefit. Their disabilities have already been corrected.

Mr. NICHOLSON: Well, I think, doctor, you will agree with me that in my constituency, when we have been able to increase our ratio from one doctor to 10,000 to one doctor to 5,000, we have made some progress.

Mr. BLAIR: Yes.

Hon. Mr. MARTIN: Mr. Nicholson, I would like to help you in doing that very thing.

Mr. NICHOLSON: Yes.

Hon. Mr. MARTIN: I would do so by suggesting to you that the proposal which is now before the provinces would give the province of Saskatchewan $9·2 millions that it is not now receiving. They can use that money to meet such situations, as you mention.

Mr. NICHOLSON: Quite so.

Hon. Mr. MARTIN: So that it was not fair for you to suggest we would have to wait until eternity to get some results.

Mr. NICHOLSON: I am giving the minister full marks.

Hon. Mr. MARTIN: I do not want full marks; I just want you to address yourself objectively to the scheme.

Mr. NICHOLSON: Yes. That is what I want to do. I want the minister to say this, and I want him to continue to give leadership—

Mr. GAUTHIER (*Nickel Belt*): Well, let us get on with the items.

Mr. NICHOLSON: Well, Mr. Chairman, I suggest that if the honourable member is not interested, he might have other things to do.

Mr. GAUTHIER (*Nickel Belt*): I am interested in the whole health program across the country.

Mr. NICHOLSON: I think if the member does not want to listen he is quite at liberty to go along, Mr. Chairman.

Hon. Mr. MARTIN: Have you got a cigar there, Mr. Nicholson?

Mr. NICHOLSON: I think that the fact that we have been able to improve the medical services as a result of the fact that the provincial government and others give grants to some of these communities and to those who are very critical of the doctors who work on a salary basis, I want to tell you of the

young doctor who comes to an area like mine, comes right out of college and starts earning on the basis of around $10,000 or more. They get excellent experience, they do an outstanding job. One of the doctors who is on contract, was an outstanding hockey player in McGill University thirty years ago. He is so enthused about the cooperation of the people that instead of coming back to centres like Montreal at twice the salary, he stays on with his people to give them the best health service that he knows how to do, and the people on the whole are very well satisfied. I want to say that the figures that the minister used the other day, which might appear to be pretty large, regarding the over-all costs of a comprehensive national health scheme, as the member from Eglinton was kind enough to establish, the amounts that were suggested in the Green Book now that would have to be raised. But I think collectively we are paying a great deal now; and to give us the over-all picture. I think the amount that the minister would have to put down as the cost now should not stagger us. I find that our liquor bill, for example, is $865 million per year and the tobacco bill though not quite so high, is $475 million.

Mr. FLEMING: Does that include the minister's cigars?

Hon. Mr. MARTIN: I asked Mr. Nicholson for a cigar and he ignored my remark.

Mr. FLEMING: He was giving you the figures on cigars instead.

Mr. NICHOLSON: If we are prepared to spend over a billion dollars a year on these two items alone, liquor and tobacco, we should be able to work out a plan so that we can have the best medical, hospital and dental program that our doctors collectively can supply. Some of these figures that I have in the field of t.b. health proved conclusively what outstanding results you get over a period of 25 years when you attack a problem of that sort with some imagination. I find that for Saskatchewan, for example and again, our government does not take the credit for this. The Conservative and Liberal governments have pioneered the way in giving free and complete care to all tubercular patients. As a result, we now have by far the lowest death rate in Canada. The cost is a bit higher in Saskatchewan as compared with Manitoba. We are paying $8.06 per day as compared with $5.85 in Manitoba. As a result of the additional money we are paying in to our t.b. program in Saskatchewan, we have a death rate about half as high as Manitoba's death rate.

Hon. Mr. MARTIN: I am not going to take anything away from what Saskatchewan has done, because I think Saskatchewan and Manitoba have both done a very excellent job. But, without trying to apportion the credit to any one level of government I think we should recognize that perhaps the most significant fact in the curtailing of the tubercular rates has been the use of streptomycin, and the federal government pays the entire cost of streptomycin in all provincial sanitoria. I think that is a very important thing to remember.

Mr. NICHOLSON: Again I will give the minister full credit.

Hon. Mr. MARTIN: No, I am not—

Mr. FLEMING: Give some of the credit to the taxpayers, the federal Parliament and all political parties.

Hon. Mr. MARTIN: Yes, that is right.

Mr. NICHOLSON: I am giving the minister credit for everything he has done.

Hon. Mr. MARTIN: No, no.

Mr. GAUTHIER (*Nickel Belt*): Let us get on with this.

Mr. NICHOLSON: But, Mr. Chairman—Mr. Chairman, I suggest that those members who want to get on, let them get on. I think until the chairman calls me to order I have a perfect right to ask the questions that I am about to ask.

Mr. GAUTHIER (*Nickel Belt*): You are not asking questions, you are talking all the time.

Mr. NICHOLSON: Well, if the chairman thinks I am not in order, I am sure he is quite competent to call me to order. He does not require advice from the hon. member who is so impatient to go somewhere else.

Hon. Mr. MARTIN: The t.b. death rate, by the way, Mr. Nicholson, is lower in Ontario than Saskatchewan.

Mr. NICHOLSON: I am sorry, Mr. Chairman, what page are you quoting from?

Hon. Mr. MARTIN: I am just giving you—

Mr. NICHOLSON: Will you give me your source, please?

Hon. Mr. MARTIN: Yes, we will give it to you.

Mr. NICHOLSON: What is the document?

Hon. Mr. MARTIN: We will have it later.

Mr. NICHOLSON: Well I have the Bureau of Statistics' figures here.

Hon. Mr. MARTIN: For what year?

Mr. NICHOLSON: Well, these are the latest.

Hon. Mr. MARTIN: For what year?

Mr. NICHOLSON: 1954.

The CHAIRMAN: Mr. Nicholson—Mr. Fleming has been wanting to get some information, and I wonder if we can break into your questioning in order to give the minister an opportunity to give Mr. Fleming the information he wanted, and then he can be looking at it in case he wants to ask some questions later on.

Mr. NICHOLSON: Certainly.

The CHAIRMAN: So, if you wish to put those answers on the records, Mr. Martin—

Mr. FLEMING: Mr. Chairman, I think it is a statement of figures that the minister is going to read.

Hon. Mr. MARTIN: No, you have asked for some figures. I am going to give them to you with my comments.

Mr. FLEMING: Can we have copies?

Hon. Mr. MARTIN: We have not got copies but, I think if we put them in the record you can have a chance to look at them for our meeting tomorrow.

I was asked by Mr. Fleming a number of questions; first he asked how much of the federal contribution of $182·5 million to the hospital insurance and diagnostic services scheme in all 10 provinces would be off-set by possible savings in expenditures which are now being made by the federal government. Now, the answer to that question is $12,250,000. That is to say, the additional amount of new money to be provided by the federal government is in the order of $170 million.

Now I would like to explain this further. The federal share of the federal-provincial hospital services and diagnostic services program is estimated, in the first year, at $82·5 million, less this figure that I have just quoted, $12,-250,000, which represents the possible off-sets to the federal government. That leaves an additional sum to be provided by the federal government in the amount of $170,250,000.

Mr. FLEMING: If all the provinces come in?

Hon. Mr. MARTIN: If all the provinces come in. Now, it might be useful to give a breakdown of how we arrive at the $12,250,000 which, by the way, in relation to the $182 million represents a relatively small proportion—I would have thought it a little higher. Our total Indian health bill is over $17 million.

Most of that, of course, is for T.B., mental health and other health care, and would not be covered under a health insurance scheme, so that we estimate the off-set figure for hospital services provided to Indians and Eskimos under the hospital insurance plan would be $4 million.

Mr. FLEMING: $4 million out of the $12¼ million?

Hon. Mr. MARTIN: Yes, and also $4 million out of the $17 million. Sick mariners—$250,000.

Now the next figure—

Mr. KNOWLES: Is the $250,000 off-set?

Hon. Mr. MARTIN: Off-set.

Mr. FLEMING: That is $250,000 out of the $12,250,000?

Hon. Mr. MARTIN: Yes. I am trying to explain how we arrived at the figures $12,250,000.

Now, the next figure is a guess, because I do not know that it will be as big as this; but we have put it down at, certainly, the maximum figure. That is hospitaliation and diagnostic services provided under existing health grants. We now have a radiological and diagnostic service grant, and I am quite satisfied that if we get this cooperative dominion-provincial scheme in existence we will be able to curtail, if not the entire grant, at least a portion of it, because it will be a needless duplication. I put that figure at $3 million, but I am sure that is high.

Mr. KNOWLES: Before you leave that, Mr. Martin, for purpose of clarity may I ask this question: when you started to define it you said "hospitalization and diagnostic health grants".

Hon. Mr. MARTIN: Yes. Well, some of the diagnostic services occur in hospitals.

Mr. KNOWLES: Yes, but as you define the grant for diagnostic care—

Hon. Mr. MARTIN: It is a diagnostic and radiological services grant which was introduced about two and a half years ago.

Mr. KNOWLES: Is $3 million the total amount?

Hon. Mr. MARTIN: I think $3 million is high. $3 million is the off-set.

Mr. KNOWLES: Well, perhaps you can do the same thing you did with respect to the first item; tell us what is left?

Hon. Mr. MARTIN: You mean what is left of the $12 million?

Mr. KNOWLES: No, the $3 million is off-set. It is $3 million out of what?

Hon. Mr. MARTIN: $3 million out of the radiological-diagnostic services grant.

Mr. KNOWLES: What is its total?

Hon. Mr. MARTIN: It is over $5 million, but in addition to the diagnostic service grant some of the off-set comes out of the cancer control and other health grants.

Mr. KNOWLES: Well, Mr. Martin—

Hon. Mr. MARTIN: But, for our purposes it is not necessary to go into this detail. These are just estimates which I think are high.

Mr. KNOWLES: Well, I thought it would be useful, Mr. Martin, if you had given, with respect to these other items, the same two figures that you gave with respect to the first one. On the Indian and Eskimo bill you said it was now $17 million and there would be $4 million off-set out of that $17 million.

Hon. Mr. MARTIN: Well, the sick mariners bill is $1 million.

Mr. KNOWLES: All right, give us the same figure with respect to this $3 million.

Hon. Mr. MARTIN: And the other is $6,250,000.

Mr. KNOWLES: Thank you.

Hon. Mr. MARTIN: Then we have, in addition to that, to make up the $12,250,000 an allowance for possible other savings of $5 million. Now, this again is a high estimate. We deliberately added that to the other figures so that we would be on the safe side. Roughly speaking our total off-set would be $12,250,000.

Now, Mr. Fleming's second question was, how much of the total provincial contributions of $182.5 million to a hospital insurance-diagnostic services scheme in all of the 10 provinces would be off-set by possible savings in expenditures which are now being made by the provincial governments. He also asked that this be shown by provinces.

Mr. FLEMING: If possible.

Hon. Mr. MARTIN: Yes, well I can now. The answer to this question is $128 million inclusive of provincial and municipal payments, and provincial hospital insurance payments in some provinces. I would suggest that I be allowed to complete this and put it on the record so that all members of the committee can have a chance to study carefully what I am saying now—because this is important.

The significance of the figures I have just given is that the additional amount of new money to be provided by the provincial governments taken as a whole is in the order of $55 million, or about $1 for every $3 of new money to be provided under this scheme by the federal government.

In fairness I would like to point out that in the case of three provinces, Newfoundland, Saskatchewan and British Columbia, there will be actual savings to those provinces, since they are already spending more than the provincial share under the proposed formula.

For the other seven provinces, as I shall indicate in greater detail later, the total amount of new money which will have to be raised is in the order of $75 million or, in other words, about $1 for every two-and-one-third dollars to be provided by the federal government.

Now, I would like to break that statement down into detailed figures for the benefit of the committee.

The estimated provincial share of the proposal made by the Prime Minister and announced in the House of Commons on the 26th of January last is $182·5 million. As against this are the following off-sets: first of all, the money now being paid by the provinces themselves amounting to $100·5 million. Before I go on to the second off-set, I should say that when I say "the moneys now being paid by the provinces", this includes payments from general provincial revenues now, in all provinces and, in addition, payments made by provincial hospital insurance administrations in certain provinces.

Then, it is also less the second off-set,—the money now being paid by municipalities, totalling $27·2 million. The total off-set therefore is $127.7 million. So that the additional sum to be raised by the provinces collectively is $54·8 million.

Now, the estimated distribution of this amount is as follows: the following provinces will have to raise collectively $74·7 million: Prince Edward Island, $300,000; Nova Scotia, $2·4 million; New Brunswick, $2·0 million; Quebec, $27·4 million.

Mr. FLEMING: What was that, $27 or $37 million?

Hon. Mr. MARTIN: $27·4 million.

Mr. FLEMING: $27 million?

Hon. Mr. MARTIN: $27·4 million. Ontario, $36·1 million; Manitoba, $5·7 million; Alberta, $800,000. Now, from this $74·7 million we must deduct $19·9 million in the case of the following provinces: Newfoundland, $1,800,000; Saskatchewan, $9·2 million; British Columbia, $8·9 million. So that the net additional amount to be raised by the provinces is $54·8.

I should add that in the case of Newfoundland, Saskatchewan and British Columbia, where hospitalization plans are either wholly or partially in operation, the cost to the provinces will, under a joint federal-provincial plan, be less than they are at the present time when the costs are fully met by the provinces.

Mr. Fleming asked me a third question. He asked for a similar "before and after" balance sheet or ledger, in the case of the individual. This is more difficult, of course. In the final analysis the individual will be paying the total cost before and after the scheme is introduced. The difference is that he will be paying most of it in the future through taxes and premiums, whereas now he is paying most of it through taxes and voluntary insurance premiums and direct payments at the time of the hospitalization. There can be no doubt that these schemes are paid for—no matter what scheme you have, whether it is the current practice or a new scheme proposed and devised for the same group—It is paid by the people.

At the present time, with no program in existence in most provinces, we estimate that individuals, either directly at the time of service or through voluntary insurance plans will make payments out of their own pockets in respect of hospitalization of the order of $200 to $225 million.

Those are our estimated present hospital expenditures through individuals.

Now, assuming the existence and operation of a plan of hospital insurance in 10 provinces, financed by taxes and premiums, it is estimated that these personal payments will be reduced to approximately $50 million.

Mr. KNOWLES: By or to?

Hon. Mr. MARTIN: To.

These payments would cover such things as the additional cost of private and semi-private accommodation and other expenses and items not covered by the plan. We cannot of course make any estimate or allowance for possible co-insurance or deterrent charges which provinces may decide to impose. We have however, made allowances for the increased demand for hospitalization which is expected to follow the inauguration of a plan and we have also—assumed of course the existence as part of that plan of a program of laboratory and diagnostic services. The total hospital bill presently paid by individuals, as I say, is estimated at $200 to $225 million. The total medical bill which, of course is not covered or contemplated to be embraced by the proposal made by the federal government is somewhere in the neighbourhood of $3 million.

I think those were all the questions.

Mr. FLEMING: Yes. Thank you very much.

Hon. Mr. MARTIN: I suggest that it will be seen that the conclusion to be drawn from all of this is that both of the senior levels of government will have offsets. The federal offset will be only of the order of $12 million. The provincial offset is much more considerable. The result is that, in terms of the new money which has to be found, it is $3 of federal money to every $1 provincial. So that the federal government is not by this scheme embarking in any way on a program that is going to relieve it of any substantial portion of its present costs. I am not saying that to suggest that our approach to this is too generous to the provinces; indeed I would like to indicate that it represents for the provinces too a very considerable undertaking. At the same time it represents for the federal government a very major assumption of responsibility and one which we did not decide to embark on without the greatest care.

Mr. FLEMING: If the minister has completed his statement, Mr. Chairman, there are just one or two questions I would like to ask and they relate to the second matter, namely, offsetting items in the provincial ledger balance. The figure of $27·2 million has been given now as the municipal contribution.

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: I take it that the view of the department is that however that offset is handled as between the provinces and municipalities in future is a matter for the province to decide?

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: The other question relates to the position of the $19·9 million that arises in the case of the provinces Newfoundland, Saskatchewan and British Columbia. Will the minister enlarge a little on that, as to what the position of those provinces is going to be in relation to the several amounts respectively designated to them?

Hon. Mr. MARTIN: That will be up to them to decide, what they do with the money.

Mr. FLEMING: They will receive the money in any event?

Hon. Mr. MARTIN: Yes. We feel, and I think rightly so, that we could not make grants to those provinces, representing a minority in number and a minority of the Canadian population, who now have in existence schemes of hospital insurance—Alberta, Newfoundland, Saskatchewan and British Columbia. But, by the same type of reasoning, assuming the acceptance of the present federal program in a majority of provinces representing a majority of the people, we cannot very well, in fairness, or on any other standard, deny to those provinces that have schemes the benefits of the proposal that is now put forward. So that Saskatchewan would have on the positive side some $9 million, British Columbia, $8·9 million, Newfoundland, $1·8 million and Alberta $800,000. It will be up to them to do what they feel they should.

Mr. FLEMING: Well, it is evident that the plan will naturally—

Hon. Mr. MARTIN: Correction. In the case of Alberta, they will be short that $800,000.

Mr. FLEMING: Yes. It is to be expected, then, that the plan would, in the first instance, be immediately attractive to those three provinces in view of the relatively favourable position they were going to hold in this money balance?

Hon. Mr. MARTIN: You say it will be favourable to them. Well, I should think so, although the fact is that we have officially heard from only one province.

Mr. FLEMING: That is what I was coming to.

Hon. Mr. MARTIN: Now, I do not want anyone to misconstrue that. I am not suggesting that the other provinces are not interested. I am sure that Saskatchewan for instance is interested in this scheme. I am sure that Alberta is interested in this scheme. I say "sure": I am not sure: I do not know, but I am assuming that they have other considerations. I imagine in the case of Saskatchewan the Indian factor is a matter they want to consider carefully. In Alberta, their present coverage is only about 70 per cent, which also means the assumption of the responsibility for Indians, and I suppose they are giving consideration to these things.

Mr. FLEMING: Well, of course the point I want to bring out is, that the plan at the outset will have very attractive features on the financial side for these three provinces in view of the respective positions. The financial features are more attractive to these three provinces at the moment than they are to the other seven.

Mr. KNOWLES: Because they have gone ahead with this type of thing.

Mr. FLEMING: Quite correct, the reasons are there. But it would not be unnatural to expect that the first favourable reaction would come from them. You have had an indication from the premier of British Columbia. The minister was going to see about laying before the committee the communication from the premier of British Columbia in regard to his acceptance. While we are on this, I would just like to direct attention to the fact that Saskatchewan which, probably, in proportion to population, has most to gain from this, is considering the matter and studying it. I draw attention to that, not because of any criticism. I think the governments of these provinces should rather be commended because of the fact that they are giving very careful consideration to it. But I commend that thought to the members of this committee, particularly the two C.C.F. members who wanted statements put on the record at once, before the committee had heard all the aspects of the plan and gathered all the information in regard to it. They have the example of the province of Saskatchewan which is considering the plan now and studying it, and doing so properly. That I think is an example that might be commended to these two honourable gentlemen, who were very ready with their criticism of members of this committee who were not prepared to rush in and make comments before they had all the facts given to them. I have no more to say on that subject, Mr. Chairman.

Mr. KNOWLES: Mr. Chairman—

The CHAIRMAN: Does anybody wish to ask any question, then to further deal with this, before I go back to Mr. Nicholson?

Mr. KNOWLES: Mr. Chairman, may I just make one comment on what the minister has said regarding the off-sets. I have in mind particularly his statement that more new money has to be found at the federal level than at the provincial level. He and I will agree that in the last analysis that is not new money. In the last analysis this is a re-channelling of the people's money through the government scheme, rather than by direct payment to hospitals. It is our viewpoint that if more of that re-channelling is done at the federal level than at the provincial level, that is a good thing, the reason being that the federal government is in a better position than are the provincial governments to raise money by means of taxation according to ability to pay. In other words, Mr. Chairman, this is just one of those occasions when I offer a favourable comment on the picture the minister has given.

Hon. Mr. MARTIN: Yes. First of all I gave the total current hospital expenditures from individuals as $200 million to $225 million. Now, the fact is that while it may be a re-channelling, we ought to emphasize at the same time that it does mean for the government that they have to resort to new levies to achieve what we are seeking to achieve. True, it is not a new situation, but it is not altogether correct to simply say it is re-channelling. It is that, but it is much more than that.

Mr. KNOWLES: Well, to the extent that the increased burden lies heavier on the federal treasury than it does on the provincial treasury, we are able to carry out that much better the principle of paying for this aspect of health care according to ability to pay.

Hon. Mr. MARTIN: Yes, but surely it also demonstrates how wise it is to go at these things in stages and not as Mr. Nicholson—and I know with the best of intentions—said, "Well, let us do it all at once".

Mr. KNOWLES: He just does not like the minister's statement that we should not rush into these things over night.

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: Because it has been a long night already.

Hon. Mr. MARTIN: Well, if it is going to be realized, Mr. Knowles, it is because the government, the present government—and I am saying this seriously—has been very careful in its assessment of its capacity to meet the costs involved; and primarily, it has taken into consideration what Mr. Nicholson completely overlooks, that in a federal state you must have the provinces with you. We could not do this by ourselves, financially or otherwise. This is the first time in the history of Canada that we have reached a stage where it is possible to hope that in this matter of health insurance we will have all the provinces with us. This is the first time, and that should not be overlooked.

Mr. NICHOLSON: Mr. Chairman, I was not suggesting that the minister should barge in and force this on the provinces. All I was suggesting is that his department should be giving more leadership in trying to get an agreement.

Hon. Mr. MARTIN: Well, Mr. Nicholson, when I am criticized by those of the right that I was going too fast, and by you that I am not going fast enough, I am sure that the middle road which we are following is the right road.

Mr. NICHOLSON: I now have—

Mr. KNOWLES: Sitting on the fence has its dangers.

Mr. NICHOLSON: I now have the tuberculosis statistics before me, from the Dominion Bureau of Statistics. I should say that the minister's statistical bureau, in many cases, is much kinder to the Saskatchewan set-up than the federal bureau.

Hon. Mr. MARTIN: We are influenced by your personality.

Mr. NICHOLSON: I beg your pardon?

Hon. Mr. MARTIN: We are influenced by your personality.

Mr. NICHOLSON: On page 118—by the way, I should mention that there has been a very good performance in Saskatchewan since these records were started in 1937. The death rate per hundred thousand for t.b. in Canada has dropped from 49·8 to 8·2. Now, that is very good performance. Here are the latest figures by provinces for 1954. The over-all for Canada 8·8. Now the provinces: Newfoundland, 21·4, P.E.I., 5·7, Nova Scotia, 9·5—

The CHAIRMAN: Mr. Nicholson—

Mr. NICHOLSON: I am sorry. Yes.

The CHAIRMAN: If you want these figures on the record you had better go slower.

Mr. NICHOLSON: Perhaps I will give the reporter—

The CHAIRMAN: Let us start them again.

Mr. NICHOLSON: 8·8 for Canada and 21·4 Newfoundland; P.E.I., 5·7; Nova Scotia, 9·5; New Brunswick, 8; Quebec, 13·1; Ontario, 5·5; Manitoba, 6·8; Saskatchewan, 3·4; Alberta, 4·3; and British Columbia, 9.0. Now, according to these—

Hon. Mr. MARTIN: You have got the figures for 1954. We will soon be able to give you the 1955 figures.

Mr. NICHOLSON: Mr. Chairman, I will be surprised if there is any more variation, because these figures have been good since 1937. I would be surprised if Ontario in one year—

Hon. Mr. MARTIN: Have you got the 1953 figures there?

Mr. NICHOLSON: Yes, they are here.

Hon. Mr. MARTIN: I think you will find Ontario ahead of Saskatchewan.

Mr. NICHOLSON: Yes. Something happened in 1953—5·5 in Ontario and ours was 6·7 in Saskatchewan. That is the previous year; but over the years Saskatchewan has had a very good record.

Hon. Mr. MARTIN: Yes. I will simply say this, Mr. Nicholson, that I think the tuberculosis control programme in this country is an excellent one. All levels of government—mostly provincial because it is their responsibility—have done a tremendous job in this control. But the moneys provided by the federal government for the use of streptomycin have also been a material factor. But, I do not want to let this occasion go without saying two things about this programme: I think that if the present teamwork prevails between governments and voluntary organizations,—the Canada Tuberculosis Association, that has done a tremendous job—if that work prevails, in the next decade or so we might see almost complete victory over tuberculosis.

Having said that, however, no one should let his guard down. The incidence of t.b. is still very high, and the chest x-ray programme, and the programmes of the provinces that are under way, through governments and voluntary bodies, must be pursued relentlessly if our objective is to be achieved. But it does show what can be done by concerted efforts.

Mr. NICHOLSON: Quite so.

Hon. Mr. MARTIN: For instance, under our Indian t.b. program, I remember when I first came into this department I was staggered by the projects that were before me for hospital construction. I think the total Indian health budget at that time was a little over a million dollars,—about 9½ years ago.

I had projects before me that would raise it materially. We were going to build a big hospital up in James Bay. There had been a commission headed by Dr. Vivian, the former minister of health in Ontario, Dr. Tisdale and several others, with Carnegie money. That reflected the condition in the James Bay district, which was very serious. Then there was a project for building a hospital at Sioux Lookout, a 250-bed hospital just for Indians with t.b., and at Nanaimo. Then there was the construction of a 350-bed hospital in Edmonton, the Charles Camsell hospital. That whole programme, as I said earlier, now costs us $17 million annually; but as the result of the doggedness of Dr. Cameron, our deputy minister on the health side and Dr. Percy Moore, who so eloquently portrayed this situation, and as the result of that hospitalization programme among the Indians, the Indian reduction in t.b. has been quite amazing. It is due largely to that programme of hospitalization and the use of streptomycin and B.C.G.

I should like to pay tribute today to Dr. Frappier of the Institution of Microbiology at the University of Montreal, for his outstanding service to humanity. As a result of his work in the application of B.C.G. to our Indian population, this programme has had an exemplary effect all throughout the world.

Mr. NICHOLSON: I do not want to quarrel with anything the minister has said. I merely point out that in 1937 we had a death rate of 49 per hundred thousand, and as a result of spending some money in this field, and the programmes adopted we have made very good progress. I would like to mention that since the federal government came into this field in 1948 our death rate in Canada has dropped from 31·4 to 8·6, which suggests that if you tackle the general problem of illness with a little more imagination and supply a little more money that we will get equally effective results in the other fields.

Hon. Mr. MARTIN: You are talking to the converted, you know.

Mr. NICHOLSON: No, no, not all.

Hon. Mr. MARTIN: I do not quite understand what the issue is between you and me. I do not think anyone in this room does.

Mr. NICHOLSON: This leads me to my next point, where I am going to offer some real criticism of the minister. I now come to the field of mental health where I want to be very critical of the minister.

Hon. Mr. MARTIN: You could not be critical of anybody; you are too kind hearted.

Mr. NICHOLSON: When we met on Friday, March 16, in answer to a question by Dr. Blair, the minister was good enough to place on the record a letter from Dr. Griffin. We were not too sure why he put it on, but there was one interesting—

Hon. Mr. MARTIN: May I say to you, I regret that I put that on, because it was a personal reference, and I did not realize that. I thought he was praising the department and not me. If it could be taken off, I would be very happy.

Mr. NICHOLSON: The last sentence was "I am certain they will join with me in expressing once again appreciation for the magnificent work you have done and are doing in Ottawa, and gratitude to you for this letter".

Mr. NICHOLSON: Dr. Griffin was merely saying what everybody knows,—what a great man the Minister of Health and Welfare is.

Hon. Mr. MARTIN: Well, that is generally the view, but I should not have put that letter forward.

Mr. NICHOLSON: I am now wondering if the minister will put on the record —why is the minister so modest today?

Hon. Mr. MARTIN: I am tired.

Mr. NICHOLSON: Would the minister now put on the record the letter he wrote to Dr. Griffin?

Hon. Mr. MARTIN: Yes. I am glad you are asking me that, because that is a very important document.

Mr. NICHOLSON: Would the minister care to read it in now?

Hon. Mr. MARTIN: We are getting it. We will have that in five minutes.

The CHAIRMAN: We have only one reporter covering our work this morning and he would like to have a break for a few minutes. Perhaps before Mr. Nicholson embarks on his attack we had better give the reporter a rest for five minutes.

Hon. Mr. MARTIN: I wonder if I could ask that the committee rise this morning at 12.30. Mr. Pearson is away and—

The CHAIRMAN: Yes. When we meet at 10.30 we plan on stopping at 12.30. So if the committee will just take about five minutes the reporter can rest himself a little.

Recess.

Upon resuming.

The CHAIRMAN: Order, gentlemen.

Mr. NICHOLSON: Has the minister the letter now?

Hon. Mr. MARTIN: Not yet. It will be here shortly.

Mr. NICHOLSON: Now, while we are waiting for the letter, Mr. Chairman, I notice that in "Mental Health Services in Canada" the department gives Dr. Griffin the credit for most of the work in this introduction, which I think is a very objective discussion of the problem in which he says—

The CHAIRMAN: What are you quoting from?

Mr. NICHOLSON: I am sorry. This is from the introduction to "Mental Health Services in Canada", Department of National Health and Welfare, 1954.

This paragraph I think is important. "It has been—" well, perhaps I should read the whole paragraph.

> Mental illness is Canada's most serious health problem. Over 60,000 mentally ill and mentally defective persons are patients in institutions. Between 1948 and 1952 the caseload of the public mental hospitals

showed an increase of well over 6,000 patients, while waiting lists failed to decrease significantly. It has been estimated that on any given date mental hospital patients account for almost one-half of all persons hospitalized in Canada, that they out-number patients in all public general hospitals, and that in terms of lost time, mental illness exceeds the totals for tuberculosis, cancer and poliomyelitis combined.

The minister was kind enough to pay tribute to Mrs. Davidson, who is a very outstanding person. She was in university with Mr. Tucker and myself. When she was in Ottawa some little time ago she drew this paragraph to my attention. I just could not believe that we have such a large percentage of the sick people in Canada in mental hospitals. So, in due course I put the question on the Orders of the Day; I asked for information from the minister. The Bureau of Statistics does point out that in the mental hospitals in 1953 the patient-days are 21 million. Dr. Griffin's figures are not quite accurate. If you take t.b. in the hospitals,—t.b. and mental illness,—51·27 per cent of the patient-days are in those two hospitals.

Then Mrs. Davidson gave me some figures regarding the cost which, I confess, were very shocking. Again I checked with the bureau and I found that in the public hospitals—this is for the year 1953—our costs per day were $11.29 per patient per day. In the t.b. sanatoria, t.b. hospitals, $6.25 per patient per day and in mental hospitals, $2.70. That is $11.29 per patient per day in the general hospitals as compared with $2.70.

Mrs. Davidson also mentioned that we spent a good deal more—

The CHAIRMAN: Where do you take these figures from?

Mr. NICHOLSON: These are from volume 2, hospital statistics by the bureau, page 11.

The CHAIRMAN: For what year?

Mr. NICHOLSON: 1953.

Mrs. Davidson also said we spent a great deal more on people in penitentiaries than we spent on our patients in the mental hospitals. Again in checking, I find in the penitentiaries we spent $4.34 per day, and in the federal training service, St. Vincent de Paul, where we are introducing some advanced ideas, we spent $6.53 per person per day, in the federal training school, under the Minister of Justice.

Hon. Mr. MARTIN: Are you going to explain how those figures are made up, what they are spent on, Mr. Nicholson?

Mr. NICHOLSON: In the mental hospitals?

Hon. Mr. MARTIN: No, in connection with the persons in the penitentiaries?

Mr. NICHOLSON: Well, that is the over-all cost.

Hon. Mr. MARTIN: Yes, I know; but, are you going to explain how the over-all cost is arrived at?

Mr. NICHOLSON: Well, I have not the report before me, but I would ask the minister to—

Hon. Mr. MARTIN: I do not know anything about it. I am not the Department of Justice; but I would think that is a very important thing to do, if you are going to try to draw comparisons.

Mr. NICHOLSON: No, that is the total cost to the Canadian taxpayers.

Hon. Mr. MARTIN: Yes, but, this is the same as saying for instance, that a war cost so much and a peace-time activity cost so much. In order to make deductions I think it is important to explain the details, because, the conclusion

that an unfriendly person—you are not an unfriendly person—could draw from this kind of an observation is that Canada has less interest in its mentally ill than it has in its jailed inmates. I think that is a wrong conclusion to draw.

Mr. NICHOLSON: Well, Mrs. Davidson supplied us with the brief that mentioned that up until 100 years ago there was not any difference made between the mentally ill and the criminals. They were all housed together and treated in exactly the same way. Now, we have made some progress, we have segregated them; but we spent more on people who are left in the penitentiaries.

Hon. Mr. MARTIN: I would not want that statement to go out without some challenge.

That statement was made in the United Nations once by a delegate from Byelo-Russia, and I know that Mr. Nicholson would not subscribe to it.

I remember speaking to that particular gentleman afterwards and pointed out that I could draw a similar observation about the situation in the Soviet Union. I do not think it is fair to suggest by implication that Canadians, the provincial governments and federal government and voluntary bodies of Canadian people are less interested in the mental health of their citizens than they are in the care that they give to prisoners who have violated the Criminal Code. I do not believe that is the case.

Mr. NICHOLSON: Well, why does the—

Hon. Mr. MARTIN: Forget the federal government for the moment. I know something about the work of mental care in Saskatchewan; I know something about the work in the provincial health department of Ontario. When I think of the work done by Dr. Montgomery in Ontario and formerly by Dr. McKerracher in Saskatchewan, I would not, for one,—

Mr. NICHOLSON: Has the minister ever been in a penitentiary?

Hon. Mr. MARTIN: Yes, but only as a visitor.

Mr. NICHOLSON: Well, I think Mr. Chairman, at this point I would like to ask the minister if he will arrange to have this committee visit one of the mental hospitals that is being supported, even in part, by federal funds, and give the members of the committee a chance to decide whether the quality of the care that is being provided is up to the standards that the minister believes should be available. Would the minister give that matter consideration?

Hon. Mr. MARTIN: I would be very glad to address myself to one of the provincial authorities. All mental institutions in Canada are under the control of the provinces.

Mr. NICHOLSON: Quite so, but the minister is supplying a good deal of money for—

Hon. Mr. MARTIN: Well, just a minute now. I will be very glad to address myself to the provincial authority with this request. I myself periodically visit these institutions where we make grants. For instance, last year we made a grant of $600,000 to the hospital in the riding of Dr. Blair at Smiths Falls, an institution in which he himself has been very interested. I visited that.

We make substantal grants to all mental institutions in the country. One of the ones I visited recently was the one at Whitby. I am sure that my friend would be very interested in seeing as well the workings of the Allen Memorial, to which the federal government has dedicated so much money, the center where they are carrying out psychiatric research.

I am not suggesting, and no provincial government would suggest, that we have reached the optimum level of mental health care in this country. What I am saying is this that in the past decade, the acceleration of activity in mental health control in Canada is very considerable.

Mr. NICHOLSON: On Saturday—

Hon. Mr. MARTIN: And I am sure that it would encourage the civilized point of view which my distinguished friend is describing.

Mr. NICHOLSON: On Saturday I visited the mental hospital at 999 Queen Street West, Toronto. Two of the doctors who were on the staff were kind enough to say that they were practising there because of the grants made available by the—is the minister listening?

Mr. KNOWLES: The minister should listen to this.

Mr. NICHOLSON: Is the minister listening to me?

Hon. Mr. MARTIN: I am listening.

Mr. NICHOLSON: Two of the doctors on the staff were kind enough to say that they are on the staff because of grants being made by the federal government.

Hon. Mr. MARTIN: Yes.

Mr. NICHOLSON: Would the minister look up and tell us how much we have put into this development? If the information is available I would like to have it.

Hon. Mr. MARTIN: I can give it to you right now.

Mr. NICHOLSON: Yes, the Queen Street institution.

Hon. Mr. MARTIN: We have put into that institution at Queen Street, $595,087.38. We have approved grants in the amount of $595,087.38, and the province has expended out of this, to date, $401,713. Those grants provided for aid in the construction of 141 beds. They also provided for assistance towards expanding the services, and miscellaneous projects including equipment, occupational therapy equipment and so on in the amount of $160,522.36. When I was a student at the University of Toronto in 1922 I took a course in which one of my required subjects was abnormal psychology. We used to take our classes at Queen Street under Dr. McDonough, who is since dead and who rendered such a great service in this field in 1922. I was back at that place three years ago, and I was able to see for myself the tremendous changes that had taken place. I was there again last April and saw some of the advantages that this money given by the federal government has made available.

Take for instance Prince Edward Island as a case—

Mr. NICHOLSON: No, no, let us stay at Queen Street for a minute. Would the minister tell us how much the province of Ontario has spent?

Hon. Mr. MARTIN: I have not got that figure, but I can get it. I can tell you they have spent a great deal of money.

Mr. NICHOLSON: Would the minister get that?

Hon. Mr. MARTIN: I will get that. I think some of the provinces have done a remarkable job in this field in the last decade.

Mr. NICHOLSON: Mr. Chairman—

Hon. Mr. MARTIN: I am not saying that the job has been done completely, but I do not want anything I say to be construed as a reflection upon the work of men whom I know are devoting themselves day and night to this important field.

Mr. NICHOLSON: What is the over-all expenditure at Queen Street that the minister gave a minute ago? Was it about half a million?

Hon. Mr. MARTIN: Yes, $595,000 is the amount to which we have committed ourselves, which we have made available, and the province has spent $401,712 of that. Well, you might say, why did they not spend the whole amount—

Mr. NICHOLSON: No, no.

Hon. Mr. MARTIN: There would be a good answer to that.

Mr. NICHOLSON: I want to make my point. The superintendent was not there on Saturday, but the doctors, who were, showed me around. That original hospital was started about 115 years ago, and it certainly appeared as though part of the hospital would be at least that old. Now, I think 115 years ago it would be warranted, when that was away out of the centre of Toronto, to provide a mental hospital there. But, I would imagine that the new expansion would cost at least $3 million, and the minister's contribution is something. But I do question the wisdom of putting $3 million into a hospital that was built for the mentally ill 115 years ago. It is well established that if patients are going to recover they must have a chance to get out in the summer time, to get their feet on the soil and to move around.

I want to pay tribute to the outstanding people who are in these very, very crowded quarters, and I wonder how they keep staff.

I wish the minister would ask the proper authorities in Ontario to arrange to have this committee visit the Queen street hospital so that we might have a chance to look at the quarters that were available 115 years ago and the quarters that are available now.

Now, if the minister is only paying such a small percentage in, I can understand the Ontario authorities saying, well, you are paying in so little you have no business telling us where we should build". I would consider it a very serious error on somebody's part to put $3 million into the congested Queen Street location to try to look after mentally ill people. I think that is why the federal government contribution must be more substantial. That is why I think the federal government must continue to regard this field of mental health as one of the most important, and to come up in the year 1956 and say that we are going to introduce a nation-wide hospital services program, and that we are not going to leave to the provinces decisions as to what they do for their mentally ill.

Hon. Mr. MARTIN: Well, Mr. Nicholson—

Mr. NICHOLSON: Yes.

Hon. Mr. MARTIN: The second largest grant under the national health program is for mental health. That indicates, first of all our recognition of and concern about this problem. All the provinces have not been able to use all of the moneys which we are prepared to make available to them. That should not necessarily be regarded as a reflection on the provincial administration because, until recently, the level of psychiatric professional skill was not always as high, as I am sure, even the provinces want it. It is not an easy avenue for professional skills to operate in. There are not the same inducements, perhaps; and likewise, if there has been a lack of personnel in that particular, there has been a lack of personnel also in other areas of mental health activity. I indicated, and already placed on the record, the extent to which the situation has been improved by the professional training grant provided for by the federal government.

Now, what you have been saying is basically a criticism of provincial administration.

Mr. NICHOLSON: No.

Hon. Mr. MARTIN: Well, if I may draw conclusions, that is one of the conclusions that I draw. You may not have intended that. I do not know that it is within my province, and—I say with great respect—I do not know whether it is within your province through this committee to level criticism at the provincial administration. I can take you into more than one province, and show you undoubtedly avenues where more and more could be done. I can take you right into Saskatchewan.

Mr. NICHOLSON: Quite so.

Hon. Mr. MARTIN: There would be no point in doing that. I will not turn to criticising—

Mr. NICHOLSON: If the taxpayers of Canada are going to be asked to put money into the project at Queen Street—

Hon. Mr. MARTIN: Well, I was dealing with your earlier observations first. Now, the Queen Street hospital has been there for some time.

Mr. NICHOLSON: 115 years, roughly.

Hon. Mr. MARTIN: 115 years; and the province has got to find money to do these things. Money does not grow on trees; notwithstanding what may be implied in some of your remarks, it just does not. The province has got to find money. This is true also of the federal government, or any other jurisdiction of government. But if, for instance, you were visiting Whitby, you would see a very well run mental institution. I am not suggesting Queen Street is not. If you were to visit the hospital at Smiths Falls—

Mr. BLAIR: Hear, hear.

Hon. Mr. MARTIN: Where Dr. Blair lives, you would see a very well run institution. If you were to see the mental institution at St. Thomas you would see a remarkable institution. If you were to go to the Crease clinic in British Columbia you would see an institution of the highest order. If you were to visit the new Prévost hospital in the province of Quebec you would see a great institution.

I can take you all over the country and show you institutions where there has been tremendous improvement in the last decade.

I was going to mention Prince Edward Island and, while you have not asked, let me just use Prince Edward Island as an illustration.

Mr. BLAIR: May I just suggest to the honourable member that it is not very far out to Smiths Falls, and he will probably see the finest hospital in the world.

Hon. Mr. MARTIN: Let me—

Mr. BLAIR: Let me finish.

Hon. Mr. MARTIN: I am sorry.

Mr. BLAIR: This is a hospital primarily for retarded children, and you will simply be amazed at the quality of that hospital.

Now, the provincial governments are building hospitals as rapidly as they can.

You have there one of the older hospitals. You have also got to remember that our whole thinking in regard to mental disease has changed. There was a time they simply imposed custodial care. So far as 999 Queen Street is concerned—well, some of it may be old by present-day standards, not up to date. You must remember also this, that the treatment of the mentally ill is almost a new science. From custodial care it has arrived now to a point where they discover the know-how to treat these people. A large percentage of recoveries are taking place, but I do not think it is fair to take an older hospital; visit the up-to-date hospital in the town of Smiths Falls. You can almost walk out there and see it.

Mr. NICHOLSON: I want to pay the highest tribute I can to the medical and nursing services at Queen Street; but with all due deference to the doctors, I suggest paying $3 million to a hospital that occupies a city block and has no more room to expand is an unfortunate decision to make, when we have so much land available. You have got to add to existing facilities, and make over the old buildings in the situation you have now.

The CHAIRMAN: Actually, I do not think we should spend too much time on this. It may be somewhat relevant because we are contributing some

money to it, but on the other hand I suggest that the Ontario government may spend $3 million on that—

Mr. NICHOLSON: No, that is their money, and I am suggesting that the $3 million project should have a larger percentage than half a million. I think while we are just putting in half a million, the people of Canada should see what those benefits are, and we should be able to look to the federal government to meet with the provinces and encourage them to spend more money in this field.

Hon. Mr. MARTIN: Mr. Nicholson, you think that the federal government should do this, and the federal government should do that, that the provincial government should do this and that, and your question suggests that it is not being done. It overlooks all that is being done. I would like you to remember what Mr. McLeod said on the first day of our committee. Mr. McLeod stopped in at my offices, came into the department one day before this committee was set up, and spent some very considerable time with officials going into just what was being done. I extend to you and to all the members of the committee a very sincere invitation to do likewise.

Mr. NICHOLSON: What I am asking is—

Hon. Mr. MARTIN: You have criticized 999 Queen Street. You have done that on the basis of one visit, a useful visit I am sure. But what you say here today will go out all over Ontario, and the suggestion will be that this is a terrible place. Relatives of inmates in there will take up your words and they will be concerned about them.

Mr. KNOWLES: Is not "patient" the word rather than "inmate"?

Hon. Mr. MARTIN: "Patient", yes, thank you. They will be greatly concerned. I get letters all the time from relatives who have sisters, brothers, mothers and fathers in these institutions and I know you do not want to add to their concerns.

Mr. KNOWLES: I want to emphasize that—

Hon. Mr. MARTIN: I can simply say to you, the head of the mental control division of the province of Ontario under the Minister of Health is Doctor Montgomery, one of the most devoted men in this field anywhere, and I would not want any observation this morning to be taken as indicating that he and others associated with him are not aware of this problem. They are aware; and they are doing tremendous things in connection with it. To the extent of our constitutional authority or of our authority by way of law or custom, we are doing everything we can to raise the level of these services in Canada.

I want to give you an example to support it. I mentioned Prince Edward Island a while ago, when this program began in 1948 I got a letter from the leader of the opposition, leader of the Conservative party in Prince Edward Island, Dr. McMillan, who in the field of public health in that province is recognized by all as a man who has devoted his whole life, his professional life, to the cause of public health. He asked me to come down and see if we could not do something to assist the province of Prince Edward Island in its mental health facilities.

Dr. Blair has just mentioned that there was a time in this field of mental health control when the effort was largely custodial. It occurred possibly by lack of imagination. I do not say that was the case, but possibly it was that, and the lack of funds to do the things that were required to be done.

I visited the institution which Dr. McMillan asked me to visit, and the result was that we were able—the federal government with the provincial government—to make tremendous improvements in that particular institution. I have visited it since, and the improvements are noteworthy. The same is

going on all over the country. You may be sure that provincial governments, all of them, are vitally concerned with this problem and, they are doing, I think an outstanding service in trying to meet this problem.

Mr. NICHOLSON: Yes, Mr. Chairman, I am sure that the people of Ontario are doing the very best they can with $2.70 per patient per day.

The CHAIRMAN: Mr. Nicholson, if you do not mind, I think Mr. Henry and Mr. Deschatelets wish to make some observations.

Mr. NICHOLSON: Fine.

The CHAIRMAN: Mr. Henry, do you—

Mr. HENRY: Yes, Mr. Chairman. I have attended public gatherings having to do with some of these mental institutions, and I am sure that the minister could obtain very easily statistics to indicate a very high rate of cure in the province's mental institutions of Ontario. And I think that this member, here, coming from another province, is perhaps doing a disservice to this committee, to the citizens of Canada and Ontario. I would like to have some figures placed on the record.

Hon. Mr. MARTIN: We can give you those figures.

Mr. HENRY: Because, I know for a fact, over a long period of years these institutions have been producing good results, outstanding results.

Mr. NICHOLSON: Mr. Chairman, may I ask Mr. Henry if he has ever been out to the Queen street hospital?

Mr. HENRY: I have been to the Queen street mental hospital, but, the over-all picture of Ontario—

Mr. NICHOLSON: You have been through the Queen street hospital?

Mr. HENRY: Yes, I have been.

Mr. NICHOLSON: Since the new addition was built?

Mr. HENRY: Yes. In addition to that, I want to point out, in the city of Toronto with a million people, you have to have some kind of institution of that kind to serve cases such as elderly people who are in need of immediate confinement, and you have to have an institution like that, in my opinion in a city like Toronto. The same does not apply to smaller centers in smaller provinces.

Mr. BLAIR: The member will admit that excellent work is being done.

Mr. NICHOLSON: Quite so.

Mr. BLAIR: There is excellent work being done.

Mr. NICHOLSON: Under the circumstances—

The CHAIRMAN: Mr. Deschatelets.

Mr. NICHOLSON: Under the circumstances—

Mr. BLAIR: Well, it is just an older type building, but you must admit that the province is rapidly building new institutions.

The CHAIRMAN: Mr. Thatcher?

Mr. THATCHER: The percentage of cure in the province of Ontario is quite high.

Mr. HENRY: I think they send them out from Queen street to these other centres that we open.

The CHAIRMAN: Mr. Deschatelets?

Mr. DESCHATELETS: Would it be possible, Mr. Minister to have figures showing the federal grants for each province?

Hon. Mr. MARTIN: Yes, I will be glad to. Did we not distribute the national health program report?

Mr. KNOWLES: Yes, we all have them.

Hon. Mr. MARTIN: The members have before them the national health report which contains all of this information, and, I think if the mental health section is carefully analyzed they will see the tremendous improvement made since 1948 in this field alone.

Mr. DESCHATELETS: With reference to my question, Mr. Minister; I am aware personally, of course as many others in Montreal, that we have an institution at St. Jean de Dieu which I think the minister knows very well. Is it possible to know if you have received any requests for a grant, because I know that—I was with the superintendent lately and he told me that he was receiving at least 10 to 15 requests for admission, and it is not possible to meet them.

Hon. Mr. MARTIN: Where is this?

Mr. DESCHATELETS: St. Jean de Dieu.

Hon. Mr. MARTIN: Yes. Of course, we have embarked,—as I mentioned at the first meeting,—we have embarked upon a program in the provinces through the child guidance clinics, through the psychiatric services that are now being provided in many general hospitals, through the work of the social psychiatric worker, and so on. For instance, we have a mental institution in Mr. Starr's district,—Whitby is your district, is it not—where you have in part a cottage hospital scheme. You have a number of individual buildings in an area that are contiguous to the hospital itself. The patients that are there—they have set up a scheme whereby individuals in some cases live, sleep and eat outside the institution. The psychiatric treatment and direction during their daily lves and activities and so on is performed by psychiatrists, working through the psychiatric social workers. That is a promising development and a promising experiment. I could mention many other kinds of experiments that are being devised to try to cope with this problem. I am sure, in the next decade, we will see tremendous advances in the field of mental health through programs of this sort.

For instance, I could mention the child guidance clinic in my own city of Windsor. Here an examination is made through proper psychiatric procedure of school children who are regarded as possessing certain kinds of minor emotional disturbance which, if not checked, could in their adult life cause them serious illness, and might even cause them to be confined in mental institutions. Because of the corrective measures taken during the period of early prevention in their formative years the subsequent dangers are avoided. That kind of program is being carried out now in many places in Canada. It could be considerably expanded as personnel becomes available to do the very thing which you are seeking.

We had recently, two years ago, in Toronto the World Mental Health Congress when mental health officers and specialists came here from all over the world. We had a conference in Toronto which lasted a week. My officials and I attended this conference and had an opportunity of exchanging information and arranging for visits, through provincial assistance, of these delegates. If you will look at the report of this congress you will see that in the concluding stages very high tribute was paid to the services rendered by the provincial institutions in the field of mental health today. I am not saying that all that can be done has been done; but what I am saying, knowing something of the problem, is that I would not feel it was right for me to sit here and not say strongly that all our provinces are meeting this problem with an acceleration of effort which I think is commendable.

Mr. STARR: I have a question I wish to put, Mr. Chairman, and it is this—Possibly this will answer Mr. Nicholson's concern about the particular hospital in Toronto at 999 Queen Street in respect to the cost of the buildings—Can the minister tell me the total cost of the new addition in Toronto, and the

contributions, or the amount, of the cost to the province and to the federal government for that addition? What was the total cost of that addition?

Hon. Mr. MARTIN: At Queen Street?

Mr. STARR: Yes.

Hon. Mr. MARTIN: The total cost or expenditure by the province was $3 million, and our share $150,000.

Mr. STARR: I think that gives us a pretty fair idea, Mr. Nicholson, in respect to your comment as to whether or not the federal government should, by their participation, encourage provinces to build institutions and enlarge and modernize them in every way possible and proceed to build them in areas where it gives the patients an opportunity to have the benefits of air and soil. However, you can see, by the proportion of cost, that the province must bear a heavy portion with the participation of the federal government by its grant being comparatively small.

Hon. Mr. MARTIN: That is not altogether a fair comment. The grant that we make for hospital construction is a very small portion of our assistance. Under the constitution hospitalization is a matter for the provinces. We decided in 1948 to make grants for new hospital construction of $1,000 per bed, and in the case of mental hospitals $1,500 per bed. The provinces' grant in Ontario is $2,000 per active treatment bed. Our principal activity has not been in the area of hospital construction.

Mr. STARR: I understand that.

Hon. Mr. MARTIN: Every bit of equipment that is now used, for instance, by way of occupational therapy, is paid for by the federal government. I remember—I had no experience in this field at all in my first year—I had a project on my desk under the national health programme to provide to the Whitby hospital equipment for women's hairdressing, and I said, "My goodness, what in the world is this for!" It was a quite substantial sum. There was also equipment for lathes and billiard tables. I said, "This is a department of health, not a sports centre." But I soon yearned one of the remedial measures now employed in a mental institution is to engage the patient in useful activity. For instance, in the case of women, why were they using all that equipment to give women a better hairdo? What was the purpose of that? The psychological value of that in a mental institution is tremendous. Many women are restored to good health as a result of the psychological improvement that flows from being well-groomed, learning a trade, or being given benefit of treatment and equipment of this kind.

What was a lathe for? Many a man has been restored to sound mental health as a result of the kind of occupational therapy to which he is exposed in a mental institution. I could take you to these institutions and show you men doing all kinds of work, machine work, through equipment provided under the mental health grant, all of which were measures introduced by the psychiatrist and the occupational therapist, and so on, intended to improve the mental health of the patients concerned. So my comment is that while in any given year we may have spent only $150,000, that does not take into account the true extent of federal activity and participation.

Mr. STARR: I understand that and I did not mean my comment to be of a critical nature. I just wanted to point out to Mr. Nicholson that the cost of original construction must be borne by the province, and consequently they must utilize whatever present accommodation they have to build around it; or, in other words, if they wanted to move out, the cost of construction, to replace present facilities, would be a tremendous burden at a time when other construction takes priority in the health programme of the province.

Mr. NICHOLSON: My criticism is that I think they should have got half. If this new construction cost was $3 million, the federal contribution should be $1½ million. Then, if we were putting in half, we would be in a strong position to say that I do not think this money should be spent in Toronto; we think it should go out where you have more room.

Hon. Mr. MARTIN: I do not agree with that conclusion. If we did that we would not have money to do the things we can do more effectively through research, and purchase of equipment.

Mr. NICHOLSON: You are increasing the amount for family allowances and pensions and so on.

Hon. Mr. MARTIN: Would you like to hear the letter I wrote to Doctor Griffin now?

Mr. NICHOLSON: Yes, please.

Hon. Mr. MARTIN: It might help to make you more happy. This letter is dated February 27, 1956.

Dear Dr. Griffin:

I would like to thank you for your letter of February 1 and in particular for the kind remarks which you made regarding my participation in the development of health programmes in Canada.

Since I had the pleasure of a short meeting with you and Mrs. Davidson I have had an opportunity to review the statement which was submitted to me at that time and to discuss it with some of the officials of my department. I hasten to assure you that I have every sympathy with many of the points you make regarding adequate facilities for the care of the mentally ill. I am sure you realize that all such matters receive careful consideration by myself and members of the government and the decision that mental hospitals and tuberculosis sanatoria should not be included in the hospital insurance programme was not made lightly and took into account all of the information available to us. I am sure you realize also that we have done our best to assist the provinces to develop adequate programmes for the care of the mentally ill through the national health grants and this assistance will be continued. On the other hand, the hospital insurance proposals are concerned with a somewhat different matter. The increasing costs and complexities of hospital and diagnostic services have been placing an increasing burden on Canadians when they are ill and, as you know, this is a time when most people can least afford to be faced with major financial obligations. Thus, one of the primary objectives of the federal proposal is to provide for an orderly and regular financing of the cost of hospital care and to provide a programme which will enable the Canadian people to receive services as they are needed without imposing a further financial strain on their resources at a time when they are already handicapped by illness.

We are doing our best to assist the provinces to improve their mental hospitals but, so far as the individual patient is concerned, any charge made for services received in these hospitals is nominal and no direct financial burden is placed on a patient or family because of hospitalization in a mental institution.

The Prime Minister, in replying to a question in the House of Commons recently, indicated that the matter of psychiatric patients in general hospitals is still receiving consideration and I can assure you that I am giving this matter a great deal of thought at the present time.

I would again like to express my appreciation for your visit and the opportunity to discuss these matters with you,

Yours sincerely.

Mr. ROBERTSON: Most of Mr. Nicholson's criticisms have been directed toward matters which I believe are completely under provincial jurisdiction, but I think I should draw to his attention what is being done in the field of mental health, and particularly the leadership being given by the dominion government.

Prior to the inauguration of a national health programme in 1948 I believe there were only two projects being studied in mental health, whereas between 1954 and 1955 some 40-odd mental projects were under study. These were the research into the causes of mental illness, to see what can be done to prevent them. I think that is a field where the federal government should be particularly interested. It has entered the field with the provinces, which are interested, as they should.

Mr. NICHOLSON: Would the minister write to the proper authorities in Ontario to see if they would be willing to have members of this committee who are interested visit the Queen Street hospital at some time. I would think that all members of this committee are interested, and I would suggest they be given an opportunity to visit it.

Mr. BLAIR: And also Smiths Falls.

Mr. NICHOLSON: Yes. Having been to Queen Street and having been through there, I think it would be useful if we could arrange to pay a visit. I think the people who are doing outstanding work deserve a little encouragement from the lawbreakers of the country who periodically would go in to see the conditions under which they are working, and see something of their achievements.

Hon. Mr. MARTIN: We have at this table the director of our mental health control division, Doctor Roberts who, I think, is one of the outstanding men in the country in this field. I am sure he would be only too happy to make himself available to any member of the committee who would like to take advantage, as Mr. McLeod did, of learning from Doctor Roberts more about a problem in which he is an expert, and on whose advice I rely. Also I am pleased to take this opportunity of commending him for his own outstanding services in this field.

The CHAIRMAN: Perhaps before we ask the minister to obtain permission for the committee to go down there we should wait until the steering committee, or the committee, indicate that they wish to go as a committee and feel they should take time off from the other work ahead of us to do so.

Mr. NICHOLSON: Yes; but I would like to put my request on the record.

Mr. FLEMING: Is it suggested that the committee go? I thought what Mr. Nicholson was suggesting was that the minister should assist in helping several members make arrangements to go.

The CHAIRMAN: I understood it was for the committee to visit there.

Mr. FLEMING: This is a quite new departure—to go through a provincial institution. I do not think that is a function of a committee of the federal House of Commons. There is, after all, a legislature in the province of Ontario and my friend Mr. Nicholson's party is represented in it. There are committees of the legislature to carry out their duties with respect to these provincial institutions. I would look askance at a proposal that appears to be to take a committee of the federal House of Commons into an institution for which the federal government has no responsibility whatever, over which it has no jurisdiction whatever, and into institutions which so exclusively are under the jurisdicton of the province of Ontario.

If my friend wishes to go as a member, and other members of the committee as individuals, I am quite certain the Ontario Department of Health

will afford every opportunity; but I would be equally certain that if this committee proposes to go as a committee it ought to be told by the provincial Department of Health to mind its own affairs.

Hon. Mr. MARTIN: I understand Mr. Nicholson's suggestion is the whole committee. I think what Mr. Fleming says is important. We would not want to give the impression that we are trying to invade the jurisdiction of another government. I do not think we should give the impression this morning that this committee is criticizing provincial administration in any way. I would certainly wish to dissociate myself from that, strongly. If the steering committee so decided, I would be prepared to write to Doctor Phillips, who is cooperative in these things, and suggest that some members of the committee—I do not know that the whole committee would want to go at one time—wish to visit the institution, and I am sure that the Ontario government would have no reluctance, within practical circumstances about affording an opportunity such as that. But I think we ought to recognize that we have a field of action and they have a field of action. This is a federal committee, and we have no right, as Mr. Fleming states, to impose ourselves on another jurisdiction.

Mr. FLEMING: We have no right to go as a committee. If individuals wish to go, as individuals, that is their affair as individuals; but there should be no suggestions of going as a committee, nor should the offices of this committee be used for that purpose.

Mr. NICHOLSON: I think Mr. Fleming's point is well taken; but since we are participating in the mental health program and now proposing that the federal government bail out of the field to a certain extent—

Hon. Mr. MARTIN: That is a wholly unwarranted statement. The federal government is not bailing out of the field at all. In making that statement you either did not intend what you said or you have not fully appreciated the facts.

Mr. NICHOLSON: The patients in the provincial hospitals are not to participate in the over-all national plan.

Hon. Mr. MARTIN: We have clearly indicated this is a hospital insurance proposal, and at the present time inmates in metal instituitions are provided for by the province out of their own funds. We are not entering into a scheme to insure provincial governments. We are considering a proposal to provide for hospital insurance of individuals who may have to bear the cost pertaining to other forms of illness.

Mr. FLEMING: The minister made his position quite clear. We may not agree, but he made it clear that he was not going to budge from it.

Mr. NICHOLSON: I would not say that.

Hon. Mr. MARTIN: What I said was that the way for us to help mentally ill people was to continue the program now in existence, and that we would not improve mental health in Canada by including under the plan a hospital scheme to include mental illness.

Mr. NICHOLSON: In the health program I would like to refer to Table XXIV. It says that at December 31, 1948 we had a bed shortage of 25,498 and as a result of the various benefits for which the minister takes a good deal of credit—

Hon. Mr. MARTIN: For which the minister has taken no credit.

Mr. NICHOLSON: In 1954, in spite of all that has been done by the federal government and the provincial governments, the bed shortage has increased from 25,498 to 26,886.

Hon. Mr. MARTIN: Are you now talking about all hospital beds?

Mr. NICHOLSON: Yes, for all of Canada; an over-all increase in spite of everything.

Hon. Mr. MARTIN: You are ignoring a figure of 7,018 in the right-hand column.

Mr. NICHOLSON: Beds approved for construction; some of the provinces have not been able to find the cash to build.

Hon. Mr. MARTIN: That shows merely that you had forgotten the figure.

Mr. NICHOLSON: No. This is the bed shortage as of the end of December. The shortage at the end of 1954 was greater than it was during 1948 at the time the program started.

Hon. Mr. MARTIN: The deduction you should make from that report is that as a result of the new services provided and as a result of the additional training afforded and of new methods of diagnosis, we are able now to ascertain the existence of people suffering from mental illness who heretofore were not so diagnosed.

Mr. NICHOLSON: The people of Canada give money so generously, to the minister and his colleagues, but they give to the provinces and municipal authorities on a very different basis. I think that the Canadian Bank of Commerce gave us the figure that 12 cents out of the taxpayer's dollar goes to the municipality, 14 cents to the province and the remaining 74 cents to the federal government. The federal government has the wherewithal to increase the total gross product for Canada by various programs, and the fact that there were 7,000 beds which were not provided by the provinces merely shows that out of the 14 cents out of every tax dollar the provinces were not able to build all the beds they should.

Hon. Mr. MARTIN: You keep ignoring that figure of 7,018.

Mr. NICHOLSON: When your figures are brought up to date they will show—can you bring them up to date in 1955?

Hon. Mr. MARTIN: We can give you anything you ask, within reason.

The CHAIRMAN: If this committee is ready to agree, without too much discussion, to meet tomorrow at 10.30 we could decide now. If anyone feels we should not meet, then I think we should have a meeting of the steering committee to discuss it. The minister is available at 10.30. The hours would be 10.30 to 12.30.

Mr. FLEMING: Normally Wednesday is caucus day. I do not know whether there will be caucuses held this week, as normally. Probably we should find that out first.

The CHAIRMAN: Are you satisfied for me to have a meeting called, provided I am not advised by a representative of one of the parties that they do not wish it called. I will call it unless I hear from a representative of the parties that they do not want it called.

Hon. Mr. MARTIN: Might I take advantage of this opportunity to point out to Mr. Nicholson, when talking about hospital construction, that on Thursday last we gave a grant of $1,409,000—and this will interest Mr. Deschatelets—to the Hospital Notre Dame in the city of Montreal to build 900 additional beds.

The CHAIRMAN: The clerk advises me that Doctor Trainor who was very highly respected member of this committee has had a heart attack. I am sure every body will wish that he makes a speedy recovery.

The committee adjourned.

WEDNESDAY, March 28, 1956,
10.00 A.M.

The CHAIRMAN: Order gentlemen. We have a quorum.

I appreciate very much your turning out at 10.00 o'clock this morning; it is very good of you.

Mr. FLEMING: The old faithfuls.

The CHAIRMAN: I suppose we should call on the Social Credit members now, if the C.C.F. are not ready to proceed.

Mr. KNOWLES: I would not put it that way, Mr. Chairman. The C.C.F. is prepared to yield the floor to the Social Credit members.

The CHAIRMAN: Thank you very much, I appreciate that.

Mr. KNOWLES: It can never be said that the C.C.F. is not ready.

The CHAIRMAN: Well, I should not say that. That would be terrible to say they are not ready to talk at any time.

Mr. MCLEOD: Mr. Chairman, so far as we are concerned, we have not a great deal to say at this time. We have followed the discussions with a lot of interest. We realize that there has been a lot of good argument put forth, some of it constructive and some of it—well, I must say I do not figure it was very relevant to the question in point.

I do feel that this is a step in the right direction. The federal authorities have access to funds that are collected across Canada from the people in the provinces, who will be the most concerned, and it is only right these funds should be plowed back into the provinces from which they have been derived. The weaknesses of the system—there has been a lot of concern especially over the mental illness cases, and the attention which they will receive under the plan. I do believe that a lot of that is possibly misunderstanding.

As I have said, I have satisfied myself by visits to our department, and visits to various institutions across Canada. We heard quite a lot yesterday about this Queen Street West institution in Ontario. I have been through it. I happen to have a niece who is employed there and I perhaps know a little bit about it. I have been through the Neurological Institute in Montreal. I have been through the Crease Clinic in British Columbia; and I have been through some of the psychiatric wards in various general hospitals. It is true that, so long as these wards are coming under the jurisdiction of the act, or the assistance program as it is being set forth, I do not think there is a great deal to worry about. However, as I said, if anything does enter into that picture, the spirit of cooperation, which has been so much stressed by the minister here, if continued will mean that they will have no trouble in ironing these things out. While we know that nothing begins in a state of perfection and perhaps nothing ever reaches a state of perfection, we still have hope that the various difficulties will be surmounted and overcome as they arise. I think that is about all I have to say.

As far as I am concerned, as I said here previously, the province from which I come has accepted this scheme and, with all due respect to the provinces which have schemes, I will not take a back seat to anyone in putting the policies of the British Columbia government to the front in health services. So, knowing that it has been accepted there, there is not a great deal that I feel justified in saying about the scheme at the present time.

The CHAIRMAN: Does any member wish to ask any questions? Do you wish to make a further statement Mr. Martin?

Hon. PAUL MARTIN (*Minister, Department of National Health and Welfare*): No. I have so much material that I think has yet to be—well, there is so much material, but I am in the hands of the committee.

The CHAIRMAN: If you have any further material that you would like to present in regard to this item, I think they would like to have it now, and then they could study it over the Easter recess.

Mr. FLEMING: What points does the material relate to?

Hon. Mr. MARTIN: I just cannot give an indication that way. What I think we ought to know is how much longer we are going to be on this particular phase. If we have exhausted our inquiry of health insurance, I would like to know so I can make plans. If we have not, I would like to know that too. Mr. Knowles is very silent, a silence that disturbs me.

Mr. KNOWLES: I have never been so misinterpreted as I have been this morning in regard to being silent, Mr. Chairman. I just had a dose of courtesy, and let the others talk a little. If they are through, there are one or two more questions I would like to ask.

Hon. Mr. MARTIN: I am in the hands of the committee.

The CHAIRMAN: Well, I take it then, that the first one who wants to continue now is Mr. Knowles. Mr. Nicholson was, I think, in the midst of his questioning when we met last.

Mr. KNOWLES: I would just like to say a further word on the mental and t.b. situation, Mr. Chairman. Perhaps the point Mr. Fleming made yesterday is a summation of the picture as it stands, namely, that Mr. Martin takes one view and the rest of us, or some of the rest of us, take an opposite view. Maybe at the moment there is not much to be gained by continuing the argument.

Hon. Mr. MARTIN: You mean with regard to mental health institutions under the hospital insurance scheme?

Mr. KNOWLES: That is right.

Hon. Mr. MARTIN: I take the view that the government of Saskatchewan takes. It does not cover those by its hospital insurance scheme, and that is the view I take.

Mr. KNOWLES: Now, Mr. Chairman, the same government of Saskatchewan, as I understand it, feels that t.b. and mental cases should have been covered under this federal offer to the provinces.

Hon. Mr. MARTIN: I have not any doubt that the provinces would like to get out of the federal government all the money that they can, even though their claim might be put forward illogically, as in the case you have just mentioned. But we have a responsibility. I indicated yesterday that for every additional dollar the provinces will expend we will be expending three, and we have a responsibility towards the taxpayer which we must carefully observe.

Mr. KNOWLES: Mr. Chairman, I do not accept the contention of the minister that the request made by the provinces, and made by some of us in this committee, with respect to this matter is illogical. If the plan being proposed was the kind of plan I would not want to see, namely a plan with an individual earmarked premium paid by every person in Canada, then I would say that it would be illogical and unfair to load the cost of hospitalization in mental or t.b. institutions on that type of individual premium; but that is not what we have. We have a proposal that the federal government pay roughly half the cost of the hospitalization; and the B.N.A. Act being what it is, and having been declared by the minister and others to block that kind of contribution for health, the federal government's portion of the cost of this scheme is going to come out of general revenue. I do not think it is fair for the minister to keep talking about the loading of t.b. and mental cases on an insurance scheme so far as the federal government is concerned. Our proposal does not call for loading this cost on an insurance scheme. Our proposal is that half the cost of hospitalization of t.b. and

mental cases should be loaded—if that is the term—on the federal treasury, and the other half may be loaded, for instance, in Saskatchewan, where it is all loaded at the present time, namely on the provincial treasury. The Saskatchewan government does not load the cost of mental and t.b. patients it has to bear on the hospital services plan and on the premiums paid by the individuals in the province toward that end. Those costs are met out of general revenue.

Hon. Mr. MARTIN: But, do not forget the scheme in Saskatchewan is not all premium. What we are proposing to do is—

Mr. KNOWLES: You are getting me over that dose of courtesy.

Hon. Mr. MARTIN: You did not mind my interjecting when you thought I could set you right. That is what I am doing now. We have opposite opinions on this particular phase of the subject.

Mr. KNOWLES: That is where I started. I started with the admission that perhaps Mr. Fleming was right the other day when he said we have opposite positions on the matter and that perhaps we cannot move the minister by continuing to argue with him. It was not my intention this morning to engage in cross-fire with the minister, but this seems to be what happens every time we get into a discussion.

Hon. Mr. MARTIN: And you always get the best of me.

Mr. KNOWLES: Thank you. I did feel, with the minister having stated his own opinion that the government regards its position as logical that we should have the right to indicate that in our view the government's position is not logical. We think—

Hon. Mr. MARTIN: You do not really think that.

Mr. KNOWLES: If we are going to start—

Hon. Mr. MARTIN: You do not think that.

Mr. KNOWLES: If we are going to start a national health plan with hospitalization only—and at the moment I am not going into my contention that it should go a great deal further—if we are going to start with hospitalization only, at least the plan should include hospitalization for all diseases. I do not like mental and t.b. cases being put in a category separate from other kinds of illnesses.

Mr. FLEMING: The fact that the exclusion applies only to patients in t.b. and mental institutions is even more arbitrary. It applies to particular types of institutions, rather than patients.

Mr. KNOWLES: And the answer of the government that it is prepared to cover mental and t.b. cases when in a general hospital does not cover the problem. But I contend that all that is involved here is a matter of fiscal arrangement—simply a question of how it is going to be paid. I contend that the minister is muddying the waters with a red herring.

Hon. Mr. MARTIN: Why do you say that when you know I am not doing that.

Mr. KNOWLES: I contend, Mr. Chairman, that the minister is confusing the picture when he talks about loading the cost on an insurance scheme. I say again that if it were a scheme where every person was being asked to pay a specific earmarked premium that that would apply; but that is not the case. Roughly fifty per cent is to be paid out of federal general revenues and the other fifty per cent by the provinces.

Hon. Mr. MARTIN: Which may include a premium system.

Mr. KNOWLES: Yes, and may include sales tax, or relying on the consolidated revenue fund of the provinces, or a combination of those methods. I am satisfied that if the federal government would include mental and t.b. hospitals as such in the provinces that they would then provide some scheme as is the

case in Saskatchewan at the present time, whereby its share of the cost of mental and t.b. hospitals would be paid out of general revenue and the financing of hospitalization and other institutions would be separate and apart. That again would probably be a combination of premium, maybe a sales tax and maybe something from general revenues.

I say that the minister's attempt to put this on the basis of so-called logic, or to say he is carrying forward the plan adopted by the Saskatchewan government, is completely false. What is involved here is simply a method of financing.

The minister is always telling me, publicly and privately, that I never appreciate the steps he takes in the right direction. I do. I am glad to see this program coming into effect. While we fought for this for a long time, the minister is ahead of his own schedule.

Mr. FLEMING: His own schedule or his own cabinet?

Mr. KNOWLES: Both. Since he is taking this very commendable step for a plan for hospitalization, I regret that he is not including mental and t.b. hospitals.

Hon. Mr. MARTIN: Mr. Chairman—

Mr. KNOWLES: May I have one other word. I do not want to make too much out of a slip of the tongue the minister made yesterday, but I think it has some significance, when, even after I corrected him once, two or three times subsequently he referred to the people in mental hospitals as "inmates" rather than as "patients"; in other words, the old concept dies hard.

Hon. Mr. MARTIN: You are wrong. That is a very specious kind of argument and not worthy of you.

Mr. KNOWLES: I know it was a slip of the minister's tongue, and the minister thanked me for correcting him; but he went on and made the same slip again. It is not something which attaches to the minister himself; it is a symptom of how society feels about this question.

Hon. Mr. MARTIN: It is a symptom of a minister being overworked by the member for Winnipeg South Centre.

Mr. KNOWLES: Not by the member for Winnipeg South Centre, but by the member for Winnipeg North Centre, and delightfully so. People in Canada and in all the provinces are concerned about mental health and he should be giving those people greater encouragement by at least taking this further step. I do not see that the amount of dollars so far as the federal treasury is concerned, is any great sum. But it would mean a difference to the provinces.

Hon. Mr. MARTIN: You have asked for all this and now I am going to give it to you; you are going to get it now.

Mr. KNOWLES: I hope the minister has something better than he has given us in the past.

Hon. Mr. MARTIN: You have asked for all this.

Mr. KNOWLES: The only reply I can make is that the minister has asked, by his attitude, for this criticism of his failure—in this commendable step which I am glad he is taking and which I support— for his failure to include the mental and t.b. hospitals in his proposals, and I hope even yet that he will do something about it.

Hon. Mr. MARTIN: Would you mind if we deal with that aspect.

Mr. KNOWLES: There is one other thing first. Then, the minister can deal with it to his heart's content.

Hon. Mr. MARTIN: That is what I propose to do.

Mr. KNOWLES: I hope it is a big heart. Supposing five of the provinces agree—

Hon. Mr. MARTIN: Do you mind if I deal with the other aspect. You are on another subject.

Mr. KNOWLES: No, I am not.

Hon. Mr. MARTIN: Yes you are. I see there are newspaper men here today who have not been at some of our other meetings.

Mr. KNOWLES: The minister always has his eye on the newspapers.

Hon. Mr. MARTIN: No. I have my eye on things you do which sometimes cause needless trouble in the country, and which have to be answered. The argument you put forward this morning has been thrashed out. Mr. Fleming has asked questions, Mr. Blair, Mr. McLeod, and now you are going over it again. They would inevitably write what you have to say, which does not represent the problem fairly. It would give the impression in the country that the federal government is not interested in mental health and t.b. problems. That is not the case; you know it is not, and I am sure you would be the first to say it.

Mr. KNOWLES: I said so in my remarks.

Hon. Mr. MARTIN: You gave the impression that here is the government coming forward with a hospital insurance scheme and omitting to do anything about mental health and t.b. That is not the fact. The facts in this matter are these, that the federal government has put forward a proposal for hospital insurance to provide for general ward care in the hospitals of this country to assist in relieving the economic burden which hospitalization imposes on the individual Canadian citizen. With the objective of meeting that situation, the federal government has made a proposal to the provinces, who have the responsibility for making the decision. Now, mental health and t.b. patients are excluded from the scheme, except in so far as psychiatric services are provided for in general hospitals that will be covered by a hospital insurance scheme, or t.b. treatment in a general hospital. The proposal of the federal government is not to insure the provinces—

Mr. KNOWLES: I have no objection to this, but let me say that you interrupted me to say I was covering old ground. I have no objection to the minister making this statement but it is the same ground we have been over.

Hon. Mr. MARTIN: Of course it is and the reason I am doing it is that here is Mr. Hume, who is very intelligent and he would be writing—

Mr. FLEMING: Give him a copy of the previous record.

Mr. KNOWLES: Mr. Davey can give Mr. Hume the article he wrote the other day.

Hon. Mr. MARTIN: I think it is necessary that this be stated.

Now, in the province of Saskatchewan and in the province of British Columbia we have hospital insurance schemes. In neither one of these provinces is t.b. or mental health covered by a hospital insurance scheme.

Mr. KNOWLES: That is right.

Hon. Mr. MARTIN: In the case of British Columbia where the scheme is paid for out of the consolidated revenue, there is a special bookkeeping entry. In Saskatchewan where it is largely based on a plan of premiums, there is no inclusion in the premium of any responsibility for t.b. and mental health care. Why? For the obvious reason that in both those provinces, as in every other province but one, the cost of t.b. and mental health care is borne by the provinces almost entirely. The inmates—excuse me—the patients are provided with free t.b. and mental health care in provincially operated

institutions. In the case of Ontario 95 per cent of the cost of t.b. and 93 per cent of the cost of mental health is borne by the people of the province in provincially operated and maintained institutions. Now to include this for insurable purposes would be wholly anomalous, would be unreal and unfair; it would be unfair and improper to impose it upon the taxpayers of Canada. The only purpose of this would be to relieve the provinces.

Mr. KNOWLES: It is imposed on the taxpayers now.

Hon. Mr. MARTIN: It would relieve the provinces of responsibilities which are theirs now. The federal government is not responsible for the maintenance of these institutions. It does not bear any share in the cost of their operation, and apart from hospital construction grants, in the cost of their construction. We would be using, I think, a potentially great scheme for the purpose of subsidizing provincial governments which are already now being greatly subsidized under the fiscal deals.

Mr. KNOWLES: You could make the same argument about your plan as a whole.

Hon. Mr. MARTIN: And in addition to that only one other country I have been able to examine provides for including these particular cases under their hospital insurance scheme and that is Great Britain where hospitals have been to all intents and purposes taken over by the state, a situation which I hope we never get here. I hope that our hospitals will continue to be owned as they are now by religious bodies, by private and community bodies, and so on; but the real problem in this whole thing—

Mr. KNOWLES: And you would include municipalities, would you not?

Hon. Mr. MARTIN: Yes, I would include municipalities; but if we really want to help the mentally ill, as we all do I am sure, all of us without exception —we are all interested in this vital problem—the way to do it is to take a more positive approach. We are not going to help the mental health problem in this country one bit by bringing it in under this hospital insurance scheme, not one iota. The way to help it is by means of grants, as is now being done to provincial governments by the federal government, and by voluntary organizations, and by positive steps. To bring in mentally ill patients under this scheme would not relieve them of any significant financial burden or do any appreciable good in this problem. The way to do it would be under the health grants, the way the provinces are doing it now. That is the way to deal with this problem, and I think it is only fair that this situation should be stated as I have done.

The way to make progress is by positive steps such as under the national health program. I think someone in your group raised this question before. I have for example a project on my desk at the present time which comes from Saskatchewan. Here is the project: to suggest a very important research project which it is estimated will take about three years to complete. It would request assistance to engage the services of one of the principal pyschiatric investigators in the province of Saskatchewan, Dr. A. Hoffer, the director of Pyschiatric Research and professor at the University of Saskatchewan, and sociologists from Columbia University and two research workers.

This is the proposal: to examine, study and determine the factors which influence the adjustment of schizophrenic patients upon their discharge from hospital; to determine the best method of release of those patients in a more effectual way which will promote the health of those patients in their post-hospital treatment with the idea of easing people and to take care of re-admission to hospitals. That is the way to do something about this mental health problem. That is a request that I am studying now with my officers.

If we agree to this project, that is the kind of positive step to take towards doing something to assist mental health. If you want to help mentally ill people, the kind of proposal you emphasized this morning would not help them one bit. And I think the impression should not be let out that a great concern and interest over this problem does not exist. That is the way. There is a project which will cost a very considerable sum of money to the federal government.

Mr. KNOWLES: And to the provinces?

Hon. Mr. MARTIN: No. This will be entirely borne by the federal government. This is the kind of thing. Dr. Cameron shows me what the federal government has been doing for mental health. We have trained in the last six years 208 pyschiatrists; 135 psychologists; 188 special pyschiatric nurses; 193 special pyschiatric social workers; and 104 occupational therapists. In addition we provided for full training of teacher psychologists, 26 in number, and we have given short courses to trainees in various aspects of pyschiatric work to the amount of 314. Altogether we have trained over 1,209 people in mental health, and this was done entirely by the federal government with no assistance from the provinces. I am not saying that the provinces are not doing their share, because they are doing more than we, but that is the way to deal with this problem and I think we are dealing with it very effectively.

Mr. DUPUIS: Did you get the opinion of the provinces as to the advisability of including t.b. and metal cases under a national health scheme?

Hon. Mr. MARTIN: Oh yes; the provinces all wanted us to include them naturally; they wanted to get as much money out of us as they could, but I do not think any province really seriously put a proposal forward.

Mr. KNOWLES: There you are; with eight, nine or ten provinces taking their position the minister says naturally they did; that they did not do it seriously. But when he takes the opposite position he does it pontifically and says this is it, this is the ultimate and the logical.

Hon. Mr. MARTIN: I can only tell you what I think; but I do not think you are serious because there is no cause for it, and I do not think you are putting it forward seriously.

Mr. KNOWLES: I assure the minister that I am!

Hon. Mr. MARTIN: No, you are only indulging in a form of forensic exercise in which you are both distinguished as well as talented!

The CHAIRMAN: There is one aspect of this which, if it went further, you might consider. This is just to be a health insurance scheme which the provinces can set in motion on any basis they may see fit. If they want to do it that way, then they have a perfect right to provide for the whole cost of it to be carried on a premium system. But if you provide that it cover t.b. and mental cases in provincially operated institutions, it would practically preclude the provinces from handling it in that way; in other words, while on the face of it you would be saying it was up to the provinces to handle it any way they may see fit—and for example they could even turn it over to the Blue Cross to raise the whole cost of it by premiums—if you then said it must include t.b. and mental cases, that in effect would close that door. While pretending to leave it to the provinces to do in any way they wanted, in effect you would be making it impossible for them to do it this way. That is one aspect of it that I wondered about. Is there anything in that suggestion? Is there a possibility that some province might seek to enter this thing on a simon-pure hospital insurance basis whereby the person entering it would pay for it just as he does under the Blue Cross, and the province would not pay any more than it does today?

Hon. Mr. MARTIN: I think there is a possibility of that, and I think this gives rise to an opportunity to say something which people are prone to forget.

As I said the other day, and I said it very strongly, health insurance is not socialism. I am not saying that socialists do not advocate health insurance but I think that their advocacy, their vigorous advocacy—and this is a sort of tribute I pay to Mr. Knowles—their vigorous advocacy has given a wrong impression.

People will say; oh, that is the sort of thing they do under socialism. Well, of course, this is not socialism. The first health insurance scheme in the world was brought in under the regime of Bismarck in Germany, and in the United Kingdom under Lloyd George, and that was not socialism. But Canadian people will say: this is one way we can socailize something, and that thought has grown. I mentioned that 95 per cent of t.b. health care in Ontario was provided for by the province. In most other provinces it is 100 per cent.

You may talk about socialism, but what is that? Some people will say that is socialism and that has been so for a long time. I do not think it is right to provide anything free. It is true that there was a special situation in the case of the Salk vaccine program, but that was different; that was something in the nature of an emergency. However, I think it is very desirable for the people who receive benefits to be made aware that they do cost money, and that they ought to bear directly some realizable and recognized share of the burden.

One of the provincial premiers, when we had the conference, discussed this matter with me. He asked me at that time the very question you are asking now, Mr. Tucker. Supposing then that we decided to change our whole plan for t.b. and mental health in the provinces; supposing we turned over the institutions to private bodies and changed our whole system of financing, what would you do then?

The only answer I could give him was that we would have to look at that problem if that situation eventuated. I could not answer it in any other way. I would not want to answer it now because I could not. But that is a possible development.

Of course it could develop on other grounds on the positive side of health treatment, but that is certainly open to question. I discussed this whole matter in New York within the past two weeks, with one of the most eminent men in the field on this continent, and he feels very strongly that mental health and t.b. are in the nature of illnesses that extend beyond the individual, and can only be taken care of in a mass way. The other forms of illness such as appendectomy, pneumonia, and that sore of thing are more personal, and the community does not have the same opportunity of positively handling them as it does in the case of individual diseases. However, the situation that you mentioned is a possibility.

The CHAIRMAN: What I have in mind is that if a province wanted to enter a hospital insurance scheme on the basis that the individual paid the cost as under the Blue Cross it seems to me that we might prevent that scheme if it had to cover t.b. and mental cases. This proposal by not covering them helps to prevent their premiums from being so high that it would make it very difficult for the province to enter the scheme on that basis.

Hon. Mr. MARTIN: Possibly!

Mr. KNOWLES: It would be up to the province, as to what basis it decided to adopt.

The CHAIRMAN: The province might say; we want to have this as an absolutely simon-pure health insurance scheme, and we want the people entering it to pay the cost in premiums. But at the same time if you loaded it with the cost of maintaining t.b. and mental institutions, you would have to make the premiums so high that it would be very difficult for the province to enter it

on that basis. In other words, while saying to the province: you can come in on this thing as an almost simon-pure health insurance scheme, but at the same time you must cover t.b., you would be loading so much on the scheme that it could not enter it on that basis. As I see the proposed scheme it does leave it open to the provinces to come into this thing on a simon-pure health insurance basis if they want to.

Mr. KNOWLES: The point to be made there is that the province would not enter upon a simon-pure health insurance scheme where the individual pays on a flat level for the cost of his protection. That is the kind of scheme that voluntary bodies like the Blue Cross are able to support. The very reason for a state insurance scheme is to take care of all those who cannot afford that level of premiums.

The CHAIRMAN: We want to get the majority of the provinces into all these co-operative things and I can imagine some province saying: if we can come in on a basis where this is to be handled, say, by the Blue Cross to the extent that hospitalization will be provided for, as it is today, by the individual, but instead of having to pay hospital bills he will pay through an insurance scheme, that would be in order, it would not put an extra burden on us. Provinces that otherwise might not enter the scheme might consider entering it on this basis and thus we could hope to see this hospitalization scheme put into effect.

I can conceive that if we were to say: you can enter this scheme as an insurance scheme if you wish to, but at the same time you have to take in the cost of tuberculosis and mental care, this would mean that the premium would be so high that a province which might consider entering on this basis might hesitate to do so. That is the objection I see in your suggestion, Mr. Knowles—it brings in something that might be an obstacle to participation by some of the provinces.

Mr. KNOWLES: Any province, as I told the minister, would be perfectly free to continue paying its share of the cost of mental and t.b. hospitalization in the same manner as it is paying for these services at the present time. The federal government does not lay down any condition as to the way in which a province should raise the money. Provinces that may wish to collect premiums for general hospitalization through the Blue Cross are perfectly free to take care of mental and t.b. hospitalization in the same way as they are doing now. Our suggestion is that the federal government should share in the cost of maintaining these institutions.

Hon. Mr. MARTIN: That is quite another problem.

Mr. KNOWLES: No, we have been arguing that for two weeks.

Hon. Mr. MARTIN: No, you have been arguing that these two charges should be made insurable. Now you state that the federal government should be making greater provision for mental health and t.b. care.

Mr. KNOWLES: I pointed out that the minister is talking as though this were a "Simon Pure" insurance scheme and as though individual premiums were being collected by the federal government to cover hospitalization. The government is going to pay for this out of general revenue.

The CHAIRMAN: The minister said it could be, if the government saw fit to handle it that way; but if you say to a province: you have to include these things—

Mr. KNOWLES: You do not, at the same time, say in advance: you have got to pay for mental and t.b. care by adding that cost on to the premiums you collect.

Hon. Mr. MARTIN: Yesterday Mr. Nicholson left an impression which I left uncorrected. He pointed out that something ought to be done along the

lines that Dr. Blair mentioned for improving the program for mental health control, and he left the impression that the situation was deteriorating.

That is not the case and I think it would be useful to put on record here the situation arising with regard to total discharges from mental hospitals. For instance, the number of separations or discharges in 1944 in this country was 11,071 and the number of separations in 1954 was 26,854, an increase of 143 per cent. This is a tremendous improvement. The rates of separation or discharge in 1944 amounted to 92·8, and in 1954 to 177·0, representing a 91 per cent increase. That is on the basis of 100,000 population. Another way of describing this situation is this: on the basis of the same years, 1944 and 1954, per 100,000 population, in 1944 the number of patients discharged from mental institutions was 93; in 1954 it was 177. So that shows a tremendous improvement.

That improvement has been brought about primarily as a result of the action taken by the provincial health departments supported by the federal program and assisted by the Canadian Mental Health Association and the various provincial bodies affiliated with that organization; also through the work carried on by the Allan Memorial Institute and the psychiatric research there. So that while the problem is a challenging one, it is a problem that is steadfastly and progressively being dealt with in Canada.

The CHAIRMAN: As I understand it, Mr. Knowles, is not your attitude this: that the care of mental health and t.b. cases is really a matter of health insurance, because you are suggesting that the provinces should not look after it as a provincial obligation as at present? If it is made part of a health insurance scheme you say the provinces should continue to finance their side of it...So as I understand it, your viewpoint essentially is not that that they should be part of a health insurance scheme, because you do not think it could be carried as part of such a scheme. What you are advocating is that the dominion government should pay half the cost, in effect, of the schemes to look after tubercular and mental patients in provincial institutions. In other words, your attack is not on the basis of being in favour of it as part of a health insurance scheme but that the federal government should be paying half the cost?

Mr. KNOWLES: You are substantially correct, though I would emphasize the word "insurance". I am not asking that mental and t.b. hospitalization should be included as part of an insurance scheme for the reason that this is not, to use the chairman's words, a "Simon Pure" insurance scheme. I am asking that these items should be included as part of a national hospitalization programme.

Hon. Mr. MARTIN: I would disagree. I would say it is because we want this to be an insurance scheme that the present policy is being followed, and you are not doing this scheme justice, Mr. Knowles, when you say it is not an insurance scheme.

Mr. KNOWLES: I know of only one way of bringing a discussion between myself and the Hon. Minister to any kind of termination and that is for me to offer a little bouquet to the minister, even if there is one thorn on the rose. I will, for my part, close this part of the discussion simply by saying that I commend the minister—

Hon. Mr. MARTIN: Commend the government.

Mr. KNOWLES: —and the government on the size of the mental health grant and on the work that has been done by the officers of his department who are concerned in this field. I join with him in commending the provincial bodies for all they have done, together with all the doctors in Canada who are working in the field of mental health, the nurses and all the rest of them.

Mr. FLEMING: Could you not include the members of this committee?

Mr. KNOWLES: I am prepared to include everybody who has done anything for mental health. In view of all you have done in this connection, Mr. Minister, I think it is too bad that you did not go one step further and include these hospitals in your present hospitalization plan.

I have one other question—one I tried to ask some time ago. The minister told us some days ago in replying to questions which Mr. Fleming and I put to him in juxtaposition that "the door was not tightly closed" so far as these proposals are concerned. But he qualified that by saying that these matters were not exactly negotiable. I think those were his words. The question I would like to put to the minister is this, and I put it to the Hon. Minister because I think he would like to put this plan through—I think he had to fight pretty hard in certain quarters—

Hon. Mr. MARTIN: I do not like that observation. This scheme was announced by the Prime Minister—the head of the government. It was a carefully considered scheme by all of my colleagues and it reflected the interest of every member of the government.

Mr. KNOWLES: I am sure the hon. minister had something to do with persuading the government.

Hon. Mr. MARTIN: It would be expected that the minister in charge of a particular department should make recommendations.

Mr. KNOWLES: All right, we shall assume that the minister's views have become those of the entire government and that the government wants this plan to come into effect. Supposing we reach a situation where five provinces have agreed to it and a sixth province is interested but not prepared to agree unless some slight change is made, maybe in this field of mental and t.b. hospitalization, or possibly in some other field. Can the minister not say that in such circumstances the government might open that door a bit and negotiate with a view to getting the sixth province in, and having the plan started?

Hon. Mr. MARTIN: May I answer your question by touching on a remark made during your previous observations when you said that what the government had done was good, *but*—

Mr. KNOWLES: It is strange how the minister hears those words.

Hon. Mr. MARTIN: I would remind my hon. friend of the poet Browning's beautiful observation—

Mr. KNOWLES: "Grow old along with me"?

Hon. Mr. MARTIN: No. "A man's reach should exceed his grasp, or what's a heaven for?"

What we all have to bear in mind, Mr. Knowles, is that there is a cost factor in this scheme. Our total health and welfare bill at the present time in Canada is $1,500,000,000 in rough terms. That figure, when mentioned, sometimes disturbs a lot of people. However, we have been careful, in the programmes that we inaugurate, to recognize that these things do cost money and that there are limits to the burden that you can impose on the community, however desirable the objective may be.

Having said that, I would again point out, as I have done several times before this committee, that the people of our country ought to be told by us that all of these measures have to be paid for by themselves out of their hard work. The fact is, however, that the sum I have just mentioned—an amount which represents the total expenditure on federal and provincial account, and two thirds of which is borne by the federal government—represents at the present time an increase of only one half of one per cent, in relation to the national income, over expenditures in this field at their highest point in another day. The highest point would be around 1936. Thus, anyone who says there

is no realization on the part of the government of this country of the magnitude of the expenditures it is making in this field is totally unaware of the facts as I have just put them on record.

Likewise, many of the social schemes we have embarked on have an economic value. They provide a tremendous "cushioning" in the purchasing power of the nation and I think we are all aware of the value of these expenditures, particularly welfare expenditures in those terms as well as in terms of their social benefits. We have taken the position, as stated by the Prime Minister, that while only three provinces had hospital insurance schemes—Saskatchewan, Alberta and British Columbia—we were not prepared to divert funds from the taxpayers of Canada to assist in schemes which represented only a minority of the provinces and a minority of the people. We felt that it was not fair to use public money that came from all of the people to assist schemes, however meritorious they might be, which involved only a part of our population. It was because of this that the government announced a formula which, I think, is fair, democratic and responsible, namely that once we got a majority of the provinces representing a majority of the people into a comprehensive arrangement we would be prepared to embark on a scheme. That is the declared policy, and that is the policy of the government from which there can be no recession.

Mr. KNOWLES: Mr. Chairman, first may I say—

Hon. Mr. MARTIN: May I just conclude?

Mr. KNOWLES: All right.

Hon. Mr. MARTIN: Well, that is all I have to say.

Mr. KNOWLES: Mr. Chairman, first I want to say just a word on this question that the minister raised about the amount of money that has to be spent and the fact that these things are not obtained free, that they cost money. We agree with him 100 per cent; we may apply the word "free" to some things, such as education or Salk vaccine and such things, but say actually nothing is free. It is paid for in one way or another, by the people.

The Minister talks about the huge expenditure on social welfare. Of course, that has to be paid for by the people. The people of Canada spend a great deal of money on automobiles, or on televisions but, in return for spending that money, they have the things that they buy. When we spend a huge amount of money on social welfare, whether it be for old age pensions or for a health programme, or what have you, the people in return for that expenditure get something that we regard of tremendous value. Frankly, some of us are not frightened by these statements about expenditures, whether they come from the minister or whether they come from my friend from Moose Jaw—

Hon. Mr. MARTIN: No, but if you had to administer a department with the budget that we have in relation to the demands made in parliament for all sorts of things, Mr. Knowles, I have no doubt that, if you were in this job, in spite of the high runs of fancy that you so sincerely indulge in, you would become—

Mr. KNOWLES: Like the minister?

Hon. Mr. MARTIN: —a careful, responsible administrator of that office. But without that responsibility you enjoy the luxury of proposing everything.

I calculated, in a speech that you made once, that you had made a proposal, in that very speech, that would have caused the Canadian taxpayer to spend $800 million more.

Now, do you mean to say for one minute that if that proposal had been accepted by the government of Canada it would have won the approval of parliament? Do you mean to say that it would have won the approval of

the people of this country? Do you think that you could carry on the government by running contrary to the wishes of the people in these matters?

Mr. KNOWLES: Mr. Chairman—

Hon. Mr. MARTIN: Well, right in your own province, Saskatchewan, the treasury branch—

Mr. KNOWLES: I live in Manitoba.

Hon. Mr. MARTIN: You live in Manitoba, but you have some spiritual leaning, some spiritual affinity, with Saskatchewan. I recall a statement made by Mr. Fines, the provincial treasurer, one day when the Liberals of Saskatchewan in the legislature under the leadership of our present chairman—

Mr. KNOWLES: In a flight of fancy?

Hon. Mr. MARTIN: —said that there should be an increase in the old age pension supplement. Mr. Fines said, and I use his words—and I throw them back to you with great respect—"there are limits to what governments can do".

The CHAIRMAN: They were paying $30 a year then on the supplement.

Mr. KNOWLES: That has been changed, of course, but we are still a long way from the question that I asked a minute ago. But, I would simply say to the minister—

Mr. FLEMING: You usually are.

Mr. KNOWLES: —I am sure that he is proud of the portion of the budget he is able to command for use in the fields of social welfare and health.

We are pleased that some of these demands that we have made across the years, which the minister calls flights of fancy, have been acceded to. As a matter of fact, some of the things that our party, in the earlier days, requested have been outdistanced—

Hon. Mr. MARTIN: Remember what I told you—

Mr. KNOWLES: —because of what this country has been able to do with the tremendous growth of its production.

Hon. Mr. MARTIN: Remember what I told you, Mr. Knowles, the other day, that you are like the cheerleader who thinks he scores all the touchdowns.

Mr. KNOWLES: Well, even a cheerleader has his place, and if it will help encourage people like my hon. friend to score a few more touchdowns, I will keep on cheering.

Mr. Chairman, I could go on, but I will not, with this question of spending money; but what counts is not how much money is spent, but what value one gets for it. I think that when we are spending money on social security, particularly when we are spending money on health for the Canadian people, we are getting something of real value for that expenditure.

Hon. Mr. MARTIN: No doubt about that.

Mr. KNOWLES: I will continue to cheer the minister in his efforts to score more touchdowns in this field.

Mr. FLEMING: You never put him in the penalty box.

Mr. BLAIR: A match misconduct.

Hon. Mr. MARTIN: Well, there are many occasions when he should be put in the penalty box.

Mr. KNOWLES: Hear, hear. Mr. Chairman, the minister has not answered what I thought was a very simple question. I was not asking him to recede from the general outline of the government's position, that there has to be an agreement by a majority of the provinces representing a majority of the people. What I asked him was this: if in order to get six provinces representing a majority of the people to agree, if in order to get the six, assuming

he has already got five, it became necessary to modify slightly the terms of the federal government's proposal, whether it meant the inclusion of t.b. and mental hospitals, or whether it meant some slight change in the 25-25 formula, or something of that sort, is it not open for such a change?

The CHAIRMAN: Well, before the minister answers that, Mr. Knowles, you are anxious and we are all anxious to have this gone ahead with. If the minister at this time were to say, in order to get six we might make a change here and make a change there, what hope in the world would there be for getting it accepted. I just put that to you, as a member of this committee. You are anxious for this thing to be gone ahead with. If the idea is put out that it might be possible to wring from the minister some hint that if this proposal cannot be accepted and, in the desire to get this put across, he might be willing to make further concessions, then every province will think, if we hold out we will get the concessions we want. Now, do you think it is a good thing to try to get some such statement at this time?

Mr. KNOWLES: I think in some provinces, if it were known that there was some area of negotiation, they might give the matter more active consideration than is the case at the present time.

The CHAIRMAN: Do you not think it would lead to each one trying to get the concession in the particular field that it wanted? We would be no further ahead than we were a year ago. We would have to have another conference. Now, you want action; I think everybody in the committee wants action; the minister wants action—

Hon. Mr. MARTIN: And the government.

The CHAIRMAN: —and the government wants action. I just put it to you: do you not think that you should not try to get any such answer—I know the minister can look after himself so I should not say this perhaps, but, I do suggest to you that this is not a helpful question, with all deference.

Mr. KNOWLES: Well, let the minister decide that.

The CHAIRMAN: Well, I suggest that to you.

Hon. Mr. MARTIN: I have given clearly the government's policy. That is a statement of the policy of the government. It was reconfirmed the other day in answer to a question put by Mr. Hahn in the House of Commons by the Prime Minister. This is a generous proposal—

Mr. KNOWLES: I think Mr. Hahn's question called for something less than six provinces. I am not asking for that to be changed.

Hon. Mr. MARTIN: That is right. This is a generous proposal. It was carefully considered before we announced it. It is a generous proposal. It is a proposal in which we are bearing $3 in new money to the $1 by the provinces, and I think there is a lot in what Mr. Tucker has said. We are not going to bring about acceptances by encouraging the kind of speculation in which you are, understandably, trying to engage me.

Mr. KNOWLES: I hope you will get the six provinces, Mr. Chairman. I honestly hope you will get my own province, Manitoba. I hope Mr. Campbell and Mr. Bend will not pay too much attention to the editorials in the Winnipeg *Free Press* and the Winnipeg *Tribune*. I hope they will not pay too much attention to the attitude taken by Mr. Duff Roblin, the leader of the Conservative party of Manitoba.

Hon. Mr. MARTIN: What did he say?

Mr. KNOWLES: What did he say? He is against the plan.

Hon. Mr. MARTIN: Against this plan?

Mr. KNOWLES: Against this plan. He agrees with the Winnipeg Tribune, he wants to see a privately run plan, at least a plan run under the auspices of the Blue Cross.

Hon. Mr. MARTIN: Well, may be when you are home at Easter you will be able to see the leader of the Conservative party and persuade him to change his view.

Mr. KNOWLES: I do not think I could do that. I think I have more weight with my hon. friend than I have with Mr. Roblin, but I hope my hon. friend will use his influence with the Liberal premier, the Liberal health minister of Manitoba, and try to persuade them that before long there should be one government of the Liberal provinces indicating that it is prepared to go along with this federal plan.

Hon. Mr. MARTIN: Well, Mr. Knowles, I am sure that I told you of the contribution that Mr. Bend made at the provincial conference, as all the minister have from all the governments. I am sure that the government of Manitoba is giving careful consideration to this matter, as indeed I know all the provincial governments are. This is an important matter and I would not want anyone to think that we do not fully appreciate that they regard this as important, and that they should give this matter careful study and attention as they would be expected to do.

Mr. CHAIRMAN: Can we carry this item?

Mr. BLAIR: There is one matter before the item carries, Mr. Chairman. The committee has not considered the question of prevention; at least, it has not entered into a discussion. If you are talking about the history of medicine through the years, the accent was laid on the cure. Now, we are getting around to the point of considering the importance of prevention, and that will apply to what we do about hospital beds in the future. If prevention can be carried out to a point where we would like to see it, there would be less call for hospital beds. I wish to bring this before the committee, that in all this consideration of a health plan let us not lose sight of the change which has taken place, laying the accent on cure and prevention. That is the trend at the present time, and it is a most important trend.

Hon. Mr. MARTIN: I fully agree, Doctor. That is the reason for the whole national health program.

Mr. FLEMING: Mr. Chairman, is the minister ready now to table the communication from Premier Bennett signifying Premier Bennett's acceptance of the plan?

The CHAIRMAN: While we are getting that I believe Mr. Garland has a question.

Mr. GARLAND: There has been considerable publicity given to some statements attributed to Mr. Gamble, who I believe is the national executive secretary of the Canadian Mental Health Association. In an editorial in the North Bay Daily Nugget these remarks were attributed to Mr. Gamble: "A sore point with the association, he indicated, is the federal government's decision not to include mental health in coverage provided under a proposed national health insurance plan." It goes on to say: "Large central institutions are not the answer to the care and cure of the mentally ill, he said. Treatment should be at general and community hospitals, so the patient is not separated from home and family, and some form of rehabilitation should be considered."

I was wondering if the minister would care to comment on that, because it would seem to me what Mr. Gamble is implying there is that what is being done—which is recognized as being a good scheme in all the provinces—is not the right attitude and right course to be taking.

Hon. Mr. MARTIN: Mr. Garland, a good part of the answer to the question you have put now has already been answered this morning and in the answers to other questions with which I have dealt earlier—a good bit of it has. Mr. Gamble is the executive director of the Canadian Mental Health Association, a very estimable gentleman indeed. He operates under Doctor Griffin, to whom reference has been made several times in this committee. In so far as psychiatric services in general hospitals are concerned, they are an insurable item under the proposed government scheme which now awaits the reply of the provinces. I am sure that we have to do more and more in the field of prevention, as Doctor Blair insisted, and much is being done in that particular by the provinces now, with some assistance from the federal government and voluntary bodies. I cannot conceive, however that, in the light of the situation, we could hope to dispense with the government institutions now in operation which do serve a very great purpose.

However, our objective and the objective of the provincial governments is to reduce the incidence of bed occupancy in these institutions, to see if we cannot do something to eliminate the need of sending mentally ill persons to mental institutions. A great deal of progress has been made in this field.

I have some more figures here which have been just handed to me. One of the ways by which we hope to do something about that, as I mentioned, was through the child guidance clinics, the creation of these new mental health clinics some of which are attached and some of which are not attached to hospitals, the new psychiatric wings in general hospitals, and the like. To give you an example of the progress which has been made in this particular direction, in 1944 there were less than 20 mental health clinics in the country; these are places that are intended to provide treatment and care to avoid the necessity of the patients who attend these clinics going into the classical mental institutions.

There were only 20 in 1944 in Canada. As a result of a national health grant, mainly, at March 31, 1954 the following services were in operation: psychiatric units at general hospitals, 44; out-patient departments at general and mental hospitals, 78. Mental health clinics of all kinds have grown from 20 in 1944 to 130 in 1955. These mental health clinics cover traveling clinics as well as the child-guidance and adult clinics. So you will see that the provinces and ourselves and voluntary bodies have effected a tremendous improvement in treatment facilities distinct from mental institutions' themselves. The number of individuals in those mental health clinics who have ultimately to go into mental institutions has been very considerably reduced, and the number who go into mental institutions in turn, and who come out within the period of a year has been cut down in some cases as much as 60 per cent.

Mr. GARLAND: Have you any figures on the readmissions—reduction or increase?

Hon. Mr. MARTIN: We have those figures.

Mr. GARLAND: They might be of interest. And while I am on that, what progress has been made in rehabilitating these people?

Hon. Mr. MARTIN: We will give you the figures. It is very considerable. I have not got that table here. I thought I had it, but this is another one. I will get it for you next time.

Now with regard to your other question, I have a wire here from British Columbia signed by the minister of health and welfare for British Columbia, Hon. Eric Martin:

Victoria BC Feb 1/56 2.30 p.m.

Hon. Paul Martin
Minister of National Health and Welfare
Ottawa, Ontario

The government of British Columbia has studied the initial and limited proposals submitted by the government of Canada for a national health programme and regrets the restricted nature of the plan presented stop nevertheless British Columbia is ready to sign an agreement forthwith and strongly urges that an expanded programme be instituted without delay.

ERIC MARTIN,
Minister of Health and Welfare
for British Columbia

6:10 p.m.

I can only say that this telegram did not fully coincide with some of the observations made by Mr. Martin at the conference to which I earlier referred.

Mr. FLEMING: Which were the more limited? He used the expression in his telegram "the initial and limited".

Hon. Mr. MARTIN: I beg your pardon?

Mr. FLEMING: Which were the more limited, the oral comments you referred to or the comments in that telegram?

Hon. Mr. MARTIN: I think I can say that at the conclusion of the conference Mr. Martin said that it was an historic occasion.

Mr. KNOWLES: Which Mr. Martin said that?

Hon. Mr. MARTIN: Mr. Eric Martin with whom I am often confused; and that, while British Columbia would like to see a programme that would cover other elements, such as medical care and so on, he recognized that the wishes of the province had to be observed in this matter, and that British Columbia would in all probability approve the scheme, as it has done in the telegram which I just read.

Mr. FLEMING: With the comments attached thereto.

Hon. Mr. MARTIN: Obviously.

Mr. FLEMING: This, I take it, is the only communication from any of the provinces indicating acceptance of the federal offer in relation to this plan now? Or have there been any other communications from the provinces since the conference last January?

Hon. Mr. MARTIN: Not that I have received. I have not seen any.

Mr. FLEMING: There have been no communications from any of the provinces at all?

Hon. Mr. MARTIN: I have not had any.

Mr. FLEMING: And you are speaking for the government and for your department?

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: Have any communications gone from the federal government to any of the provinces in relation to the plan since the January conference?

Hon. Mr. MARTIN: No, but our officers have from time to time sat in with provincial officials, to assist them in some of the information, particularly as to costs and so on.

Mr. FLEMING: There are no minutes of those conferences, I presume?

Hon. Mr. MARTIN: No; they were just negotiations. For instance, long before the conference, many of our officials made themselves available to the provinces to assist them in some of their material, and to consider our cost estimates with theirs, and some of those discussions have taken place since the conference.

Mr. FLEMING: With what provinces?

Hon. Mr. MARTIN: Ontario, Saskatchewan, British Columbia, Manitoba and Newfoundland.

Mr. FLEMING: Is that list complete now?

Hon. Mr. MARTIN: And the four maritime provinces.

Mr. FLEMING: That makes just about all of them, does it not?

Hon. Mr. MARTIN: No, there is also Alberta and Quebec.

Mr. FLEMING: You have had conferences with eight provinces?

Hon. Mr. MARTIN: As to the province of Quebec, I have had some informal conversations with distinguished people in that province.

Mr. FLEMING: Does this indicate the emergence of a Martin-Duplessis axis?

Hon. Mr. MARTIN: I am sure that if that ever happened no one would be more disappointed than the honourable gentleman who has put that question.

Mr. FLEMING: Disappointed, perhaps, in relation to the minister and all that he has said in the past; it would be one more somersault in the career of the honourable minister.

Hon. Mr. MARTIN: You will find, Mr. Fleming, that more and more the government of Canada is gathering support from most of the provincial governments.

Mr. FLEMING: I had not observed it. That would be one more addition to the list of somersaults turned by the federal government. I do not want to cut the minister off in any observation he wishes to make, however far-fetched it may be.

Hon. Mr. MARTIN: I was going to say that the extent of the federal government's influence is reflected right in the province of Ontario.

Mr. FLEMING: You mean in the provincial election results of last June?

Hon. Mr. MARTIN: Well, there are some people who always think about elections; there are others who carry on the work of government.

Mr. FLEMING: Quite a few members of the government study these things, too. Well, Mr. Chairman, I take it that we now have before us all the written communications that have passed between the federal government and any of the provinces in relation to the plan? The minister has covered the period between the conference and the present time, and I think he intimated that there were no communications—

Hon. Mr. MARTIN: Excuse me, but I think there is a communication from a Dr. Sommerville in Alberta to me. I forget what it is.

Mr. FLEMING: Could we have that produced?

Hon. Mr. MARTIN: I will have to ask the government of Alberta.

Mr. FLEMING: Of course, the minister will wish to consult the Alberta government about it, but I shall ask that it be produced. I take it that the minister has now covered everything, with that possible exception, from the date of the conference to the present time. Is is quite clear that there were no written communications or papers laid before the conference by the federal government?

Hon. Mr. MARTIN: May I have that last question again?

Mr. FLEMING: I asked whether any communications or written statements were laid before the conference by the federal government. In an earlier meeting the minister indicated that the federal government's proposal had been communicated to the conference orally and that no record had been kept of the proceedings of the conference.

Hon. Mr. MARTIN: I said there were no minutes of the conference. There was a record kept for our own purposes, but no verbatim record.

Mr. FLEMING: If there was no verbatim record of the proceedings, was the record of the minutes an official record?

Hon. Mr. MARTIN: No.

Mr. FLEMING: It is just your department's own departmental record? It is not an official record, binding in any sense on either party present?

Hon. Mr. MARTIN: That is right, it is just guidance for a minister who finds himself increasingly in the need of guidance.

Mr. FLEMING: We could all say "aye aye" to that and, maybe, we could help to supply it.

Mr. KNOWLES: Was there not a document laid before the conference from which the minister read when he spoke, the first day?

Hon. Mr. MARTIN: I think the provincial governments received copies of my statement.

Mr. FLEMING: Which statement?

Hon. Mr. MARTIN: The statement I made outlining our proposal.

Mr. FLEMING: We were not told that there was a written statement submitted to that conference outlining the effect of this proposal.

Hon. Mr. MARTIN: Oh yes, you have had it before you. Indeed, some of the material was used before this committee.

Mr. FLEMING: I think we might have that on record, Mr. Chairman—the document the minister now refers to; in other words, the written statement outlining the federal government's proposal as submitted to the conference.

Hon. Mr. MARTIN: I will have it for you by our next meeting.

Mr. FLEMING: Going back a stage earlier, to the period prior to the conference and leading up to it, were there any written communications passing between the federal government and the provincial governments in relation to the plan or having a bearing on it?

Hon. Mr. MARTIN: I do not recall that there were; I do not think there were. There were many consultations and many conferences. I had, I would say, three conferences with the premier of Ontario personally. Mr. Frost, I think, had two conferences, one with the Prime Minister of Canada, alone, and one with the Prime Minister and myself. Over the year, of course, I have taken advantage of opportunities to have many talks with provincial premiers and ministers of health.

Mr. FLEMING: I was asking about written communications with regard to the plan, or bearing on it, in the period leading up to the conference.

Hon. Mr. MARTIN: In April, Mr. Fleming, you will remember that premier Frost spoke of proposals which he had in mind. He later modified his use of the word "proposal" and called them "studies". One was a study for home nursing, one was a hospital insurance scheme, one was a mental care plan, and, I think, there were two others relating to diagnosis and insurance against catastrophe. But, at the conference, his spokesman clearly indicated that they were studies and that he was only interested in one aspect of them, namely the hospital insurance and diagnostic services.

The CHAIRMAN: Gentlemen, I had an understanding with Mr. Knowles, who very kindly agreed to this meeting in spite of the fact that his party has a caucus this morning. Our understanding was that we would adjourn at 11.30. Is it your wish to carry this item or to leave it open until after Easter?

Mr. FLEMING: I think we had better leave it over until after Easter. There may be some things to clear up.

The CHAIRMAN: Did you wish to ask a question, Mr. Garland?

Mr. GARLAND: I was wondering whether, either in the written proposal or in the statement the minister has referred to, it was intimated at that conference that there was any time limit to the federal proposals?

Hon. Mr. MARTIN: No. We would not want in any way to impose any form of pressure.

The CHAIRMAN: I think we could agree now, tentatively, to meet on Tuesday, April 10 at 10.30 o'clock in the morning unless it happens the minister is unable to be here, or something like that. Parliament reconvenes on the 9th of April and I think we can count on meeting on Tuesday at 10.30 in the morning. If there is no objection we shall call that meeting. We shall have a meeting of the steering committee to work out further meetings as soon as possible after the Easter adjournment.

The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: **W. A. TUCKER, Esq.**

PROCEEDINGS

No. 5

TUESDAY, APRIL 10, 1956

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Hon. Paul Martin, Minister of National Health and Welfare; Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. C. A. Roberts, Principal Medical Officer, Health Insurance Studies; Dr. J. W. Willard, Supervisor, Research Division; and Dr. G. E. Wride, Principal Medical Officer, Health Services.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

72525—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Aitken, Miss
Blair
Cannon
Decore
Deschatelets
Dupuis
Enfield
Fleming
Garland
Gauthier (*Nickel Belt*)
Hees
Henry
Knowles
Martin
MacEachen
Macnaughton
McLeod
Nicholson
Pommer
Power (*St. John's West*)
Robertson
Starr
Stuart (*Charlotte*)
Thatcher
Yuill

E. W. Innes,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, April 10, 1956.

The Special Committee on Estimates met at 10.30 a.m. this day. The Chairman, Walter A. Tucker, presided.

Members present: Miss Aitken and Messrs. Blair, Cannon, Decore, Enfield, Fleming, Gauthier (*Nickel Belt*), Hees, Knowles, Martin, MacEachen, McLeod, Nicholson, Robertson, Starr, Stuart (*Charlotte*), and Tucker.

In attendance: From the Department of National Health and Welfare: Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. C. A. Roberts, Principal Medical Officer, Health Insurance Studies; Dr. J. W. Willard, Supervisor, Research Division; and Dr. G. E. Wride, Principal Medical Officer, Health Services.

The Committee agreed to meet again at 8.00 p.m. this day.

Item numbered 263 of the Main Estimates—Health Insurance Studies and Administration of the General Health Grants—was further considered, Mr. Martin supplying information thereon.

At 12.30 p.m. the Committee adjourned until 8.00 p.m. this day.

EVENING SITTING

The Special Committee on Estimates resumed at 8.00 p.m., the Chairman, Mr. Walter A. Tucker, presiding.

Members present: Miss Aitken and Messrs. Blair, Decore, Deschatelets, Enfield, Fleming, Garland, Gauthier (*Nickel Belt*), Hees, Knowles, Martin, McLeod, Nicholson, Robertson, Starr, Stuart (*Charlotte*), Tucker and Yuill.

In attendance: From the Department of National Health and Welfare: Same as at morning sitting.

Mr. Martin made a statement outlining certain difficulties that had arisen recently in the production of Salk Polio Vaccine. The Minister also outlined the safeguards set up to protect the Canadian Public.

The Committee resumed consideration of Item numbered 263—Health Insurance Studies and Administration of the General Health Grants—the Minister supplying information thereon.

Item numbered 263 was adopted.

Item numbered 264—To authorize and provide for General Health Grants to the Provinces, the Northwest Territories and the Yukon Territory—was considered and adopted.

At 9.35 p.m. the Committee adjourned until 3.00 p.m. Wednesday, April 11.

E. W. Innes,
Clerk of the Committee.

72525—1½

PROCEEDINGS

APRIL 10, 1956
10.30 A.M.

The CHAIRMAN: Order, gentlemen. We are still on item 263. Is that carried or are there still questions on it?

Mr. FLEMING: Has the government received any further communications from the provincial governments since we last met with reference to the proposed plan of hospital insurance?

Hon. Mr. MARTIN: Mr. Fleming, Mr. Gauthier had spoken to me before the meeting and asked me the same question. He said he proposed to ask that question of me, so I thought in fairness to Mr. Gauthier I should mention that.

Mr. FLEMING: Well, call it the joint Gauthier-Fleming question then.

Hon. Mr. MARTIN: We have had a reply from one other province and I propose to table the letter, but it is not here yet.

Mr. NICHOLSON: Which province is that?

Hon. Mr. MARTIN: I will give you the indication when I table the letter. I think we had better have the whole context in at the one time.

Mr. FLEMING: Has the federal government addressed any further communications to the provincial governments on this subject since we last met?

Hon. Mr. MARTIN: No.

Mr. FLEMING: So that this is—

Hon. Mr. MARTIN: I must say I have had some talks, if that is what you mean, but there has been no communication. A communication in what sense, Mr. Fleming?

Mr. FLEMING: Well, in a general sense.

Hon. Mr. MARTIN: No. I have had some telephone conversations myself with some provincial governments.

Mr. KNOWLES: Can you enlarge as to the result of those conversations?

Hon. Mr. MARTIN: Well, except to say that I have, without seeking in any way to bring pressure,—that is not what we are going to do,—sought to find out when we may expect replies from Ontario, with whom I have been in conversation.

Mr. FLEMING: Well—

Hon. Mr. MARTIN: Pardon?

Mr. FLEMING: I am sorry.

Hon. Mr. MARTIN: Yes. I have also been in touch with an official of the province of Quebec.

Mr. FLEMING: There are just the two provinces with which you were in oral communication?

Hon. Mr. MARTIN: Telephone or oral communications.

Mr. FLEMING: Yes.

Mr. KNOWLES: They were not recorded?

Hon. Mr. MARTIN: I do not know. They were certainly not at my end, but I can assure you there was nothing said to which I would take exception.

I am glad to see Mr. Hees on this committee. He has been away for a long time.

Mr. HEES: Yes. I am very glad to be back.

Hon. Mr. MARTIN: I am glad to see you here Mr. Hees.

Mr. HEES: Thank you very much.

Mr. FLEMING: Since we last met, Dr. Arthur Kelly, general secretary of the Canadian Medical Association in a public symposium made certain comments on the hospital plan, and did stress the financial involvements of embarking upon the plan. I think we have all been told before and have appreciated the fact that costs are going to go up, and in the case of some provinces are likely to go up very rapidly. I have no doubt the minister has seen the reports of the comments of Dr. Arthur Kelly. Has he any comment to make upon them?

Hon. Mr. MARTIN: I saw what Dr. Kelly said. I have had several conversations with Dr. Kelly as head of the Canadian Medical Association. I am sure what Dr. Kelly said does not mean that they are not in favour of this plan. Dr. Kelly is a responsible official of the Canadian Medical Association. He has been most cooperative and understanding in our problem and what he has stated is simply a fact. These measures do cost money, but from that it should not be concluded that he was opposed to this plan.

Mr. FLEMING: He is also quoted as making a more detailed comment on one aspect of the plan. There is one press comment which I have in front of me and I will read it:

> He cited the unforeseen rise in cost of Britain's health insurance system and pointed to the increasing per capita cost of British Columbia and Saskatchewan plans. He said his profession approved government administration of hospital care but he thought the dominion government was going too far in its proposal to include radiological and laboratory services, for which there is a shortage of trained personnel.

As I read it, he based his comment in regard to the inclusion of the radiological and laboratory services on his view that there is a shortage of trained personnel and his consequent fear that the hospitals might not be in a position to provide the services which the plan would purport to guarantee to the people.

Hon. Mr. MARTIN: I naturally could not be expected to comment on all the opinions expressed by individuals. If Dr. Kelly said that, I would want to know the context and the circumstances of his observation. I can only say that what I have said represents my impression and understanding of the position taken by Dr. Kelly.

As I indicated before, I talked quite recently with Dr. Clarence Routley, president of the Canadian Medical Association. I have always sought to maintain very close cooperation with the medical and other health professions in our work. I believe it is only through cooperation that you can achieve anything, particularly in a field which is so complicated as that which we are discussing now. Dr. Routley told me that any suggestion that he or his associates were not in support in principle of the plan and the proposal we had made was not accurate.

With regard to the radiological and laboratory services, I think it is fair to say that the medical profession generally regard this as a desirable and important step. I will not say that everyone in the medical profession regards it in that light but I would say that that is generally the case.

In any event, the final judgment on this aspect of the proposal will have to await the particular scheme proposed by each province, if they accept the proposal made by the federal government. The radiological and laboratory services program has been given No. 1 priority by technical officers of the provinces themselves.

Mr. FLEMING: I should like to have the minister's specific comment on this point, that Dr. Kelly has said he believed there is a shortage of trained personnel to provide the radiological and laboratory services.

Hon. Mr. MARTIN: I am sure that if we were to embark right now, in all ten provinces, on a radiological and diagnostic services program, that would be the case. As I said earlier, however, I believe that such programs should not be halted or not proceeded with simply because of that particular situation. I am sure that that matter will take care of itself.

Mr. FLEMING: That comment by Dr. Kelly led me to look again at the terms proposed by the federal government in relation to the inauguration of the plan, as to what it is that the majority of the provinces, representing the majority of the people, are to agree to, before the plan comes into effect. The minister indicated in his earlier testimony—

Hon. Mr. MARTIN: I am here as a member of a committee and not giving testimony.

Mr. FLEMING: —in his statements.

Hon. Mr. MARTIN: That is far better.

Mr. FLEMING: I was dignifying what the minister had to say. Perhaps the minister is prepared to minimize the weight of his comments. I was giving him the benefit of the doubt.

Hon. Mr. MARTIN: I did not wish it to be thought that you were in the rôle of prosecutor and I was in the rôle of the accused.

Mr. FLEMING: In his earlier statements, the minister indicated that of the three branches of the proposal, the first, namely, the hospital insurance, was obligatory.

Hon. Mr. MARTIN: Obligatory, in what sense?

Mr. FLEMING: There is no approval of the plan in the case of any province unless it includes the universal hospital service. The radiological and diagnostic services are optional.

Hon. Mr. MARTIN: Let us clearly understand that matter. If six provinces wanted to bring in radiological and diagnostic services, they could do so without any hospital scheme; or they could bring in a hospital insurance scheme with or without the radiological and diagnostic services.

Mr. FLEMING: Let us look at the minister's statement, on page 12 of the proceedings of this committee:

> Provincial hospital insurance plans, in order to qualify for consideration,
>
> (a) should make coverage universally available to all persons in the province;

In his explanation of that, the minister indicated, as I understood him, that that was obligatory and that the word "should" must be read as "must".

Hon. Mr. MARTIN: Yes, it must be universally available to the people in the province. You would agree with that, I am sure.

Mr. FLEMING: Therefore, there is no possibility of any provincial plan being approved unless it includes the universal hospital coverage. The minister also said that (b) and (c) were optional; in other words, the radiological and laboratory services were optional and a limit could be placed on the co-insurance or deterrent charges. I wonder how this works out if there is adherence of a majority of the provinces. Clearly enough, if six provinces adhere to universal hospital coverage and they represent a majority the federal plan comes into effect.

Hon. Mr. MARTIN: If a majority of the provinces, representing the majority of the people, express their concurrence, we will bring in the necessary legislation to implement our part of the program and it will become operative when the provinces have put into effect their scheme.

Mr. FLEMING: That can be done or will be done under the federal proposal when six of them accept the proposed universal hospital insurance scheme. That is quite clear.

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: What about the situation when you have all six representing a majority taking that step, and then let us say, to take an extreme case, one province only adds diagnostic services? In the case of the other provinces—

Hon. Mr. MARTIN: That would be all right. But supposing the province of Quebec or the province of Manitoba said—and they were the only provinces—"we will not join with the five other provinces in a hospital insurance scheme"; and they were the only ones who wanted diagnostic services. We would not accept it.

Mr. FLEMING: Once you have the basic floor of hospital services the number of provinces which seek to provide additional services is immaterial.

Hon. Mr. MARTIN: No, we would have to have six first.

Mr. FLEMING: For your general plan, the number which want to add optional services is immaterial. There is no requirement as to a majority with reference to the addition of optional services?

Hon. Mr. MARTIN: There must be six in order to get the program started.

Mr. FLEMING: We start now with six provinces and where you have a majority of the population, you have the universal hospital coverage; therefore the plan comes into effect; but one province, to take an extreme case—one province only out of the six wants diagnostic services. Now do diagnostic services under the federal plan become available then without regard to whether the majority of the Canadian people have those diagnostic services available to them or not?

Hon. Mr. MARTIN: That is right. Yes!

Mr. FLEMING: So it does not matter how many people come in under optional services, as long as the basic majority come in under the one obligatory feature?

Hon. Mr. MARTIN: That is right but I prefer to use my own language.

Mr. FLEMING: You usually do.

Hon. Mr. MARTIN: I think it is more precise.

Mr. GAUTHIER (*Nickel Belt*): Much smoother!

Mr. FLEMING: "Smoother" is right. That is one of our troubles.

Hon. Mr. MARTIN: The governing factor in this program is hospital insurance. If six provinces representing a majority of the people, concur in the federal proposal for hospital insurance, and then only one province wishes to associate with it diagnostic and radiological services, that would be accepted.

Mr. KNOWLES: But suppose it was the other way round? If there were six provinces—

Hon. Mr. MARTIN: That would be accepted for the six provinces wanting diagnostic services, but not for the one province wanting hospitalization.

Mr. KNOWLES: Just a minute; if there were six provinces which agreed to radiological and diagnostic services, but not all of the six agreed to hospitalization, then the plan would not come into effect, I take it?

Hon. Mr. MARTIN: Your "take it" is correct.

Mr. NICHOLSON: Has the minister received any representations from any other provinces regarding mental and t. b. patients since the last meeting?

Hon. Mr. MARTIN: No, except that I think there is the general impression now that the air has been considerably cleared, and that it is largely as a result of my replies to your very useful questions, Mr. Nicholson.

Mr. NICHOLSON: One other question.

Mr. KNOWLES: That is not the way I heard it.

Hon. Mr. MARTIN: I would be glad to hear what you heard Mr. Knowles, because I am very anxious to clear this matter up.

Mr. NICHOLSON: I enquired whether the minister would make representations to some of the provinces to see if members of the committee, if they so desired, might visit some of the mental hospitals in this area. Has the minister received any report?

Hon. Mr. MARTIN: No, I have not, but I would be glad to try to make arrangements with the provinces and I am sure it could easily be done. We in the department would be very glad if members of the committee would come to the department and see the operations of our department. I would like, for instance, to have them come to see our virus laboratory, which the Soviet Union doctors referred to the other day as the outstanding virus laboratory that they had seen. I am sure that members of parliament would profit greatly from seeing some of this work. For instance, my honourable friend visited 999 Queen Street,—

Mr. NICHOLSON: I saw it last year; I was with the party which visited the various health buildings. I wonder if the Minister in his capacity as being in charge of civil defence has expressed any concern about the problem of moving large numbers of patients from 999 Queen Street in the event of an emergency.

Hon. Mr. MARTIN: Would you mind leaving that question until we come to civil defence?

Mr. NICHOLSON: It is a question which is tied up with illness.

Hon. Mr. MARTIN: Of course, and it is a very important consideration in civil defence plans.

Mr. NICHOLSON: The federal government in participating in a small way in providing a $3 million addition to Queen Street should have some opinion as to whether it is wise to make further additions to already crowded institutions, having regard to the problem of moving mental patients in the event of a civil defence exercise. Has the Minister expressed any opinion in connection with that problem?

Hon. Mr. MARTIN: With regard to Queen Street or generally?

Mr. NICHOLSON: With regard to placing larger numbers.

Hon. Mr. MARTIN: With regard to Queen Street itself, or generally?

Mr. NICHOLSON: Queen Street, specifically.

Hon. Mr. MARTIN: Not specifically with regard to Queen Street, but with regard to the whole problem, yes, we are discussing it all the time.

Mr. NICHOLSON: It seems to me that with the $3 million investment made quite recently—

Hon. Mr. MARTIN: By the province.

Mr. NICHOLSON: The Minister in his capacity in charge of civil defence must have taken some responsibility for moving patients from congested areas.

Hon. Mr. MARTIN: Would you mind leaving that until we come to the subject of civil defence?

Mr. BLAIR: Somebody brought up the matter of the shortage of technicians in laboratory services. I believe there is a marked shortage and I am thinking of the smaller hospitals. They find it very difficult to get technicians for laboratory services; and as far as x-ray is concerned, I believe you will find that this is true. For example, there would be an x-ray man in the hospital at Ottawa and he is regarded as a consultant, and they proceed to send to him different films, outside of ordinary casualties, or films of broken bones; diagnostic x-rays are sent in to somebody who is on the staff of the hospital as a consultant, and the others really ship films in to him.

I wonder how this is going to work out in general because you find it is a little difficult in some cases; for instance, in some of these diagnoses it would be better for the x-ray consultant if he could do the preliminary work himself instead of looking at a "bunch" of films.

Hon. Mr. MARTIN: That is right.

Mr. BLAIR: In the whole of eastern Ontario, in the area close to here which we call the Valley, x-ray specialists are located in the city of Ottawa. There are two or three of them here. This is going to be a pretty hard problem to work out in general. Just how are x-ray diagnostic services going to be worked out through the whole of an area like this? It is quite easy to talk about it, but it is going to be a pretty difficult matter to work out, whether from the provincial or federal angle. Just how are we going to do it?

The small hospital is not financially able. At the present time there is a shortage of laboratory people to maintain laboratory techniques of a high quality, and they are in the same position in regard to x-ray specialists; so they are sent into a central point, and it is not going to be easy to work out this particular scheme either from a provincial or from a federal angle of doing business.

Hon. Mr. MARTIN: Yes.

Mr. BLAIR: There is a shortage of both.

Hon. Mr. MARTIN: What you say is true. You say it will not be easy. None of these problems are easy, but I am sure that none of them are insurmountable. The laboratory now plays a very important part in any hospital operation. That was not always considered to be the case. For a long time as you know, Dr. Blair, most of the laboratories, apart from the provincial laboratories were in very large hospitals. But now it is becoming more and more recognised that in order to have good medical practice and good hospital administration, the hospital should have a laboratory, and to the extent that its laboratory facilities are adequate, the diagnostic service which can be performed by the medical profession in the community, is on that account more efficient.

Less and less emphasis is now being laid on the transfer of functions from the smaller hospitals to the larger. And this problem of personnel has been receiving our attention very considerably under the national health program. We have all sought to do something about it and I think we have succeeded.

For instance in the last two or three years we have provided funds for the training of 66 radiologists, 56 pathologists, 35 bacteriologists, and 460 laboratory technicians. They are the kind of people you have been talking about, Dr. Blair; and 96 x-ray technicians, making a total of 710 workers in the laboratory field.

In addition to that, under the various grants we have provided considerable sums of money for the purchase of necessary equipment. I am speaking now from memory, but I think last year we purchased almost $1½ million of x-ray equipment, and much of this equipment of course goes into the hospitals large and small, for diagnostic services and the like.

We shall continue under the national health program to provide for training facilities for technicians and x-ray operators, and to give graduate assistance to the medical profession in respect of pathology, radiology, and so on.

All this, I think you as a practicing doctor would recognize, represents one of the most important and prominent features in the whole program, and I am very happy to mention that the medical profession—the general practitioners in particular—have responded well, and have approved this program wholeheartedly.

Mr. BLAIR: What the minister says is quite right; it is absolutely right; but I am still a bit confused about how the diagnostic services are going to work out. I am thinking of the smaller hospitals, those with from 60 to 100 beds. It is difficult for them to get a technician for laboratory work on their staff, and more difficult still to get an x-ray man; practically out of the question. They may have an x-ray technician—possibly a trained nurse—who is taking pictures, and that brings me to this point.

Hon. Mr. MARTIN: It is open to the province to devise a scheme. I am sure that these difficulties will be met, although it won't be done over night.

Mr. BLAIR: I realize that. That is why I said it was a difficult problem. And this is what is interesting me: I am thinking of whether it will still be necessary to send a patient to a radiological centre at the expense of the centre—and let us put our cards on the table—with the possibility that the particular doctor in his own area will lose control of his patient.

Hon. Mr. MARTIN: That is very important, and I am glad you asked the question. I think this will avoid the problem and that is one of the reasons for it. The province where the radiological and diagnostic services program which we have in mind operates on the widest basis and most successfully is Manitoba.

Mr. NICHOLSON: What about Saskatchewan?

Hon. Mr. MARTIN: No, in Manitoba. This is a fact which even Saskatchewan recognizes. Many years ago Dr. Jackson, who was until recently head of our health insurance studies in the department and who is, I think one of the great figures in public health in this country, and one of the great men of Canada, conceived of this plan in Manitoba. It operates in rural Manitoba but not all rural Manitoba yet. It provides diagnostic services at a very reduced cost to the patient, not more than $1 I think. The patient can go into a hospital centre or into a health centre—wherever the diagnostic services program is located, and there receive full diagnosis, basic metabolism, electrocardiographs and so on. I am told that there are some 200 different tests which are theoretically available in a good diagnostic services program.

Now this is not done with the purpose of cutting anybody out of income, and it does not really do that. But the main purpose of this diagnostic service program is to help the doctor. The work of the medical practitioner has become so highly technical, and there have been so many new discoveries and so many new instruments enabling the doctor to carry out his work, that most doctors could not afford to have all the equipment necessary for good diagnostic services. If the doctor is to carry on his practice better, he must be able to refer his patient to a centre where those diagnoses can take place.

I come now to Dr. Blair's point; will this have the effect of causing the doctor who is initially charged with the responsibility of his patient to lose that patient? That is what happens now in many cases. I remember when I was in Regina about three years ago, being told by the director of the general hospital in Regina, of this very danger, and that they were correcting it.

The doctor far away in northern Saskatchewan would have to send his patient in. He would go into a hospital in Regina and come under the control of a specialist and the general practitioner would lose control of that patient.

That situation has been considerably ameliorated now in Regina. But in Manitoba in these rural areas, where the program exists, the general practitioner does not lose his patient, and that will undoubtedly be the situation in the full development of the scheme. There may be cases where the specialist will travel and this will mean that the patient will not have to go great distances, and consequently he will not pass out of the control of the general practitioner, which I think the medical profession recognizes would be a good thing.

Mr. BLAIR: The patient very often wants his own doctor at any time.

Mon. Mr. MARTIN: Yes.

Mr. BLAIR: When the scheme was brought into operation in England, we heard a great deal of criticism of that nature and it was pointed out that the general practitioner who was the backbone of the treatment would be releasing his position to somebody who would administer the new service and thus lose control. I asked the question only with reference to the larger centres, because there is a difference in the attitude, as the minister has said, towards the danger of the general practitioner losing his patient, and it would not do the general practitioner a great deal of good if it resulted in placing him in an inferior position in medicine.

Hon. Mr. MARTIN: No.

Mr. BLAIR: As I have said, the general practitioner is the backbone of the treatment, and in so far as any hospital scheme is concerned, I think it should be made quite clear—it did happen in England—that the specialist is not standing to receive the whole benefit of this thing because the general practitioners are certainly very important in the whole structure.

Hon. Mr. MARTIN: I would not want to say anything which would in any way be a reflection on the work of specialist because he does very important work. But from the discussions I have had with the profession generally there is full agreement on this; everyone recognizes that there is a role for the specialists as well as for the general practitioner; and in a diagnostic service program we envisage that we would be able to meet the needs of the general practitioner through the mobility of the specialist. For instance, the radiologist would not necessarily have to be located in one centre. He might be on the move. That is what is being done to a limited extent in Manitoba.

In England, as I understand it, many tests which have to be undertaken for a complete diagnosis cannot be ordered by the general practitioner.

Mr. BLAIR: That is right.

Hon. Mr. MARTIN: But here as you know the general practitioner can order almost any test without going to a specialist. I think what you have said is very important. We must recognize the role of the general practitioner in Canada, and provide in many ways to give recognition to his role, which is a very important one, a basic one. Without him we could not carry on with our health services in Canada. The Canadian Medical Association itself has recognized this, because, as Dr. Blair has said, the Royal College of Physicians and Surgeons and the Medical Association have set up a college for general practitioners which I think is a very commendable thing to have done and one which will be of great value, I am sure.

Mr. BLAIR: There are two angles; one must recognize that the patient is entitled to the very best possible treatment.

Hon. Mr. MARTIN: Yes.

Mr. BLAIR: And there is a very great deal of work which the general practitioner is perfectly capable of doing himself.

Hon. Mr. MARTIN: That is right.

Mr. BLAIR: And the patients possibly would like it better to have their own doctor in the case.

Hon. Mr. MARTIN: That is right.

Mr. Nicholson, just so that my answer will be complete, I was not trying to draw any invidious comparison, and I am quite sincere in this observation, between one province as opposed to another.

Mr. NICHOLSON: Well, in answering Dr. Blair, I think you pointed out that we had had this problem in Saskatchewan for nine years, and I think the record should mention that for nine years we—

Hon. Mr. MARTIN: What I was going to point out, if you will allow me, was that in Saskatchewan as opposed to Manitoba you have only in-patient diagnostic services as yet, whereas in Manitoba they have both in-patient and out-patient diagnostic services.

Mr. NICHOLSON: But how wide is that?

Hon. Mr. MARTIN: May I just finish. What I have said of Saskatchewan is true, except in the Swift Current area, which is, as you know a special testing area at the moment.

Mr. NICHOLSON: I wonder if the minister could break down the figures he has given us to indicate what percentage there has been in the province of Saskatchewan?

Hon. Mr. MARTIN: I can get that for you. You will find that Saskatchewan has been a very heavy beneficiary.

Mr. NICHOLSON: Yes. The problem Dr. Blair raises is a very important one that we were faced with some nine years ago in Saskatchewan. We have taken advantage of the trained personnel. I have seven hospital in my area which are all smaller to the so-called small hospitals Dr. Blair mentions, but the doctors there find it very helpful to have the best trained people they can get. The young people in these rural communities have done exceptionally good work, so a much smaller percentage of our people now have to go to the city to get an accurate diagnosis than before we had the trained people available to the smaller hospitals.

Mr. FLEMING: Mr. Chairman, may I turn to another point. I think we agreed that one of the difficult features of any plan of insurance, particularly one that is going to affect so many people, has always related to the administration work in relation to claims. Now is that administration work in relation to claims going to be done under this scheme entirely by the provinces, or is the federal government, before it vouchers any amount for payment by way of its contribution, going to concern itself with the reviewing of the claims?

Hon. Mr. MARTIN: No, the administration of the scheme will be left to the province; but we will naturally, as a federal government, want to make sure that our moneys are being spent for the purposes for which our policy declares they may be provided.

Mr. FLEMING: Well having regard to the experience, for instance, with the sharing of the cost of providing the old age security, the old age security over 70 and now between the ages of 65 and 69, I am interested to know further as to the extent to which the federal government is going to interest itself in any review of claims that the province is prepared to acknowledge and pay. In other words, if the province pays a claim put in by a hospital in relation to any of the services that are approved, is the Department of National Health and Welfare going to go back of the fact that the province has made the payment, to interest itself in the reviewing of the claims?

Hon. Mr. MARTIN: No, I do not think we would get into individual claims unless we felt there was an abuse. If we felt that somebody had been paid improperly, undoubtedly the treasury would look into that.

Mr. FLEMING: Well, of course, you are going to have the advantage here of dealing with hospitals; so that the problem of claims, I suppose is not going to be of the nature we had in some cases with regard to a multitude of individuals, where you might find some who might attempt to obtain something they are not entitled to. We are going to have the advantage of dealing with hospitals, but I am concerned with the extent to which the federal government may interest itself in reviewing the claims.

Hon. Mr. MARTIN: The federal government will certainly see to it that any moneys which it provides are properly used, that there is no abuse of any funds for which it is responsible.

Mr. FLEMING: Well if you are going to do that much, what, if any, administrative machinery are you providing for that purpose?

Hon. Mr. MARTIN: There would be a minimum of machinery. For instance, under our national health program we now give moneys, let us say, to a province for the purchase of X-ray equipment, of cobalt 60 beam therapy and so on.

We do have in our administration an examination by our officials of these expenditures. For instance, only a week ago I received an anonymous letter sent to me from a citizen in British Columbia saying that certain equipment the federal government had purchased for a particular health institution in Vancouver was not being used, and that if I went down and looked in the cellar I would see that this equipment is there and has been there for some time. Since I got this letter we instructed our officials to make an investigation at once. I am happy to say the investigation has revealed that my informant was wholly inaccurate.

If we learned for instance that a particular individual had received the benefits of hospital insurance without any right, we would certainly expect the province to examine that. I am sure the province would also.

Mr. KNOWLES: Mr. Chairman, is the plan set up on the basis of individual claims subject to the kind of review Mr. Fleming was talking about?

Hon. Mr. MARTIN: That would depend on the scheme.

Mr. KNOWLES: Or is it not rather the case that the federal government offers to pay to the province an amount which is equal to—

Hon. Mr. MARTIN: Its share.

Mr. KNOWLES: —a certain figure times the population?

Hon. Mr. MARTIN: That is right. But Mr. Fleming's question is a proper one all the same. That does not prevent us from wanting to make sure that the moneys are being used as such, and if there are any abuses we would certainly look into them and the provinces would do likewise.

Mr. KNOWLES: But it is hardly comparable to the Old Age Assistance Act, where you are in a position to review individual claims?

Hon. Mr. MARTIN: Oh, no, we will not sit on individual claims of course.

Mr. FLEMING: No, you are dealing largely with hospitals.

Hon. Mr. MARTIN: But we would certainly want to make sure our money is spent for the purpose for which parliament has authorized.

Mr. FLEMING: Of course there is this difference in relation to the situation described by the minister. In the case of the health grant you are dealing with prospective payments before the expenditure is made, whereas here you are dealing with payments approved on the application of hospitals.

Hon. Mr. MARTIN: Yes. The situation is actually as you have it in both Saskatchewan and in British Columbia now. The health insurance body, while it is actually part of the government service, is a sort of separate operation. British Columbia is a notable case. The office of the provincial treasurer in British Columbia frequently makes examinations to make sure that expenditures made by the hospital health insurance body are in fact in accordance with the legislature's decision and the government's policy. Our view would be somewhat parallel to that taken by the government of British Columbia, in respect of the operations of the Hospital Insurance Commission of that province. Likewise, in Ontario if the government decided to accept the proposal of the federal government, carried out the decision and set a hospital commission into operation, I am sure that the relationship then between that sort of crown body and the government of the province would parallel the kind of supervisory interest we would have vis a vis the provinces.

The CHAIRMAN: Mr. McLeod.

Mr. MCLEOD: Mr. Chairman, before we leave this matter of the diagnostic and radiological services, in British Columbia this is available under the B.C. H. Is. through hospital insurance at the present time, provided you are a patient in the hospital.

Hon. Mr. MARTIN: Yes, it is an in-patient service, the same as Saskatchewan.

Mr. MCLEOD: If you do not wish to confine yourself to the hospital for possibly three days while these various tests are being made you can still get the service but you must pay for it.

Hon. Mr. MARTIN: That is right.

Mr. MCLEOD: I am just wondering, under the national set-up, if there would be any encouragement to have these tests made to what you might call out-patients?

Hon. Mr. MARTIN: Oh, very much so.

Mr. MCLEOD: I think that is the proper way. There is no reason in the world why there should be discrimination between the person who is confined to the hospital and the one who is not, and that is one of the shortcomings of our scheme in British Columbia at the present time, in my estimation.

Hon. Mr. MARTIN: Yes. Outside of the Swift Current area in Saskatchewan, Mr. McLeod, your scheme and that of Saskatchewan are basically the same. It is an in-patient service. What we had in mind was not only an in-patient, but also an out-patient service.

The cost now of diagnosis is more costly because of the fact that a patient has to go into the hospital in British Columbia and spend some time there in order to be properly diagnosed, unless he pays for it himself. But the kind of diagnostic service scheme that we have in mind is that which they have now in operation in Manitoba, and which I think the medical profession generally wants. It is one that would permit me, for instance, to go to some place in Ottawa without having to spend some time in the hospital, and to get all of the care and diagnosis—not care, but diagnosis and examination that in the British Columbia and Saskatchewan insurance plans can now be obtained only through the in-patient service.

Mr. Nicholson asked me for the breakdown of the situation in Saskatchewan. In the last few years we have trained six doctors, 42 laboratory technicians, and 37 X-ray technicians.

Mr. CANNON: Let me ask one thing, Mr. Chairman. If the scheme is to be administrated by the provinces, how can the federal government go about obtaining the result that the diagnostic services may be available not only to in-patients but to out-patients? Would they make representations to the provinces?

Hon. Mr. MARTIN: Oh, that is a matter of negotiation. We are discussing these things all the time. For instance, we have a meeting next week of the Dominion Council of Health. All the deputy ministers of health come to Ottawa under the chairmanship of Dr. Cameron, the Deputy Minister of Health. I generally take advantage of and profit by their discussion, and sit in, as does my parliamentary assistant. These matters are discussed, and have been discussed over the years. It does not mean that if the scheme were accepted that we would embark on this at once, but it does mean that that would be the ultimate objective.

Since you come from the province of Quebec, Mr. Cannon, may I say that in 1951 the government of that province brought in legislation providing for the expenditure of $6-½ million to set up two diagnostic centers apart from hospitals.

At the conference last October I expressed to the premier of the province of Quebec the hope that this legislation, which he himself had initiated, could be implemented so that advantage could be taken of the existing radiological and diagnostic service moneys that are available now to the provinces, and he expressed great interest. From subsequent talks I have had, I think that we may anticipate some progress in the setting up of these diagnostic centers in your province. That will be a matter of course, to be decided upon by the government there; but if it decided to go ahead it will receive our very active technical assistance, if that is desired. And to the extent that the authority exists under the radiological and diagnostic services grant, financial assistance could also be given. I think that would represent a very considerable program in the province of Quebec. I can only say that the premier of the province of Quebec told me of his personal interest in the matter.

Mr. CANNON: Thank you very much Mr. Minister.

Now I think it would be very important that this radiological and diagnostic service be made available to out-patients for two reasons. First of all, to avoid over crowding of hospitals.

Hon. Mr. MARTIN: Yes.

Mr. CANNON: Secondly from a financial point of view, why should a man have to pay for a hospital room when he can get the same service by remaining at home and going over to the hospital every day?

Hon. Mr. MARTIN: Well this question may not be spectacular, but really it is one of the fundamental things that we should be considering, especially when the cost of the program of the federal government,—as I myself have indicated and as I think my duty demands,—can only be paid for by the people. When we think of what this will mean, I am sure that people worrying about the cost will say that this is the kind of expenditure that governments are justified in making.

Mr. KNOWLES: Hear, hear.

Hon. Mr. MARTIN: My honourable friends say "Hear, hear". I hope by that they mean they are approving the initiative taken by the federal government in this matter.

Taking your own constituency, Mr. Cannon, where the economic standard is not as it is, let us say, in the city of Quebec, and in the city of Montreal, an individual has cancer. Now, I do not know if any of you saw "Medic" last night on television, but this was a case of a young singer that had an

ulcer in the throat that turned out to be malignant and so on. He would not go and be properly diagnosed and examined. If he had, it would likely have been discovered in the early stages. He could have afforded it. But there are many individuals that cannot afford these things, and that is a fact.

Mr. CANNON: Well, I am glad you brought up that point, Mr. Minister, because I was just thinking of that, and I meant to bring it up later. What assurance will we have, if a scheme like this goes into force, that diagnostic and radiological centers will be established, for instance, say in a place like Magdalene Islands, because if they were not, the plan would be of no use at all practically, if people had to go to the centers or—

Hon. Mr. MARTIN: Yes, but you must envisage this thing as a developing program. It is not going to be done over night. This represents a very important departure in the traditional attitude in these matters. It has taken time to win the wide theoretical acceptance that now exists for this; but it does now exist, and it will have to develop.

Manitoba is a good case in point. The program there is confined to rural Manitoba. It has not gone into the city of Winnipeg, because there they already had a good, well established diagnostic service, and in the rural parts they did not. The program will expand in Manitoba to other rural regions, and in the province of Quebec and elsewhere this whole scheme will develop. I am sure that in 10 years from now we will see a network that will justify all the expenditure and effort.

Mr. CANNON: Well, I think Mr. Minister, that it should be the policy of the federal government, in so far as it can do so, to see that priority is given to establishing these radiological and diagnostic services in the remote areas.

Hon. Mr. MARTIN: I would not want to say "priority".

Mr. CANNON: And in getting medical care.

Hon. Mr. MARTIN: I would not say I agree with that. The problem in the city of Montreal is a much greater problem, as there are more people involved. I am sure, that, as a result of the cooperative understanding we try to maintain with departments of health, the objective you have in mind will not be forgotten. Only yesterday, I was talking to the Deputy Minister of Health in the province of Quebec, Dr. Gregoire, with whom my officers have the closest association. We were talking, not of the Magdalen islands, but of an area of that sort, in connection with a similar project.

Mr. KNOWLES: I noted the pleasure on the face of the minister when Mr. Nicholson and I said "hear hear" to a statement of his a moment ago. He asked then whether that meant we approved of the steps the government is taking in connection with this question of national hospitalization insurance. I am sure that the minister knows that we do approve. We have indicated the points where we are disappointed and we have indicated one or two shortcomings of the plan. However, all told, we approve of the proposals made by the government as a first step in this direction.

Hon. Mr. MARTIN: A second step.

Mr. KNOWLES: We wish the government well in its efforts to persuade enough of the provinces to agree to it so that the plan may come into effect, and so that we can move on from there.

Mr. FLEMING: I presume Mr. Knowles still reserves the right to criticize the plan in regard to points he considers necessary.

Mr. KNOWLES: Has Mr. Fleming any doubt about that?

Mr. FLEMING: I wanted to get it on the record.

Hon. Mr. MARTIN: Of course that right exists; but it presupposes, in so far as Mr. Fleming is concerned, that he agrees with the plan in principle. He has not indicated that, but Mr. Knowles has done so.

Mr. FLEMING: I will deal with it when the time is ripe.

Mr. KNOWLES: I may even have some criticisms to make in the next world.

Hon. Mr. MARTIN: I have no doubt you will.

Mr. KNOWLES: Is there not some way in which this committee could express its approval of the proposals made by the government to the provinces, bearing in mind all the time the criticisms we have offered and the right that we reserve to make further criticism? It seems to me that it would be helpful to the government and helpful to the nation as a whole, if it were known that these proposals have the general support, not only of the cabinet but of all members of parliament as reflected in this committee. I realize that all we are discussing at the moment is item No. 263, "Health Insurance Studies and Administration of the General Health Grants". However, if there is any way in which the members of this committee can indicate the kind of approval to which I have referred, certainly we who represent the C.C.F. will be glad to indicate that approval.

Hon. Mr. MARTIN: May I now table the correspondence with the government of Saskatchewan, about which Mr. Gauthier enquired privately and of which Mr. Fleming spoke earlier this morning. I have already asked Mr. Bentley, through my deputy minister, for permission to table this correspondence. Mr. Bentley wrote to me on March 26, 1956, as follows:

> Dear Paul:
>
> I beg to advise you formally that the government of the province of Saskatchewan is prepared to enter into an agreement with the government of Canada respecting a sharing of the costs of a laboratory and radiological diagnostic services program, and a hospital insurance program.
>
> The government of the province of Saskatchewan wishes it to be understood that this expression of willingness to enter into an agreement for the purposes suggested is in respect of an agreement in principle only. We are aware, as you no doubt are aware, that a number of details remain to be clarified. A number of points could be detailed but it is sufficient here to note that among them are the extent of coverage under the proposed program, the problem of hospital care of Indians and the relationship of existing Indian hospitals operated by the government of Canada, and definitions of terminology used. Not the least of the requirements of a workable agreement will be a standard and agreed upon method of accounting; our own experience has shown the necessity of this.
>
> We believe that a considerable amount of discussion should take place at the official level before a final agreement between our two governments is made. You may be assured that our officials will be willing and available at any time to meet with yours, either in bilateral or multilateral talks, to clarify the details of agreements which may be entered into.
>
> In the meantime, we are prepared to proceed as rapidly as possible to implement an agreement or agreements to share in the costs of a hospital insurance program and a laboratory and radiological diagnostic services program.
>
> Yours sincerely,
> T. J. Bentley.

I wrote to Mr. Bentley on April 6 as follows:

Dear Mr. Bentley:

I wish to acknowledge your letter of March 26 in which you formally advise the government of Canada that the government of the province of Saskatchewan is prepared to enter into an agreement with the government of Canada respecting a sharing of the costs of a laboratory and radiological diagnostic services program, and a hospital insurance program.

I note your statement that the expression of willingness to enter into an agreement is in respect of an agreement in principle only. I understand your position and agree that a number of details remain to be worked out. May I assure you of our keen desire to have the freest possible discussion between the officials of our two governments relating to the details. It is my hope that officers of this department will be able to visit Saskatchewan sometime later this spring for a full discussion of the many points which must be considered in reaching an agreement. I feel sure that these discussions will be of great value and that mutually satisfactory arrangements can be arrived at.

With kind regards,

Yours sincerely,

Mr. CANNON: May I ask a question, to complete the series of questions. Would it be fair to say that the question, as to whether or not a radiological and diagnostic services program, as contemplated by the health insurance scheme, is established in Magdalen islands, is a matter for the decision of the provincial government.

Hon. Mr. MARTIN: That is right.

The CHAIRMAN: There is no reason why we should not make a report along the lines Mr. Knowles mentions, if that is the desire of the committee. We can discuss that when we come to make our report. We go into camera before making our report, and that will give everyone time to consider whether they wish to support a recommendation or report, as is suggested, that they approve of the government's proposal.

Mr. KNOWLES: As one who was not on this committee last year, may I ask whether such a report is made at the end of the consideration of each department's estimates?

The CHAIRMAN: In the past we reported the estimates only, but there is no reason why we could not make a separate report, if the committee wishes.

Mr. KNOWLES: Then we could make a separate report on health insurance.

Mr. FLEMING: On item 263, is the administrative machinery available within the department, under this item, for the inauguration of the plan, if the plan should come into effect before March 31, 1957?

Hon. Mr. MARTIN: If the plan came into being, we would be ready.

Mr. FLEMING: I am down now to the financial item itself, "Health Insurance". I am asking if there is available now in the department the administrative machinery, and whether it would be provided for under this item, or whether a supplementary estimate would be required.

Hon. Mr. MARTIN: I do not know what the treasury arrangements would be. We would be ready right now. We feel we are ready to undertake it. We would have to enlarge our personnel as the scheme developed, but I feel we would be ready right now.

Mr. FLEMING: Will it involve anything more financially than is proposed now in 263? Would it mean a supplementary appropriation for the purpose of providing the administrative machinery?

Hon. Mr. MARTIN: I think it would mean a slight appropriation, not very large.

Mr. FLEMING: Over how long a period has this particular branch in the department, health insurance studies, been engaged in following this particular plan, as distinct from health insurance studies in general?

Hon. Mr. MARTIN: They have been for about a year and a quarter on this particular proposal. We have been discussing in our department this whole matter, from the first week when I became minister.

Mr. FLEMING: We are famliar, from other years, with the discussion in regard to health insurance studies in general, but I am talking now with regard to the particular plan that is being put forward now.

Hon. Mr. MARTIN: The particular proposal took form about a year and a quarter ago, but we had other proposals in mind as well.

Mr. FLEMING: Such as?

Hon. Mr. MARTIN: We have made studies of all aspects of health insurance.

Mr. FLEMING: That is a matter of study. I am wondering about particular plans. Had any other proposal reached the point of being advanced or discussed with the provinces?

Hon. Mr. MARTIN: We have had discussions with the provinces informally in the past eight years on all aspects.

Mr. FLEMING: That is informally and in regard to general aspects. I am asking in regard to any particular plan or particular proposal as apart from this one.

Hon. Mr. MARTIN: Obviously, that question is not properly based. If I am asked whether the government of Canada has made a specific proposal before this one, I would say it has not. We have indicated the general lines of our policy, without which a proposal could not be based. We have said all along that we were in favour of a nationwide contributory scheme of health insurance and we have indicated the general context of our policy. It was only when we saw evidence of the kind of interest, by the provinces that would make this program possible that we came forward with a specific proposal. That was done formally in January of this year. However, the general character of this proposal has been in our minds now for at least a year and a quarter, in the Department of National Health and Welfare.

Mr. FLEMING: Then this is the first specific proposal put forward between the dominion and the provinces?

Hon. Mr. MARTIN: Since 1946—only because there was no opportunity of making a proposal before that. Only one or two of the provinces were interested. However, when last spring Premier Frost indicated his interest in this problem, it made possible for the first time a realization of the majority principle, and that changed the matter considerably. It was then possible to make a proposal.

The present Prime Minister indicated clearly in 1949 and 1953 that we stood by our original position, that once the provinces were prepared to give the necessary concurrence we were ready to provide the technical and financial assistance required. However, no province indicated that. The province of Saskatchewan did, but there were not enough provinces to justify, in our judgment, expenditure in a single province of federal funds provided by all of the taxpayers of Canada. But once the Premier of Ontario indicated his interest, the situation took a different turn. He put forward what were

called "studies". They were at one time called by him "proposals"; however, on close questioning by me he said they were not proposals but were to be regarded as what they were actually entitled, that is, "studies". He outlined different proposals and one of them included medical care. His government has indicated that they are not now proceeding with that, as have other provinces, but there was a specific proposal. His government and the governments of the provinces generally are now giving consideration to the federal proposal. We are now waiting for their decision.

Mr. FLEMING: It has been made clear in reply to previous questions that the matter is of such importance that it is expected the provinces should give it very serious consideration.

Hon. Mr. MARTIN: I have indicated that repeatedly. I do not want anything I say to be construed in any way as an inadequate recognition of the care with which the provinces will need to study this matter. I sincerely hope they will make it possible for us to embark on what I believe is a program of great significance and one that will inure to the benefit of this nation.

There can be no question about that. At the same time, I recognize the provinces will want to give consideration to this matter—as indeed they are doing. I do not know what the state of the study is in Ontario now or whether they are going to continue their studies. The legislature there has risen. I know that in Nova Scotia the government has picked a committee of four members—Dr. J. S. Robertson, Deputy Minister of Health; Dr. C. B. Stewart, Dean of the medical school at Dalhousie university; Mr. L. E. Peverill, provincial auditor and Mr. Innis MacLeod, senior solicitor in the Attorney General's department. This committee will study the matter and make a recommendation. I am very interested in the observations made by the Minister of Health in that province, as contained in the Halifax Chronicle Herald of March 13. The following is the text of the report, in part, of what the minister said:

> The minister revealed for the first time the full details of the Ottawa offer for a federal-provincial health insurance plan, which would cover hospital and diagnostic services only. Medical care was excluded.
>
> While the total net cost of the plan in Nova Scotia would be $12,500,000, the federal government would bear $7,100,000 of the cost and the province's share would be $5,400,000 plus $625,000 for administration costs.
>
> Mr. Stevens stressed, however, that the provincial government was already spending $1,250,000 on general hospitalization and the municipalities were expending another $1,500,000. If the municipalities continued their contribution, then only $3,275,000 new money would have to be found to bring the plan into operation, he said.

I am very glad to see Mr. Stevens pinpointing a situation which I myself emphasized in our earlier meeting, when I pointed out that it was the dominion government that would bear the big share of the new money required.

Mr. NICHOLSON: Were there any estimations of what the people of Nova Scotia are now paying for hospital insurance?

Hon. Mr. MARTIN: Yes, we can give you that. The Blue Cross premiums now paid in the province of Nova Scotia are $1,250,000.

Mr. NICHOLSON: What about the other schemes, and that which the individuals pay? Can you estimate what the individual pays?

Hon. Mr. MARTIN: In addition to Blue Cross, half a million dollars are paid under the commercial plans in Nova Scotia.

Mr. NICHOLSON: What about the other payments outside of plans?

Hon. Mr. MARTIN: I can give you the whole picture for Nova Scotia to make it complete. I will do this with every province. In Nova Scotia the total cost in the year 1956 will be $12,500,000, less the federal share which represents 57 per cent of the total expenditure, totalling $7,100,000. So that the province will have to find $5,400,000. The province is already spending $1,500,000, the municipalities are already spending $1,500,000, so that the balance to be raised of the provincial share is $2,400,000. There are now being paid by way of Blue Cross premiums $1,250,000, and in addition $500,000 for commercial plans. So that in this province the federal contribution together with the present provincial-municipal payments towards hospital maintenance costs would provide all but $2·4 million of the total amount required to finance the total program. This additional amount, to be raised by premiums or otherwise from the residents of the province, is only $650,000 greater than the amount already paid by some of the residents on a voluntary basis to Blue Cross and commercial plans.

Mr. NICHOLSON: Mr. Chairman, I wonder if the minister would have some way of estimating what is paid by the residents of Nova Scotia, apart from Blue Cross? I do not imagine Blue Cross covers everything. There must be some way of estimating what the total hospital costs in Nova Scotia are now.

Hon. Mr. MARTIN: You mean by commercial insurance, or by—

Mr. NICHOLSON: The individual.

Mr. KNOWLES: The people with no insurance at all who just have to pay the bills directly.

Hon. Mr. MARTIN: While we are on this I can give you these for all the provinces.

Mr. CANNON: Do you have those figures for Quebec?

The CHAIRMAN: I was going to say—

Mr. FLEMING: I would suggest to the minister, if the committee is agreeable, we could stop talking and hold still, because I would like to have it, if the minister will place on the records of this committee the figures he has here for all the provinces.

Hon. Mr. MARTIN: Yes.

The CHAIRMAN: I was going to suggest that we include it as an appendix to the report today.

Mr. NICHOLSON: So far the minister has not given the estimate as to what is paid by the Nova Scotian individuals.

Hon. Mr. MARTIN: We are going to give it to you. Do not get excited Sandy; take things in your stride.

I think the best thing is to give it all now, because there may be questions on it.

The CHAIRMAN: Do you wish to give them now?

Hon. Mr. MARTIN: Mr. Cannon has asked me a question. I would prefer to make my statement, and then if you want to ask questions on the provinces—

Mr. NICHOLSON: Before we leave Nova Scotia, the minister has given us the Blue Cross figures but he has not given us the complete picture of Nova Scotia.

Hon. Mr. MARTIN: You have asked me that four times in five minutes. If you will just be patient we will give them to you.

Mr. NICHOLSON: Fine.

Mr. KNOWLES: What we would like—

Hon. Mr. MARTIN: Just a minute now; I know what "we would like". Let me get it. I find that if you just take things in your stride you always get places.

The CHAIRMAN: I am suggesting it is already included in the statement that is already given.

Hon. Mr. MARTIN: No, it is not.

The CHAIRMAN: To some extent.

Hon. Mr. MARTIN: No, it was not. We have a general statement here; direct payments by patients, by insurance companies, by individuals under voluntary hospital insurance programs amount to roughly about $7,800,000 in Nova Scotia. I would calculate that about six million dollars of that comes from direct patient, one and a quarter million by Blue Cross, and $500,000 from commercial companies.

Mr. NICHOLSON: Actually Mr. Chairman, it is not going to cost the people of Nova Scotia any more according to those figures to participate in the plan than they are now paying for hospital care.

Hon. Mr. MARTIN: Well, that is a misleading statement. Do you want to keep this until we get all the provinces in, and then I will discuss that?

What you are saying, so that I will not be accused by you of brushing you off, Mr. Nicholson, is that all that this scheme means is simply a transfer of payments. This money that is now being spent—what will happen under this proposed scheme of the federal government will simply be that the money will be spent in similar amounts in another way through another quarter. Well, that is—

Mr. NICHOLSON: That is partly true.

Hon. Mr. MARTIN: That is economically true, except that there are bound to be additional expenditures. But this is basically a transfer of payments proposition.

Mr. NICHOLSON: Yes. We are going to find that some people—

Hon. Mr. MARTIN: But it does not alter the fact that a government is not necessarily in the position of its people. For instance, while $6,000,000 is now being paid by individuals in the province of Nova Scotia towards hospitalization, and $1¼ million through Blue Cross, and $500,000 through commercial companies, the fact is that the government of Nova Scotia will have to levy some form of taxation to cover the whole amount.

Mr. NICHOLSON: Quite so, but they will be relieving their taxpayers of some of the responsibilities they are now meeting as individuals?

Hon. Mr. MARTIN: That is right.

Mr. NICHOLSON: And it is not going to place any real hardship on the people of Nova Scotia?

Hon. Mr. MARTIN: I would not want that statement to go unchallenged. These things do cost money.

Mr. NICHOLSON: With more people in the hospitals—

Hon. Mr. MARTIN: I am sure that the net result of this will be for the benefit of the people.

Mr. NICHOLSON: Exactly, yes. You will have more people who have their life expectancy prolonged as a result of this measure.

Hon. Mr. MARTIN: I hope that will apply to the members of this committee too.

Now, in the province of Quebec, Mr. Cannon, the total cost in the first year is estimated as $96,800,000, less the federal share which would be 53 per cent, namely $50,700,000. For the provincial share, they will have to find $46,100,000. The province is already spending $13,900,000. The municipalities are already spending $4,800,000, so that the balance to be raised of the provincial share is $27,400,000. The Blue Cross and other non-profit plan premiums is $10,200,000.

So that in the province of Quebec the federal contribution together with the present provincial-municipal payments for hospital care would provide 70 per cent of the total required, leaving 27·4 million still to be found. This compares with the 10·2 million now being paid under Blue Cross and voluntary insurance plans on hospital account.

Mr. NICHOLSON: Mr. Chairman, I do not like to interrupt again, but if the minister is going to proceed from province to province, it might be helpful to give us the figures for all the provinces.

Hon. Mr. MARTIN: That is what I am doing now.

Mr. NICHOLSON: But you have not given them for—

Hon. Mr. MARTIN: You have not given me a chance. You are so anxious Sandy. I am worried about you.

Mr. NICHOLSON: But if you would give them when you are giving the Blue Cross figures, and then come back and tell us what it is going to cost the people of New Brunswick and—

Hon. Mr. MARTIN: Every time you make a statement you are interpolating. If all this could appear in the proper order it would be much easier for you at the next meeting.

Mr. CANNON: I think Mr. Nicholson should be able to understand that the minister is giving all the figures at once.

Mr. NICHOLSON: But he can give the figures after—

Hon. Mr. MARTIN: Mr. Nicholson, just a minute, your blood pressure. I am worried about you. We will give you all the information you want. Our officials will have all that information for you next day. We just have not got it right now.

Mr. NICHOLSON: But I think it is disturbing to just show a large amount that it is going to cost the people of Quebec, implying it is new money that they are going to have to find, when actually if the minister would give us the figures after the Blue Cross, what they are paying now, what the people of Quebec are now paying—

Hon. Mr. MARTIN: Well, I have just told you, we will give you that. Just take it easy.

Mr. BLAIR: Peace, perfect peace.

Mr. KNOWLES: Rather than giving us partial figures now, Mr. Chairman, I think it would be better if you were to hold it for a later time and give us the complete information then.

Hon. Mr. MARTIN: We will give it to you all right, but we have not got the other ready now.

Mr. NICHOLSON: You can hold it until you have the other.

Hon. Mr. MARTIN: No, I would prefer to do it this way. We have got to take the time. This committee takes a great deal of time.

Mr. KNOWLES: We are trying to save time.

Hon. Mr. MARTIN: Now we come to Manitoba—we will get this information, showing the amount of private expenditures on hospitalization in Quebec and these various provinces. You will find it is considerable, and the point will have to be judged in the light of what I said a while ago. Now in Manitoba—

Mr. KNOWLES: In other words, in all cases, Mr. Minister, when you give figures such as you have given, such as $17,200,000 which you just gave for Quebec, they will have to be qualified, if I might use that word, by the amounts paid by individuals outside of these various plans. I am not going to argue that you get another net figure and reduce that again, but that would certainly be in the picture against this $17,200,000 that you give as the net figure for the province of Quebec?

Hon. Mr. MARTIN: Twenty-seven.

Mr. KNOWLES: Pardon me?

Hon. Mr. MARTIN: Twenty-seven.

Mr. KNOWLES: No, it was $27,400,000.

Hon. Mr. MARTIN: The balance of 17.

Mr. KNOWLES: Yes, the balance less $10,200,000 leaving $17,200,000. Now against that there will be an amount paid by the individuals, which in our view would seem to have the effect of reducing to a still lower point the amount of new money. I am not asking you to do an absolute subtraction.

Hon. Mr. MARTIN: Just a minute.

Mr. KNOWLES: That will reduce to a lower amount—there is no doubt about that—the money that people will have to pay.

Hon. Mr. MARTIN: There is no doubt about that. Here is the situation—

An Hon. MEMBER: That is hard.

Hon. Mr. MARTIN: No, it is not hard to figure. We can give that quite easily. $400 million—

Mr. KNOWLES: Have you not got the results of any research—

Mr. FLEMING: May I just suggest that the minister be allowed to put these things on the record, and if there are things we want to know afterwards we can ask him.

The CHAIRMAN: What the minister is doing is giving the cost to the various governments, and if the members want to point out that these costs have to be paid for by somebody, if they are not paid for by the governments they must be paid for by individuals there is nothing wrong in their so doing. We all understand that is the position of the C.C.F. party and of other people, but why should not the minister be permitted to give these figures, and questions can be asked based on them to bring this out, if anyone wants to do so.

Mr. NICHOLSON: But Mr. Chairman, the minister gives the cost of the program and gives the share the Blue Cross is now paying and he gives the present amounts of the provinces and municipalities, and commercial plans. However he should not stop here, he should go the whole way.

The CHAIRMAN: He gives the Blue Cross share, and that is a form of insurance, and he gives—

Hon. Mr. MARTIN: No one is refusing to give the information. What I said was this, and Mr. Nicholson's original question will be likely interpreted in a moment perhaps I better do it right now. The total cost of hospitalization in Canada is about $400,000,000 roughly. Now, if the ten provinces come in we would have the same expenditures. That is what Mr. Nicholson is saying. If that is the case, why all this concern on the part of the provincial governments? My answer to that is partly this; that the realization of the federal government proposal will represent, largely, transfer payments, allowing also for an increase that will take place because of the government-assumed portions.

Mr. NICHOLSON: And improved services.

Hon. Mr. MARTIN: Just a minute please, I am trying to put this statement so it will be understood. Do not complicate it now. What Mr. Nicholson is trying to argue is, that economically it should not be difficult for provincial governments to embark on the federal proposal. Well, I am not charged with the defence of any provincial government, but the fact is that the government of each province will, on acceptance of this plan be called upon to make levies to realize their share, although the total net economic result may be substantially the same.

Now, that is the picture, and it is obvious that that is the situation. There are no conclusions to be drawn from it, except that the net economic burden on the people will not, in our judgment and in your judgment, be substantially greater as a result of this government sponsored scheme than is now the case. These people who now criticize me, and if you have been reading some of the editorials you will see I am the butt of the criticism, and I do not mind it, being prodded and so on, should bear in mind that these schemes are not going to result in an increased national economic burden. It will mean that the governments will be faced with a responsibility that heretofore has not been theirs in terms of levying a certain amount. I am certain that the advantages of this scheme will certainly justify any concern on the part of the government.

Mr. NICHOLSON: Mr. Chairman, if you will permit one comment at this stage.

The CHAIRMAN: I wonder if you could hold it Mr. Nicholson, the minister wants to put this on record.

Hon. Mr. MARTIN: In New Brunswick the total cost in 1956 will be $9,500,000. These of course are all estimated figures. Less the federal share, 59 per cent which totals $5,600,000, so that the provincial share to find will be $3,900,000. The province is already spending $700,000, and the municipalities are already spending $1,200,000, so that the balance to be raised of the provincial share is $2 million. The Blue Cross premiums total $1,900,000, so that in the province of New Brunswick the federal contributions, taken together with contributions presently being made by the province and municipalities towards hospital insurance costs would provide all but $2,000,000 of the total amount required to finance the total program, hospital and domestic, in New Brunswick. This additional amount to be raised by premiums or otherwise from all of the 568,000 residents of the province is only $100,000 greater than the amount already paid by some of the residents on a voluntary basis to Blue Cross alone.

In the province of Prince Edward Island the total cost for 1956 is $1,500,000, less the federal share which is 65 per cent, or $1,000,000. The provincial share to be found is $500,000. The province is already spending $165,000. The municipalities are spending in Prince Edward Island $15,000, so that the balance to be raised of the provincial share would be $32,000. The present Blue Cross premiums are $280,000; so that likewise in the province of Prince Edward Island the federal contributions taken together with the contributions now being made by the province and municipalities towards the maintenance of hospital costs would provide all but $320,000 of the total amount required to finance the total program in Prince Edward Island. This additional amount to be raised by premiums or otherwise from all of the 108,000 residents of the province is only $40,000 greater than the amount already paid by some of the residents on a voluntary basis to Blue Cross alone.

Now in Ontario. The total cost in Ontario is estimated for 1956 at $129,200,000. The federal share will be 49 per cent of that, namely: $62,700,000, so that the amount that the province would have to find is $66,500,000. The province is already spending $17 million. The municipalities are already spending $13,400,000. Therefore the balance to be raised of the provincial share is $36,100,000. Blue Cross and other non-profit plan premiums are $32 million. Therefore in Ontario, federal contributions, together with current provincial municipal payments for hospital care and maintenance, would provide about 70 per cent of the total required, leaving $36·1 million still to be found. This compares with $32 million paid now to Blue Cross and other non-profit plans by individual subscribers.

In Manitoba the total cost in 1956 will be $18,900,000, less the federal share, which will be 51 per cent, totalling $9,600,000. The provincial share to be found will be $9,300,000. The province already is spending $1,400,000. The municipalities are spending $2,200,000. The balance to be raised, therefore, of the federal share, is $5,700,000. Blue Cross premiums in Manitoba are now $4,900,000. Therefore, in Manitoba the federal contributions, together with the provincial-municipal payments which are now being made, would provide all but $5·7 million of the total sum required. This sum is $800,000 more than the Blue Cross premiums now being paid.

In Saskatchewan the total cost for 1956 is estimated at $23,600,000. The federal share will be 47 per cent, or $11,100,000. The provincial moneys to be found will be $12,500,000. The province is already spending $21,700,000 through its hospital insurance plan. Therefore, if this scheme is realized, there will be a total saving to the province of Saskatchewan, as a result of the acceptance of the federal proposal, of $9,200,000. I hope Mr. Nicholson will tell everybody about that situation and that he will give the federal government the credit.

Mr. NICHOLSON: We will.

Hon. Mr. MARTIN: In Alberta the total cost for 1956 is estimated at $29,500,000, less the federal share, 46 per cent, or $13,700,000. Therefore, the provincial share to be found will be $15,800,000. The province already is spending $12 million and the municipalities are already spending $3 million. Therefore the balance to be raised, of the provincial share, will be $800,000.

In regard to British Columbia, I am sorry that Mr. McLeod is not here. The total cost in British Columbia for 1956 is estimated at $38,400,000, less the federal share, 45 per cent, $17,300,000. Therefore, the province will have to find $21,100,000. The province is already spending through hospital insurance programs $28,900,000. The municipalities are spending already $1,100,000. Therefore, the total provincial—or provincial-municipal saving, as a result of the proposals the federal government has made to British Columbia and other provinces, will be $8,900,000. "Sandy", if you have any influence in the province of British Columbia, I hope you will broadcast this proposal of the federal government to the people of British Columbia.

In regard to Newfoundland, it is estimated that the total cost for 1956 will be $5,200,000, less the federal share, 72 per cent, $3,700,000. Therefore, the province will have to find $1,500,000. The province is already spending $3,300,000. The municipalities there are not spending anything. The total provincial saving is $1,800,000. The Blue Cross premiums are $70,000. Therefore, in Newfoundland, the federal contribution, taken with what the province itself is actually spending at the present time, will be more than adequate to finance the proposed program. In fact, the province will actually be able to save $1·8 million annually of present expenditures, and this will provide Newfoundland with enough money to make possible the construction of needed hospital beds to overcome existing hospital bed deficits—which I think amount to about 1,000 beds.

All of these figures must be read in the light of the statement I made in commenting about Mr. Nicholson's observation. The total hospital bill in Canada will not be changed basically as a result of the acceptance of the federal government's proposal for a scheme of hospital insurance. In other words, the net cost will not necessarily be greater, except in regard to allowance for improvements which obviously would be made through community effort. However, that is not a completely fair way of putting it, as far as the provincial governments are concerned. It means that they have to go out and find, through their taxation or premium methods, moneys which now have been forthcoming privately in another way. We must recognize that

fact. We must not seek by these figures to make the situation such that any provincial government would construe that, by the presentation of these figures, I was seeking to embarass them. I do not think that is the way to achieve co-operation in a matter like this. I would like that point to be quite clear. The net economic position is very important, as it will demonstrate to people who criticize this plan, that it does not represent the extravagant picture which some of them have suggested.

One other observation should also be made—that the federal government's position remains a very important and a very difficult one. We will not be able to deduct from our share, in terms of net consideration, moneys that are paid now by way of commercial contracts or premiums on Blue Cross and so on; nor will we be able to take into account in our calculations moneys which are being spent now by way of provincial grants and by way of municipal grants.

Mr. NICHOLSON: While I agree with most of what the minister said, I think it will be found that more people will go to hospitals, that there will be better care and life will be prolonged. These figures for Saskatchewan might disturb people from other provinces, but the facts are that we are living longer. Nearly all the babies in Saskatchewan now are born in hospitals and there is a lower death rate.

Hon. Mr. MARTIN: I do not understand this last observation.

Mr. NICHOLSON: In ten years, if the other provinces provide the care which we have in Saskatchewan, there will be more people going to hospitals and more money will be spent on hospital care and we will have better services. The amount of additional money we are spending is not sufficient to block the scheme and while people will be able to go to hospitals without paying the cost personally, I think you will find as we have found in Saskatchewan, that, as soon as they are fit, they will want to go home. I saw a woman in hospital at Easter time who was delayed for three or four days because the roads were blocked. She was very upset about having to stay in hospital longer and was annoyed that the roads were not opened. People do not want to stay in hospital, but they want to get in when they are sick. The financial position now, in provinces where there is not a scheme such as this, keeps a lot of people out of hospital and as a result many people are dying prematurely. The minister should accept the fact that more people will go to hospital than has been the case for the last ten years.

Hon. Mr. MARTIN: Mr. Nicholson is putting forward arguments at which I am surprised. I thought he would be the first to say that a government sponsored hospital insurance scheme would not result in abnormal use of beds by patients. He is giving the impression now—I know it is done unwittingly—that hospital insurance will see hospitals over-burdened.

Mr. NICHOLSON: I did not say that.

Hon. Mr. MARTIN: That is the impression that we got at the head table. In your own province, the increase under the hospital insurance scheme is not more than one half of one patient day on the average. The examination of the records will show that a hospital insurance scheme under government sponsorship, under careful administration, does not result in abuse of the bed occupancy.

Mr. NICHOLSON: I am not saying there is abuse but I am saying that we are spending more money on hospital care in Saskatchewan in 1955 than in 1945, because more people are going into hospitals. I am not finding any fault there, but I think that the minister should not expect that, ten years from now, as a result of this scheme being used, there will not be a substantial increase in the number of people who take advantage of hospital care. I do not think that should stop our proceeding with the scheme.

Hon. Mr. MARTIN: I do not understand your line. I think you are arguing against your own case.

Mr. NICHOLSON: No.

Hon. Mr. MARTIN: You are saying that as a result of hospital insurance it must be supposed that more people will be using hospitals than is the case now. I do not agree with that. I think you will find that a carefully administered scheme of hospital insurance, such as exists in many places, does not result, after a period of stability has been reached, in a matter of two or three years, in a greater use or a greater unwarranted use of hospital beds than under existing schemes.

EVENING SESSION

April 10, 1956, 8.05 p.m.

The CHAIRMAN: Order, gentlemen. The minister has a short but important statement he would like to make to the committee before we go on to the next item.

Hon. Mr. MARTIN: Yes, Mr. Chairman, I think I would like to take advantage of this opportunity to make a short statement. I thought I would like to use the sitting of this committee as an occasion to do so rather than just issue a general release.

My attention has been drawn to a press report indicating that the Connaught Medical Research Laboratories have experienced certain production difficulties with some of the Salk polio vaccine. This is not surprising since difficulties emerge from time to time in any manufacturing process and particularly in the complicated and intricate procedures used in manufacturing a product of this kind. I recall that last year a few lots of vaccine did not measure up to the high standard of quality required and had to be rejected. For this reason, I have every confidence that the Connaught Laboratories will overcome their present difficulties and the program will proceed.

The Federal Government is charged with the responsibility of ensuring that all vaccine satisfies high standards of safety and potency. The rigid standards that were responsible for the success of the program last year are being maintained and, if anything, are even more exacting. The federal government also shares with the provinces the cost of all vaccine used in the nation-wide program.

Connaught Laboratories began deliveries of vaccine to the provinces last week and inoculations are already under way in a number of communities. While it is impossible at this time to predict the total available supply of vaccine, it is to be hoped that the present difficulties will not have any substantial effect on the total supply.

Extensive safety tests are carried out both at the producing laboratory and at Ottawa. As soon as each lot is produced, safety testing begins at the Connaught Laboratories itself and samples are sent to Ottawa where they are immediately placed on test at the federal Laboratory of Hygiene. The exhaustiveness of the federal testing procedure is best indicated by the fact that it extends over a period of two months. On the successful conclusion of these tests, all approved lots are released without delay for shipment to the provinces.

The Director and staff of Connaught Laboratories have bent every effort to achieve maximum production and, on behalf of the government of Canada, I have authorized federal grants to cover one-half the cost of all vaccine that can be produced and that passes the rigid safety standards imposed by the Department of National Health and Welfare.

While we all are naturally eager to see that vaccine is made available to the maximum number of children, the paramount concern is safety and I

can assure the parents of Canada that the Government and the Connaught Laboratories have no intention of relaxing in any way the rigid safety standards now imposed. Our foremost aim is to ensure that all supplies of the vaccine are completely safe.

I would like, also, to take advantage of this opportunity to thank the press of Canada for the responsible way in which they handled this matter last year, for the responsible way in which they have dealt with it throughout, and for the way in which I know they will handle this important matter at the present time and in the future.

Mr. BLAIR: Mr. Chairman, I am glad the minister has made this statement because I think it will reassure the public, especially in regard to the testing of the vaccine, and I think that if any false impression was given to the public by the preliminary statement which appeared, the statement the minister has just made regarding the testing of the vaccine will clarify the situation so that the public will not only regain any confidence which has been lost, but be impressed further with the measures being taken to have a good vaccine and a sure vaccine. I welcome this statement as bringing reassurance to the public that this vaccine is safe and has been properly tested.

Mr. KNOWLES: I am sure we all share that view, Mr. Chairman.

Hon. Mr. MARTIN: I thank Dr. Blair, for the statement he has made and Mr. Knowles for his comments.

The attitude that the provinces, all of them, and that we ourselves together with the officials of the Connaught Laboratories have taken throughout was to be meticulously careful in the processes of manufacture and in the process of testing. We have set for ourselves certain goals for this year and I am still hopeful that these goals will be achieved, but in any event we are emphasizing that our first concern is for safety.

In our realization of this we are exercising the most scrupulous care, not only with regard to this particular matter but with respect to all the various vaccines and other substances that are tested in our virus laboratory here in Ottawa. That is expected of us, and our officials are exercising the same careful scrutiny which they have always exercised in the past and which they will continue to carry out in the future.

I would like to pay a tribute tonight to Dr. Defries the retired director of the Connaught Laboratories; to Dr. Ferguson and his associates at the Connaught Laboratories and to the officials of my own department, particularly to those under Dr. Cameron's direction in our virus laboratory, who have done such careful work and who will continue to do such careful work.

I might just take advantage of this situation to say that the other main source of manufacture of the Salk vaccine in Canada will be the Institute of Microbiology at the University of Montreal, under the direction of Dr. Frappier. The manufacturing process there will be started, we hope, some time in September next or thereabouts. The formal opening of the institute will take place on the 21st of April, I think it is, and the same careful procedures will, I am sure, be observed there as have been observed at the Connaught Laboratories.

Mr. STARR: On a matter of public information which would probably be of some use publicly, is it not the case that at the outset of the Salk vaccine injection program a goal was set that a certain number of children would be innoculated. How is the program progressing and how far has it gone?

Hon. Mr. MARTIN: Last year we were able to provide through this co-operative scheme for the immunization of close to one million children, and we had no mishap whatsoever. There were two cases of children who had been immunized with the vaccine and who contracted polio, but they had contracted polio at a time so long after immunization that there could be no link between the immunization procedure and the acquisition of the malady itself.

This year we—the provinces and the federal government—had set for ourselves an objective of about two million further immunizations. We cannot say at this time the extent to which that objective will be reached. Dr. Cameron, the Deputy Minister of National Health and Welfare, himself a product of Connaught Laboratories, who has had very considerable experience in this matter advises me that he cannot say but he is very hopeful that our objective can be completely or substantially reached. However, no prognostication in that particular should be made at this time.

We have now six batches under investigation, and with regard to those he entertains great hope, but I do not want to make any further comment.

The thing which I want to emphasize is we are exercising the greatest care both at the Connaught and at our own lab in so far as testing procedures are concerned.

I would like to pay a tribute to all of the provincial governments and particularly the departments of health for the cooperation we have had from them in this vitally important matter.

The CHAIRMAN: Are there any further questions on item 263?

Mr. NICHOLSON: I think the minister was going to give us some supplementary information to that which he gave us this morning.

Hon. Mr. MARTIN: I am going to distribute some tables. Members of the committee have before them a single sheet containing two tables. The first table sets out the total shareable cost and indicates the federal and provincial shares. Now, these figures in this table are 1956 estimates which are based upon projections of cost and utilization experience of hospitals in Canada and they make allowance for some increase in utilization and for higher per diem costs.

Mr. FLEMING: By what percentage?

Hon. Mr. MARTIN: About 10 per cent.

Mr. FLEMING: Ten per cent over 1955?

Hon. Mr. MARTIN: Yes.

Now, the second table sets out estimated expenditures on benefit payments made by non-profit and private hospital insurance plans in 1953, the latest figures we have available. These expenditures include certain items which would not be covered under the federal-provincial plan such as semi-private and in some instances private accommodation. Expenditures in 1956 will, of course, be substantially higher than those shown in this table. It may be of interest to compare these expenditures with the figures shown under the heading "Balance to be raised", which is set out in the first table.

Data on direct payments by patients to hospitals in each province are incomplete because all public hospitals have not yet reported information on sources of revenue to the Dominion Bureau of Statistics. However, of a total of 855 public hospitals in 1953, 510 hospitals reported the following net earnings from individual payments. These are not in the tables before you and I will give them as carefully as I can. For Canada, $57,142,200; Newfoundland, $318,557; for Prince Edward Island we have no information; Nova Scotia, $1,718,994; New Brunswick, $2,795,094; Quebec, $12,964,977; Ontario, $27,893,564; Manitoba, $3,761,504; Saskatchewan, $2,814,222; for Alberta we have no information; British Columbia, $4,518,220.

Mr. KNOWLES: Can it be arranged that this table be put into the record? I understand that these are the figures the minister gave us this morning in paragraph form. Perhaps the table could be inserted in the record.

Mr. FLEMING: At this point.

Mr. NICHOLSON: With the supplementary information.

The CHAIRMAN: That can be done.

1. Federal and Provincial shares of the estimated shareable cost of Hospital and Laboratory and Radiological Diagnostic Services and the Estimated Provincial and Municipal expenditures being made, showing the balance to be raised or the balance saved, 1956.

($000)

Item	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.
Total Shareable Cost	5,200	1,500	12,500	9,500	96,800	129,200	18,900	23,600	29,500	38,400
Federal Share (25% of National Per Capita Cost and 25% of Provincial Per Capita Cost)	3,700	1,000	7,100	5,600	50,700	62,700	9,600	11,100	13,700	17,300
Provincial Share	1,500	500	5,400	3,900	46,100	66,500	9,300	12,500	15,800	21,100
Est. of Prov. Expenditures now being made	3,300	165	1,500	700	13,900	17,000	1,400	21,700	12,000	28,900
Est. of Mun. Expenditures now being made	.....	15	1,500	1,200	4,800	13,400	2,200	.....	3,000	1,100
Balance to be raised	.....	320	2,400	2,000	27,400	36,100	5,700	.....	800	.....
Balance saved	1,800	.....	.....	.....	.....	.....	.....	9,200	.....	8,900

2. It is of interest to compare the "Balance to be Raised" figure shown above, with the sums already being expended by various Non-Profit and Private Insurance Plans for hospital care—The following are the estimated expenditures on benefits under eight non-profit and private insurance plans for hospital care, 1953.

($000)

Blue Cross and Other Non-profit Plans	57	242	1,085	1,623	8,049	24,273	3,347	.....	1,080	.....
Private Insurance Companies	164	40	500	355	7,309	11,835	691	176	1,491	359
Total	221	282	1,585	1,978	15,358	36,108	4,038	176	2,571	359
D.B.S. 1953 Estimated amounts paid for hospital care in 510 out of 855 general hospitals by private individuals to the nearest 000	319	.....	1,719	2,795	12,965	27,894	3,762	2,814	.....	4,518

The CHAIRMAN: Are there any further questions on item 263?

Mr. KNOWLES: I have one question, Mr. Chairman. It has come to my mind as a result of looking at this table. I note in most of the provinces the expenditures made by the provincial governments are greater than the expenditures made by the municipal governments. I believe there are only two provinces where the reverse is the case, namely New Brunswick and Manitoba. I notice in the case of Nova Scotia the figures are equal, but in the case of all the other provinces more is spent by the provincial governments than by the municipalities. I recognize that the federal government deals with the province and that the municipalities are creatures of the provinces; but, I am wondering if there is any way in which this plan can be set out so that there will be some uniformity across the country. I do not want to make a political speech at this point. I may at some other point.

Hon. Mr. MARTIN: You would not do that at any point.

Mr. KNOWLES: Not at this point. I am disturbed at the way in which the Manitoba provincial government seems to pass expenditures on to municipalities more than is done by some of the other provinces. Has this point been considered at all in relation to the proposal, or does it follow that the very nature of the federal government's proposal to the provinces is such that the provinces will pretty well have to make their own arrangements respecting their portion of the shareable cost?

Hon. Mr. MARTIN: That is right. We could not interfere with that.

In presenting these tables I would not want to have it construed that we were trying to offer advice to any province on the way the province's share of expenses is to be shared, raised or provided. That would be a matter between the province and the municipality.

Mr. KNOWLES: I commend the provinces that have borne the greater share rather than passing it on to the municipalities.

Hon. Mr. MARTIN: I will see that your commendation is passed on to the appropriate provincial governments.

Mr. KNOWLES: Thank you. You can pass the opposite on to my own province of Manitoba.

Mr. ENFIELD: I notice in Ontario that it would appear the share to be raised there is around $36 million. Could the minister estimate whether any of the schemes that are proposed by the Premier of Ontario would compare in cost with those suggested plans to be raised by Ontario?

Mr. FLEMING: We were told by the minister today that Mr. Frost had not put forward any plans or schemes, but studies.

Mr. ENFIELD: You mentioned this afternoon certain studies which were in the nature of proposals.

Mr. FLEMING: The minister said they were not proposals. The minister said that.

Hon. Mr. MARTIN: Mr. Fleming in this instance is correct, and I think you will agree with his interpretation. When the suggestions were first made they were referred to as proposals publicly, but the title of the documentation indicated clearly that they were studies and they were so characterized both by Mr. Frost and later on by Mr. Porter who along with Dr. Phillips was at the conference in January. The Ontario proposals or rather studies did not go into the question of cost as we have here. They were simply studies projecting suggested schemes for various phases of health insurance with certain global estimates of cost. They did not suggest what the proportion of the federal government would be,—beyond saying it was assumed at 60%,—and what the proportion of the province should be, or what the municipal cost should be.

When these studies were first presented in the spring of last year it was indicated that the officers of the Department of Health on the two senior levels would confer with one another and exchange data on the question of cost. That was subsequently done. But in the actual presentation to the Conference costs were discussed in detail.

Mr. ENFIELD: You did say that the studies were comprehensive enough to indicate that the province had given considerable study and thought to some sort of scheme of health insurance.

Hon. Mr. MARTIN: I think in fairness it would be only fair to say that I am satisfied that the provinces—that all of them had given great care and consideration to the question.

Mr. NICHOLSON: Would the minister have any way of breaking down this figure for Ontario of $27 million, which includes the private and semi-private? Has he any way of estimating what the cost would be?

Hon. Mr. MARTIN: Mr. Willard says that he has no way.

Mr. NICHOLSON: This would appear as if the amount paid by the Blue Cross and the private insurance companies is something over $64 million. The Blue Cross in Ontario pays twenty four, and private insurance companies eleven, and that seems to total thirty five, and the other figure of administration. Add to that the twenty-seven which the minister gave us a few moments ago, and it would seem to give us a total of $64 million plus, which compares with the balance to be raised by the province as shown above of $36·1 million; and it would appear to me that that would be sufficiently attractive for all the provinces to be enthusiastic about coming in. It is going to mean that there is going to be a comprehensive plan that everyobdy would be able to participate in, and the difference between $64 million and the $36 million would appear to me to be ample to cover the cost of the private and semi-private.

Hon. Mr. MARTIN: Mr. Nicholson, that is your judgment. I will not tell you what my judgment is. It will be for each province to make that judgment. I am hoping that there will be the same measure of enlightenment in the case of the provinces as seemingly exists in your case tonight.

Mr. FLEMING: We certainly hope that it will be no less!

Mr. KNOWLES: In any case, even apart from the $27 million paid by individuals, it is interesting to note that the amount paid through the Blue Cross and private insurance companies is $36,108,000 as against $36,100,000 listed as the balance to be raised.

Hon. Mr. MARTIN: May I interrupt. There seems to be some question. May I revert? Excuse me for a minute.

I have just been handed a note saying that the impression among the members of the press who are present is that I said that Dr. Cameron was not hopeful that the 1956 Salk program would be fully or substantially reached. But I did not use the word "not". I said that Dr. Cameron who has had great experience in this kind of matter, is hopeful! Please make sure that that is corrected and not mis-reported. I am sorry.

Mr. KNOWLES: My point is that even apart from the $27 million that was paid privately by individuals in Ontario, the plan should be attractive on the basis of the fact that as against $36,100,000 as the balance to be raised, there was a figure of $36,108,000 being paid through the Blue Cross and private insurance.

Mr. FLEMING: They are for different things. You cannot just set the one figure off against the other. They are for different things. They can be partially offset, because of course there is some overlapping in the services provided by the $36,108,000 with respect to the earlier figure of $36,100,000—

but they are not the same thing; they do not cover the same thing; you cannot set one off against the other and say there is complete balance. I think the minister will agree to that.

Hon. Mr. MARTIN: Furthermore I do not want in the presentation of these figures to make false deductions. This is an important matter and it is a matter which the provinces are carefully considering, as was indicated by the letter received from Mr. Bentley from Saskatchewan. I believe the way to get agreement in these matters is to take the attitude I am taking. I respect fully the position of the provinces; and while the net economic position is as indicated in these estimated figures, each provincial government will have to raise through processes that it decides best, its shareable portion. There is a difference between what is the net economic position and the responsibility of raising the province's shareable portion by the government of that province. I am sure that the provinces will study these figures carefully if they have not already done so.

Mr. STARR: At the beginning of the sittings of this committee the question was asked of the minister as to how this health plan would affect any existing plans, particularly in industry, whether covered by the Blue Cross, and if I remember correctly he said they would have to be re-negotiated.

Hon. Mr. MARTIN: No. What I said was this: I indicated first of all that it was a decision which did not rest with the federal government. Obviously, that is a matter for the minister within each province, and for the province, and for the government of the province. But if the experience of other jurisdictions where hospital insurance schemes are already in existence can serve as a model, we can draw certain conclusions, and the conclusions that I draw are based on the experience of these other provinces, notably British Columbia. I am not aware of the extent to which in the province of Saskatchewan there was the same measure, the same need for negotiation in the particular type of context that you have in mind, Mr. Starr. But there certainly was in the province of British Columbia. I am sure that no province would fail to recognize the contractual basis of any existing arrangement, and they would thereby, either take over with compensation, or wait until the contract had run its term, and provide for integration, say in the case of schemes where there was no contribution made by individuals.

Mr. STARR: What do you mean by "integration"?

Hon. Mr. MARTIN: Dovetailing the private scheme into the provincial scheme.

Mr. STARR: Well, as an example, if this national health plan was not as extensive as the Blue Cross, could each individual who is insured through a group Blue Cross insurance, and through contract negotiations in an industry, if they wished to, remain under the Blue Cross—because there would be obviously no advantage to them to change over. Is it not possible that we will leave the provinces with a larger difference to make up as its contribution because of that?

Hon. Mr. MARTIN: Well, I would not agree with the original premise. Now, I do not want my remark to be construed as a reflection on the Blue Cross, because I have every reason, as we all have, to applaud the Blue Cross schemes. But the Blue Cross schemes have certain limitations which would not be present in the case of a scheme in which the benefits would be shared by the total population of the province. The federal contribution would considerably reduce the amount to be paid by individual premiums; and the benefits would be considerably greater by the fact that there would be no limitation on the number of hospital days covered. So I cannot conceive of any provincial scheme being less attractive in terms of cost and benefits. If it were, then obviously it would not be desirable.

Mr. Frost I think or Mr. Porter said this at the conference, and I concurred in it fully. There is no disposition on the part of anyone who is in favour of hospital insurance under government auspices to provide for a hospital insurance scheme under government auspices for the sake of doing so. The only reason why the scheme under government auspices is proposed is because of the benefits that will ensue, economical as well as other benefits, to the public as a whole. If it could be shown that a scheme other than the ones sponsored by the government would be more advantageous, well, I do not think anyone could reasonably argue that we should have government schemes.

The CHAIRMAN: Is this carried?

Mr. STUART (*Charlotte*): I would like to ask the minister one question. This is rather technical, I realize, but if he could answer it, I would appreciate it. It rises out of a case in my own home town. A friend of mine, who made payments to the Blue Cross for many years, just about a year ago took very seriously ill, and the doctor would not allow him to be sent to the hospital. He was confined to his bed about seven weeks, and was never able to collect a single cent from the Blue Cross at any time, because he was not in the hospital. I went through this with him and I know that is a fact. Would this plan cover a circumstance such as I have outlined?

Hon. Mr. MARTIN: No. He would have to be in the hospital. This is hospital insurance.

Mr. STUART (*Charlotte*): That is why I wanted to ask that question.

If a man cannot be moved to the hospital, or a woman cannot be moved to the hospital, and that is the doctor's advice that they should not be moved, is there any assistance that can be provided for them under this plan?

Hon. Mr. MARTIN: No. This is a hospital insurance scheme, Mr. Stuart. I do not know anything about the particular situation that you have in mind. One would have to know all the facts.

Mr. STUART (*Charlotte*): Well, those are the facts. He paid in from the time the Blue Cross was established, and he never collected a cent at any time.

Mr. FLEMING: But what he bought was hospital insurance.

Mr. STUART (*Charlotte*): That is true, but his condition was so serious that the doctor would not allow—the hospital was the place for him, that is where he would like to have been, and that is where the doctor would like him to have been, but he was not able to be moved. He was in his own home for seven weeks and he could not collect. He did not collect one single dollar of assistance in any way, after paying several hundred to the Blue Cross.

Mr. FLEMING: Then apparently he would not need assistance on the hospital costs. He would have his medical and nurses' expenses, but he would not have hospital expense.

Hon. Mr. MARTIN: Yes, that is the point.

Mr. STUART (*Charlotte*): He tried to break the thing down to the number of weeks that he was obliged to be in bed, what it would have cost him in the hospital.

Mr. FLEMING: Yes, that is fair.

Mr. STUART (*Charlotte*): That is the way he tried to break it down, but it was impossible to collect a dollar at all. They refused to pay anything.

Hon. Mr. MARTIN: Yes, but he did not have any hospital expenses, though.

Mr. STUART (*Charlotte*): It is obvious that he did not because his condition was such that they could not take him to the hospital.

Hon. Mr. MARTIN: In the proposal that we have made to the provinces, assuming that the province would accept the diagnostic and radiological feature,

that particular individual might be able to draw some benefits from that particular phase of the program, but the amount would depend upon the use of those services and the attending facts.

Mr. STUART (*Charlotte*): Do you not think that, when a doctor's certificate stated that in his judgment the patient should not be moved to the hospital, there should be some protection? Of course, now, these cases are very rare. I will agree with you there, but it seems to me that if this is a nation-wide plan, with that particular type of sickness there should be some protection.

Hon. Mr. MARTIN: You are asking me if there should be some protection. I would be inclined to say yes, but your question was other than that. I would say that under a hospital insurance scheme the only expenses that could be insured are those for hospital expenses. In this case there were no hospital expenses. There were expenses, it is true, but they were medical care expenses, and this particular proposal does not envisage medical care.

Mr. STUART (*Charlotte*): That is true.

Mr. FLEMING: Nor home care.

Hon. Mr. MARTIN: Nor home care.

Mr. STUART (*Charlotte*): But he had to have nurses the same as in the hospital.

Hon. Mr. MARTIN: Yes, but it is not a hospital expense.

Mr. STUART (*Charlotte*): He did not ask them to pay the nurses, he did not ask them to pay the full cost of anything. He asked them to credit him with the amount that it would have cost had be been in the hospital for the same length of time.

Hon. Mr. MARTIN: Well, I do not know all the facts, other than what you have told us, but when a man goes in to the Blue Cross, he contracts to be insured for certain hospital expenses.

Mr. STUART (*Charlotte*): Correct.

Hon. Mr. MARTIN: In the case that you have related there were no hospital expenses.

Mr. STUART (*Charlotte*): That is correct.

Hon. Mr. MARTIN: You may criticize the particular contract, but it is a contractual matter, and the contractor did not contract to provide for expenses in the home.

Mr. STUART (*Charlotte*): I am not saying, Mr. Martin, that the Blue Cross in any way refused to recognize their obligations. What I am suggesting is that in this plan there should be something to take care of cases such as I have outlined.

Hon. Mr. MARTIN: Are you suggesting that we should provide for home care as well as hospital?

Mr. STUART (*Charlotte*): No, I am not. No, that is not it. Not in other cases, but in a case where a patient cannot be moved to the hospital, when it is not safe to move them, I think there should be some consideration, some protection. It might involve a great number who are able to go to the hospital; I agree with you there, that can happen. But in the case that I have mentioned, I know the doctor very well who was looking after him, and it was just a case where he got no consideration at all.

Mr. HEES: Mr. Chairman, would the minister answer that question? I think it is a very real one in this scheme that the government is putting forward. Would he not consider this fair—would the government not consider adding to this scheme a feature whereby when a patient cannot be moved from his

home, and the doctor has so ordered such patient would collect the equivalent of what his expenses would have been if he had been in the hospital?

Hon. Mr. MARTIN: You would have to address that question to Premier Frost in your province.

Mr. HEES: I am asking you for that information.

Hon. Mr. MARTIN: What we are seeking to do here today is to provide for a limited form of insurance, namely, hospital insurance. As Mr. Fleming said, this individual never had any hospital expenses.

Mr. STARR: But he had other expenses which were much greater.

Mr. HEES: It was not his fault. The doctor said he was so sick he could not go to hospital. I think that in such a case there should be some consideration.

Hon. Mr. MARTIN: I know you are very interested in this subject, Mr. Hees, and you have shown that throughout this committee. I will have to leave the answer as at first given.

Mr. HEES: In other words, you do not believe a patient of that kind should be given consideration.

Hon. Mr. MARTIN: If you had been here throughout the deliberations of this committee and had not just come here today, you would see that every member of the committee has been greatly interested—including myself.

Mr. HEES: I believe that is a cheap political remark. I would again ask the minister for his answer to my question. Does he consider it would be fair for a person who is sick and cannot be allowed to go to hospital, to be given some monetary equivalent—that is, the equivalent of what it would cost the Blue Cross if he had been fit to go to the hospital, by the doctor's orders.

Hon. Mr. MARTIN: I regret you thought my remark was cheap. If it was cheap, it was not intended to be cheap.

Mr. HEES: It was intended just to put on the record that I have missed two or three of these meetings. That is the only reason—and the minister knows that quite well.

Hon. Mr. MARTIN: It was a factual reply. I made it because that was the form in which you put your question, asking me if I was not interested.

Mr. HEES: I did not say that. I said, was it your opinion. I did not say you were not interested. I know perfectly well you are interested.

Hon. Mr. MARTIN: Since you have said that, I say I am sure you are interested.

Mr. HEES: I should like the answer to the question. The answer is that the government is not favourable?

Hon. Mr. MARTIN: I did not make that answer.

Mr. HEES: Then what is it?

Hon. Mr. MARTIN: You will have to read it tomorrow.

The CHAIRMAN: The answer was that we are discussing a question of hospital insurance, and this question means raising the subject of some other type of insurance altogether. The minister says that will have to be a matter for arrangement in conjunction with the provinces.

Mr. HEES: All I am asking is the minister's opinion.

The CHAIRMAN: He says it would be very desirable to have that coverage. He said that many times.

Mr. HEES: I do not think he said that at all. Perhaps you have not been listening.

The CHAIRMAN: The minister said this would be a good thing to have covered.

Hon. Mr. MARTIN: We would all like to provide the greatest amount of coverage, but in the particular scheme before us there was an obvious difficulty. This is a hospital insurance scheme and not one under which a person would be covered in his own home.

Mr. HEES: He is there simply because he is too sick to be moved.

The CHAIRMAN: Now you have the answer both ways. You have the opinion of the minister personally, that it would be very nice to have it covered, but at the present time we are considering a hospital insurance scheme. You have the answer that we are considering a hospital insurance scheme and this has nothing to do with it; but if you are ready to go further, then of course it would be very desirable to have further coverage if it is possible to arrange it.

Mr. KNOWLES: This point really raises the fact that it is only a partial coverage which this scheme envisages, and that there will be many other cases like that raised by Mr. Stuart and the one Mr. Hees has in mind, where people may or may not get the coverage provided in this plan, but still may have other heavy expenses. There will be people who get hospital coverage provided by the plan but who will have medical or surgical expenses. Then Mr. Hees or Mr. Stuart or I will be coming in here with cases of persons who are covered as far as hospital bills are concerned, but who are not covered for those heavy medical or surgical expenses. We in this party think that the scheme should be built up as soon as possible to include that wider coverage. I would like to know whether Mr. Hees is asking for that also. Does he intend to stop with the covering of persons who are too sick to go to hospital or does he intend to be logical and go on and ask for a comprehensive medical, surgical, optical and dental scheme?

Hon. Mr. MARTIN: I would like to hear the answer to that question. Perhaps Mr. Hees would answer Mr. Knowles' question.

Mr. HEES: I will answer it by asking the minister a question. If a person goes to the hospital and if, when his case has been diagnosed, it is found that he needs surgical care while in hospital, is that included in this plan or must it be paid for out of his own pocket? When the patient is in hospital, it may be discovered that he needs surgical care which was not diagnosed formerly but which was discovered when he was in hospital.

Hon. Mr. MARTIN: This is a hospital insurance scheme, not one for medical care.

Mr. NICHOLSON: Does Mr. Hees think it should be covered?

Mr. HEES: If possible, yes.

Mr. KNOWLES: Then Mr. Hees is advocating a comprehensive health insurance scheme, covering everything. Is that correct?

Mr. HEES: I am asking if things like that can be worked out and I am saying that they are desirable if it is possible.

Hon. Mr. MARTIN: Do I understand the last answer to mean that you are in favour of medical care insurance?

Mr. HEES: I asked you if the plan included that.

Hon. Mr. MARTIN: I told you it did not. I am asking now, in the light of what you said, are you in favour of medical care insurance at this time?

Mr. HEES: I am in favour of all the coverages which reasonably can be provided.

Hon. Mr. MARTIN: Therefore, you are in favour of bringing in the doctor's fees as well as the hospital costs?

Mr. HEES: I am in favour of all the care that can reasonably be provided.

Hon. Mr. MARTIN: Is this your own personal view?

Mr. HEES: My own personal view.

Mr. NICHOLSON: If he had been here at the beginning, we could have had a little more support for our position.

Mr. HEES: I have expressed this view for years in the House, and the minister has argued against any extension of medical services. I have brought it up again and again.

Hon. Mr. MARTIN: Mr. Hees, if you said I have argued against it I would like you to show me, in the first place, where I have done so. In the second place, I would like you to know that I have done you the honour of examining carefully all your statements—and I am sure I am not alone in this—and after careful examination I really do not know what your position is.

Mr. HEES: I would say the minister and I are in exactly the same position, as I cannot make head or tail of his answers. There seems to be a blockage, against this idea.

Mr. KNOWLES: I think Mr. Stuart should be commended for bringing up the case he has told us about tonight. I think the answer given was the only answer that could be given, namely, that the gentleman had hospital insurance only. However, this discussion has pinpointed the fact that we have been trying to make clear from the start, namely, that this is a good step in the right direction, but that it does not go far enough. I hope we shall soon see the day when we will go further and provide more complete coverage.

Mr. FLEMING: It has been said many times that "hard cases make bad law". No matter what kind of plan is produced, there always will be borderline cases. The case which Mr. Stuart has brought before us is a borderline case. There are many factors about it which commend themselves to one's sympathy. However, the fact of the matter is that we are dealing with a hospital insurance contract and under the facts which Mr. Stuart has stated, I do not see how Blue Cross could have taken any other position. Whether it is a public or a private scheme, there always will be cases which are on the borderline and which will commend themselves to one's sympathy.

Mr. KNOWLES: Do you think the scheme should be extended as Mr. Hees has stated?

Mr. FLEMING: I have not made any comment on that point.

Mr. KNOWLES: That is a true statement.

Mr. FLEMING: Members should be here to get information and not to "blather" endlessly, saying what they think without examining the facts first.

Mr. KNOWLES: Is that a comment on Mr. Hees' remarks?

Mr. FLEMING: No, on yours. I have been forbearing not to have made that remark before.

Hon. Mr. MARTIN: I think, Mr. Fleming, we would all agree in this committee that you have been very objective.

Mr. KNOWLES: But he has not told us where he stands.

Hon. Mr. MARTIN: No, but I think he has been very objective and I think we would all agree on that.

Mr. FLEMING: I was trying to finish my remarks by saying that no matter what kind of a plan you may have, some borderline cases will arise. We heard in the early stages of the discussion here that this is a limited plan. Therefore, borderline cases are inevitable.

Hon. Mr. MARTIN: Any kind of plan will always have borderline cases. I would like to ask Mr. Hees, in view of the important statement he has made on his own behalf, if he has seen Mr. Frost's statement on medical care insurance.

Mr. HEES: Mr. Frost has made a number of statements.

Hon. Mr. MARTIN: Have you seen his statement on medical care insurance?

Mr. HEES: I think I have read most of his statements but I am not sure I would be dealing with the things you have in mind. Mr. Frost has done a lot of thinking and speaking about this matter.

Hon. Mr. MARTIN: Yes, he has done a great deal of thinking and I would simply conclude that you and he are not in agreement on this phase of the subject.

Mr. HEES: I would not say that at all.

Hon. Mr. MARTIN: I think if you read his statement you would see that he is not in favour of medical care insurance.

Mr. HEES: Well, as I said, I am in favour of the inclusion of any service which can reasonably be provided. Do you find fault with that statement?

Hon. Mr. MARTIN: I have no quarrel with any statement that you make; I may have doubts as to the soundness of some of those statements, but that is another matter.

Mr. HEES: What is the point which the minister is trying to make with such difficulty?

Hon. Mr. MARTIN: I thought I was speaking calmly and at ease.

Mr. HEES: But you are not making any points.

Hon. Mr. MARTIN: That is a deduction. With regard to this question of medical care insurance, the position of Premier Frost and his colleagues in his government has been clearly indicated within the past month. As I said at the outset, consideration was only given at the January conference with the provinces to the two phases which we have been discussing in this committee during the past few days. It was true that in the case of British Columbia the objective was a comprehensive one, as was the case with respect to Saskatchewan; but all the provinces without exception recognize that at this stage the only practical steps which can be taken are the ones we have been discussing. I read into the record this morning a letter from Mr. Bentley, the Minister of Health in Saskatchewan and members of the committee will see that while he accepts this scheme in principle he does not go beyond this particular plan in his letter. I thought he wrote a very responsible letter.

Mr. MCLEOD: Now that this political axe-grinding is finished, there are one or two comments I would like to make.

Hon. Mr. MARTIN: Mr. Hees had a good dinner.

Mr. MCLEOD: I can see that making provision for the case cited by Mr. Stuart could set a rather dangerous precedent, and that it could be abused. For instance, a great many people would prefer to stay in their own homes while undergoing treatment and collect ward rate up to $17 a day and they could, perhaps, get some doctor—and I am not going to bring the medical profession into this—who might be willing to furnish a certificate that it would not be wise for a patient to be moved. The patient would, naturally, get care, and the doctor would collect $17 a day for the supervision.

I think, myself, that the minister in answering a question on that case gave the best reply that could be given in three or four words, namely that this is a matter which is up to the provinces, and in listening to this whole discussion since I have been here—10 days or more—there is one thing which

impressed me, and that is the determination of the minister and the determination of the Department of Health not to dictate to the provinces; and if they start doing that I will be the first one to jump on their necks.

Hon. Mr. MARTIN: That is right.

Mr. MCLEOD: Therefore, I fully agree with the answer he has made that this matter is the responsibility of the provinces. As I understand it, the province is going to incur the bills—the total amount—then the department is going to pay half with not too many questions asked, and the less questions asked the better.

Mr. FLEMING: That is not quite right. The province is going to submit the bills, provided they are within the scope of the plan. It is quite clear that this plan does not include home care.

Mr. STUART (*Charlotte*): The reason I brought this case to the attention of the committee is because it affects a personal friend of mine who lives near me. I know he renewed his Blue Cross insurance a few weeks before he had his heart attack although he could not really afford it, and he had been paying into it for several years. Yet, when he suffered this very dangerous heart attack the doctor said he could not be moved and he stayed where he was for seven weeks, if I remember correctly. I still think that in those circumstances some consideration should be given, having regard to the years during which he had contributed.

The CHAIRMAN: Shall the item carry?

Mr. BLAIR: No, Mr. Chairman. The case Mr. Stuart has brought up is a borderline case and that type of case is going to arise no matter what you do. There are always borderline cases, and I think that if you look over some of the policies taken out you will find you only get what you pay for. Some policies afford greater protection than others. On one occasion—and this, I think, will be of interest to Mr. Stuart—a man came to me saying he could not understand why a certain insurance policy would not pay his bill. I asked him to bring me the policy, and in the small print at the bottom of the page—the bill, by the way, related to his wife—it said: "this policy does not cover diseases of women." That man only got what he paid for; he did not read the policy. As I said, these borderline cases are bound to arise and this argument about them could go on till midnight.

Mr. STUART (*Charlotte*): May I ask you one question, Dr. Blair? What percentage of cases in your experience would you find could not be moved into hospital?

Mr. BLAIR: I was thinking about that when you brought this matter up, and considering all the cases that I have had to deal with. A man may suffer a coronary attack—

Mr. STUART (*Charlotte*): That is what this was.

Mr. BLAIR: Immediately, while the attack is on, though it is true he would receive certain benefits in hospital—for instance, oxygen might be available and special nursing—it might be that for a few days it would be impossible to move the patient; he would probably be suffering from shock and in a condition which would make it dangerous for him to be transferred.

But a time will come, within a few days, when it would be possible to move that man to a hospital. This is just one of the things you have to put up with, not matter what scheme is decided on, and the sooner we get over this heated argument—somebody is going to get a match misconduct over it—the better.

I think you are all aware that during the time I have been in the House of Commons I have spoken for this party on this issue, and I think every other party represented here is desirous of getting something for the people of

Canada in the field of health. A start has been made. I have one question I want to put to the minister—

Hon. Mr. MARTIN: I may say with regard to all the statements you have made that I have always found them very helpful and very constructive.

Mr. BLAIR: The only thing I say to you is this: that in your desire to help this along in Canada—and I think everybody here is desirous of that—I hope there will be no attempt to make "political football" out of this, because this is so serious a matter to me as a doctor if we can help the people of Canada.

Leading from that comment, I want to ask the minister this, and I hope he will give me the answer I am looking for: he has presented this scheme to the provinces, and the provinces have once again to mull this over and think about it. Let the minister not say, when the time comes for him to consider this matter: "there is to be no bargaining; we shall go no further." There must be bargaining.

Hon. Mr. MARTIN: With regard to your suggestion that there should be no "political football" in connection with this matter, I agree with you fully. I have indicated clearly throughout our deliberations here that this is an important matter—one which has important implications and one which we believe in strongly. I do not think anyone will be able to say that I have sought to put any undue pressure on any province. I am not unaware of their special position. I am sure that that is the right attitude to take and I have tried to maintain that attitude throughout.

Mr. BLAIR: I made that statement without referring especially to any person and not to you.

Hon. Mr. MARTIN: I know.

With respect to the second question, Doctor, on the financial side we have made the offer; we believe it to be a generous offer; it is a more generous offer, in our judgment, than even the proposal of 1945. I can offer no suggestion that there will be any change in that proposal whatsoever because I think it represents an assumption on the part of the federal government of a very heavy financial responsibility. I would not want to give the impression that there was any prospect of further bargaining on that score because there is none.

Mr. BLAIR: Negotiations are not yet completed?

Hon. Mr. MARTIN: No. We have lots of things to iron out before we are through on this matter.

Mr. BLAIR: In the matter of making it a political football, I doubt if around this table every person could be completely agreeable except those who want an out-and-out socialistic plan. I believe our C.C.F. friends in all good faith are advocating that.

Mr. FLEMING: I would like to make one concluding comment. I would like to begin with a quotation. It is this:

> In considering hospital insurance, we are dealing with a matter of immense financial magnitude, the determination of which must depend upon a public understanding of what it is proopsed to do and how it is to be paid for. It is altogether desirable that this whole matter should be taken out of the realm of uncertainty and placed where it can be thoroughly examined and considered by our people.

Those are the words used by Premier Frost in the Ontario legislature recently in moving the second reading of his government's bill to establish the Hospital Services Commission of Ontario. I endorse those words as applied to the task here in this committee. We have spent some days reviewing the plan. I think it is not unfair to say that some of us actually have tried to analyze

the plan with the utmost regard for detail and thoroughness in the belief that in the last analysis this is not a matter for decision by individuals or parties; it is a matter for decision by the people of Canada; it is a matter of very great importance. I would like to express, in conclusion, the belief that we have in this committee rendered something of a public service in the time we have spent in patiently examining into the vast details of this plan. I for one do not regret one minute of the time that has been spent on it, nor would I take back a single question which it has been my privilege to ask.

Hon. Mr. MARTIN: I am grateful to all members of the committee for the objective way in which this matter has been pursued. I am very grateful to all members of the committee.

Mr. KNOWLES: I hope this note on which we seem to be ending indicates, generally speaking, that we of this committee approve of the plan and that it will be brought into effect.

The CHAIRMAN: I rather expected you to say the benediction.

Item agreed to.

General Health Grants—

264. To authorize and provide for General Health Grants to the provinces, the Northwest Territories and the Yukon Territory upon the terms and in the amounts detailed in the estimates and under terms and conditions approved by the governor in council including authority, notwithstanding Section 30 of the Financial Administration Act, to make commitments for the current year not to exceed a total amount of $48,460,401—$33,750,000.

The CHAIRMAN: The details of this item are on page 368.

Mr. FLEMING: I have a question on this item. It is the usual question we ask on the item year by year. Mr. Chairman, is there any reason to think that any significant portion of this sum will not be taken up in grants this year? In other words, in preparing the estimate, how closely does the department budget on this item?

Hon. Mr. MARTIN: Well, we have hopes that a greater amount will be taken up this year than was taken up last year. The total Health Grants program in 1956-57 will be for $48,460,401. This is not the same kind of estimate as we can make with respect to items where we have full control of the expenditure in the Department of National Health and Welfare. This is an item which depends, for its full expenditure, on the use made by the provinces of the moneys available. I can only express the belief that this year a greater amount will be used by them than was used last year. Beyond that I cannot go as you will understand. You will remember when I first presented my estimates in 1947, Mr. Fleming, you were insistent that I should give you the estimated expenditure, why there seemed to be such a gap between our estimated expenditure and the actual expenditure, and you will remember that I finally yielded and gave you a long schedule. The reason for the gap at that time was because it was a new department, engaged in somewhat of a pioneering field; but in subsequent years the relationship between the estimate made and the actual expenditure in the fiscal year was generally a very close one—so much so that on one occasion you did me the honour of commending the government for the careful estimate it embarked on.

Mr. FLEMING: Did I ever commend the government?

Hon. Mr. MARTIN: Yes, there were occasions.

Mr. KNOWLES: Strike it from the record.

Mr. FLEMING: Are you sure that is a correct interpretation of my remarks?

Hon. Mr. MARTIN: I think so. But you have had the benefit of my judgment over these years.

Mr. KNOWLES: Is the figure on page 370—referring to the figure $32,500,000—the amount taken up this year, that is in the year 1955-56? This is at the bottom of page 370.

Hon. Mr. MARTIN: Yes, that represents the estimate.

Mr. KNOWLES: The actual amount taken up by the provinces?

Hon. Mr. MARTIN: Yes.

Mr. KNOWLES: Has the minister any rough idea of what he expects to be taken up?

Hon. Mr. MARTIN: I cannot give you the final figure at this stage. I could not tell you until this time next year because the provinces' projects now are just coming in for the new fiscal year.

Mr. KNOWLES: Does the figure $33,750,000, on page 49, indicate what you think may be taken up?

Hon. Mr. MARTIN: Yes; but that could be an under-estimate. You see, there are two figures we must bear in mind; we must give the total amount available, $48,460,401, and the estimated actual expenditure.

Mr. KNOWLES: In other words, despite the fact that the figure out in the column is $33,750,000, you could without a further estimate pay out more up to the higher figure?

Hon. Mr. MARTIN: We would have to have a supplementary, but we can make commitments up to this $48,460,401 figure. I know in one province we have under-estimated the expenditure because they have some projects—one on cancer—coming along which will likely raise the actual expenditure.

Mr. BLAIR: Could the minister enlarge on the "Crippled Children's Fund"? That comes under the "General Health Grant".

Hon. Mr. MARTIN: Just a minute, Dr. Blair. You have a very fine crippled children's program in your own town.

Mr. BLAIR: That is why we are so interested!

Hon. Mr. MARTIN: Yes. Well, the 1956-57 estimate is $519,000. We estimate that there are about 50,000 crippled children in Canada and that all of these children have not until recently been given the same potential care that is available to people who reside in those communities where crippled childrens institutions and agencies exists, such as the outstanding ones in Toronto, Montreal and the one in your own community. We have sought to do under these grants, many projects, one of which early in the national health program was to undertake a survey. We provided the Ontario government with moneys to enable them to make a survey of communities, let us say, in Northern Ontario, to ascertain through the use of schools and service clubs, the number of children in those communities who for one reason or another were not given the advantages of treatment in crippled children's hospitals; and many of those children since this survey have received this treatment.

I know that Dr. Phillips, the deputy minister of Health for Ontario, was very interested in this program not only because of his association with the Ontario Society for Crippled Children, but also because they were able to bring a great number of children to Toronto from North Bay, Sudbury, Kapuskasing. All those areas right up to the Manitoba border. It is work which I think has been very useful.

We do not do the whole job, but we do a substantial part of it; a great amount is done by the provinces themselves, and a great deal is done by the various voluntary bodies such as the Ontario Society for Crippled Children. Out of these grants we made a grant to the Ontario Society for Crippled Children that assisted in new work which is supplementary to its normal

activity, and we also supplement work that the Rotary Clubs and the Lions Clubs are doing—not work that they have been doing but new work.

The work done in the cerebral palsy clinics is a pretty good example. For instance, right here in Ottawa there is a cerebral palsy clinic, and the Lions Club of Ottawa, I think it is, has made substantial grants towards the operation of the cerebral palsy clinic in Ottawa.

We make substantial grants towards that clinic and they collect a certain amount from the general public, generally. We recently have helped to set up a cerebral palsy clinic in St. Catharines, and I think the project was only approved two weeks ago. I might take that particular case as an example of what is being done. We pay the full salaries there of a physiotherapist, we pay the fees of the doctors who are engaged part time in this work, we pay a teacher, and in some cases we have—where there was a transportation problem—provided transportation through buses which we buy or rent, for children in remote areas to bring them to a particular centre where they can get this particular form of treatment.

I do not know how many cerebral palsy clinics we have in Ontario, but roughly I would say that we have assisted about twelve; and what we have done for them we have done all over the country.

We could go down the line and give a list for each province. I could take quite a while, and give you the story in each province. For instance, in Saskatchewan, to take a case, we have given assistance for the establishment of a crippled children's branch within the division of maternal and child hygiene in the provincial department of public health which would provide a register of all crippled children in the province of Saskatchewan, and a systematic follow-through of diagnosis, treatment and rehabilitation. Operating costs of the cerebral palsy rehabilitation centre in the Regina General Hospital were provided under the grants program and a mobile consultation unit was established to provide service for crippled children in small centres outside of Regina, and Saskatoon.

That is the kind of program that is carried on in all the provinces. I might also take the case of Nova Scotia, for instance. That is a particularly interesting situation. We have provided an X-ray, and teaching equipment for the children's hospital at Halifax, and funds were allocated towards the purchase of respirators for a polio clinic in the province.

We had a very interesting case in connection with Nova Scotia. Brace-making is a very important art. There was an individual in Nova Scotia who had been engaged in the business of brace-making but he was unable to carry on because of inadequate funds, and he had accepted a post in New York city. This was brought to our attention and we were able to provide him with funds for the carrying on of his operation. He makes braces for children at a reduced cost, and they are indeed very fine.

I could mention also what we have done, for instance, by way of a research program in connection with gamma-globulin. By the way we have a lot of gamma-globulin in storage at the Connaught Laboratory in Toronto, which we have provided at a cost of $1,500,000. Then we have of course shared with the province in the cost of free distribution of the Salk vaccine, all of which touches children.

In the polio epidemic of the year before last, we bought hundreds of respirators and these were located at strategic centres capable of being moved into areas where they were needed, depending upon the demand. So we have engaged in activities of that sort, Dr. Blair, all through the country.

The work that has been done in your community through the Rotary Club is typical of much of the voluntary work that is going on, and which I would

like strongly to commend; and knowing your personal interest in it, I would like to commend you for that interest.

In British Columbia they have one of the finest rehabilitation centres I think in the country. It is known as the Western Society for Physical Rehabilitation, to further their crippled children's program.

Any of you who may be in Vancouver should drop in and see it. We have provided very considerable sums of money over the last six years for this program. The first time I went in there I saw a basketball game played by children all of whom were in wheel chairs, playing the game. That is part of their training, part of their rehabilitation process. The chairs had been purchased under the national health program. The instructors had been paid for in part, I think, to the extent of about one-third under this program. The permanent staff, the doctors, and the physiotherapists, were receiving their salaries in part through moneys provided by the national health program and so on.

I mention these various things to show the effect during the past seven years of this grants-in-aid program which we call the national health program. It really has done a tremendous amount. I know I am sometimes joshed for talking so enthusiastically of this program, but if you could sit at my desk and see the consequences of this program in every province, not only with regard to crippled children, but with regard to other avenues of health activity, you would see and understand the reason for this enthusiasm. It has been a tremendous help, and I am grateful for the expressions of appreciations that have been made by all of the provincial governments. Many have said that if it had not been for this program a great many advances that have taken place would not have taken place. But, there is much more to be done. The important thing is that we have made a very great and significant start in this matter.

I could go on and on. For instance, take Woodeden—there is a good example—the Woddeden training school for cerebral palsy children at London. Those of you who live in the district likely know about Woodeden. Woodeden was an institution for crippled children provided originally out of funds collected from the people of Ontario through the Ontario Society for Crippled Children. Their obligations became so great that they closed this school in 1944, I think it was, and it was reopened in the second year of this program, in 1947, with fnuds that were provided then. If you go there in the month of July or August you will see hundreds of children, crippled children who receive training at that center.

Now, I am not saying they would not have received this training otherwise, but I am sure the assistance would not have been as readily forthcoming if we had not been able to give substantial assistance at a time when it was needed to the Ontario Society for Crippled Children. It was designated by the provincial department of health as its agent in this particular matter.

Then I could mention the assistance given to the cerebral palsy training school and clinic of Oshawa—Mr. Starr knows about that—and to the one in Hamilton, to the one in Chatham, to the one in Windsor, to the one in Montreal, to the one in Vancouver, to the one in Regina, to the one in Calgary, and so on and so on.

Mr. KNOWLES: Mr. Chairman, could the minister say a word as to any relationship that exists between the work done with crippled children and the work done for crippled adults? I am wondering where the line is drawn?

Hon. Mr. MARTIN: Yes.

Mr. KNOWLES: What happens to the children whose crippled condition is not corrected?

Hon. Mr. MARTIN: We are now discussing a crippled children's grant, and we are dealing with children up until the age of 18. Now, you have

other grants which provide assistance for adults. One of the most amazing institutions in this country is the work carried on by the paraplegics organizations. At the end of the war a man called Mr. L. M. Wood—he will be very annoyed because of what I am going to say now, but it is about time somebody paid him the tribute he deserves. He is a citizen living in Toronto who has done remarkable work in the Canadian National Institute for the Blind, for the society of deaf and hearing, for a whole group of voluntary organizations. He came to see me about the work of the paraplegics. At that time the Department of Veterans Affairs was giving some assistance to the paraplegics, but they were only paraplegics who were the victims of war activity. They were running their course, and he suggested there were many paraplegics in the country who needed training, and who needed assistance, and wondered if some way could be found to assist them.

I knew very little of the work of paraplegics at that time. This was in 1947. I went up to Toronto and I saw the work under the presidency of Mr. Jack Counsell, himself a paraplegic, and I was simply amazed at what I saw. They have an old—I should not say old,—they have a large building, in Toronto which is their headquarters where they take in these individuals, men and women over 18. They give them a course of training that is exhaustive, that taxes the physical strength of the patient to an amazing extent. I will give you one example of the work they have done. I know a boy that was on his back for 15 years. He had been gored by a bull. He could not walk; he could not use his legs; he could not use his arms; he had to lie on his back all the time. He was given up as a case for which no rehabilitation would do anything. I suggested to Mr. Wood that it might be possible, for instance, to take this boy and to give him that kind of training. He said: "Certainly".

That boy spent almost two years at Lyndhurst Lodge. Today that boy,—first of all he married a paraplegic girl, one who was receiving this same training and treatment. Now he is able to look after himself. His own personal habits are attended to by himself, and when a man cannot use his limbs one can readily appreciate the rigors of the kind of life he has to lead. That boy is now engaged in business, he has an insurance agency. He goes to his office every day, comes back home, and his wife has his meals cooked. They have built a little house for themselves. There is a man who has been completely rehabilitated to the extent that his physical infirmities permit. He is a useful citizen, an active citizen of the town of Essex. One could mention many other cases like that. Well, that is the kind of work that we were able to provide for under the medical rehabilitation and general public health grants.

More emphasis is being put on rehabilitation, and we have learned a good bit about rehabilitation from the work that has been done by the Department of Veterans Affairs, by the Workmen's Compensation Board, particularly in the city of Toronto where they have done amazing work. We are trying to carry that process on, through the assistance that we are providing under these various grants.

For instance, in the tubercular sanatoriums, these people in one sense are crippled, the rehabilitation programs for them are very extensive. We have a special grant for rehabilitation that was introduced four years ago, the medical rehabilitation grant through which we are able to do so much of this, training brace makers, training physiotherapists and other rehabilitation personnel. That is a very great and developing department of activity to which we are in a position, under these grants, to give very substantial assistance.

The CHAIRMAN: What is the amount of the grants?

Hon. Mr. MARTIN: $1,000,000.

The CHAIRMAN: Any further questions on this item?

Item agreed to.

THE CHAIRMAN: Gentlemen, we will adjourn in a minute.

You will note the items under the next heading "Grants to health organizations", from 265 to 276. They are the same as the previous year. Are there any questions on any one of them?

Mr. BLAIR: If we are going to adjourn we had better leave these.

The CHAIRMAN: These are specific grants, and the highest is $10,000.

Mr. BLAIR: What number is that?

The CHAIRMAN: That is on page 49. Numbers 265, 266, 267, 268, 269, 270 right to 276 there.

Mr. KNOWLES: Perhaps they had better stand.

Mr. BLAIR: There might be something come up about them.

The CHAIRMAN: Then we will adjourn until tomorrow at 3 o'clock in the afternoon, or after the proceedings leading up to the Orders of the Day.

Mr. FLEMING: Mr. Chairman, may I ask now for a statement so that the officials will have some notice of it, and perhaps be able to prepare it for us so it will be ready when we reach it?

In connection with various items, there are some matters that are common to a number of items. I wonder if we might have from the officials a statement gathering together the various items that are listed under this heading, and give us the aggregate of them in the estimate for this present fiscal year. That is the first thing. Then, the second is, what is the actual expenditure for those same items, say for the past three years, and these are the items: first, travelling expenses; second, the educational and informational publications; third, educational and informational material other than publications. The fourth is legal fees, court costs and other services. There is one item on page 361, it is not one that runs through the various items on that fourth—

Hon. Mr. MARTIN: With regard to the first two, you will be disappointed in knowing that there are reductions.

Mr. FLEMING: No, I am interested to know.

Mr. STARR: It looks like our work has paid off.

Mr. FLEMING: I would like to see the various—

Hon. Mr. MARTIN: When you say "Our work has paid off", our informational vote is down some $75,000, is it not? I think you could make a strong case that that reduction is not desirable.

Mr. KNOWLES: Could you indicate, Mr. Chairman, which item we will start with when we meet tomorrow?

The CHAIRMAN: I suppose we will take these items I have just mentioned, 265 to 276, then we will come back to 244 and 245.

Mr. FLEMING: I have a suggestion there, Mr. Chairman, I would suggest we leave 244, which is a general departmental item, to the end, in case there are some things we wish to come back to. Let us deal with the specific ones first, and come back to that general one as a sort of catch-all.

The CHAIRMAN: That is what we have always done. We call it and then leave it open, in case there is something of a general nature to be dealt with at the end. What we will actually deal with first is the national health branch administration 245, and then if there are any general questions on that, we will have them and then we will leave it open and go on to 246.

The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 6

WEDNESDAY, APRIL 11, 1956

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Hon. Paul Martin, Minister of National Health and Welfare; Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. G. F. Davidson, Deputy Minister of Welfare; Mr. E. J. Palmer, Departmental Accountant; Dr. P. E. Moore, Director, Indian and Northern Health Service; and Dr. J. W. Willard, Supervisor, Research Division.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

73216—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Aitken (Miss)
Blair
Cannon
Decore
Deschatelets
Dupuis
Enfield
Fleming
Garland
Gauthier (*Nickel Belt*)
Hees
Henry
Knowles
Martin
MacEachen
Macnaughton
McLeod
Nicholson
Pommer
Power (*St. John's West*)
Robertson
Starr
Stuart (*Charlotte*)
Thatcher
Yuill

E. W. Innes,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

WEDNESDAY, April 11, 1952.
(10)

The Special Committee on Estimates met at 3:15 p.m. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Miss Aitken and Messrs. Blair, Deschatelets, Enfield, Fleming, Garland, Gauthier (*Nickel Belt*), Hees, Henry, Knowles, Martin, McLeod, Nicholson, Robertson, Starr, Stuart (*Charlotte*), Tucker, Yuill.

In attendance: From the Department of National Health and Welfare: Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. G. F. Davidson, Deputy Minister of Welfare; Mr. E. J. Palmer, Departmental Accountant; Dr. P. E. Moore, Director, Indian and Northern Health Service, and Dr. J. W. Willard, Supervisor, Research Division.

The Committee resumed consideration of the Main Estimates, 1956-1957, relating to the Department of National Health and Welfare, the Minister supplying information thereon.

Items numbered 265 to 276—Grants to Health Organizations—were considered and adopted.

Item numbered 245 was called and allowed to stand.

Items numbered 246 to 262—relating to Health Services—were considered and adopted.

Item numbered 245 was adopted.

At 5:10 p.m. the Committee adjourned until 10:00 a.m. Thursday, April 12.

E. W. Innes,
Clerk of the Committee.

73216—1½

PROCEEDINGS

WEDNESDAY, April 11, 1956.
3.00 p.m.

The CHAIRMAN: Order, gentlemen, we have a quorum. Did you have some answers which you wish to put on the record, Mr. Minister?

Hon. Mr. MARTIN: No, nothing.

The CHAIRMAN: Then we will take items 265 to 276.

Grants to Health Organizations

265. Canadian Mental Health Association, $10,000.
266. Health League of Canada, $10,000.
267. Canadian Public Health Association, $5,000.
268. Canadian National Institute for the Blind, $45,000.
269. L'Association Canadienne Française des Aveugles, $6,000.
270. L'Institut Nazareth de Montréal, $4,050.
271. Montreal Association for the Blind, $4,500.
272. Canadian Tuberculosis Association, $20,250.
273. Victorian Order of Nurses, $13,100.
274. St. John Ambulance Association, $10,000.
275. Canadian Red Cross, $10,000.
276. Canadian Paraplegic Association, $15,000.

Are there any questions on these items?

Dr. BLAIR: Had we finished with items 263 and 264?

The CHAIRMAN: Yes, those were carried.

Miss AITKEN: Did the Health League ask for a bigger grant this year?

Hon. Mr. MARTIN: Yes.

Miss AITKEN: Did you not consider it?

Hon. Mr. MARTIN: I am considering it.

Miss AITKEN: You are considering it?

Hon. Mr. MARTIN: I am in the throes of active consideration. I met an executive of the Health League on the day after Easter Monday. When I should have been holidaying, I was in Toronto, and you know what that means. There I met with the executive—the president now is Mr. Charles MacTague—and with Mr. Ashton of the Dominion Bank, the late president, and Dr. Bates; and we discussed this question. This organization does very good work and has done good work over the years. My job is to find enough money to do so many of the useful things that should be done. Now that you have added your very charming weight to the matter, consideration will be even more active.

Mr. STARR: Is there any possibility that if your consideration is favourable, an increase in the grant would be included in this year's supplementary estimates?

Hon. Mr. MARTIN: There is always that possibility, but I do not want my remark to be construed as meaning that it will be.

Mr. KNOWLES: I hope you will remember that you have weight too, and that you will use it.

Hon. Mr. MARTIN: I have lost mine.

Item agreed to.

The CHAIRMAN: Now we are on item 245, details on page 348.

Health Services

245—National Health Branch Branch Administration, $155,250.

If there is no general statement to be made by the minister, or if no general questions are raised we shall pass on to item 246 and let item 245 stand "National Health Branch Administration." And carry it as the last item of this particular branch of the department.

Health Services

246—Administration of the Quarantine and Leprosy Acts, $443,850.

Mr. BLAIR: Will the minister make a statement on how many lepers we have in Canada and in what institutions we house them?

Hon. Mr. MARTIN: I think we have 10. I will give you the exact figure in a moment, together with the information about the institutions — I have a formula all my own here which is more complicated than any I know.

With regard to the number of lepers, we have two colonies, one in British Columbia and one in New Brunswick; more exactly, one of the institutions is at Bentinck Island, and the other at Tracadie. We had two patients at Bentinck Island and six at Tracadie. That was the position as at 1953-1954. In 1954-1955, there was an increase of one, so that there were four at Bentinck Island and five at Tracadie.

Mr. BLAIR: This question always came up in the past—why we should have two institutions. I think there is an article in the last number of the *Saturday Evening Post* which I was reading—

Hon. Mr. MARTIN: About non-contagious cases?

Mr. BLAIR: It was stated there were 38 in New York State.

Hon. Mr. MARTIN: When I first came into the department I had the same problem in mind. I am sure we shall be able, ultimately, to dispense with one of these institutions but we have not reached that stage yet because there is an understandable psychological concern in a matter of this kind—a concern that has an effect on the patients themselves and, more particularly, on the community in which the lepers are located. The visit of the Queen to Nigeria recently had a very salutory effect on this very problem and I would hope that before too long we might be able to concentrate this work. Of course, we have to take into consideration the fact that the location of these leper colonies depends, in the final analysis, too, on the consent of the province concerned but I hope that will not prove a formidable obstacle.

Mr. BLAIR: This question is only for information: that place at Tracadie has been established a long time and it was put there because there is a use for it. Are you getting more cases in that area of the country than in others? How many of these cases, roughly, come into this country?

Hon. Mr. MARTIN: For several years no cases have been contracted. We had one more case in 1954-1955 than in 1953-1954—one less at Tracadie and two more at Bentinck Island.

Mr. BLAIR: Did these cases come into this country in the process of immigration, or were they developed here?

Hon. Mr. MARTIN: They were all developed in Canada. What the source of the "bug" was I do not know, but the patients were all Canadians.

Miss AITKEN: What is the reason for the increase in the vote this year?

Hon. Mr. MARTIN: The increase is not in connection with leprosy, it is an increase in the whole vote. The vote refers to the Quarantine and Leprosy Act, and the quarantine service is responsible not only for the Leprosy Act but for the administration of quarantine regulations, which involves the inspection of all incoming traffic to Canada whether by air, land or sea from other countries, not regarded as coast-wise, with a view to preventing the entry of infectious diseases and the fulfillment of commitments under the International Sanitary Conventions. That increase of $40,000 is accounted for by statutory increases in salary rates and the acquisition of some equipment. A mattress-sized sterilizer is to be installed in the new quarantine building at Victoria at a cost of $20,000. The remainder, as I said, is accounted for by pay increases.

Item agreed to.

Mr. YUILL: How many cases are there in British Columbia?

Hon. Mr. MARTIN: There are four. They are not cases involving British Columbia people.

The CHAIRMAN: Item 247.

Health Services—

247. Immigration Medical Services, $1,103,214.

Mr. BLAIR: I have only one question on this, and this also is a question for the purpose of obtaining information. How often do we have to send people back, and are there any figures available with regard to the numbers of people who come here and whom we ship back having found that they were suffering from t.b., mental disease or some other illness of that kind?

Hon. Mr. MARTIN: The work load alone is very considerable. This is a question with regard to medical examinations and you want to know the number of rejects—the ones sent back?

Mr. BLAIR: The number of those deported, if you use that word.

Hon. Mr. MARTIN: I will get that information for you.

Mr. BLAIR: Can you give me any idea, roughly, of what the numbers are?

Hon. Mr. MARTIN: The number sent back for health reasons is not very considerable. Simetimes an immigrant is found to be non-tuberculosis but there is a latency which is not apparent, and in the course of time he develops that disease. You know, Dr. Blair, that tuberculosis is not always apparent. In such cases as this we generally try to work out a satisfactory arrangement. The provinces are very cooperative in this matter. We have had instances—I recall particularly the case of the Polish soldiers—where we brought in a whole group, but there were special circumstances. I will see that you get the figures you require.

Mr. GARLAND: How many officers of this particular branch are attached to the Rome office?

Hon. Mr. MARTIN: Four or five. Did you have any special reason for asking that question, Mr. Garland?

Mr. GARLAND: No, it just seemed to me—

Hon. Mr. MARTIN: That there were not enough?

Mr. GARLAND: I was wondering if we had an adequate staff there by comparison with the amount of work there is to be done.

Hon. Mr. MARTIN: You mean: have we enough doctors? When I said "staff" I meant doctors. I think there are enough to deal with the problem there; they are very busy but we are trying to keep the staff down. We have had to increase the staff, as you know, all over the world within the last period—I do not mean the last year—and we have tried to hold it down to a limit. If you have some suggestions along the line of your question I would be very glad to have them. Have you heard that the service can be improved?

Mr. GARLAND: No, the information I had was all at second hand, but it seems to me that by comparison with the amount of work that is carried on at that office special attention should be given to it so that applications might be processed as quickly as possible.

Hon. Mr. MARTIN: I was wrong. There are six. We have Dr. Savoie, Dr. Chevalier, Dr. Picher, Dr. Ramey, Dr. Pouliot and Dr. Dubé.

Mr. BLAIR: Do you experience any trouble in getting doctors for this post?

Hon. Mr. MARTIN: Yes, we have great trouble in getting doctors for our posts all through our services. The question is one of salary. Our salary bill is very extensive and all these services which are asked for and which must be provided cost a great deal of money. The service in Rome has six as compared with two in Berlin; three in The Hague; one in Copenhagen; one in Athens; nine in Germany, all over Germany; two in Vienna; eight in London; two in Liverpool; four in Glasgow; one in Belfast; one in Dublin; and three in Paris. We think that is a fair proportion, and we feel that it is adequate. But if you have any evidence to the contrary, I would be very glad to have it.

Mr. STARR: The minister said a moment ago that in time he would have to increase the staff all over Europe.

Hon. Mr. MARTIN: What is that, please?

Mr. STARR: Within recent times you have had to increase your staff all over Europe. What is the reason?

Hon. Mr. MARTIN: The reason is more people, I suppose, and more exact systems of examination. We demanded x-ray as you know, and all these things take more personnel. These doctors, believe me, are certainly earning their money.

Mr. STARR: My question was prompted by the fact that immigration dropped off last year.

Hon. Mr. MARTIN: That does not alter the fact; that does not stop the examinations. We examine many many more than are allowed to come in.

Miss AITKEN: On the question of deporting people, do you deport everybody who has tuberculosis shortly after they come here?

Hon. Mr. MARTIN: No, no. There are certain prescribed groups; mental defectives are a prescribed group. The Minister of Immigration is the one who authorizes the act of deportation. We simply state the facts to him; but in certain cases like mental illness he has no discretion whatsoever; that is before entry, but after entry it depends on the circumstances. We try to be as humane as possible. Dr. Blair asked me if we sometimes find tuberculosis after they have come in. When they have an incipient condition which was not apparent we try to be as humane as possible, having in mind public interest; and if we do keep them, it is only with the consent of the health department of the province concerned.

Mr. STARR: What is the greatest problem of disease at the moment with respect to applicants for entry into Canada, particularly those coming from Europe?

Hon. Mr. MARTIN: I would say that the most prevalent was tuberculosis, which we watch very carefully because we have perhaps the most effective tuberculosis control system in the world outside of the United States. People have put a lot of money into it as well as effort, and we would not want to curb it. That is really the main one, doctor.

Mr. KNOWLES: You are creating a lot of doctors today.

Hon. Mr. MARTIN: I missed that joke.

Mr. KNOWLES: I said that you must be short of doctors because you are creating a lot of them today.

Mr. STARR: I am not a doctor.

Mr. KNOWLES: You made Mr. Starr and Mr. Garland doctors.

Hon. Mr. MARTIN: Dr. Hees, I recognize you.

Mr. HEES: Thank you.

The CHAIRMAN: Mr. Nicholson?

Hon. Mr. MARTIN: This is a doctor. He may show horse sense but he is not a horse doctor.

Mr. NICHOLSON: If there is any serious problem in acquiring doctors for this particular service, I think that if more publicity could be given to this particular branch, it might help to solve the problem.

Hon. Mr. MARTIN: We are generally charged with giving too much.

Mr. NICHOLSON: I know a young doctor from Vancouver who spent two years in Germany with your service. He said that he thought he should be paying the government for the experience which he got there. He received a very valuable training while there and he had no idea that it was going to be nearly as useful as it turned out to be.

Mr. HENRY: I am interested in the admission of immigrants who may be suspected of having tuberculosis, and their admission to provincial institutions. I would like to know the procedure followed in cases of that kind.

Hon. Mr. MARTIN: Well, if a person requires treatment arrangements are made for the person to go into a sanitarium. The provinces make that arrangement and we have no difficulty. The reason we have no difficulty is that they are not permanent. That is to say they are people who come in with the "bug", in the case of people who arrive without it being apparent that the situation is otherwise. A number of years ago Dr. Blair questioned me in the house about this, and I am sure that he remembers it better than anyone else.

We did bring in a lot of Polish soldiers in a group. They were soldiers who had fought with the United Nations Army and were segregated from their own fighting nationals in Poland and were unable to return. In fact they were not anxious to return because of the communist controlled state of Poland. So they came in, and after they were in, tuberculosis developed in all of them, or in the great majority of them. We felt that that was a special situation so we made arrangements for their being hospitalized in our hospital at Brandon. We had an Indian tuberculosis hospital there; and they were there for about a year. They have all cleared up now, and most of them are scattered over the country, and are very good citizens. But that was an exceptional case. That was a mass situation.

Mr. HENRY: Is it possible to post a bond in the hands of the provincial institution for possible treatment in individual cases?

Hon. Mr. MARTIN: You mean with a person coming in having tuberculosis?

Mr. HENRY: When a person applies to come to Canada and there is a suggestion of tuberculosis, the application is held up?

Hon. Mr. MARTIN: No, I was talking about the case of a person who came in who did not have tuberculosis. The person who has tuberculosis is not an admissable person.

Mr. HENRY: There is no such thing as the filing of a monetary bond and having technical treatment?

Hon. Mr. MARTIN: No, we turn them down.

Item agreed to.

Health Services—

Item 248—Sick Mariner's treatment services, $967,575.

The CHAIRMAN: The details are to be found on page 352.

Hon. Mr. MARTIN: This is an item we spoke about earlier in the session. I think we have discussed this one.

The CHAIRMAN: Yes, as the minister says we discussed this. Is it agreed to?

Item agreed to.

Mr. FLEMING: In regard to all these items, I take it that we are going to have an opportunity to discuss the figures that I asked for last night?

Hon. Mr. MARTIN: Oh yes.

Mr. FLEMING: On educational and national publicity, and other parts of these items?

Hon. Mr. MARTIN: In time.

Mr. FLEMING: I thought that the officials were going to prepare a statement.

Hon. Mr. MARTIN: In time; you are right; in time.

Mr. FLEMING: The statements are not ready yet?

Hon. Mr. MARTIN: Oh yes.

Mr. FLEMING: Have you the statements now?

Hon. Mr. MARTIN: Yes, I can give them now.

Mr. FLEMING: Are copies available?

Hon. Mr. MARTIN: No, I have just got my own information which I will give you as you ask questions.

Mr. FLEMING: I thought we might save some time so I asked last night if we might have the figures.

Hon. Mr. MARTIN: I have the figures here.

Mr. FLEMING: May we have copies of them?

Hon. Mr. MARTIN: I have not got copies for the committee. I did not know that you wanted copies to be distributed. That is unusual procedure; but I will give them to you. Do you want to discuss them now?

Mr. FLEMING: It applies to various items and we might as well take them now.

The CHAIRMAN: We are allowing item 245 to remain open so that we can take it up when we get through each item. We can go back to item 245.

Mr. FLEMING: It is scattered all the way through and this applies to practically all the items.

The CHAIRMAN: We shall come back to item 245 after we get through each item.

Health Services—

Laboratory of Hygiene—

249. Operation and maintenance, $725,958.

Hon. Mr. MARTIN: I hope that a number of the committee will really go down and visit this as well as our virus laboratory as I suggested a week ago. I am sure there is nothing to see in Ottawa better than the virus laboratory. That is where we carry on all our Salk testings, where practically every vaccine or antibody is examined that is produced in the country.

Mr. NICHOLSON: About a year ago there was a tour through them.

Hon. Mr. MARTIN: Not there; you were not at the virus laboratory.

Mr. NICHOLSON: Yes, we were on quite an extensive tour.

Hon. Mr. MARTIN: Did you see the Salk testing?

Mr. NICHOLSON: No, not at that time.

Hon. Mr. MARTIN: It is not convenient for us to show you the Salk testings right now because the staff is very busy with some batches, but when things slacken I think we can easily arrange it. It would be well worth seeing.

Mr. NICHOLSON: Mr. Chairman, last year when we were on this tour we travelled all over the city, and some of the places I thought really should not be used for health services.

Hon. Mr. MARTIN: Would you give me one of those please?

Mr. NICHOLSON: What I am getting at, we should have a central place where we can see these developments.

Hon. Mr. MARTIN: That is true, but government departments are scattered all over the city. If the government of Canada was extravagant we could have that sort of thing.

Mr. NICHOLSON: There is a building item here—buildings, works, land and equipment.

Hon. Mr. MARTIN: Pardon?

Mr. NICHOLSON: This item that we are mentioning—

Hon. Mr. MARTIN: That is a new laboratory of hygiene that we are building.

Mr. NICHOLSON: Acquisition of buildings, works, land and equipment.

Hon. Mr. MARTIN: That is our new laboratory of hygiene at Tunney's Pasture.

Item agreed to.

Health Services—Laboratory of Hygiene—

250. Construction or Acquisition of Buildings, Works, Land and Equipment, $40,000.

Item agreed to.

Health Services—

251. Public Health Engineering, $230,335.

Mr. KNOWLES: Mr. Chairman, are there any special projects under way in this division at the present time?

Hon. Mr. MARTIN: No, nothing special, but having said that, it does not mean that there is not very considerable work. This division, you know, of course, is responsible for the examination and supervision of water and ice supplies, and all phases of sanitation on common carriers—trains, vessels, aeroplanes and everything. Every bit of water—I am sure the public does not realize, but every bit of water that is used on a public carrier is supervised by the officers of this division.

Item agreed to.

Health Services—

252. Occupational Health, $332,373.

Item agreed to.

Health Services—

253. Civil Service Health, $322,807.

Mr. MCLEOD: This item, Mr. Chairman, is that another insurance item?

Hon. Mr. MARTIN: No, Mr. McLeod. The government of Canada seeks to be a good employer, and hopes to be able to give a good example to employers throughout the country. This is one way in which an effort is made to have good employer-employee relationships. We have in Ottawa in the civil service twelve different health units where the civil servants may go, not for normal treatment, but for special examinations, diagnosis, temporary relief from fatigue, or something of that sort. They are well staffed and they do very excellent work. At the same time, this division provides for examinations of members of the diplomatic corps who leave the country to go on foreign missions, members of parliament like Mr. Fleming, who go to many international conferences—

Mr. FLEMING: And need shots before they go.

Hon. Mr. MARTIN: Need shots if they do not want to get shot.

The CHAIRMAN: Shall the item carry?

Mr. ENFIELD: Mr. Chairman, I was just wondering if the references by Dr. Stanley Knowles—the request for better breakfasts for civil servants—came under that heading?

Hon. Mr. MARTIN: Oh, no, that comes under the nutrition division.

Mr. ENFIELD: Oh, I am sorry.

Hon. Mr. MARTIN: That is really a very useful department under the very outstanding Dr. Pett, and sometimes when Mr. Knowles asks me questions in the House of Commons, I sometimes think I should ask Dr. Pett to have a consultation with "Dr" Knowles.

Mr. KNOWLES: I think Dr. Pett would find that I eat a better breakfast than the minister does.

Hon. Mr. MARTIN: You are quite a remarkable man, I do not know how you keep going.

Mr. KNOWLES: Mr. Chairman, may I ask the minister what use the civil servants make of these facilities?

Hon. Mr. MARTIN: Oh, very extensive use.

Mr. KNOWLES: Could the minister be more precise, as he usually is?

Hon. Mr. MARTIN: I do not know how I can be more precise than that, although we have the figures.

Mr. KNOWLES: You might have some statistics?

Hon. Mr. MARTIN: I know the one in our building is used all the time. Whenever I want to go down and have a noonday sleep there is always somebody ahead of me.

Mr. KNOWLES: This seems like a very active department, from the minister down.

Hon. Mr. MARTIN: Well, I want to say this to you, Mr. Knowles, if you had to work as we do, from early in the morning until late at night you would find an afternoon nap is a very good thing. I want to say this to you, Mr. Knowles, after some of your questions in the House of Commons, a sleep at 2 o'clock in the afternoon would be a very good thing.

Mr. KNOWLES: Is the minister suggesting that if I had a sleep at 2 o'clock I might have more questions to ask?

Hon. Mr. MARTIN: No, but they would be of a higher quality.

Well, now, we have it, in our 12 units in the month of January of this year; in unit No. 1 we had 1,342 visits; No. 2 we had 775; No. 3 we had 1,271, and so on and so on. They are widely used.

These facilities, incidentally are open to members of parliament and the House of Commons.

Mr. FLEMING: You do not make it known.

Mr. KNOWLES: Are similar facilities available in cities other than Ottawa where there are civil servants?

Hon. Mr. MARTIN: No. We have been considering that, but it is a question of money. We have been giving consideration to opening one in Toronto where there is a large group of civil servants. That matter is under study.

Mr. BLAIR: You said they were open to members of parliament; there is one difficulty here in the city of Ottawa and that is getting a doctor sometimes.

Hon. Mr. MARTIN: That is right.

Mr. BLAIR: Sometimes a member will come and ask where they can get somebody.

Hon. Mr. MARTIN: But, doctor, in addition to doing your own duties as a member of parliament, you certainly provide for services in that respect very effectively, and never send a bill I am told.

Mr. BLAIR: I am thinking of people who have to go into the hospital and that sort of thing.

Hon. Mr. MARTIN: Well, there are no doctors employed in these units.

Mr. BLAIR: There are no doctors?

Hon. Mr. MARTIN: No, except at headquarters where the examinations and basic tests take place, but at the individual units there are no doctors.

Mr. BLAIR: The point is, if we were stuck here, is there any place where we could get a doctor under the system as it is now?

Hon. Mr. MARTIN: Yes.

Mr. BLAIR: It would be possible?

Hon. Mr. MARTIN: Oh, it would be possible, certainly. It has been done.

Mr. KNOWLES: We all agree with what has been said about Dr. Blair. We in the house enjoy very much having him there and find him very helpful at all times. I also find him very useful, sitting alongside me as he does.

Hon. Mr. MARTIN: He does not control you to my full satisfaction.

Item agreed to.

254. Epidemiology, $66,361.

Mr. BLAIR: Where does that administration cross with the provinces?

Hon. Mr. MARTIN: It is a coordination and integration of services. For Mr. Fleming's benefit, I may say that epidemiology is the study of disease.

Mr. FLEMING: I would start with some of the political parties.

Hon. Mr. MARTIN: Some of them are more diseased than others. Each phase of the administration of the Salk vaccine is directed under this division. The division was intended at first to be restrictive but it has widened out now to cover a very wide range of activities. It is generic in its qualities. We hope to use this division to implement our programs of prevention, to coordinate our national plan with the various departments of health and with the universities,

to establish a technical information centre for the collection of scientific information and to assist the provincial departments of health during outbreaks of epidemics, and so on. It has proved to be one of our best activities.

Item agreed to.

Health services—

255. Administration of the Food and Drugs and the Proprietary or Patent Medicine Acts, $1,389,761.

Mr. KNOWLES: I believe that the Food and Drugs Act was amended rather extensively a couple of years ago and at that time provision was made for more extensive inspection services. Could the minister say whether additional employees have been engaged for that work? Can he say what kind of inspection they are carrying on?

Hon. Mr. MARTIN: This is one of the oldest services of the government of Canada. This act goes back almost to confederation and I am sure that it is one of the most important acts of the federal government, in so far as the well being and the health of the people of this country are concerned. Canada has a reputation for standards of food which compares with that of any other country. I suppose that the United States and Canada are the two countries which are regarded as models in this respect. Our jurisdictions parallel one another and our standards are basically the same.

We have 66 inspectors. Since the revision of the act, 15 new inspectors have been added. I am sure members would like to know how they operate. They are in all the centres, large and small. They move about, they go into a store and buy all kinds of goods and pay for them. Then these goods are sent to our laboratories and are inspected carefully. As a result of those tests we may remove large quantities of food from wholesale houses and elsewhere because they do not live up to the prescribed standards or because they are deceptive in the form of their presentation to the public. We seek to get the cooperation of industry and from those who sell to the public and generally speaking we have obtained that cooperation. We find now that the makers of food, canned goods and so on will send food stuff to us before putting it on sale, asking us if we would mind giving it a test. It is the same with many forms of advertising. I am sure that this is one of the most useful functions of this department or any other department.

Mr. BLAIR: That would refer especially to the patent medicine section.

Hon. Mr. MARTIN: With regard to imported food such as dates and peanuts, one of the first things I had to do in the first two or three days of my activities was to decide, as Dr. Cameron will remember, whether or not to refuse entry into Canada of almost half a million dollars worth of peanuts. We refused entry and the individual suffered a great loss; but the peanuts themselves were of a quality which was away below our prescribed standards. That is the kind of thing we do.

Mr. KNOWLES: Some months ago, some of us on invitation visited the food and drug laboratory. One of the things that impressed some of us was the series of exhibits shown regarding cheese. It seems to us there was a case for increased inspection of cheese factories. Can you say whether that has taken place, and whether more inspectors are on the job for that type of work?

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: How many extra have been employed?

Hon. Mr. MARTIN: All inspectors cover all phases. I do not wish to go into that publicly right now. I will tell you privately. We have a program under way right now.

Mr. KNOWLES: I do not mind the minister giving this information privately. Probably he has been to that laboratory himself and knows what we saw. Can he give the assurance that the department is being pretty strict regarding cheese factories?

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: Actually, the details on page 359 provide for almost a doubling in the number of inspectors. In grade 1 there is no change, but in grade 2 there is an increase from 14 to 28 and in grade 3 there is an increase from 5 to 9. These appointments have been provided for, but have the appoinotments been made?

Hon. Mr. MARTIN: We have made 15 new appointments so far. The others are in process.

Mr. KNOWLES: Do they move about the country?

Hon. Mr. MARTIN: They are regionalized and move within the region. There are some occasions when we make interchanges for particular purposes.

Mr. KNOWLES: There are inspections in every area?

Hon. Mr. MARTIN: Yes, in every part of every province.

Mr. FLEMING: There are details on page 359 which call for some explanation. In regard to the chemists according to grade, it is indicated that in the case of the grade 2 chemist the number is being reduced from 24 to 1; in the case of grade 3 from 14 to 4; in the case of grade 4 from 17 to 2; in the case of grade 5 from 4 to 3; in the case of grade 6 to none; and in the case of grade 8 from 3 to none. However, there is an increase provided in grade 1 from 9 to 33 in this coming year. On the face of it that suggests that there is a downgrading of these chemists, or that the department is in the process of losing a number and replacing them with grade 1.

Hon. Mr. MARTIN: This represents just a changing of the classifications.

Mr. FLEMING: There is no change of personnel?

Hon. Mr. MARTIN: No.

Mr. FLEMING: Is it not a fact that there is some downgrading in the matter of salary?

Hon. Mr. MARTIN: We do not think so.

The CHAIRMAN: On page 358 it is shown that there is a grade 4 increase from none to 10 this year in the range of salary of $6,420 to $7,200. Grade 4 has diminished in number where the range of salary is $5,100 to $5,820. Probably that explains it.

Mr. FLEMING: This is a matter of the presentation of the estimates and not a matter affecting either personnel or salaries attaching to these grades of chemists?

Hon. Mr. MARTIN: That is right. As a matter of fact, the problem is the other way around. We are not anxious to demote scientific people. The problem is the other way around.

Mr. FLEMING: That is what I would have thought. There is enough trouble in obtaining competent chemists, with the demand for them today in industry.

Hon. Mr. MARTIN: That is one of the great problems of the government service to be able to compete today with industries for professional people.

Mr. FLEMING: Especially in the technical field.

Hon. Mr. MARTIN: These are technical people.

Mr. NICHOLSON: Under this vote is there any way of supervising the kind of fruit offered for sale in Canada? Last year we bought a hamper of

apples from Ontario. The apples on top were attractive and the apples underneath were anything but fancy. I know they grow good apples in Ontario. I was born there.

Hon. Mr. MARTIN: That is part of the inspection problem. For instance, we had recently some fruit bought in a certain place and the two top layers were very good and the bottom not only was not good but there was nothing there, just a hard cover and a vacant cellar.

Mr. GAUTHIER (*Nickel Belt*): Once I bought a bag of potatoes and they had loaded the bottom with stone.

Mr. NICHOLSON: What should the citizen do when he buys apples that are imported and put up in a hamper, and he finds they are unsatisfactory?

Hon. Mr. MARTIN: Look in the telephone book under the Department of National Health and Welfare and call the food and drug division.

Mr. NICHOLSON: I refer to a customer out in Saskatchewan. Should he call long distance?

Hon. Mr. MARTIN: If you call the minister, please do it before midnight.

Mr. NICHOLSON: But is this one of the responsibilities of this division to try to establish that the goods offered in different parts of Canada are up to set standards?

Hon. Mr. MARTIN: Yes. In the case of fruit and agricultural products we do cooperate fully with the Department of Agriculture, both federal and provincial. They have divisions there which have a policing policy too.

Mr. GARLAND: Mr. Chairman, I wonder if the minister might care to elaborate. I know that one of the important functions of this particular department is to check advertising to avoid obvious deception. Would you care to say a few words on that? How many people are employed, and what are the kinds of work carried out?

Hon. Mr. MARTIN: Do you want the number in the whole division?

Mr. GARLAND: Yes.

Hon. Mr. MARTIN: If you look at page—

Mr. GARLAND: I am not sure how it is broken down, but I was interested particularly in the food manufactured in this country.

Hon. Mr. MARTIN: In Ottawa there are about six individuals concerned with that which covers radio advertising, newspaper advertising, packaging, materials and so on.

Mr. GARLAND: Do we have a field force?

Hon. Mr. MARTIN: The inspectors do that work too.

Mr. GARLAND: I am referring only to the advertising phase.

Hon. Mr. MARTIN: No, they do not just do that. The inspectors have a wide field and it includes that. We have about 289 in the whole division.

Mr. BLAIR: In the matter of proprietary medicine, is the formula of every so-called proprietary medicine registered with the department?

Hon. Mr. MARTIN: Yes.

Mr. BLAIR: It has to be by law?

Hon. Mr. MARTIN: Yes. Under the Food and Drug Act as amended three years ago I think, no one can advertise any treatment of any kind as a cure. A doctor may to his patient. You, as an individual doctor, may do that; but no individual or company can advertise in any way a particular remedy as a cure.

Mr. BLAIR: There was something which came up the other day. Possibly this comes under the next section. I believe it was "goof" balls or some expression like that.

Hon. Mr. MARTIN: They were similar to barbituates.

Mr. BLAIR: Would that come under the narcotics branch?

Hon. Mr. MARTIN: No, under the food and drugs division, and it is now being examined very carefully. Dr. Morrell is the chief in that field and is regarded throughout the world as one of the outstanding authorities in this field. He has the title of dominion analyst, and under the act his certifications are final.

Mr. KNOWLES: What is the volume of complaints received by this division on which you take action?

Hon. Mr. MARTIN: We have reached about 1,000 letters a day.

Mr. KNOWLES: In this division?

Hon. Mr. MARTIN: No, in the minister's office. I would say that in a normal day perhaps 100 concern food and drugs in some way, and occasionally an old age pension.

Mr. KNOWLES: Every complaint, I take it, is looked at. Many of them will be duplicates of course.

Hon. Mr. MARTIN: Each one is looked at with great care.

Mr. KNOWLES: Whether signed or not?

Hon. Mr. MARTIN: We do not receive very many anonymous letters. We got one the other day which I throught looked something like your handwriting.

Mr. KNOWLES: I assure you I never addres the minister with anonymity.

Hon. Mr. MARTIN: It was a letter in which you approved what had been done.

Mr. KNOWLES: That must have been from "Dr." Hees.

Mr. FLEMING: Does the department concern itself with customs duties on various medicines and drugs which are imported in Canada?

Hon. Mr. MARTIN: No, it is the Department of National Revenue.

Mr. FLEMING: I know, but I am asking if the department takes any interest in the matter of imposition of duties on drugs and medicines that are imported?

Hon. Mr. MARTIN: Yes, very much.

Mr. FLEMING: What are the guiding principles, which govern the interest of the Department of National Health and Welfare?

Hon. Mr. MARTIN: If we find that the prescribed remedy is not manufactured in Canada—that is one consideration; it is not the only consideration because sometimes the remedy may be made in Canada and yet may be cheaper elsewhere. We have to balance all the considerations. But you are getting into policy now as between one department of government and another; obviously that is a privileged situation. We are consulted by the Department of Finance and the Department of National Revenue frequently and we ourselves initiate recommendations. Cortisone was a good example. Cortisone was introduced five and one-half years ago with great promise, that has not been fully realized, that it seemed to provide a great remedy for certain types of arthritic sufferers. We made a recommendation to the Department of National Revenue and the Minister of Finance in his budget made the necessary adjustment.

Mr. FLEMING: The situation recalls to my mind this case. I had a letter from a gentleman who said his child had had a good deal of help in combating epilepsy from a preparation prepared by some doctor in the United States. He was complaining that it was punitive and unfair that a very heavy customs duty should be applied on importation of the preparation. He did not give me identification of the preparation. It is one prepared by a doctor in one of the cities in the United States that has given rise to the situation.

Hon. Mr. MARTIN: I do not know if we are thinking of the same drug.

Mr. FLEMING: I do not know whether it is a drug. He referred to it as a preparation.

Hon. Mr. MARTIN: In the case of which I am thinking there is no doubt that the price paid in Canada was much higher than that paid in the United States. We looked into this very carefully and came to the conclusion with the best scientific skills we have available that it was not a proven drug, and in fact there was evidences of considerable danger. The individual in Canada kept using it on a doctor's advice, and kept importing it with very damaging personal results. That is the case about which I am thinking.

Mr. FLEMING: It may be that this preparation itself is in the controversial class and I wonder if that enters into the matter of customs duties?

Hon. Mr. MARTIN: It is the calculated lifesaving value; it is the expensiveness of the drug, and continued use of the drug. I have now before me a particular situation where one individual has an unusual disease. There is a preparation that comes from a European country, and at the present time there is a substantial duty on it. It is not manufactured here and it is not manufactured, even, in the United States. We are now, through our consultative services, asking a doctor in Montreal to give us his professional opinion about the use and value of this product and as soon as we get it we shall make our decision as to whether or not some suggestion should go from us to the appropriate department of the government.

Mr. KNOWLES: Do you, similarly, concern yourselves with the sales tax on drugs? Do you take the initiative in recommending to your colleagues from tlme to time that the sales tax should be removed for certain drugs?

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: I know that if I were to ask you whether you have any such matters under consideration at this time you would say it was a privileged matter.

Hon. Mr. MARTIN: And you would know it is privileged and you would not ask me that question.

Mr. KNOWLES: However, could you give me some examples of drugs from which the sales tax has been removed on your recommendation?

Hon. Mr. MARTIN: Not offhand, but I will give you some examples before the day is out.

Mr. KNOWLES: Are you still considering other recommendations?

Hon. Mr. MARTIN: Oh yes, all the time. We have one man whose function it is to deal with just that matter.

Mr. KNOWLES: What are the basis on which you would make your decision?

Hon. Mr. MARTIN: The same considerations would apply—acceptance and quality, the likelihood of continuous use and known curative value. We have to be very careful about some of these things because in the last decade there have been so many discoveries, most of them of great value but some of doubtful value, in addition to some which are definitely harmful.

Mr. KNOWLES: Surely, if a drug is known to have some value there is no justification for sales tax on it at all?

Hon. Mr. MARTIN: You would have to discuss that when we discuss the estimates of the Department of Finance. I have told you in a general way that we do actively engage ourselves in this particular matter from a health standpoint. As to the considerations in the mind of the Minister of Finance, or the government as a whole, when it comes to consider this matter in the budget, that is another question. You can understand that being so.

I will explain the problem to you. I think it is very desirable that we in this country should have a drug producing industry. There are some well known houses operating now—

Mr. KNOWLES: We are talking about sales tax now, not about import duties.

Hon. Mr. MARTIN: It is a similar principle.

Mr. KNOWLES: Oh?

Hon. Mr. MARTIN: If you want to preserve this industry—and there is a health value in preserving it—it is not only an economic question—you have to bear in mind that consideration as well—

Mr. KNOWLES: I am not getting into an argument about tariffs, but surely the minister is not contending that a sales tax helps to keep alive an infant industry?

Hon. Mr. MARTIN: No.

Mr. KNOWLES: After all, you are a Liberal.

Hon. Mr. MARTIN: I think I am known as a liberal, yes.

Mr. FLEMING: I was just wanting to know what justification there could be for the imposition of a sales excise tax on any medicine or drug which is established as having beneficial effects or properties?

Hon. Mr. MARTIN: I would suggest to you with great respect—

Mr. FLEMING: Let me continue.

Hon. Mr. MARTIN: I want to point out with great respect that this is not a matter for the Minister of National Health and Welfare. It is a financial problem.

Mr. FLEMING: I am not forgetting it. I appreciate that the Minister of National Health and Welfare does not make fiscal policy but, leaving out, now, any drugs or medicines which may fall into the doubtful class or which may, in some circumstances, be harmful, and dealing only with those drugs which are recognized as being in the beneficial class, why should there not be a "blanket" recommendation and a "blanket" policy that all drugs and medicines which are in that latter class should be exempt from sales or excise tax of any kind? The minister says himself that his officials are studying the question and making recommendations. What possible justification can there be for the continued imposition of a sales tax on drugs and medicines which are beneficial according to well established tests?

Hon. Mr. MARTIN: If you would look at the famous debate in the House of Commons you will remember that the member for Quebec East raised the same question in 1931 in the House of Commons, and the Prime Minister of the day, Mr. Bennett, said that when the estimates of the appropriate department were under consideration that question could probably be raised. The appropriate department, he suggested, was the department that initiates fiscal policy, and that was done. The matter was then discussed and the government of the day explained its position. I am submitting to you now that this, although it is an important matter, is not one which is within the competence of the Department of National Health and Welfare as such.

Mr. FLEMING: From what the minister has told us it is clear that his department makes recommendations, and therefore I take it it is the responsibility of the Department of National Health and Welfare to make such recommendations. I am asking why the department should delay in making a "blanket" recommendation to those who are formulating fiscal policy for the government for submission to the house—a recommendation that all medicines and drugs now recognized as beneficial should be exempt from sales tax and excise tax of any kind.

Hon. Mr. MARTIN: Mr. Chairman, I want to say that this is a question which I do not think we can discuss here. It would be wrong for me to disclose the extent to which I, as a minister of the government, make recommendations in this particular field. I am in no position, because of the well known rule of cabinet secrecy, to say what recommendations I make to my colleagues in the government. I cannot say whether I make them to the extent which my hon. friend (Mr. Fleming) has suggested, or whether I make them in a limited sense. I am simply telling the committee that this matter falls within our field of operation. We do make recommendations. The extent of these recommendations is something that I cannot possibly disclose.

The CHAIRMAN: I think that is right, Mr. Fleming. You can urge that you think the recommendation should be made, as Mr. Knowles did, but I do not think you can press the minister on this any further.

Mr. FLEMING: There is a distinction. Obviously I do not propose to ask the minister what recommendations he has made or what recommendations he is making specifically to his colleagues in the cabinet. That is obviously not the sort of thing that is disclosed, but I am urging that his department, in keeping with its responsibility in this matter, ought to take a firm position in favour of a definite policy of the kind I have mentioned. If that attitude has already been taken, then I shall have to concentrate on the Department of Finance to learn why the policy has not been fully implemented. If representations along the lines I spoke of have not been made, I think they ought to be, and pressed very strongly by the minister's department.

Hon. Mr. MARTIN: I want to clear up this point. You spoke of the Department of Finance. Recommendations from one minister may be made to a particular minister, but in fact they are not made to the individual minister. They are made to the government as a whole. And I do not want the suggestion to be left with the committee that a particular Minister of Finance stood in the way of any recommendation which was made in a matter of this sort or of any other sort. I can only say that the present Minister of Finance has been most cooperative and sympathetic in these matters. The precise nature of my recommendations is obviously a matter which I cannot discuss.

Mr. FLEMING: There is no problem there; we are not at cross purposes. It is a matter of government responsibility. I think, however, that the department itself has some responsibility and I hope it will press strongly the kind of policy I have indicated.

The CHAIRMAN: Is the item agreed to?

Mr. KNOWLES: I have one or two other questions. Could the minister indicate whether he had satisfactory co-operation from the people who package bacon, in the matter of the changed wrappings?

Hon. Mr. MARTIN: Yes, we had good co-operation. As my hon. friend will remember we called in representatives of the packing industry and told them that we thought this change should be made and we proposed it be made co-operatively. We set the dateline after which the wrappers were to be changed and the wrappers were changed.

Mr. KNOWLES: May I also ask if the minister is satisfied that there is no longer any brown bread around that is merely white bread dyed brown?

Hon. Mr. MARTIN: I would not want to say that there is not any around, but we do keep our eyes open to see that the regulations are observed.

Mr. KNOWLES: Would you say that there has been improvement in the situation?

Hon. Mr. MARTIN: I think there has been good improvement in the situation.

Mr. YUILL: I have a question about packaged bacon. I know that they have removed the stripes, but they certainly have not improved the quality of the number one grade.

Hon. Mr. MARTIN: That is the function of the Department of Agriculture.

Mr. YUILL: I do not know whose responsibility it is, but it has not accomplished what people hoped it would. I know of a product today which is sold under a very popular first grade brand name, and I know what it is because I have had enough experience. But the average public does not know anything about it. It is sow bacon, and it is at least three or four years old. It had a very popular appeal because it was lean. They took off the back fat, but it was so tough that you could not stick your fork into it. It was sow bacon, pure and simple, masquerading under the brand of first grade bacon. It is not right.

Hon. Mr. MARTIN: I would be very glad if you could, with your experience, give us the particulars of it and we would be very glad to follow it through.

Mr. YUILL: I can tell you the name and where it was purchased, and I could go back there and get a package of the very same thing this afternoon.

Hon. Mr. MARTIN: If you will look into the particulars and let us know, you will have bacon that is better.

Mr. FLEMING: Has the department any information with respect to the wrappings of imported turkeys from the United States?

Hon. Mr. MARTIN: I do not recall about wrappings on turkeys.

Mr. FLEMING: Well, the problem involves wrappings on turkeys imported from the United States.

Hon. Mr. MARTIN: We have had problems with turkeys.

Mr. FLEMING: Were they wrapped ones?

Hon. Mr. MARTIN: They were not. They contained a substance which gave them the appearance of a certain quality, a certain colour, which suggested a certain quality which was not in fact there. Perhaps it is that you are getting at.

Mr. FLEMING: It is getting pretty close to it.

Hon. Mr. MARTIN: We corrected that situation. I think you are the one that brought it to my attention.

Mr. FLEMING: No.

Hon. Mr. MARTIN: Well somebody did, and the matter was corrected.

Mr. FLEMING: I did not bring it to the minister's attention. According to the information I am receiving now, this is something which needs attention.

Hon. Mr. MARTIN: I do not recall it at all. Dr. Cameron whispers that he does not recall it either. If you will give us the particulars, we would be very glad to look into it before Christmas, certainly before Thanksgiving!

The CHAIRMAN: Is the item agreed to?

Item agreed to.

Mr. GARLAND: Is there any volume or number of complaints, legitimate complaints which come to your department, to this division from competitors complaining that they are doing this or that?

Hon. Mr. MARTIN: Oh yes, we have those all the time. I had one only this morning from a distiller.

Mr. GARLAND: I wondered what percentage it was of the work you handled.

Hon. Mr. MARTIN: I could not give you off-hand the percentage, but we have a lot.

Mr. GARLAND: More perhaps than from people who are users?

Hon. Mr. MARTIN: I could not say what the percentage is because I do not know; but we have complaints.

Item agreed to.

Health Services—

256. Administration of the Opium and Narcotic Drugs Act, $188,171.

Mr. FLEMING: I have a question to ask of the officials. On Page 361 there is an item "Legal Fees, Court costs, and other services". That covers a number of different items. This might be the point to raise this particular matter.

Hon. Mr. MARTIN: The fees in 1953-54 were $48,310; in 1954-55 they were $40,086; in 1955-56 up until February which was the last available record, they were $49,000; and for 1956-57 we estimate $50.000.

Mr. FLEMING: Are those fees paid to solicitors and counsel in connection with prosecutions for alleged breaches of the Opium and Narcotics Drugs Act?

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: What is the policy of the department in relation to the retention of solicitors and counsel in such matters? Does everything go to the Justice Department?

Hon. Mr. MARTIN: Oh yes, the Justice Department are the ones, we point out the situation, the particular complaint, and we say that we believe that the matter ought to be looked into for prosecution or legal attention of one kind or another, and Justice is our agent in the matter.

Mr. FLEMING: And Justice takes over the case at that point completely?

Hon. Mr. MARTIN: That is right. Our officers help, but they take over the case and do the prosecution.

Mr. FLEMING: And the selection of solicitors and counsel I take it then, is exclusively left to Justice?

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: Your department has nothing to do with deciding first of all whether solocitors and counsel outside the Justice Department should be retained, or who they should be, if outside counsel are retained?

Hon. Mr. MARTIN: In one case in Montreal we had a prosecution. It was a rather important case and the Department of Justice—I forget what year this was, but I intervened myself through our own solicitors. We were concerned about the matter and we felt that the lawyer selected—who was not the lawyer doing most of the work; he was ill—was not in the opinion of our solicitor, competent. And I made a representation to the Minister of Justice that he might give consideration not to proceed with a particular appointment, but to select someone else. I did not say what other person he should select. That is the only known case where we have intervened in my time.

Mr. FLEMING: Otherwise Justice makes the decision as to whether outside counsel should be retained, and makes the selection in such a case?

Hon. Mr. MARTIN: That is right.

The CHAIRMAN: Item agreed to.

Mr. KNOWLES: Is the reduction in this amount of any partcular significance? Does it mean that you are getting along all right?

Hon. Mr. MARTIN: The decrease is due mainly to a decrease of $2,039 in salaries, resulting from the deletion of one stenographic position. It does not

represent anything else. We have established a new filing system which is very important in this matter. It is a filing system which has some mechanical aspects to it and it did not necessitate the retention of the stenographic help that was available.

Mr. KNOWLES: Automation is coming into your operations?

Hon. Mr. MARTIN: No, I would not call it automation. I would call it stream-lined efficiency.

Mr. FLEMING: More of those afternoon naps?

Hon. Mr. MARTIN: I am sure you are not serious in that, Mr. Fleming.

Mr. FLEMING: I meant the minister's afternoon naps.

Hon. Mr. MARTIN: Yes. The minister indulges in an afternoon nap because the minister really works very hard. But the staff in my department—I want to pay this tribute to them—are a hard working group who render a great service to the people of this country, and I am sure you would want to concur in that fully, although I know you would want to exclude the minister.

Mr. FLEMING: Yes. I think you are very fortunate to have people of the quality you have on your staff. I think most of the members of this committee —and certainly of other committees who have had occasion to be in contact at least with the senior officials of your department know that it is a department which is not only well manned, but which has in its senior ranks at least, some of the most competent men in the entire government service.

Hon. Mr. MARTIN: Well, with that compliment on their behalf I extend my sincere thanks Mr. Fleming.

Mr. KNOWLES: Mr. Chairman, are there any special studies being made at the present time concerning the problem of dope addiction?

Hon. Mr. MARTIN: Yes.

Mr. KNOWLES: What is the nature of those studies and what progress is being made?

Hon. Mr. MARTIN: Well, as you know, last year, Mr. Knowles, the Senate made a very thorough investigation into this whole matter.

The problem is one that runs across jurisdictions, provincial and federal, but we have every cooperation in this field from the provinces. We have a little over 3,000 known drug addicts in Canada. I think we know a great percentage of them. I am sure that there will be very few that we do not know about. Roughly one-third of these are living in the province of British Columbia. This large concentration of the drug addict population was not always in British Columbia, nor was it mainly confined to the city of Vancouver. At one time Montreal was the centre, and at one time Toronto was a leading centre. Montreal today has around two or three hundred. We have been studying the problem of treatment and prevention.

There are two institutions in the United States which serve as pioneers in the study. Notably, the institution in Lexington which I myself have visited on two occasions, along with my officers, where a process of withdrawal is followed by programs of rehabilitation, and where there is an accompanying program of research. This institution at Lexington is, I think, not the final word by any means, and I am sure that the director of that institution would be the first to admit this. But we are studying the progress that is being made there. At one time we were so impressed with it, not with its follow-up results, which are quite inadequate, largely due to the fact that the parole system is a matter of each individual state and not of the government of the United States which is responsible for the maintenance of these institutions—however, we were so impressed with certain features of this that I made a

proposal to the government of British Columbia. We had a building in Vancouver that we no longer required which we would be prepared to place at the disposal of the government of British Columbia under certain conditions, with a view to providing for a form of treatment that is given at Lexington. I had discussions with Mr. Wismer, the then attorney general, about this matter, and latterly with the present attorney general and the minister of health in the province of British Columbia. They have taken the view in this matter, that comes within their jurisdiction, that they would prefer to try something a little less ambitious, and which they feel might be just as effective. That is, using quarters in the city of Vancouver for treatment of certain classes of drug addicts who would not, however, become resident patients, who would live in their homes, and would be under the daily scrutiny of the officials of the proposed arrangement. That matter is now receiving the attention of the province of British Columbia, and I have indicated that, provided necessary conditions were present, we might possibly be able to give some assistance to this program under the national health program. That is the situation with regard to this.

This is a very unfortunate condition, it is a very difficult problem and we are not the only country in the world who have this problem. I can assure my honourable friend it is one that is engaging our very active interest.

Mr. KNOWLES: The minister gave figures as to the number in Canada. Is that number stabilized?

Hon. Mr. MARTIN: It is not appreciably greater than it has been for the last decade and a half.

Mr. KNOWLES: This change in the number from Montreal to Vancouver to Toronto—does that represent these people moving about, or new addicts?

Hon. Mr. MARTIN: It is due to a combination of circumstances. It is due to strong police methods, number one. There is another factor influencing the drift, and that is some of those who are engaged in the illegal traffic move from one centre to another for purposes best known to themselves.

Mr. KNOWLES: You said Mr. Minister that you—

Hon. Mr. MARTIN: We have in this matter very great cooperation of the R.C.M.P. on the enforcement side, but it is not only an enforcement problem. However, that is a very big aspect of it.

Mr. KNOWLES: You said that you know pretty well all of those who are addicts; what about peddlers? Are they pretty well known to you?

Hon. Mr. MARTIN: We think we know them too, but not entirely. We do not know every one, but the police and ourselves have, I would say, a rather healthy knowledge of individulas in this field.

Mr. FLEMING: You do not always know the big operators who are behind the traffic, though?

Hon. Mr. MARTIN: No, but we know some of them. Some of the big operators are not in this country.

Mr. KNOWLES: Have you any comment to make on the suicide that took place?

Hon. Mr. MARTIN: Today?

Mr. KNOWLES: A few days ago. Was there another one today?

Hon. Mr. MARTIN: Oh, yes, the case in Ottawa. No, I have not got the final report on that yet. We know all about the individual.

Mr. KNOWLES: Was the treatment being given that individual with the knowledge of your department, or does that sort of thing come under your department?

Mr. MARTIN: No, we did not know anything about the treatment of that particular case. I have not got the final report on that, but we will have it.

Mr. KNOWLES: Has there been another one today?

Hon. Mr. MARTIN: No. The circumstances were altogether different. We would not want to mention it here.

Item agreed to.

Health Services—Indians and Eskimos Health Services

257. Operation and Maintenance—$15,983,621.

Mr. NICHOLSON: Mr. Chairman, I wonder if the minister would care to make any comment on the problem of securing and maintaining medical personnel here? On this point I would like to endorse what Mr. Fleming said a few minutes ago about the quality of personnel the minister has. I think he must have a real problem in holding such competent people with the salaries that are paid, compared with the salaries they might be able to command, because it would appear that the over-all average salaries paid to doctors across Canada is so much higher than the minister has put before us in connection with these items. It must be a very difficult probem to hold staff. Could the minister make some comment on that?

Hon. Mr. MARTIN: The problem of income return for professional skills in the government service generally has always been a difficult one. It does not apply only to the medical officers: it applies to the engineers and so on, who can get such huge salaries at the present time in industry. The problem goes back to 1920, when there was a commission established in the government service in regard to this particular thing. Sir Edward Beatty headed a commission in the matter of salaries for professional skills. He pointed out the problem which existed even at that time. There is no doubt that there is a real difficulty, particularly in the case of our outer services. We have a very fine hospital in James Bay up at Moose Factory. It is a 250 bed hospital which serves a community of about 6,000 Indians. It extends from Moose Factory for as much as 600 miles, in a heavy tuberculus area. For a long time we could not get a competent director of our hospital there and we had to get a loan of the services of a doctor for a time from the Department of Veterans' Affairs. We have solved that problem and now all our hospitals are well manned and efficiently manned. This is a problem which faces us continuously. In regard to our operations in the Indian health division, the services of private doctors are employed on a part time basis. In many areas we do not have hospitals and where there are Indians we have to provide for the medical care costs as well as the hospital costs of individual Indians. The level of fees paid to the private practitioner sometimes is the cause of complaint, that we do not pay the same standard as is available to them in private practice. Sometimes that complaint is justified. It is a budgetary problem. I would not be thorough and fair if I did not say that the question indicates a problem in our administration but I do not think it has interfered with the efficiency of the service.

Item agreed to.

Health Services—

258. Construction or Acquisition of Buildings, Works, Land and Equipment, $1,272,200.

Item agreed to.

Health Services

259. Grant to Hospitals which care for Indians and Eskimos, $64,000.

Mr. NICHOLSON: Would the minister say what arrangements would be made with the provinces with regard to medical care when the new hospital plan comes into effect?

Hon. Mr. MARTIN: There will be no change. We are proposing a scheme of hospital insurance and diagnostic services.

Mr. NICHOLSON: There will be no medical change?

Hon. Mr. MARTIN: Except, that having in mind the policy which the government is pursuing now both in this department and in the Department of Citizenship and Immigration on the point of integration of the Eskimo and Indian populations with the rest of the population of the country, I think our objective should be to turn over to the provinces, to the provincial health departments, the care of the Indians. That would have to be done, of course, on a compensation basis by the federal government, but I am sure that is the right objective. I do not say that it will be realized tomorrow, but it is one that we have before us as an objective.

Item agreed to.

Northern Health Services—

260. Operation and Maintenance, $89,530.

Item agreed to.

Health Services—

Northern Health Services—

261. Construction or Acquisition of Buildings, Works, Land and Equipment, $1,130,000.

Item agreed to.

Health Services—

262. Special Technical Services, $617,676.

Mr. KNOWLES: I believe this item includes a number of special services carried on by the department, including that of the nutrition division. A few moments ago Mr. Enfield made a remark which might have suggested to someone that I had made some fun of the work of this division. I may say the minister knows that is not the case at all.

Hon. Mr. MARTIN: I agree, and I do not think that Mr. Enfield meant that.

Mr. KNOWLES: When I asked the question about the survey of breakfast habits of civil servants, and then made reference to the eating habits of certain other people, I felt that this division was making a good move. In fact, it seems to me a place where a little more money can be spent. I have the view that health generally, as far as Canadian people are concerned, depends pretty heavily on nutrition. I think that any research done in this field and in the spreading of information by the division and by the department, deserves our commendation and support. In fact, I am a little concerned to notice that the item for educational and information publications under this general heading is reduced by some $26,000. Does that mean that you are skimping on the handing out or spreading of information in this field?

Hon. Mr. MARTIN: By no means. I fully concur with you. One of the main purposes of this department is surely the spreading of desirable information in the matter of health. I know there has been criticism about publications and so on. I do not think we are overspending, in this vote, on information. You are addressing yourself now particularly to nutrition. The reduction will not in any way interfere with the program of distribution of films, pamphlets and so on. It just represents the director's judgment this year. That division does a great deal of work. Its total estimate for nutrition is about $113,000

for the fiscal year now begun. There is a decrease of $2,000 and that decrease represents the deletion of a sum of money which was included last year for the purpose of calling a nutritional conference. That conference does not take place this year and consequently it is not included in the vote and represents a decrease in the total. The reduction of $27,000 means that we have caught up with the program envisaged for ourselves in this field.

This might be a good place to say something else, but Mr. Fleming is not here. The other day, in his budget speech in the House of Commons, Mr. Macdonnell referred to some of the things being done. He took a particular pamphlet and used certain words and they brought an understandable bit of laughted in the house and they were rather old, removed from their context. The language used in some of these pamphlets is not House of Commons language. It is language which is intended to be effective in its direction and in its presentation. It is addressed to particular constituencies of people. These pamphlets are prepared by people in our information division who have had some experience in pamphlet material and in health education and I would be inclined in this particular instance to accept their judgment and not that of Mr. Macdonnell.

Mr. KNOWLES: May I ask whether any special project or special research is under way in this division at the present time? I would also like to know whether this division is carrying on any inquiry into the relation between nutrition and logevity.

Hon. Mr. MARTIN: Yes. The science of geriatrics is a relatively new science. It is a problem that, in a country where the population is aging, such as is the case of Canada, it is natural that this should be the locale for such considerations. There are in existence two known national bodies in the field of geriatrics. We are giving some assistance to them and collaborating with them. We have made, I think, two or three grants to universities for particular studies in this field.

Mr. STUART (*Charlotte*): I think about five years ago in a county fair or exhibition down in New Brunswick you had a booth at the exhibition of a more or less automatic showing of slides. An employee of your department was there. It was on the subject of health. There was a great deal of interest shown at that time. It was an interesting exhibition in the booth there. I have been asked by several citizens why it was discontinued. Do you remember the occasion on which that was shown?

Hon. Mr. MARTIN: No, I do not remember that particular case. But we do have health exhibits at many fairs, at all public health conventions both provincial and federal, and also international as well. We go to the American Public Health Association. We show at the Toronto exhibition, and have exhibits at the Central Canada Exhibition here. I have on my desk now a project for some $3,500 for an exhibition. I have sent a note back to Dr. Cameron wondering whether or not we should do that exhibition this year. He has replied that if we want to keep up the standard that we should do this.

Mr. STUART (*Charlotte*): It was just a small exhibit in a small space but it was a great attraction. There would be a great number of children, boys and girls, who saw it. I have been asked since why it had been discontinued and I intended to ask you.

Hon. Mr. MARTIN: I would be glad to look into that. I am glad to hear your endorsement.

Mr. STUART (*Charlotte*): There was much favourable comment.

Hon. Mr. MARTIN: We have a staff of three who go around to exhibitions. We should really have more; but every time this informational vote is increased there is criticism, not that that is a restraining influence in itself,

but there are criticisms which one has to bear in mind. I consider that health education is very important. For instance, on the point Mr. Knowles mentioned, nutrition, the lack of information on what is good nutrition is very great and it exists in surprising places. All one has to do in the morning is to listen, for instance, to the Metropolitan broadcast and read their pamphlets. They are using pamphlets, some of which are very good — I would say all of them are very good. We welcome this kind of support. That type of information is very desirable.

Mr. STUART (*Charlotte*): I agree with you.

Hon. Mr. MARTIN: That is the kind of thing on which the moneys are being spent in this informational division. Every cent of it is for films and pamphlets covering health rules of all sorts. One pamphlet I remember was on good posture. There was a lot of fun made about that once in the House of Commons, but I am sure Dr. Blair would agree with us that good posture in the case of a child is a very important factor in the health of that child. One of the effective ways of bringing home to a child the importance of good posture is through pamphlets. We have one film on posture. There are some public health films. There was some criticism in the house a few years ago about one of our public health films. That particular film won the first prize in the United States a few years ago as the best public health film on the continent.

Mr. HEES: How is the public made aware that these pamphlets are available?

Hon. Mr. MARTIN: First of all we use the provinces as the distributing agency. When we decide on a pamphlet we do not make the decision ourselves. We periodically have meetings of the health educators of the country who come here from the provincial departments and sometimes from voluntary bodies, and we sit down with them and work out a program. For example, one province mentioned to us the other day the desirability of distributing health material in a certain section of that province where the state of dental health of school children was abnormally bad. We are going to try to meet that particular situation and concentrate on it with the help of the province. We have embarked on a program of charging for some of our pamphlets. This is as yet an experiment; but I was greatly impressed by the work of the Queen's Printer in the United Kingdom. A great bulk of the publications in the government of the United Kingdom are provided through public stationery offices for sale and the interest is simply amazing.

We have a well-known book "Mother and Child" of which we have distributed over a million and a half copies. I suppose no single book in Canada has had as great an effect on the people of the country as has that particular book. In the field of health I am sure no other book has had that same influence. It is a book read by mothers who bring their children into the world and who are providing for their food and for their maintenance. The instructions and directions given there have proven very valuable. That book is now being sold through the office of the Queen's Printer here in Ottawa. We have been agreeably surprised at the public interest. It sells for, I believe, 25 cents. The sales have been quite amazing. We are trying to do that more and more with a lot of our publications. I do not believe we will ever reach the stage of self-liquidation but I am sure it is an experiment well worth doing. I do want to impress upon the members of the committee of all parties that this informational vote of ours which is reduced with great reluctance on my part and on the part of my officials. I am not saying anyone else is responsible outside of ourselves. It was a decision we made ourselves in the light of all the budgetary considerations of the government; but I am satisfied that every cent of that is being properly spent.

Mr. NICHOLSON: Getting back to the question of nutrition for a moment, would the minister comment on the cooperation with the provinces. I understand a survey was being made among the Indian population in the northern part of my constituency. I had some discussion with the Minister of Health in Saskatchewan and I understand there is a move afoot in the province to do some survey among the whites as well as among the Indian population.

Hon. Mr. MARTIN: That is right.

Mr. NICHOLSON: Could the minister indicate to what extent the provinces are making use of the federal government's facilities?

Hon. Mr. MARTIN: We have the fullest cooperation of all the departments of health in this matter as in most other fields. Before we built the hospital at Moose Factory and it is a very expensive hospital and very expensive to operate; its operating costs stagger me, but there is nothing we can do about it, for a long time we were faced with a very serious situation in the James Bay area where, as I said a moment ago, there are some 6,000 Indians. My predecessor, the Hon. Mr. Claxton, had before him a report that had been prepared by the late Dr. Tisdale of Toronto of the children's hospital and the discoverer of pablum, one of the very great men of this country; Dr. Vivian, the former Minister of Health in Ontario and now the professor of public health at McGill University; and Dr. Moore, head of our Indian Health Services. They made a survey of not only the general health condition of the Indians in that area but of all inhabitants with a view of trying to ascertain why there was so much glaucoma and why there was so much tuberculosis. The result was a recommendation that we should build two hospitals, a large hospital of 250 beds, and a smaller hospital, further north, of 75 beds. We have built one hospital at Moose Factory which is one of our best, and we have cut down the t.b. rate very substantially as a result of this program of hospitalization. I am hoping we shall be able to build this other hospital I have mentioned, but I will say now that the result of this survey in terms of eating habits has produced remarkable results, and what we have done in this regard for the native population we can do for other sections of the country. The particular area that you mention, Mr. Nicholson, is one of those areas, and our survey is proceeding with the full cooperation of the provincial government.

Mr. BLAIR: I was interested in the remarks of the minister with regard to Dr. Couture's book "Mother and Child", which I think to be one of the finest books ever written. May I make this suggestion? I do not know whether or not it is feasible. Usually, when a baby is born in hospital, they leave with the mother a form for registration of the child's vital statistics. If, together with this form, there could be placed a slip dealing with this book and saying it could be obtained from the Queen's printer, I think it would increase the circulation of the work and be an excellent thing. I do not think it would cost very much to carry out this suggestion, which is one that I make because I think this book should be in the hands of every mother. It is a marvellous book.

Hon. Mr. MARTIN: You know, Dr. Blair, that that book has been revised. Dr. Couture is no longer in our service, but before he retired revision of the book was undertaken under his supervision and that of others under the direction of Dr. Cameron and I think this revision has further improved what was undoubtedly a very useful, and outstanding book. I would like to look into your suggestion.

Mr. NICHOLSON: Can the minister indicate whether or not the Saskatchewan Department of Health is giving the book to every mother? That was the intention I think.

Hon. Mr. MARTIN: No, it is not given to every mother.

Mr. NICHOLSON: I understood the department thought the book was so important that they were making it available free of charge to every mother.

Hon. Mr. MARTIN: No, we give them a free allocation of books, but I am not aware they distribute copies free to every mother.

Mr. NICHOLSON: Would the minister check on this point?

Hon. Mr. MARTIN: I will.

Mr. BLAIR: My suggestion was simply to put a card out. They could pay postage and so on. The book is so valuable that everybody should have it.

Mr. HEES: Has the government ever considered putting out a pamphlet on sensible reducing, because it seems to me everyone is interested in this. Everybody seems to have their own book which they pick up from the office boy, waitresses in the cafeteria and so on, but nobody seems to known where they come from.

Hon. Mr. MARTIN: We have some very good books, Mr. Hees. I am not aware that you need a chart for diet; I may say with respect, you need another kind of chart sometimes. But we have some good books, one called "Good Breakfasts" which has a very wide circulation, another called "What is Nutrition" another called "Dietary Standard for Canada" and one called "Weight Control". I have read that with great profit.

Mr. HEES: What was the one you used?

Hon. Mr. MARTIN: I said I read that with great profit.

Mr. HEES: You went on a rather famous diet at one time.

Hon. Mr. MARTIN: No, it was a standard diet open to men such as Sandy Nicholson, Mr. Yuill, Mr. McLeod and perhaps, too, Mr. Garland.

Mr. KNOWLES: Have you got one for me?

Hon. Mr. MARTIN: I am going to give you the same one I am trying to give my wife.

Item agreed to.

The CHAIRMAN: Item 245 is the only item remaining in this branch of the department.

Hon. Mr. MARTIN: We might finish health today.

Mr. KNOWLES: I suggest that maybe we could carry item 245 on the understanding that if there are any members like Mr. Fleming who wish to ask questions they could do so at a later stage. That would leave us the welfare branch and civil defence.

The CHAIRMAN: Then we shall carry item 245 and meet tomorrow at 10 o'clock in this room.

Mr. BLAIR: Is it the intention to go on to civil defence on this committee?

Hon. Mr. MARTIN: Yes.

Mr. KNOWLES: Has there not been some change in the arrangements in respect of other committees which would mean we may be limited to meeting tomorrow morning?

The CHAIRMAN: I was not aware of that.

Mr. KNOWLES: I can speak for only one other committee which I happen to be on, and that is the External Affairs committee which was scheduled to

meet at 11 o'clock in the morning and which has been shifted to 3 o'clock in the afternoon. That might mean we could lengthen the period of our morning meeting.

The CHAIRMAN: It would be very good if we could do that. Thank you very much.

The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 7

THURSDAY, APRIL 12, 1956

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

Hon. Paul Martin, Minister of National Health and Welfare; Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. J. W. Willard, Supervisor, Research Division; Mr. E. J. Palmer, Departmental Accountant; and Mr. George Carty, Executive Assistant to the Minister.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

73218—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Aitken (Miss)
Blair
Cannon
Decore
Deschatelets
Dupuis
Enfield
Fleming
Garland
Gauthier (*Nickel Belt*)
Hees
Henry
Knowles
Martin
MacEachen
Macnaughton
McLeod
Nicholson
Pommer
Power (*St. John's West*)
Robertson
Starr
Stuart (*Charlotte*)
Thatcher
Yuill

E. W. Innes,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, April 12, 1956.
(11)

The Special Committee on Estimates met at 10.15 a.m. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Messrs. Blair, Cannon, Decore, Deschatelets. Enfield, Fleming, Garland, Gauthier (*Nickel Belt*), Henry, Knowles, Martin, McLeod, Robertson, Starr, Stuart (*Charlotte*), Tucker and Yuill.

In attendance: From the Department of National Health and Welfare: Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. G. D. W. Cameron, Deputy Minister of National Health; Dr. J. W. Willard, Supervisor, Research Division; Mr. E. J. Palmer, Departmental Accountant, and Mr. George Carty, Executive Assistant to the Minister.

Agreed,—To complete consideration of items numbered 277 to 280 inclusive today; and to consider item numbered 281—Civil Defence—on Friday, April 13 at 4.00 p.m.

Item numbered 244—Departmental Administration—was considered.

Mr. Martin placed on the record a series of figures requested at previous meetings; discussion followed thereon.

Mr. Fleming moved,—

That the Committee recommend that the total estimates for educational and informational publications and educational and informational material other than publications be reduced by $100,000.

The motion was resolved in the negative, on division: Yeas—3, Nays—11.

Item numbered 244 was allowed to stand.

Item numbered 277—Welfare Branch Administration—was called and allowed to stand.

Item numbered 278—Family Allowances and Old Age Security Administration—was considered.

At 1.05 p.m. the Committee adjourned until 5.00 p.m. this day.

AFTERNOON SITTING

(12)

The Special Committee on Estimates resumed at 5.00 p.m., the Chairman, Mr. Walter A. Tucker, presiding.

Members present: Miss Aitken and Messrs. Blair, Deschatelets, Dupuis, Enfield, Gauthier (*Nickel Belt*), Knowles, Martin, McLeod, Robertson, Starr, Tucker and Yuill.

In attendance: Same as at morning sitting.

73218—1½

The Committee resumed consideration of the Estimates 1956-57, relating to the Department of National Health and Welfare, the Minister supplying information thereon.

Item numbered 278—Administration, Family Allowances and Old Age Security—was further considered and adopted.

Item numbered 279—Administration, Old Age Assistance, Blind Persons and Disabled Persons Allowances—was considered and adopted.

Item numbered 280—Grant to Canadian Welfare Council—was adopted.

Items numbered 277 and 244 were adopted.

At 6.05 p.m. the Committee adjourned until 4.00 p.m. Friday, April 13.

E. W. Innes,
Clerk of the Committee.

PROCEEDINGS

April 12, 1956
10.00 a.m.

The CHAIRMAN: Order, gentlemen, please.

I understand, Mr. Fleming, that you have three of your constituents here. Is that right?

Mr. FLEMING: Yes, Mr. Chairman, thank you. May I introduce these three young future citizens. Perhaps they will stand as I call them. They come from the world's greatest riding. Each of them represents one of the three large secondary schools in Eglinton riding. Alex Flow, who represents North Toronto Collegiate; Peter McKellar, who represents Northern Technical and Commercial School; Brian Gregory, who represents Lawrence Park Collegiate.

These boys are selected by the principal and the staffs of their respective schools as winners of awards which I have had the privilege to present annually now for 11 years. They are selected on the basis of their proven interest in public affairs. They are here now for the third day to observe parliament. This is done with a view to stimulating interest in public affairs on the part of the student bodies in their respective schools.

Thank you, Mr. Chairman.

The CHAIRMAN: I have seen these young men here and I thought they were students. I was surprised that they had attended our meetings so steadily. I am pleased that they have been able to be here.

Mr. FLEMING: I think they have found the meetings of these committees about as interesting as anything going on in this house.

Mr. KNOWLES: It would be very interesting if we could eavesdrop on what they report when they go back.

Mr. FLEMING: I do not hear the reports myself.

The CHAIRMAN: We have had a general discussion about the business of the committee. It has been decided to go on this morning until we finish all the items except the item on civil defence, and that we will meet tomorrow afternoon at 4 o'clock to deal with that item.

244. Departmental Administration, $1,222,800.

Mr. FLEMING: Mr. Chairman, are we going to clear up those matters of the health items pertaining to education, information and publicity?

Hon. Mr. MARTIN: Yes. We will deal with educational and informational publicity first. In 1953-54 the vote was $450,400; in 1954-55, it was $453,255; in 1955-56, $436,400; in 1956-57 it is reduced to $388,600—I say reduced with very considerable misgiving.

Mr. FLEMING: Have we the figures on the actual expenditure?

Hon. Mr. MARTIN: Yes. The expenditure in 1953-54 was $260,795; in 1954-55, $276,505; in 1955-56, $110,177—that is up to February 29.

Mr. FLEMING: Can you give us the best estimate for the year?

Hon. Mr. MARTIN: Oh, perhaps $270,000. A lot depends sometimes on when a film can be finished and all that sort of business.

Mr. FLEMING: When the minister then talks about making a reduction he is only talking about a reduction in the estimates. Actually the proposed appropriation provides $118,000 more than was spent last year or the year before?

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: So, if you are talking about reduction it does not show on the actual figures at all?

Hon. Mr. MARTIN: No. There is a very substantial reduction, but as I say it is with misgiving that we have agreed to it because I believe this is one of our functions in this department. I am satisfied that the pamphlets, the films and material, which are produced largely as a result of the cooperation and discussions we have with the provincial health departments are in the best interests of the people of this country.

Mr. FLEMING: Whatever is to be said for that function of the department, let us not run away with the idea that there is any reduction here, Mr. Chairman. Actually this year's estimate provides for $118,000 more than the department has found it necessary to expend last year or the year before.

Hon. Mr. MARTIN: Well, we have to have more money—there are more encumbrances all the time—and you will find that is the situation.

Mr. FLEMING: You are not talking about reductions at all.

Hon. Mr. MARTIN: There is a reduction. We are estimating for less. That is the fact. You and I can argue ad infinitum. If you cannot see that black is black I cannot help you.

Mr. FLEMING: Certainly the fact is that your so-called reduction is not a reduction at all as compared with actual expenditure.

Hon. Mr. MARTIN: Then, with respect to educational and other information as materials besides publications I have given you the information with respect to printed material. With respect to other materials—what I have given you, Mr. Fleming, is printed material—in 1953-54 the amount was $323,800.

Mr. FLEMING: This is the vote?

Hon. Mr. MARTIN: Yes; 1954-55, $312,550; 1955-56, $271,250; and in 1953-54 we expended—

Mr. FLEMING: Would you give us the 1956-57 total?

Hon. Mr. MARTIN: $243,300.

Mr. FLEMING: Now the actual?

Hon. Mr. MARTIN: Actual expenditure, 1953-54, $232,640; 1954-55, $193,352; 1955-56, $121,360 to February 29.

Mr. FLEMING: So that you have provision here in this proposed appropriation for this year of a little more than double the amount which you found it necessary to expend last year.

The CHAIRMAN: On that point, does that $121,360 include the estimated expenditure for the rest of the year?

Hon. Mr. MARTIN: No.

Mr. FLEMING: Give us the best estimate for the whole year.

Hon. Mr. MARTIN: Another $100,000.

Mr. FLEMING: Making it $221,360?

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: Then, you are still providing for a substantial increase this year over last year's expenditure?

Hon. Mr. MARTIN: Yes, over last year's actual expenditure, but that is not a very good standard by which to judge.

Mr. FLEMING: This leads me to ask how much of a cushion there is in these estimates?

Hon. Mr. MARTIN: What do you mean a cushion?

Mr. FLEMING: Something over and above the amount that you may reasonably expect to require in the light of the actual expenditure of the fiscal year that ended just a fortnight ago. I would think that is a pretty good test of requirements subject to whatever changes there may be.

Hon. Mr. MARTIN: Our objective is represented by our estimate and not by our expenditure. If we can not expend the money for these projects sometimes the reasons are, for instance in the case of films, that there are technical delays and all that sort of thing. But the objective of the department is to be related to the estimate and not to the expenditure.

The CHAIRMAN: As a matter of fact, as we went through the estimates I was observing the details and in almost all cases I noted that the estimates were very close to the actual expenditures plus the estimated expenditures for the balance of this fiscal year. I think if you will glance through it, Mr. Fleming, you will find in most cases, with this exception, that the actual estimates are very close to the actual expenditures plus estimated expenditures.

Mr. FLEMING: They are close to last year's appropriation. But looking at these figures we were given this morning I am struck by the very wide disparity between the amount parliament has called upon to vote each year on the one hand and the amount found to be necessary in the light of the actual expenditure on the other hand.

Take, for instance, the first group of items—printing, educational and information publicity. In 1953-1954 the vote was about 75 per cent greater than the actual expenditure. In 1954-1955 it was about 60 per cent greater. In 1955-1956 it is about 80 per cent greater. Then, with regard to all these other forms of educational and information publicity, the figures which parliament was called upon to vote run consistently anywhere from 20 per cent to about 85 per cent greater than the amount found to be actually necessary. I am not impressed by the accuracy of that kind of estimate. It seems to me that in preparing the estimates in this respect, as those items clearly show, there has been either very inaccurate estimating or else there has been a "cushion" provided. When I say "cushion" I recall that in the public accounts committee we were told—

Hon. Mr. MARTIN: What do you mean by "cushion"?

Mr. FLEMING: I will come to that. We have been told by the Auditor General that it is not unusual to have a cushion of 5-10 per cent in the estimates, that is to say, something additional put in to meet needs which might not have been foreseen fully at the time the estimate was prepared, and I do not think anybody is going to cavil about a reasonable margin in this respect. However, it strikes me in the light of the figures I have referred to this morning that there is either striking inaccuracy here or an unwarrantably large cushion in the estimates for this purpose.

Hon. Mr. MARTIN: There is no cushion whatsoever, Mr. Fleming. I will admit that *a priori* you have every ground for the comments you have made. I am very glad, however, that you have not taken the position that these are not wise expenditures. I do not mean, of course, that you would necessarily agree with the particulars, but you would agree with the general principle. It is rather significant, from what you have said, that the government and this particular ministry is so often criticized on this vote. We are criticized if we spend the money and we are criticized if we do not spend it.

Mr. FLEMING: I have not criticized you for not spending it, but for asking for a lot more than there was any proven need for.

Hon. Mr. MARTIN: I have not criticized you. I started by pointing out that you were one of many apparently, who believed that this was a good vote and that this was the kind of money that should be spent by the federal government.

You were complaining that we had not estimated accurately—that was the gist of your criticism—and I said that *a priori* you were on sound ground, except that there are good explanations.

This estimate is broken down into about 15 or 20 items which makes it much more difficult to budget. Another contributing factor is billing. We are billed for these things by the Queen's printer and the billing comes in at times which are not wholly related to the period of the proposed expenditure. This year particularly—and this will not explain the situation in other years—our staff concerned in the information vote has been coopted to a very considerable extent. One of our leading officials has been coopted by the Gordon commission; three other members have been used in other phases of government activity where there was some need for their services, and that has contributed somewhat to our not reaching the objective. But the main factor is the delay in getting approval of texts and scripts, delay in getting the film board or other agency which does the work from time to time to get the work out; or, we have not been able to get the final approval of a particular provincial department in respect of the actual text of the story to be used in a given project, and so on. These are considerations. But your critcism is a legitimate one to make, though there are these extenuating circumstances.

Mr. FLEMING: As far as these bills from the Queen's printer are concerned, that might affect operations in a particular year, but here we have a uniform pattern extending over four years, so I do not think that point about delay in that respect has any substance in it. If more money would have been spent last year except that an official was on loan to the Gordon royal commission, it might be well to bear in mind that that commission is still sitting, and I expect that the official concerned will continue to be on loan for some time yet. So I am not impressed with that.

Hon. Mr. MARTIN: Would you want me to get somebody else? If I did, Mr. Macdonnell would be the first to criticize the government. What would you do?

Mr. FLEMING: All I am concerned with now is that you should ask parliament to appropriate for this purpose such moneys, and such moneys only, as are reasonably required for that purpose, and not ask parliament to vote sums of money substantially greater than are going to be required for legitimate purposes within the department.

Hon. Mr. MARTIN: While you are on this subject, and I am not criticizing you for those observations because I think they are the kind that the opposition should offer—it is the great misfortune of the present opposition that it does not carry out this job well enough—in this sense you are living up to what Mr. Gratton O'Leary called last night "the role of a proper opposition"—

Mr. FLEMING: Thank you very much, I am overwhelmed.

Hon. Mr. MARTIN: Unfortunately for you, the criticisms would not apply to the general estimating of the department; although I may say that in other years you have called my attention to the fact that we were estimating somewhat in excess of actual expenditure on the basis of our expenditure record, and I could only point out in answer that we were a new department pioneering in a new field. I am glad to state that now under your prodding we have improved the situation very considerably.

Indeed, the departmental estimates for 1954-1955 appear to be very close to the actual expenditure for that year except in the case of certain votes where there were specific reasons for larger balances.

Mr. FLEMING: May we have the over-all figures with regard to the health side of the department because, of course, on the welfare side the amounts are statutory.

Hon. Mr. MARTIN: On the health side, in nine of our votes, the lapse was 5 per cent or less, which was very accurate estimating. You said there ought to be an allowance of 10 per cent.

Mr. FLEMING: I did not say there ought to be.

Hon. Mr. MARTIN: You said the Auditor General said so.

Mr. FLEMING: He said it was not unsual to have that, and I do not think anybody is going to cavil over a small margin.

Hon. Mr. MARTIN: In the statutory items which represent, of course, a considerable bulk of the total expenditure of the department—which is in the neighbourhood of a little less than a billion dollars—the total lapse was $8,066,000, or one per cent. I doubt if you could find, anywhere, estimating as good as that, Mr. Fleming.

Mr. FLEMING: Still, that applies just to the statutory items. It has no particular bearing on this point about accurate estimating.

Hon. Mr. MARTIN: First of all, you employ a rather interesting form of argumentation. You say: this is what should be done. Then, when I point out to you that on your own standards we have done that very thing, you found some excuse to weasel out of your own standard.

Mr. FLEMING: How ridiculous the minister is! On the statutory items—the big items of this department—it is a matter largely of estimating the population. Let us have the items where there is real estimating to be done.

Hon. Mr. MARTIN: I am going to give it to you now. You have asked for it, remember. Excluding the statutory items, the total lapse was $6 million, or 9 per cent. Not bad, is it?

Mr. FLEMING: That is high.

Hon. Mr. MARTIN: There again, you say 10 per cent was adequate and now you say 9 per cent is high.

Mr. FLEMING: Oh no.

Hon. Mr. MARTIN: The record will speak for itself.

Mr. FLEMING: Let us get the record straight. I said the Auditor General said he had found that in his experience it was not unusual to find a lapse of 5 per cent or even of 10 per cent. He did not excuse the 10 per cent, nor did I.

Hon. Mr. MARTIN: Now let us go on further. In the voted items apart from Civil Defence the lapse was only 4·3 per cent.

Mr. FLEMING: Which ones have you picked out as the voted items?

Hon. Mr. MARTIN: The voted items are the voted items!

Mr. FLEMING: On both branches of the department?

Hon. Mr. MARTIN: Yes. Omitting only Civil Defence. The estimates are prepared from 15 to 18 months before the end of the fiscal period to which they apply. There are many unforeseeable factors which do arise in such a period; and I think the record of our officers in this particular is quite remarkable.

Mr. FLEMING: I shall make this final comment on the matter. I hope that in the light of the figures brought out this morning on this item of educational and informational publicity, on the items for printing and other forms of expenditure under this heading, the result of these talks this morning may be that we may have a closer estimate hereafter. It may well be that the figures we are called upon to vote here for this purpose are figures that in the light of the information we now have are not fully supportable in relation to the reasonable expectation of the department's needs for this purpose this year.

Hon. Mr. MARTIN: I hope you will be characteristically generous and agree with me that the educational and informational estimates of this department are quite remarkable, because I have just given you the figures along with an explanation. Likewise in regard to the general estimates of the department I would expect from your generosity that you would acknowledge that the estimates of this department are quite remarkable.

Mr. FLEMING: The minister asks not for generosity but for us to close our eyes entirely.

Hon. Mr. MARTIN: I have found it hard to get all opposition groups to recognize the qualities of good government.

Mr. FLEMING: Now that the minister has fully pre-empted the role of vindicated virtue, may I just put the record clear on one other aspect; the minister, not liking what I had to say tried to find some comfort in what I did not say. Let me contribute to his simple mind such as it is this thought, that I have not finished yet; if he is going to try to interpret the fact I have not referred to this particular aspect as acquiescence or approval, I had better put the record straight at once. Well, with the generosity which the minister attributed to me, I shall always approve sensible expenditures on the side of educational information for the public which is warranted for that purpose.

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: But I do not for one minute concede that all the expenditures which this department has been making under that heading qualify as reasonable.

Hon. Mr. MARTIN: No.

Mr. FLEMING: Indeed, I have had occasion in other years on the estimates of this department to point out what I thought were perfectly silly things that were put out by the branch charged with education and information work of the department. I pointed out that they were so silly that I thought they were just a terrible waste of the taxpayer's money.

Hon. Mr. MARTIN: May I ask a question?

Mr. FLEMING: It may be that with the assistance of my well-meant observations or criticisms, if you like, there will be some stricter measure of supervision applied in that regard in the department. I can only hope so. But when I picked up pamphlets and referred to them in other years, such as that one with the totem pole with a lot of grinning faces on it, and a lot of little Indians brushing the teeth on the totem pole, that was just a silly waste of public money. If there is an improvement in that respect, and if these expenditures are being watched more closely now in relation to whatever may be the proper needs of publicity on the subjects, and there is such a field, then I shall be pleased with the improvement in that regard wherever it appears.

Hon. Mr. MARTIN: I have listened to your observations with great interest, and what I said before has only been confirmed. You have a great capacity for criticism, Mr. Fleming.

Mr. FLEMING: A great deal of it for the minister's administration.

Hon. Mr. MARTIN: May I finish my statement. You have a great capacity for criticism. That criticism generally is well intentioned but rarely is it constructive. You have given a pretty good example of that now. I would ask you to tell me what publication, what film, what work in the division of information you regard as a waste of money and I would be glad to give it consideration.

You have just referred to the use of the totem pole pamphlet. That totem pole pamphlet is widely distributed. It was requested by the departments of health of four provinces. It may have designs on it which do not

meet your intellectual attainments, but you must remember that all the people in Canada have not got the high academic intellectual qualifications of the member from Eglinton.

Mr. KNOWLES: He is in the clouds!

Hon. Mr. MARTIN: Our purpose is to try to reach the maximum number of people. It is not our fault if at this stage a certain number of Indians and Eskimos have not had the good fortune that you and I have had, Mr. Fleming, of going to the University of Toronto. Some day we hope we may bring that about; but we have to take into account their educational standards. We use actual designs which they understand but which may be away below your high intellectual standards. I would not agree for one minute that because you can grasp a thing quickly that we should use your standards. As a matter of fact we had criticism the other day from a very good friend of yours, Mrs. Kate Aitken who broadcasts quite a bit. She called me and said: "I think your publications are a little too high-brow; they do not reach the public". She might have added that Mr. Fleming understands them, but they are not understood by the Indians at Fort Bryson or by the Eskimos in—Mr. Davidson says by the Eskimos in Eglinton; but it is quite obvious that you have been completely devastated in this matter.

Mr. FLEMING: It is quite obvious that the minister has not dealt with the point, and if he wants other examples, he need only go back over the record.

Hon. Mr. MARTIN: Give me one. Mention one?

Mr. FLEMING: You can go back and look at them. Take for example the one on which you spent a great deal of the taxpayer's money when you told the housewives of Canada how to pack a lunch basket. That was an insult to the intelligence of the women of Canada as well as a waste of the taxpayer's money.

Hon. Mr. MARTIN: Let us deal with that particular one right now. That was done in conjunction with the work of our nutrition division. The request for that particular pamphlet came from the province of Ontario and at a time when the present leader of the opposition was Minister of Education.

Mr. FLEMING: I am sure he did not know about it.

Hon. Mr. MARTIN: He may not have known about it but that pamphlet was a good pamphlet; it was a perfectly justifiable pamphlet. It was the kind of thing that it is the function of the health department to distribute. I challenge you now to give me one pamphlet, one film, and mention one effort under this vote which you think we should not be engaged in, and I will give it serious consideration.

Mr. FLEMING: Give me your pamphlets and I will be happy to go through them and tell you.

Hon. Mr. MARTIN: I thought you had read those pamphlets and were following our work.

Mr. FLEMING: I daresay you have not read them all yourself.

Hon. Mr. MARTIN: I could not possibly.

Mr. FLEMING: Then why do you speak with such conviction about their merit?

Hon. Mr. MARTIN: Because I have confidence in my officers who do review these things. What we do in the department is this: we have an inter-departmental committee of officials who do not themselves take part in producing the publications; but I ask them to review critically every particular project. And remember these projects are not the conceptions of our department alone. As

I said yesterday, the provincial health educators meet, and they make suggestions. All of these publications for the most part represent the collective decisions of all the departments of health in this country.

Now I would be very glad to have from you a suggestion. For instance would you say that "Canadian Mother and Child" was not a good publication? Would you say that the publication "Up the years from one to six" was not a good publication?

Dr. Blair referred to these as outstanding publications yesterday. And would you say that the publication "Premature Infant" was not a desirable one? That we should not have the publication "Rheumatic Fever in Children"? That we should not have "Protect your baby by Immunization"? Would you say that we should not have the publication that provides a guide to expectant mothers or for pre-natal and post-natal care? I could go on; should we not have distributed the first aid pamphlet? Should we not have the pamphlet "Industrial Plant Protection"? Should we not have the pamphlet "Fires in the home"?

We have been told in the House of Commons that the government was doing nothing about trying to stop all these fires such as in Ottawa particularly during the past winter where so many children lost their lives. But at the request of the Ontario Fire Marshall, in the office of the Attorney General of the province of Ontario, we distributed this pamphlet. We have increased our requisition and arranged for the printing of 400,000 additional copies of this pamphlet in the first six months of 1956. I ask you to look at that pamphlet. It costs a very considerable sum of money. Would you say that we should not have done that? Would you say that our family allowances inserts were not desirable?

Mr. KNOWLES: Before you go on—

Mr. FLEMING: When the minister has finished asking this multiplicity of rhetorical questions, I would like to say something.

Hon. Mr. MARTIN: I could go on, but I shall not ask any more. However, I ask you to give me one pamphlet or one work which you think this department should not be engaged in.

Mr. FLEMING: The minister has asked a series of questions which are obviously rhetorical and based on his selective approach to the list of publications. There is a proper place, as I have said during the discussion this morning, for the expenditure on education and educational publicity, but it is a question of the proper expenditure generally for this specific purpose. The minister has selected, I suppose, about ten or a dozen of these publications, and he concentrates all his attention on them. They are all good. Of course they are good. I mean the ones the minister has referred to.

Hon. Mr. MARTIN: That is a fair question and I will give you the list. Here it is: take it.

Mr. FLEMING: That is not the way to go about doing this business at all. You must go through the pamphlets themselves. The minister challenges me to bring forward specific examples. I have given him some examples, and I am prepared, if I must, to go through them all. I am quite sure there will be others besides the one which was mentioned recently in the house by my colleague Mr. Macdonnell, about baby-talk and what to do about it. I have not seen it. The minister thought he had disposed of that point by saying that it had been approved by the Ontario Department of Health, but that is not the end of the matter. It is our responsibility to deal with. These are the people who ought to give proper supervision to an expenditure of this kind. The minister is not going to dispose of legitimate criticism by reading about twelve titles of what are widely recognized as among the best publications in the department.

Hon. Mr. MARTIN: I think there is some merit in your criticism. I shall give you a list of the pamphlets, and I shall ask you to look carefully into them. I ask you particularly to look at the pamphlet which Mr. J. M. Macdonnell, the opposition financial critic, spoke about in his memorable budget speech, and I would ask you to tell me whether you agree with his criticism. I would ask you whether or not you disagree with us in the department that this is the kind of pamphlet that a health department should distribute. If you agree with Mr. Macdonnell, I will pay great attention to your observation. But I have grave doubts that Mr. Macdonnell has ever read the pamphlet.

Mr. FLEMING: Is this one which the minister has read?

Hon. Mr. MARTIN: Yes, this is one which the minister has read. And I have read it since Mr. Macdonnell called my attention to it.

Mr. FLEMING: Not before?

Hon. Mr. MARTIN: Oh yes.

Mr. FLEMING: Had the minister read it before Mr. Macdonnell referred to it?

Hon. Mr. MARTIN: I beg your pardon?

Mr. FLEMING: I asked if the minister had read it before Mr. Macdonnell referred to it?

Hon. Mr. MARTIN: Oh yes. I read as many of them as I can when I do not find myself occupied with reading things that you have said, Mr. Fleming.

Mr. FLEMING: Well you can spend your time to good advantage reading those things.

Mr. KNOWLES: It is a case of one kind of baby talk or another.

Hon. Mr. MARTIN: The main thing is this; the reason I have been spending some time on this is that I have noticed in some of the speeches of some of your colleagues—not Dr. Blair or Mr. Starr, and I am not even saying yourself—reference is made to this particular division of the department and to some of these publications; and I am sure that it is quite understandable opposition technique, but I believe as the Ottawa Journal said last night that an opposition has a role, and I believe that the way to exercise that role is by constructive criticism. I do not believe you can offer contructive criticism unless you know what you are talking about, and I have a deep suspicion that some of your colleagues in this matter just do not know what they are talking about.

I turn over to you now a publication by our mental health division, a little pamphlet entitled "Baby talk". It has been collaborated in by a number of psychiatrists and pediatricians outside the department, as well as by speech therapists. I hand it to you now and ask you if you do not think that it is the sort of thing that the department should be distributing. That is one of our child training series. There are 21 of that kind. One is called "Sleeping habits"; "Sweeter tempers"; "Feeding habits"; and so on. All of them are recommended by people who are trained in these fields. I would be interested to know if you think we should publish them.

Mr. FLEMING: Mr. Chairman, we are dealing with items here on the two branches of educational and informational publicity, the printed and the non-printed. The estimates for last year for those appropriations are $388,600 for the printed, and $243,300 for the other form, making a total of $631,000.

Hon. Mr. MARTIN: Yes.

Mr. FLEMING: Last year's full expenditure, excluding the estimate for that period that is not precisely determined, is $270,000 for the printed publications and $221,000 for the non-printed, making a total for the two of $491,000. In other words, last year the department actually expended $491,000 out of appropriations provided for it exceeding $700,000.

Hon. Mr. MARTIN: Including civil defence.

Mr. FLEMING: Well, the minister has given us the aggregate figures.

Hon. Mr. MARTIN: Yes, but I want to make it clear that we include in that civil defence.

Mr. FLEMING: I should think, Mr. Chairman, that when we see that the department is now asking for $140,000 for these purposes more than they actually expended last year, and when last year they actually expended $491,000 out of a total appropriation of $700,000, in other words approximately 70 per cent, that they have not made out a case of need, even for all that they are doing now, let alone a case for an appropriation of $631,000.

Hon. Mr. MARTIN: Well, Mr. Fleming, we have already gone over this, and you are just repeating now an argument, and I have given you the answers.

Mr. FLEMING: The answer—

Hon. Mr. MARTIN: I do not wish to take up the time of the committee now to answer again.

Mr. FLEMING: The answers are not sufficient.

Hon. Mr. MARTIN: In your judgment they are not sufficient?

Mr. FLEMING: Yes, and I will just show that in a moment.

I am going to move a reduction of $100,000 in the total of these items on educational and national publicity. I pointed out that that will still give the department $40,000 more for these purposes than they actually expended last year, so that it cannot be said that there is any attempt here to cripple the department in any legitimate expenditure for this purpose. That will be much closer budgeting than has been evidenced in the figures the minister has given us this morning. In other words, that will leave the department $531,000 for these purposes as against actual expenditures last year of $491,000, which is an ample margin for any reasonable budgeting requirements.

Hon. Mr. MARTIN: Now, the effect of a movement like that, of course, would be to disturb the whole program. There is not a single item, not a single vote, that would not be affected. To be fair you would want to take the individual items; but through a move like this—assuming that the problem of personnel becomes easier, that the National Film Board and other agencies are able to make the program more readily realizable—you would succeed only in cutting down worthwhile projects.

Mr. FLEMINGS Now—

Hon. Mr. MARTIN: May I finish. I say you would; and by this act you have not given an indication of your belief in the purpose of this division. You have just done the opposite. I would say that it would be at least understandable if you took each individual item and said, "we think that this is too much and want to cut that"; but to suggest a blanket reduction without any relation to the individual projects is, I would say an unwise thing.

Which vote are you applying your resolution to, by the way?

Mr. FLEMING: It is to all these items.

Hon. Mr. MARTIN: No, I am asking which vote you are applying your resolution to?

Mr. FLEMING: These items of educational and informational publicity that appear under 281.

Hon. Mr. MARTIN: That is not one vote, it is many votes. Which vote?

Mr. FLEMING: It should be distributed over them all, because the minister has given us the aggregate figures. That was my purpose in asking for them. They appear in the other items under two headings, and the minister has bracketed them together for this purpose under the title "Educational and informational publicity".

Hon. Mr. MARTIN: May I help you. There are 14 votes there. Which one would you apply it to?

Mr. FLEMING: To be applied over the educational and informational material other than publications.

Hon. Mr. MARTIN: May I ask which vote that would apply to?

Mr. FLEMING: To be distributed over them all. I am not going to allocate them specifically. It is not necessary to do that.

Hon. Mr. MARTIN: But surely you are demonstrating now the fallacy of your belief.

Mr. FLEMING: No, I am demonstrating the sincerity of the observations I have made, and the good sense of them in relation to the duty of this committee to see that the budgeting is accurate, and that the reasonable needs of the department for approved purposes are endorsed, and that when the department is found to be asking for more money than it is going to require, after we have heard evidence on the point, then the committee ought not to report items approved.

Mr. KNOWLES: Mr. Chairman, what item are we now considering?

The CHAIRMAN: We are on the item of administration, that is 244. I called the item 277, but those questions were asked, so I said we would go back to general administration to take them. Therefore, the item we are actually considering now is item 244, and that is departmental administration.

Hon. Mr. MARTIN: What Mr. Fleming should have done in order to lay the groundwork for his action was to say to me, which he did not do, namely, what is the program that this division envisages for 1956-1957. That is the first thing. Then we would have given him that and at that point it would have been appropriate for him, if he wished to resort to this technique to suggest the places where in his judgment reductions should be made. But he has not done so; all he has done is to point out that in the previous year our estimates exceeded our expenditures. He says "Because of that history you are not going to be able in 1956-1957 to spend all you are asking for". It may be that he is right, but our objective and our hope is that we will be able to, because the program we have envisaged for ourselves we believe to be a good one, a desirable one, a constructive one, and the only effect you would have would be to interfere with this program.

I would be very happy to give you the program for 1956 and 1957 if you want it, which I think is what you should have asked first.

The CHAIRMAN: The difficulty, you see, Mr. Fleming is that we are on 244, and the actual expenditure is to December 1, 1955. The estimate for the balance of the year was $1,156,000, and the estimate provide for $1,222,000, which is only a matter of some $60,000 more than was actually spent, or scheduled to be spent last year. Now you are asking for a reduction on this particular estimate which would wipe out the administration of the whole department.

Hon. Mr. MARTIN: May I point out to you, Mr. Chairman,—

Mr. FLEMING: Yes.

Hon. Mr. MARTIN: I am sorry.

The CHAIRMAN: I do not want to make any technical objection, but supposing a motion like this were to carry—I have got it here now; that the committe recommend that the total estimate for educational and informational publication, and educational and informational material other than publications be reduced by $100,000.

I suppose it is in order for you to make a motion like that, that the committee is of the opinion that it was established that the amount of the estimate asked for exceeded the amount that was needed by $100,000. I suppose you could make a motion to put that in our report. If you wanted to make a motion in that form I think it would be in order, but I do not see how it could be an amendment, or a reduction of this particular item.

I do not know what you think about that.

Hon Mr. MARTIN: I would like to point out further, Mr. Chairman supplementing what you have said. We are discussing now vote 244, I take it?

Mr. FLEMING: Yes.

Hon. Mr. MARTIN: Departmental administration. We have already passed the other vote on the health side. And now I call Mr. Fleming's attention to the fact that the total of the educational and informational in 244 is $106,000. The effect of that move that you have just launched would be to wipe out all but $6,000 of that.

Mr. FLEMING: That is nonsense.

Hon. Mr. MARTIN: Does Mr. Fleming intend to do that?

Mr. FLEMING: No, that is nonsense. You will remember, Mr. Chairman at the opening of yesterday's meeting and just after some preliminary reference to the Salk vaccine, I raised the question as to the submission of the information I had asked the officials for previously, to bring forth information on these various points, and it was suggested that we go through these items, and then take that up when we came back to the general administration item.

When we go through these items, I do not think that we dispose of them finally, as far as our report to the house is concerned. This particular subject can be dealt with properly only in bulk, and that is the way I have dealt with it, and in accordance with the suggestion, the procedural suggestion, made yesterday.

Now, the minister has made the statement and suggestion that this motion of mine would reduce the appropriation on this particular item 244 by $100,000. He is not right. The minister has not listened to you reading it, because he will see I carefully put it that the total estimate for educational and informational publicity, and educational and informational publicity other than publications be reduced.

Hon. Mr. MARTIN: Yes, but—

Mr. FLEMING: It is an aggregate reduction—

Hon. Mr. MARTIN: That is right.

Mr. FLEMING: —of $100,000, and I have related that to the figures that the minister has this morning given us of the expenditure last year of $491,000. I pointed out that there is no antipathy indicated by this motion to the proper role of educational and informational publicity as far as the department is concerned.

We have seen here exposed a wide margin of error in estimating on this point. My motion, if passed, will still give the department $531,000 for this purpose as against $491,000 last year, and I think that is quite an ample margin to take care of any proper margin for safe budgeting. There is not going to be taken away from the department anything that is needed, in the light of the figures we have been given this morning.

Let us be quite clear about it, that the motion, if passed would make that reduction on an aggregate basis.

Hon. Mr. MARTIN: That motion would mean if we were able to comply with our full program we could not carry it out to the extent we had planned. That is what it means.

Mr. FLEMING: You have never done it.

Hon. Mr. MARTIN: I know.

Mr. FLEMING: And you are not going to do it this year. You cannot do it. That is evident.

Hon. Mr. MARTIN: It is not evident.

Mr. FLEMING: Some of your personnel—

Hon. Mr. MARTIN: We are going to try.

Mr. FLEMING: —whose annual salaries are already in here, are not coming back from the royal commission. That was one of the examples the minister gave, and it just showed that they are not going to need all this money.

Hon. Mr. MARTIN: I did not say they were not coming back. The fact is they are coming back.

Mr. FLEMING: Yes, but the commission is still sitting.

Hon. Mr. MARTIN: But their services will shortly be through. You did not ask me that. My friend has the happy faculty of making argument by assertion, which is possibly the weakest type of argumentation, and nobody knows that better than my honourable friend. However, I suggested that we dispose of the matter one way or another.

Mr. KNOWLES: Mr. Chairman, I just wish to say a few words. It seems to me that if the expenditures on educational and informational material were all made by one group or one division, that there would be a case for Mr. Fleming's suggestion that there seems to be too much of a margin, but when you consider that this total amount of money is spent by a dozen, or 15 or maybe 20 different groups in the department—

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES:—if you reduce the total by the figure of $100,000 you are reducing the margin in each individual case. We do not know how much the margin is in some of those cases. It seems to me that we would run the risk of crippling some of these informational and educational programs.

If this margin that the department has had over the past number of years was something that had been abused, I think that we should be concerned, but it does not seem to have been abused. Each year there has been a margin from the previous year, and there has still been some left over the next year. Frankly, I would not want to support a move that would have the effect of crippling the work of any one of these 14 or 15 different sections of the department that are putting out this very valuable material.

I could make a point of order about the matter, Mr. Chairman. I agree with you, that if we are going to follow Mr. Fleming's suggestion—and obviously I do not think we should—it would have to be in the nature of a recommendation in the report rather than a blanket reduction of this kind. In fact, probably that is what Mr. Fleming has in mind.

Mr. FLEMING: A recommendation.

Mr. KNOWLES: A recommendation; but when this committee was set up there was a clause in the motion about "saving always the powers of the committee of supply in relation to the voting of public moneys". After all, we cannot change the estimates; all we can do is recommend that the committee of supply make certain changes. However, this is a technical

point. On the issue itself I suppose that Mr. Fleming will say that we want to be spendthrifts in spite of the fact that he knows that is not true. But, my feeling is, that because of the way these things break down, each individual division does need some cushion, and no doubt Mr. Fleming will admit this. I suspect that the amount in many cases is very small. When you put it all together it sounds like a lot, but what Mr. Fleming is doing by cutting $100,000 off the total cushion, is cutting $7,000 or $8,000 off the cushion in respect to some individual section, which might cripple the valuable work being done by such a division. Therefore, although I listened with great interest to Mr. Fleming's case, I for one would vote against his recommendation.

Mr. FLEMING: Mr. Chairman, could I just make an observation on Mr. Knowles' point. I appreciate the points that he has raised, but I would consider that if this motion is passed, if this committee is still sitting, the proper function of the department then would be to distribute the reduction of $100,000 among the various items, and they know best where, if there is to be an over-all reduction, that could be made. I think that is a proper matter of departmental responsibility, and my motion leaves that open to the department to effect that distribution.

I just wish to make this other point, and that is, as compared with last year's expenditures, this motion of mine gives the department 9 per cent over last year's amount that they actually expended for these purposes.

Mr. KNOWLES: We have no way of knowing how that cushion is spread in the various divisions. There may be some where there would be a cushion of 20 per cent while in other cases it may be only 2 or 3 per cent. I think Mr. Fleming would be on sounder ground, if he had the information, in taking the amounts expended for a particular purpose under each individual item, as he might have picked out one where he could say that the cushion was too much. He has not done that and I think the blanket approach is not very sound.

Mr. MCLEOD: This whole discussion this morning seems to have centred around the educational program. We are pretty unanimous in saying it is a very worth-while program which the department has carried out and we hope it will be expanded. Rather than cut $100,000 from the estimates, I would suggest that we urge the department to expand its program so that the amount allotted will be fully used up.

Mr. BLAIR: I wonder if all the money voted has been used. I have here the pamphlet on "Baby Talk" and I have looked it over. Whether one says that a pamphlet of this type is good, bad or indifferent, there is the question of the distribution and the cost. Could the minister say roughly how much it costs to put out a pamphlet like that, how many are printed and how they are distributed? Are there offices in which there is a whole lot of undelivered pamphlets?

Hon. Mr. MARTIN: In the main, we use the Department of Health of each province as our distributing agents and they distribute most of our pamphlets. We employ the principle of decentralization. I have made a personal investigation of this. Two years ago I was on a tour and went into every provincial department and asked for an indication about this matter. There was only one pamphlet in one province which had not been distributed, when I was there, to the extent of at least 90 per cent. In the case of that one province, I asked why it had not been distributed. It was the province of Manitoba, and they pointed out they had been able to distribute the pamphlet pretty well in the south but the winter was such that they felt the distribution at that time would not have been as effective and they proposed to distribute it in the following September, which they did.

In the case of the particular pamphlet, "Baby Talk", which is a very useful pamphlete, 70,000 were printed. British Columbia received 5,000; Alberta 5,000; Ontario has ordered 11,000, a request which I am considering, in the light of Mr. Macdonnell's speech; Quebec has distributed only 200 of the English text; New Brunswick 1,000; Nova Scotia 1,500; and Newfoundland 500 copies. Some more in both French and English will be going shortly to the province of Quebec. The cost was $2,500.

Mr. BLAIR: How do the provinces distribute them?

Hon. Mr. MARTIN: Let us take Saskatchewan. It is distributed, first of all, to the local M.O.H., the head of the local health unit, who gets a certain percentage of the copies available. Some more may go to the schools, depending on the character of the pamphlet.

Mr. BLAIR: To the parents, of course?

Hon. Mr. MARTIN: No, it is more probably distributed by the teachers to the pupils, depending on the character of the pamphlet. The "Mother and Child" pamphlet goes directly to the parents, but certain others are directed to the children themselves. I myself have seen, right here in the city of Ottawa, the distribution of one pamphlet and have followed it up in the case of one school. The teacher makes a practice of holding the pamphlet up and says it is about to be distributed and that it is for the children. The teacher spends some time telling them about it and the pamphlet is usually written in very simple language. Furthermore, it is also distributed to public health nurses; to the Victorian Order; and to the home and school associations, which make considerable demands for these publications, demands with which we cannot always comply, for obvious reasons. It also goes to the parent teachers associations, especially in the case of the pamphlet at which Mr. Fleming is looking now. It is distributed by them throughout the province, in the case of some provinces. These are the agencies employed.

In the case of pamphlets on industrial hygiene, prepared by our occupational health division, the unions distribute them. The C.I.O. and T.L.C. distribute them through their central offices and through their educational divisions, to their workmen.

In regard to the distribution of films, we have one, for instance, called "Feeling of Rejection" which is regarded as one of the best mental health films ever produced on this continent. It has won first prize from the American Rental Health Association. It has been seen in Canada by about 3¼ million people. These films are shown in the schools, in the home and school associations, in the trade unions, in the churches, and so on. Canon Finlay who is now at St. Bartholomew's in New York, was one of our best film users when he was here. In his church he used to show these films. We estimate that in one year he showed three of our mental health films to 80,000 people.

Mr. BLAIR: I have looked over this pamphlet. I note the remarks about beginning speech correctional work between the ages of 4 and 7, that a delay might mean the child would develop personality trouble because of defective speech. I am afraid many of these may go the usual way of all pamphlets, into the wastepaper basket. I thoroughly agree with the idea of film distribution. I wonder if this work could not be better done through child guidance clinics, but then every mother cannot take her child to those clinics and in other cases they are not available.

I wonder if, instead of publishing these different pamphlets, where there may be a possibility of their being thrown away, in spite of their value, it might be better to have simple articles published in the press. In that way, more people might read them.

Hon. Mr. MARTIN: That point is worthy of comment. I myself have often asked that question. In the first place, all the provinces now have officials

in their departments who are known as health educators. They take courses in this work, sometimes three-year courses, and they are qualified people. Their judgment is that these pamphlets serve a very useful purpose. The cost of the pamphlet is not considerable—$2,500. Undoubtedly some go into the wastepaper basket but many lie on the desks of doctors and in the waiting rooms of doctors, and I believe they are read. You have suggested that a more effective way may be through the child guidance clinics. The pamphlets are distributed through them, but if it were only through them, they would not reach very many people. We use various devices. The provinces, which are the main distributing agencies, regard the methods they are employing as being most effective. We make suggestions to them from time to time, but the likelihood of abuses such as you mention are ever present and we watch them.

In regard to newspapers, we send out to 200 weeklies every week an article with a "matt"; it is all printed and ready for them. These articles deal with various health suggestions and we find these weeklies a very valuable medium of communication. Miss Aitken mentioned yesterday the Health League of Canada. It publishes a national magazine and quite a few of the articles there are prepared by us, some in collaboration, some entirely by us and some entirely by them. They use much of this material. The precautions you have suggested are being acted upon, but it is proper for you to point out that danger.

I myself remember seeing a film, with Dr. Robertson, last year and I personally had some doubts about its value. I saw the script and still had my own doubts. Then we made an arrangement that the National Film Board would produce it in an incomplete state so that we would not be finally committed to the full cost. When I saw the film I still had my reservations, which Dr. Robertson did not share. His point of view was shared by my two deputies and others in the department, but I still had my doubts. I asked one of the provincial ministers to take a look at the film and his judgment was the same as that of Dr. Robertson. This is a matter of private judgment. I do not propose that I should be the arbiter of these things. We try to make a collective judgment. I do not know if you have seen our mental health film, "Feeling of Rejection" which won the first prize. When I first saw it, my wife was with me and her judgment was one which contained some criticism. I thought it was a pretty good film. If these films were shown in this room, we would have divided opinions. All I can say is that there is a great deal of demand for them, that they seem to be very popular and one has won this prize. It is not easy to agree as to the best medium for putting forward desirable information, but I am satisfied that we have been careful in assessing the value of these publications and any suggestion for improvement that members of this committee can make will be gratefully received.

Mr. BLAIR: Personally, I would not like to see this pamphlet get into the hands of any children capable of reading, on account of the sentence I read out about developing personality troubles.

Hon. Mr. MARTIN: If you were to ask your son, who is a psychiatrist, what he thinks of that pamphlet, I bet he would disagree with his father.

Mr. BLAIR: I would like information on another point. Across the country there has been a great deal of talk about rabies and hydrophobia. Certain people are refusing inoculation and it has drawn a great deal of attention in the press. To my knowledge, there has not been one case in the city of Ottawa but there are many people interested in this disease. Municipal councils are struggling with the task of deciding what they should do in regard to the tying up of dogs. This has drawn a great deal of attention. In a case like that, does the department put out a press release, so that the people may understand the whole story. Then if a dog which is suspected of having rabies has bitten a child and there is danger of infection, they would know how to receive the

inoculation treatment. One cannot expect everyone to understand hydrophobia, but a lot of people would like to hear some comment about it. Certainly, the municipal councils would like to know what to do. Does the department take up a situation like that and issue a press release? I have just given rabies as a specific example.

Hon. Mr. MARTIN: In the case of rabies, it has been very largely confined to the province of Ontario. When it broke out, I suggested that my officials might give consideration to the problem. We contacted the province and they thought they had the facilities to deal with this particular situation and that by the time we could get ready it would not be necessary to intervene.

In the case of polio epidemics, we provided national releases, informing the provinces of the situation, week by week, in other provinces, and so on. In principle, we can act, but in particular cases we may not, for the reason I have mentioned, unless the provinces ask us for help.

Mr. BLAIR: In the case of the complex situation of the provinces having control of health matters, these releases could be put out in a few days. You have men capable of preparing a release which could be put into the press as a syndicated article and not just as a news release. That would make the information available to all the provinces.

Hon. Mr. MARTIN: When the rabies broke out in Ontario I suggested that we might interest ourselves in putting out material. A meeting was called by the province of Ontario health department and Dr. Lossing, the head of our epidemiology division attended. The question of bringing the matter home through the federal agency as well as through the province was discussed and it was thought that the province had facilities, in that particular instance, to deal with it effectively. We were able to give other kinds of technical assistance.

About three winters ago we had an unusual outbreak of polio among certain of the Indian-Eskimo population in the northern regions of the country. It occurred in Chesterfield Inlet and in another place 60 miles away. There was no possible contact between the two concentrations of population and it was quite an interesting development, because the general feeling was, as you know, that polio breaks out in mass quantity only in hot weather or generally in hot weather, in the period July 1 to the end of October. There was surprise that it should break out in the winter in two isolated unconnected areas. In that instance we sent in a survey team to make a complete study of the outbreak, we issued periodic releases, we prepared material calling the attention of doctors, public health workers, parents, and so on to it, particularly in the regions affected. In such ways as this, in particular instances of sudden outbreak, we try to deal with this matter.

Mr. BLAIR: That was the point I was making, that possibly another outlet for pamphlets and information of this kind would be through press releases. People are becoming more and more public health minded and many would like to have this information.

Hon. Mr. MARTIN: Just to show how individual opinions differ, I might say that Mr. Stuart mentioned yesterday that he had been at some fair in his locality where some slides and film showings were produced in an exhibit by our information division and they had proved to be very valuable, in his judgment. He asked why I did not repeat that process. I have looked into that matter since then and have found that there was some doubt in the minds of some of the health educators as to the value of these particular exhibits. Mr. Stuart thought they were very good and I am sure that many of us would agree with that, but there was a divided opinion and we had to make a decision in that matter.

Mr. KNOWLES: What happened to the film you told us about, which you did not like but which was approved by your two depuities and the provincial minister?

Hon. Mr. MARTIN: It is being distributed.

Mr. KNOWLES: That is democracy.

Mr. BLAIR: With regard to, I hesitate to use the word "propaganda", let us use "information"; but I remember being in the city, and on the street and they had a cancer campaign on. They were showing films and pictures of the internal workings of the body, and where the cancer was. There was a tremendous group around, and they were terribly interested. On the other hand, I am sure that the whole bunch of them went away from there simply wondering, "Have I got this condition". It was fearful.

Hon. Mr. MARTIN: Was that one of ours?

Mr. BLAIR: I do not know. I am speaking of the effect of the information, and the difficulty of getting it out.

Hon. Mr. MARTIN: There are divided views. I do not know if you see "Medic" over the television.

Mr. BLAIR: Yes.

Hon. Mr. MARTIN: I think they are very effective.

Mr. BLAIR: My criticism of this was, to whomever put it out, that it was very fearful, and it caused a frame of mind that placed a lot of people in fear. I think that the cancer propaganda could have been better handled.

Hon. Mr. MARTIN: That may be.

Mr. BLAIR: I am sure that it really frightened, instead of giving information to a whole lot of people.

The CHAIRMAN: Mr. Yuill?

Mr. YUILL: Mr. Chairman, I think so far as these pamphlets are concerned that I feel that they are all very, very valuable and worth while, but I think we would have to agree that if you were to package them all up and send one to each and every home, many of them would not have the proper appeal, and there would be a normal tendency to throw these in the waste paper baskets. I think when we get right down to the final analysis they are all very valuable, some of them strike close to home, and they have a universal appeal, because of the common ground on which we find ourselves.

If there is any justification of conservation, or preventing waste of these pamphlets, I think they should be placed properly by distribution to certain types of homes.

I have had a little experience in that. I worked for the Metropolitan Life Insurance for a number of years, and I made it my business—and it was a good business getter on the side—to distribute a lot of their health pamphlets. I tried to follow my reasoning by only placing in the home the pamphlets that seemed to have an appeal to that particular home.

Hon. Mr. MARTIN: That is right.

Mr. YUILL: Just the ones that would appeal to that home. I think it is a matter of judgment, in this distribution, perhaps more than anything else.

I do not think we have any room for argument as to the pamphlets not being of value.

Mr. BLAIR: My argument, of course,—and I hope you will understand—is that there is perhaps a better medium of getting this before the people.

Hon. Mr. MARTIN: That is right. Dr. Davidson calls my attention to the fact that last spring at Lansdowne Park we had an exhibition of all of our

informational materials, specially designed for members of parliament. Some 85 members of parliament came, and the judgment of those who visited the exhibition was that it was very useful work, and work that should be commended along the lines that are generally being expressed now.

What Mr. Yuill says is quite right. We have to make sure that the pamphlets get into the right hands, and that is done through the cooperation we have with the provinces, and with the various voluntary organizations that I mentioned.

Mr. YUILL: I think, Mr. Minister, that the films themselves have a certain appeal to the communities and individuals, and if you are interested in a type of film you are going to go on your own. It is a bit different with pamphlets.

Hon. Mr. MARTIN: We produced a film on cancer research. This was a joint film prepared by the U.S. public health service and Canada. We bore half the cost of this film.

This film has been shown in many places, and it had the element of fear in it, doctor. I am afraid it was there. I do not say it was of the same order as the one you mentioned.

The film was shown—it was a 15 minute film—in the city of Montreal to a private group, and the result was that one gentleman, after the film was shown, made a donation of $500,000 to cancer research in this country.

The CHAIRMAN: Gentlemen, on this motion, Mr. Fleming really puts me in a difficult position as to what I should do. When we report these items we have passed, the committee is in effect recommending that these be passed. Included in these items are the items that would be affected by the proposed reduction of $100,000. So what we would be doing, if the committee were to vote in favour of this resolution, would be to say on the one hand that we recommended these items, and then on the other hand that we recommended that they should be cut down by $100,000. How could the committee of supply deal with conflicting a recommendation like that? The committee of supply would have the right to say to us, does your committee not know what it is doing? It passes these items, and then comes along and says we want you to chop off $100,000. How much is to be chopped off each item? Now, I realize that by the way we proceeded in leaving the item of departmental administration open, it does give the appearance of a sort of tentative operation, as we pass each item. However as I understood the committee's thinking in the matter, we left this item open for any questions that might arise, but not that it might affect the work we were doing passing item by item.

A thing like this has never come up before in this committee, and I do not want to be too technical, but I certainly would not want the committee to put itself in the ridiculous position of making two contrary reports. In the future, if there is any thought that there should be a cutting down of any individual item, it should be brought out at the time we are discussing that particular item. I would feel that I would not be doing my job as a chairman if in the future I entertained a motion like this, because if it was passed we would be bringing two motions into the house that would be impossible for them to deal with. In the future I will not entertain a motion like this, because I think it is not in order at this stage, and as a matter of fact I suggest never would be in order. If we have actually passed individual items as I believe we intended to do that would be the effect of following it up with this.

Now, I think that every member of the committee, on reflection, including Mr. Fleming, would realize that that is true. Our recommendation is not to the government, it is to the committee of supply of parliament, and if we pass individual items and then come along and say that taking them all together they are too high by $100,000, what help would that be to the committee of supply?

Mr. KNOWLES: Mr. Chairman, may I make a suggestion as to procedure. I think it is clear to you and Mr. Fleming where we stand on the matter. It seems to me that if you are declaring that you will not accept a motion like this in the future, you are on very shaky ground if you accept it now.

May I suggest this: We have before us now item 244.

The CHAIRMAN: Yes.

Mr. KNOWLES: It is $1,222,800, including $106,050 for these materials that

Mr. KNOWLES: It is for $1,222,800, including $106,050 for these materials that are under discussion. Perhaps Mr. Fleming could consider making a motion that this present item be reduced by a certain number of dollars. I will not put a figure in his mind, but he might choose to reduce this $106,000 in proportion to what he has in mind. If that motion were carried I think that Mr. Fleming would then have a good case for asking you to reopen the other items, and it would be in order, it would be within the terms of proper procedure, if there was a motion to reduce any of these items by "X" number of dollars.

Mr. FLEMING: Mr. Chairman, I think in all fairness, recalling what happened yesterday when we started on these—

Mr. KNOWLES: Incidentally, there are still some other items.

Mr. FLEMING: Yes, true.

When we started on these individual items I raised the point about this information that I had asked for the other day, and it was suggested, I think both by yourself and the minister that we should go through these other items, and then come back. When I acceded to that proposal, I did not understand that we were disposing of these other items with finality. I think, Mr. Chairman, in light of the discussions we have had, the matter is fresh in everybody's mind, and I do not feel that I should accede to the suggestion made by Mr. Knowles. My motion is one that applies generally, and I would think that if the committee passes it, it would be the duty of the department officials to allocate the reduction among the different items. I think that would be the orderly way to proceed, and a sensible way, and one within the proper realm of the departmental responsibility.

Mr. KNOWLES: I would contend that it is not in order to move a reduction of $100,000 on 20 items while we are discussing one item. I think that if Mr. Fleming does not agree with the helpful suggestion I tried to make, the only other alternative is that there be made at some stage, perhaps when we draft our report, a motion in general terms that we recommend that consideration be given to such a reduction; but it does seem to me that we are going to get into trouble if we allow this kind of motion, that really affects 20 different items, to be made in the form of a reduction in the one item that is now before us.

The CHAIRMAN: I am sure Mr. Fleming realizes the position that this puts the committee in, if this were carried, and of course, when he makes a motion he assumes that it might carry.

I realize there is something in what he says, but I had in mind all the time that it was left open for the purpose of asking questions on the matter. I am also aware of the fact that he kept asking for, and did not get the information; so there is something in what he says.

Now, you can see the position that it puts me in. I do not want to be unfair to Mr. Fleming, and yet I never could agree to a motion like this in the future. You were quite right in saying that if I think it is out of order to that extent, and for the reason you mentioned, I should not entertain it now; and yet I do know that Mr. Fleming was asking for this information regularly, and we decided we would just go ahead, and we would deal with his questions when we came back to the item of administration. I think by consent we almost

agreed to waive the strict rules in the matter. I feel that in this particular case we should take the consensus of opinion of the committee on the matter. I do not think that in future we should entertain a motion like this. I wish that Mr. Fleming would not put me in a spot, either, by a motion that I think is out of order by referring back to some sort of an understanding that he might have had by what was said.

I wish he would accept Mr. Knowles' idea, but if he will not I am inclined not to go back on any sort of understanding that he may have had, and it would be put only with the idea of unanimous consent, that the committee do this. But in future that will not happen, while I am chairman. I think I shall just take for granted that there was consent given that this whole matter be dealt with when we finally got the exact figures, and I shall put the motion on that basis.

You would take the position that you want it put, Mr. Fleming?

Mr. FLEMING: Yes. It has been discussed now, and we have the facts before us and I think it should be disposed of.

The CHAIRMAN: All those in favour of Mr. Fleming's motion? Against?

Motion defeated.

The CHAIRMAN: Mr. Fleming's motion is defeated.

Mr. FLEMING: Mr. Chairman, would the minister now give us the figures on the travelling expenses please?

Hon. Mr. MARTIN: Yes. Travelling expenses in 1953-1954 were $629,150.

Mr. FLEMING: Excuse me, is this the vote now or expenditures?

Hon. Mr. MARTIN: Vote.

Mr. FLEMING: $629,000?

Hon. Mr. MARTIN: $629,150. 1954-1955 was $644,750. 1955-1956 was $644,650. 1956-1957 is $637,150. The expenditures in 1953-1954 were $575,950. In 1954-1955 they were $626,774, and in 1955-1956 up until February 29 they were $643,395,—practically all used up.

Mr. FLEMING: And what is the estimate for the remaining month of the fiscal year ending March 31, 1956?

Hon. Mr. MARTIN: I would say around $45,000 to $50,000.

Mr. FLEMING: You are going to be over your estimate for last year?

Hon. Mr. MARTIN: Yes. It will be very interesting to note, Mr. Fleming that the increase is due to the increase in staff. There was an increase in 1954-1955 over 1953-1954 because there was an increase in staff. In 1954-1955 the staff was 3,909. There was another increase in 1955. There was a decrease rather, a slight decrease in 1955-1956, although the staff went up to 4,368. The staff has gone up since that time because of the various new provisions old age security and so on, to 4,542.

Mr. FLEMING: Thank you.

Hon. Mr. MARTIN: So I am sure that in this particular you will say "benissime fecisti."

Mr. FLEMING: I will say in plain English that the estimate on this item of travelling expenses is commendably close, considering the figures that we had this morning.

Hon. Mr. MARTIN: I am overwhelmed by your tribute.

Mr. FLEMNG: It was a relative one.

The CHAIRMAN: Now we will pass on to 277. Of course, 244 will remain open. Let us now deal with 277.

277—Welfare Branch Administration, $53,360.

Any general questions? Then we will leave that and come back to it after we take the others.

Welafre Branch—
Family Allowances and Old Age Security—
278—Administration $2,693,059.

Mr. KNOWLES: Mr. Chairman. This is the item that covers the administration of family allowances and old age security and I would like to say a few words, particularly with reference to old age security.

First, may I say that I am very proud of the fact that Canada has these two programs which provide benefits to children and to senior citizens on a universal basis. I am sure that that pride is shared by everyone in this room, and by Canadians generally.

I am pleased to note the interest in the principle of universality that we have in these two programs which is shown in some other countries. In some instances that interest is shown by legislation that is similar, and in other instances by studies that have noted what we have done here. Nevertheless, Mr. Chairman I think that the time has come when Canada has to review the amount paid under old age security.

The minister knows I feel very strongly about this. He knows too that the country is full of people that feel very strongly about the fact that we are still paying only $40 a month to old age security.

It is now seven years since the figure of $40 a month was set. I recognize that since that time we have made two other major improvements, namely, that we have taken the means test off at age 70, and that we have provided a pension, albeit with a means test, at age 65. Nevertheless, the figure of $40 a month has not been changed since the early part of 1949. In the meantime the cost of living has gone up tremendously, and in the meantime the gross national product of Canada has gone up, as any Liberal will proclaim, to a tremendous extent.

It does seem to me that if we are a decent, humane country we should be seeing to it that our senior citizens share in that increased productivity, and that they are given an opportunity to meet a little better the increased cost of living.

I know that the minister will tell me that other things have to be considered. I am as interested as he is in the forward steps being taken in the national health program and I agree with him on that. It does seem to me that out of the $27 or $28 billions worth of production which is in prospect for Canada this year we could do a lot better than just $40 a month for our senior citizens.

Now if anyone wants to discuss the effect of an increase in pension to those who may not need it as compared with those who need it, I would be quite prepared to have this committee spend time on that, or have a special committee deal with it. I know that there are some who do raise the cry that at the present time we are paying the pension to people who do not need it. Some people have the fear that this is the reason that there is not money for those who actually need it. I think that we, particularly those of us who were members of the Old Age Security Committee in 1950, remember making the recommendation on which the government acted. I think we are aware of the fact that the so-called wealthy pay for their pension, not only in the taxes that they pay while they are receiving the pension, but they pay for it in the years leading up to the receipt of the pension. If there are any who feel that the wealthy are doing too well, that could be taken care of still further at the income tax end, either by increasing the $60 maximum, or by making another appropriate special provision, so that those with means would pay back a greater proportion, or all of the pension that they receive. I am

strongly opposed to the reimposition of any means test. Thank God we got rid of that as a result of a long struggle culminating in the work of the committee in 1950.

The fact is that there are many of our citizens in great need of more than $40 a month. I plead for early action by the government on this important question. I am satisfied that feeling is growing in the country that something should be done. One of the ways in which people have been made aware of the need for an increase in the old age pension is by the number of instances in which newspaper reporters have tried the experiment of living for a month or part of a month at the rate of $40 a month. These articles have appeared in newspapers in Winnipeg, Toronto, Vancouver, Victoria, Calgary and other places and they have highlighted the tragedy of asking our old people to live on this amount of money. I plead with the government to face up to the fact that, good though its program is in principle, particularly the universal principle, that program is terribly weak in terms of the amount of money which is being paid.

I have drawn the attention of the minister to a survey made in Winnipeg by the welfare council of greater Winnipeg, as a result of which an excellent and interesting document has been produced entitled "Age and Opportunity". This survey goes into all aspects of life in the senior years. It makes it clear that life on $40 a month is no pleasure, as it is put in a heading on page 26 of the report. There is another interesting pamphlet I have here entitled "The New Look in Welfare". It is a report of a speech made recently in Toronto by Professor John S. Morgan of the school of social work in the University of Toronto. Professor Morgan goes into all aspects of welfare in that way. I like in particular his suggestion that the time has come when we should readjust our concept of welfare from that of a rescue operation for underprivileged people to the new concept of mutual dependency of individuals in our highly organized society.

So far as I am concerned, we must never get away from the responsibility of society to rescue the underprivileged, but what we should be moving towards is a kind of society in which there are no underprivileged. One of the ways of getting rid of the scar of there being underprivileged is to increase our social security and social welfare programs.

I know that it costs money to do these things. The same answer applies here as in the case of health and other matters, that this is a matter of re-channeling of expenditure or of the redistribution of wealth. I am sure the minister agrees with me in principle, but my point is that although he may agree in principle he and his government are still dragging their feet so far as increasing the amount of pension is concerned.

I might refer also to some other documents on my desk, which are Canadian in origin. I also have a very interesting book "Economic Needs of Older People" a 500 page book produced in the United States by John J. Corson and John W. MacConnell. It bears this year's date. I read it on my way home at Easter on the train and I was impressed by the examination these people made of the situation so far as older people in the United States are concerned. I do not agree with all the suggestions made in the book but I would say it makes a number of different suggestions and provides a very excellent study. This has been written, not under any government auspices but under private auspices. I hope that one of these days some group in Canada will provide the money for some university people to make a study of this kind.

More and more the science of geriatics and the whole question of concern for older people must concern us. What I liked about this book from the United States and about Dr. Morgan's booklet and the report from Winnipeg is that we have reached the stage at which it is not just a matter of keeping people

alive that should concern us, not just the amount of money which they receive, but more and more it is a matter of examining every aspect of the life of our senior citizens. I plead very strongly with the government to quit dragging its feet.

I have no objection to the minister boasting about the principle of universality and I join with him in that respect, but I think it should be put into effect across the board. We have done away with the means test at the age of 70. To my mind it should be abolished at the age of 65 and the amount should be raised without delay to $65 a month. In the course of time we may make certain other suggestions, such as making it possible for people living in the country at present to leave this country and to take the pension with them. The minister knows these views of mine and he knows that I have been pressing them to him very strongly for a long time.

Hon. Mr. MARTIN: I would like to deal with Mr. Knowles' statement, as this is a very important matter and this is the first chance I have had this session to deal with it. There is a lot of public interest in it. There is another side to the case. Mr. Knowles has spoken with the best of motives, I know, because of his own sincere interest in this problem, which we all recognize. I hope he will not misunderstand me if I say that in his zeal he does not always appreciate the extent of what is being done or the reasons why more has not been done in a particular field. I say that without in any way derogating from him what everyone in the House of Commons woud acknowledge to be his own sincere interest in this matter, as is the case also of all members in the House of Commons. Having said that, I hope no one will deny that the government and all the members on the government side are interested in this problem. I find it difficult sometimes to hold myself, when I hear people—not any member of this committee or of parliament—saying that the government is not concerned with these problems. The government is very much concerned. There is no government in the world which has done more for old age security than the present government of Canada. The old age security payments plus the old age assistance payments represent 46 per cent of the department's budget. The old age security payments represent 22 per cent of the total federal social security appropriation. I would ask any member of the committee to give me one country in the world where these proportions are exceeded.

Mr. Knowles has said that he is in favour of, and is steadfast in his belief in, the principle of universality. So am I.

In this morning's Gazette there is an editorial criticizing the giving of the old age pension to those of the age of 70 and over who are not in economic need. That editorial was well written and I am sure it was written with responsible considerations in mind. It is an understandable attitude, but it is an attitude which fails to take into account the state of opinion in Canada when we embarked on the universal program. Every one in Canada then wanted to do away with the means test—every one in the House of Commons and all political parties. Now, there is no way of removing the means test unless you provide the pension universally. That is an elementary factual statement. I hope that those who give the people of Canada information about the discussions which go on in parliament will underline that, as it is important. You cannot do away with the means test unless you give the pension to every one. We are the only country in the world other than New Zealand which has a universal non-means test old age pension. The total federal expenditure on old age pensions before we embarked on the present old age security program in 1952 was about $100 million.

Mr. KNOWLES: You forget Holland, which I reported to you in the house not many weeks ago.

Hon. Mr. MARTIN: Yes, you are quite right. That is a recent change. There is also Sweden.

Mr. HENRY: Sweden has no means test?

Hon. Mr. MARTIN: No. When we embarked four years ago on this program we were spending $100 million on old age pensions. Anyone who thinks we are not concerned with the security for aged citizens should examine the figures now. In the last fiscal year our total expenditure for old age security on federal account was 353 million, three times what it was before. In the year for which we are budgeting now, we have provided an increase of $12 million for old age security. We are estimating now for old age security on federal account exclusively in the amount of $379,515,000. That figure alone suggests that those who say we are not doing anything about old age security have a clear and definitive answer.

Mr. ENFIELD: There is just one question on those figures. 353 to 379 means an increase of 26.

Hon. Mr. MARTIN: The 1955-56 should have been $367 million. In order to show what this means, I may say that in Ontario alone the federal government is providing for old age security alone $130 million. The total expenditure by the province on old age pensions before we embarked on the universal scheme was only 12 million. The total estimate of old age assistance paid now by the province of Ontario is not more than $6 million. Therefore when anyone suggests that the federal government is not doing its share in this matter, the figures are there to answer him. In Ontario, we are spending $130 million; in the province of Quebec we are spending $74 million; in Newfoundland $7 million; in Prince Edward Island $3 million; in Nova Scotia $18 million; in New Brunswick $12 million; in Manitoba $21 million; in Saskatchewan $21 million; in Alberta $21 million; in British Columbia $42 million, and in the Yukon and Northwest Terrtories $245,000. These payments are going not to 300,000 people, as was the case roughly five years ago before we embarked on the universal scheme, but to 767,000 Canadian citizens. There is no country in the world where the proportion of beneficiaries of old age security legislation is greater than it is in Canada.

Mr. HENRY: How many for Ontario?

Hon. Mr. MARTIN: 282,279.

Mr. HENRY: That is old age security?

Hon. Mr. MARTIN: Old age security alone. I might also tell the committee that before we embarked upon the universal scheme the total expenditure by all of the provinces combined on their share of old age pensions was $34 million. Now the total expenditure on old age assistance by all of the provinces is $22 million, as compared with what the federal authorities are estimating for this year on old age assistance and old age security combined $401 million.

I think the federal government is discharging—not fully, we never can discharge fully—its share in this vitally important matter. When we embarked upon the universal scheme, the provinces saved, as these figures indicate, very considerable amounts of money. The $12 million which they saved was more than enough to pay for their entire share of the blindness allowances program and for all of their share of the new disability allowances program. The blindness allowances program amounts to about $1 million for the provinces and their share of the disability allowance program is about $6 million. The saving therefore on old age assistance was more than enough to take care of these newly assumed obligations and the provinces were left with a saving, as a result of the assumption by the federal government of the old age security responsibility, of almost $5 million.

Mr. Knowles has said that the $40 amount is not sufficient. He knows my answer to that. No one who has this portfolio can carry seriously his responsibility without feeling that undoubtedly there are many cases for whom this amount is not large enough. However, I have to think pretty well in general terms. I have been very scrupulous in the kind of observation I make about provincial governments. I do not think it is unfair to say, however, that if we have responsibility, so have they. British Columbia has met this responsibility very considerably. They have a $20 supplemental allowance across the board.

Mr. ENFIELD: In old age security?

Hon. Mr. MARTIN: Yes. For old age assistance cases Alberta has a $15 supplementary allowance, flat across the board. Saskatchewan has a supplemental allowance of $20 on a means test basis.

Mr. ENFIELD: These two provinces are without a means test?

Mr. MCLEOD: I am sorry to say that British Columbia is not without the means test.

Hon. Mr. MARTIN: It is not completely a means test. You will find that about 80 per cent get it on what amounts to a non-means test basis. I am not suggesting the rôle of other provinces, but I have pointed out what our expenditure in this field is.

Mr. BLAIR: Could the minister give this information regarding supplemental allowances for any of the other provinces?

Hon. Mr. MARTIN: The maritime provinces and Quebec do not have supplemental allowances; neither does Manitoba. Ontario announced a change in their supplemental allowance the other day. It provides for a maximum of $20, instead of $10 as formerly. It is not as extensive in its application as in the case of the three provinces I have mentioned. Forty per cent of this $20 supplemental allowance in the case of Ontario is to be paid by the municipality—it is not being paid yet—and the province is to pay 60 per cent. In other words, the municipality is called upon to pay $8 and the province $12. Formerly the municipality paid $5 and the province $5.

Mr. KNOWLES: The old age pensioner gets it only if the municipality puts it into effect.

Mr. GAUTHIER (*Nickel Belt*): It has to be approved by the municipality.

Hon. Mr. MARTIN: A limited number of 1,912 people are being paid this supplemented allowance in Ontario and of that number 1,200 are in the city of Toronto. If there is a need—and I have acknowledge that there is need in many cases—we on the federal side have discharged our responsibility in a respectable way. If need still exists, then in the light of the assumption by the federal government of this tremendous proportion of the total burden, I say that it is not unfair to suggest that all of the criticism should not be levelled at the federal government. I am not suggesting that moneys paid by way of old age pensions and social security are adequate to take care of the full living expenses of an individual; but I think it would be generally agreed that there is no similar social security benefit anywhere that is intended to provide for full maintenance. These are grants towards assistance, grants toward maintenance, and I believe that if there is any need of providing relief in this particular at this time, I have properly suggested the quarters whence that relief might be provided. We have now made a proposal to the provinces in the matter of health insurance, a proposal that is going to cost the federal government in the first year, if it is accepted by all provinces, $182,500,000.

Already there is a great deal of criticism and a suggestion that this is extravagant, that this is the welfare state, and things of that kind that I call sinister arguments. We cannot, obviously do these things if we concentrate all our payments in one department of activity.

If you just take into account the added increased cost that would flow to the federal treasury as a result of action by us alone, you would see that it becomes impossible to do other things in fields that are equally as important.

I would remind the committee that in 1937 the total expenditure by the government of Canada on all accounts was less than $500,000,000. Today the two senior levels of government, federal and provincial, are spending on health and welfare $1,831,000,000, and the federal government is bearing almost $1,151,000,000 of that figure. So that I do not think anyone can say that we are not alive to our responsibilities or not considering our obligations in this particular. I have suggested that if there should be relief for the old age pensioners—and I have acknowledged that nothing is more difficult than to see people who need it and do not have the ways of providing it. And there are people like that, I know and we all know. I have suggested where, at the present time one should reasonably in this country look for assistance and relief, and I do not think it is an unfair suggestion. For instance, before World War I $5 out of every $6 spent on health and welfare came from the provincial governments or municipal governments. What is the picture today? The provincial and municipal expenditures represent only a little more than a quarter of all government expenditures in the fields of health and welfare, while the federal government bears now 70 per cent of the burden. In the face of that I think I can say with confidence in the acceptance of my observation, that we are not unaware of this problem, and that we are doing our share in trying to meet the need wherever it exists.

I think it is desirable in a country like ours, a federal state, that there should be a sharing of these problems by all jurisdictions. Everyone thinks that there is a bottomless pit in the federal treasury. There is no such thing. All one has to do is look at the budgets of provincial governments, generally speaking, and compare them with our financial situation, and see if my declaration, or my observation is not a responsible one.

It is important to remember that we have embarked on old age security, we have embarked upon the national health program, we have embarked upon disability allowances, we have made a proposal to the provinces involving a minimum expenditure of $182,500,000 in one year for health insurance at a time when a little more than 40 cents of our tax dollar is, by sheer necessity, being expended by the federal government the defence of freedom, or rather being spent as a deterrent to aggression.

I do not believe that anyone can say that we are dragging our feet. I thought that Mr. Knowles' statement this morning was an admirable statement except for his use of the phrase twice that we were dragging our feet. We are not dragging our feet. We have done as much in this field as any government in any country in the world. We might not be in every given instance, but you have got to do these things in an orderly way, and you have to point out that there are other jurisdictions of responsibility. To suggest that we are dragging our feet is to give the suggestion to some old person who is in need of assistance that the federal government is callous and unconcerned about this problem.

I want to say that, as Minister of National Health and Welfare, who has this difficult department—and believe me it is a difficult one—when you are faced at one end by groups who say you are spending too much and by other who say you are not spending enough—I am not the kind of man who could be in any government that would be callous in this matter, and this government is not callous, from the top down. I think that we can argue this problem without suggesting that anyone is dragging his feet. If there is any dragging of feet it is not the federal government.

Compare our situation with the United States and see if we are dragging our feet. They have a means test program there alongside of a scheme of

contributory old age insurance, mainly for urban workers, and while there are individual states where the amount of old age assistance per person is greater, our average is not so far short of their picture.

My final observation, Mr. Chairman—and this is the only time I have had during this session to say it—we see suggestions all over that what we are doing is setting up in Canada a welfare state. The suggestion is that we are building up here a body of governmental activity that is going to destroy our patterns of freedom. I wish the people who write these things and say these things would really examine the situation. We are not building up a welfare state in the sense that some of these people suggest. The use of the "welfare state" phrase by some of them is intended to curb and to arrest the progress that is being made in Canada in the field of health and welfare. By "welfare state" they mean that the state is trying to get more and more power, that we are trying to be needlessly paternalistic. I deny that. I can prove it and I am going to prove it in a minute.

If by "welfare state" is meant the responsibility of the government to do something for those groups in our nation who need the assistance of their neighbours well, then, yes, we are a welfare state. But I deprecate the use of that term, because I know in many instances the purpose for its use, and I know a good bit about the reasons why the phrase was originally concocted. Any government in Canada that is not concerning itself with human welfare is not discharging its responsibility to the people of the nation. We are doing that, I think, in a responsible way. These people who think that we have become profligate, as it is suggested, and that we have become extravagant, that we are spending too much on the Department of National Health and Welfare, I just ask them to look and see how we have balanced our concept of the need with our appreciation of the capacity to meet that need.

In 1937 the total expenditure by governments in Canada on health and social welfare amounted to 8·4 per cent of the national income. Now, assuming a net national income of $21,800,000,000 for the coming fiscal year, $1,831,000,000 to be spent on health and welfare by all governments of the two senior levels in Canada will amount to about 8·4 per cent of the net national income.

I realize that in giving that statement I give Mr. Knowles an apparent, although I do not think a valid argument, but I give it for the purpose of showing the members of this committee and the people of Canada that in our planning of these health and welfare programs we have borne in mind what we believe to be the capacity of this nation to sustain this added burden.

Mr. KNOWLES: Mr. Chairman, may I say a few words?

The CHAIRMAN: I wonder, Mr. Knowles, if there was anybody else who wishes to speak before you do again·

Mr. KNOWLES: Are we going on, or are we adjourning?

The CHAIRMAN: Well, Mr. Knowles, you have spoken and the minister has spoken, and if there are any members of the other parties who want to say something before we adjourn, I think I should give them the opportunity.

Mr. KNOWLES: I agree.

Mr. ENFIELD: Could I just make one point before Mr. Knowles?

The CHAIRMAN: I am going to call on Dr. Blair, and a member of the Social Credit party to try to be fair to all groups.

Mr. BLAIR: I listened with interest to the statement made by Mr. Knowles, and I find myself in agreement with a great many of the points that he has brought up this morning.

There is no doubt that a great deal of misery exists in places where people are trying to live on this sum. There is no doubt about that whatever. I

suggest to the minister that the time is coming and probably is here now that there will have to be readjustments made either on the federal or the provincial level. We are all aware of the case where people are trying to live on $40 a month. I think that is the type of case to which Mr. Knowles referred, and of which we are all very well aware. It is most difficult for these people to get along, and therefore I said that the time has come, that one level or the other of Government will have to make readjustments. I do agree with the minister, and there came to my mind the old military maxim that when you have made your attack you should consolidate your position before making a further attack. In this I agree with the minister.

We have introduced—and I might say that every member of this house was in favour of it, and certainly it was a pet project as far as I was concerned —the disability pensions. We have made our attack on disease and stated our position with respect to disability pensions, blind pensions and various other types of welfare pensions and health programs. Now we have to introduce another subject with which I am again in agreement—and again I will say it is a pet project so far as I am concerned—and that is that the departments of government throughout Canada have attacked disease, and are making their beginning in the proposed plans now being worked out between the dominion and the provinces. I deplore the fact—and I have read many letters in the paper, and I deplore this statement particularly—the propaganda that was used in the province of Ontario that the government was heartless, and the same would apply to the federal government in these matters. I do not believe that this phrase is well used, that governments are heartless. But, after all, we must make our attack from our consolidated position on the thing which is most urgent, and which is the main objective when we have consolidated our position. I do not want any person here to say that we in this party, from what I am suggesting here today, are not in agreement with the old age pension; but the plan does not fulfil everything that we would like. I agree with the minister, I do not like to see people who are in need of funds in order to keep up their health or a decent kind of living, but we cannot attack everything at the one time.

I have stated that readjustments are necessary, on old age pensions, whether from the federal or the provincial level. We have to go on making readjustments, and some of these situations have simply got to be dealt with. But, on the other hand, one must agree that the only place that the government, or any government can get money is from the people, and that is in the form of taxes.

Sometimes I believe that a tremendous increase in taxes can defeat the object you are trying to attain, especially some of these social security measures. So I think the situation is that everybody in this committee is attempting to the very best of his ability to make this attack on the objectives which we should consider from the social security angle. But I do agree with the minister that some of these things have to be spread out.

I am beginning to see certain things in connection with the blind pensions, and with the disability pensions where I would like to see further funds spent. I do not believe that when we brought this in we were able to fulfil everything that was involved. So, adjustments will have to be made from time to time.

Hon. Mr. MARTIN: That is right.

Mr. BLAIR: And now I am going to introduce another subject.

I think it comes within the realm of this business of considering the position of old age pensions. It might be considered within the realm of the Department of Labour. I have been faced with the fact that there are a great

many men beyond the age of 65, and certainly there are a considerable number at a much lower age, who try to get positions in industry and industry wants to have new employees who will fit in with their pension fund and with their methods of training. I deplore the fact that many of these people—and I think in this case it applies to the 65 to 70 group—could be employable, except for the fact of their age. A concerted effort is now being made to take advantage of the fact that these people can contribute a great deal to the economy of this country. What I am trying to bring out is that I deplore the fact that generally, in industry, from the age of 45 up, it is becoming ridiculous that firms do not want to take advantage of the man's ability and his training, due to the fact of his age.

I think that most of the members of this committee have looked around, and they will have seen experienced people trying to find employment of that type.

During the Easter recess one case came to my attention. I am not going to explain the circumstances, but this one man who is a very very fine citizen, had reached the age of something over 50. He is a highly experienced mechanic and toolmaker, and because of his age he had been up against it. If there is anything this committee can do by suggestion, or otherwise to right this wrong, and to see that people of that age should not be taken out of circulation, so far as employment in industry is concerned, it should be done.

I bring this to the attention of the committee—not that I expect that they can do anything with it—as it is tied up with the question of old age security. I reiterate that not only in the case of old age pensions but in the case of pensions for the blind and disability pensions we have made remarkable progress. I have approved of these things but I realize, and I think the minister will realize, that readjustments must be made, whether on the provincial or the federal level. There is no doubt about that. There are other projects which we must consider also at the same time, so it becomes one whole broad pattern in dealing with disease, misery, starvation, malnutrition and so on. In general, it is the wish of this committee that we progress as far as we possibly can, keeping to sound finance in eliminating these evils. I think everyone is in agreement with that. On the other hand, it is only by the production of the people that these new innovations and expensive items can be undertaken. Therefore we have to spend our money on what we can afford in the best way we can make progress towards eliminating disease and misery, whether through a national health plan, the care of the aged, or the care of any persons who have disease. In general, we want to help people so far as we can do it financially. So far as the members sitting on the committee on old age pensions were concerned, we made certain proposals as to how this could be financed. Not all of these proposals worked out. Readjustment had to be made, because our old age pensions fund is falling behind and we have to add money from other sources.

In general, everyone is in agreement on this point. Like the minister, I deplore the attacks made on provincial governments or on the federal government and references to their being heartless. We have to do the best we can, steadily proceeding forward and making efforts to arrange these things satisfactorily for the benefit of the people.

Mr. MCLEOD: I should like to express our attitude toward this whole problem. I can agree with the bulk of what has been said by the two previous speakers and almost 100 per cent with Mr. Blair. We are not a group which believes in universal national treatment. In fact, we would prefer to have problems of this kind handled entirely by the provinces. The minister takes a lot of just credit for what has been done by the national government but I would remind him that if the tax field of the provinces had not been invaded

to the extent it has by the national government, perhaps a little more would be left in the provincial kitties for them to take care of this problem. I will leave it at that. So far as old age is concerned, I am speaking of problems as they exist under our present fiscal and financial circumstances. I am not going to be involved in social credit. I would suggest to Mr. Blair that if he would investigate this question of national dividend he would find it along the lines I have indicated.

I understand that old age security is more or less a form of supplementary assistance. I do not believe it was brought in with the sole intention of providing a complete livelihood for people over 70, but at the same time we must admit the fact that we have hundreds of thousands of people under 70 who have no other means of livelihood. Therefore, it is only right that we are going to have to consider this problem. I do not think that the minister is heartless, I do not think the national government is heartless, but I do realize that they are faced with the problem of raising the money. Despite what some people in the house would give us to believe, we have not as yet, produced a tree that will bear fruit in the form of money. It still has to come from the pocket of one person before it can go into the pocket of another. I am in entire agreement with the suggestion that we have to take a new look at this whole problem of old age security. They are just going to have to be provided by the national government, or by the provinces, and the only way in which that can be decided is, possibly by a new look at the taxation field. That is a big thing to go into at the present time. I say to whoever is collecting the bulk of the money, it is collected from the people in the provinces; it is not collected from any persons who are the sole property, you might say, of the national government. And so long as this money is being raised in that way, and so long as the national government takes the big end of the taxpayer's dollar, then they will have to assume that responsibility.

We in this group believe that the less administration there is at the top, the better. We would like to see this handed back to the provinces, and if necessary to the municipalities where there would be that personal touch and personal contact.

I know that we will all agree that it is a disgrace in a country with the gross national product and the gross national income which we have, to expect people to live on $480 a year. It is just proof of the fact that the time has come where we have to take a new look at it, and give further consideration to those who are dependent entirely on this. I would not suggest a universal increase in the old age security pension, but I believe that cases where they definitely need it should be considered on their merits. If it is going to be left to the provinces, fine. The provinces were able to provide for these matters of pensions. We have done very well, in relation to what has been done elsewhere, for our old people, our blind people and our disabled people. But I think that the idea that it is just paid across the board is a little too much. I have the table right here in front of me. I do not want to belittle what our province is doing, but I know it is not a universal payment of $20 on top of the $40.

That is all I have to say.

Hon. Mr. MARTIN: Very fine, Mr. McLeod.

The CHAIRMAN: Mr. Enfield?

Mr. ENFIELD: Just a few remarks, Mr. Chairman. The minister has set out very clearly just what we were doing, and as Dr. Blair has pointed out, very ably, I must say, this is a question of how far one can go. Mr. McLeod in some respects has supported Dr. Blair. In referring to how far one can go, it is a case of taking the figure that Mr. Knowles has advocated and seeing what

it is going to cost. I think he would like to take the credit before the Canadian people for advocating that old age pensions should be increased to $65 a month, and that the age should be reduced from 70 to 65.

If you took the age 70, it would add to the present estimate for the coming year a sum of $223,800,000, bringing the total up to $602 million. That is, leaving the age at 70. Conceivably, if you drop the age to 65, you might double that figure. I do not know what that change would accomplish.

If you take the annual increase, as the number of old people increases, you would find within about 12 years the figures would rise to something over $1 billion a year, still leaving the age at 70 and if you dropped the age to 65 it might double that figure. Even the $602 million would represent about 7 per cent of the whole annual budget of the country.

We all have great sympathy with the person who needs old age security, but if you are to take credit for advocating $65 a month at age 65, on the one hand, you also have to take responsibility for explaining to the taxpayers—to the 5 million labourers who are paying this bill on their income tax—how you intend to raise this astronomical sum of money. When Mr. Knowles sums up, he should point out to us just how he intends to accomplish this.

Mr. HENRY: I for one am very grateful to hear the minister give this exposition here as to what has been done. For the clarity of the record, I would like to ask him whether or not, as of this date, the city of Toronto in the province of Ontario is participating in the scheme he outlined as that of the province.

Hon. Mr. MARTIN: I am advised, yes. There are 1,200 cases. It is not the only city, I think, but one of a few.

Mr. HENRY: I have summed up correctly that it is $20 across the board, commencing at age 65?

Hon. Mr. MARTIN: It is not across the board: the municipality pays 40 per cent and the province 60 per cent, $8 and $12 respectively.

Mr. HENRY: I am misusing the phrase "across the board". It is $20 at age 65 for those in need and the share is 40 per cent and 60 per cent as between the city and the province?

Hon. Mr. MARTIN: That is right.

Mr. HENRY: I wonder if you have there the date upon which British Columbia commenced to supplement old age security?

Hon. Mr. MARTIN: British Columbia began in 1952.

Mr. HENRY: And Alberta?

Hon. Mr. MARTIN: In the same year. Saskatchewan paid a $2.50 supplemental allowance until about a year ago. I might have been wrong when I said that in Saskatchewan they paid it to everybody.

Mr. KNOWLES: You did not say to everybody.

Mr. HENRY: It is $20 at age 60 in Saskatchewan?

The CHAIRMAN: It is not $20 for everyone. There are only some 30 people getting $20.

Mr. HENRY: Am I correct in saying that it is only within recent weeks that Ontario announced its scheme?

Hon. Mr. MARTIN: About a month ago.

Mr. HENRY: Was that after the dominion-provincial conference?

Hon. Mr. MARTIN: It was following that.

Mr. KNOWLES: It was a development of what was there before.

Hon. Mr. MARTIN: It was an extension.

Mr. KNOWLES: Yes, an extension.

Mr. HENRY: Have you any figures to show the minimum increased amount that could come from Ottawa under the new dominion-provincial offer by way of increased tax revenue, to the province of Ontario.

Hon. Mr. MARTIN: It is quite a substantial amount. I forget the figure.

Mr. HENRY: I would like to see it put in the record. I think it might be something we could do.

Hon. Mr. MARTIN: You will be interested in knowing this, in connection with what Mr. McLeod said and which I think was a very fair presentation. The federal government, it is true, collects 72 per cent of total tax revenues of Canada, but the federal government pays 95 per cent of old age benefits in Canada.

Mr. MCLEOD: But they do not pay for the roads and bridges in the provinces.

Mr. HENRY: I am interested in the amount of increased revenue which will come in by way of transfer from Ottawa to the provinces under plan (c) or any minimum arrangement that is put forward by the government.

Hon. Mr. MARTIN: We have cooperation with provincial governments, which is very essential in this field and I would not wish to go beyond my proper role in that capacity. However, these figures can be made available.

The CHAIRMAN: I doubt if they should be put on the record of this committee. If they were, they would be the subject of questioning, as to the conditions under which they would be paid and so on, and I do not think we should get into that field.

Mr. HENRY: Very well.

AFTERNOON SESSION

5.00 p.m.

The CHAIRMAN: We will now come to order.

Mr. KNOWLES: When we rose at 1.00 o'clock, it was my turn to make a few observations on what the minister said and also in reply to remarks made by a few other members of the committee. The first thing I wish to say is that all of the astronomical figures produced by the minister and all his percentages and his statements as to the shift of the burden or the shift in the percentage of costs, do not take away the fact that the old age pension is still only $40 a month. He talked about the hundreds of millions or the billions of dollars being spent on social security. The average pensioner does not live on those billions but has to live on his $40. I feel still that the minister has not faced up to the seriousness of this problem as, in my view, it should present itself to the federal government. I will come to that point in a moment, namely, my emphasis on the words "federal government". I notice that among the figures and percentages which the minister gave this morning he made a comparison between the percentage of the gross national income which was spent on welfare programs some years ago; I forget the year.

Hon. Mr. MARTIN: 1937.

Mr. KNOWLES: Yes, 1937, with the percentage of the gross national income spent on national welfare programs. He had the same figures at both points, 8·4 per cent.

Hon. Mr. MARTIN: I said that obviously I was giving you an argument which would appear to be valid but which was not valid.

Mr. KNOWLES: I suggest that it was more valid than the minister realized.

Hon. Mr. MARTIN: Do not look at me so crossly. Look agreeable and I will take all you say.

Mr. KNOWLES: I will exchange smiles with the minister at any time. I presume he thought that the validity I would see in his argument was that surely at this time we should be doing better than we were doing in 1937 in this field. That is true. That is part of the argument that the minister has given me by outlining these percentages. However, I go further and point out that the 8·4 or 8·34 per cent in 1937 dealt almost wholly with means test programs and welfare programs based only on the concept of need, based only on the concept, to use the words I took this morning from Professor Morgan, of rescuing the underprivileged.

Our present day welfare programs include in them—notably in the family allowances program and the old age security program—a large element which comprises transfer payments, which are based on what I note as part of a new concept of welfare payments and on that basis I suggest that the two figures are not comparable.

Hon. Mr. MARTIN: They still cost dollars.

Mr. KNOWLES: And the people still provide the dollars.

Hon. Mr. MARTIN: That is the only source.

Mr. KNOWLES: I suggest that if you want to make a comparison with the percentage paid in 1937 you will have to take the dollars spent today on the same kind of means test program rather than the wider field of welfare in which I am pleased to say we are now engaged.

There was one thing which disturbed me in what the minister said this morning. I must say with regret that I felt Dr. Blair and Mr. McLeod fell into a trap that the minister set for them. He agreed with me as to the desirability of the principle of universality with regard to old age security. We are at one, the minister and I, in our pride that we have in Canada an old age security program based on the principle of universality. However, the same minister who is proud of the fact that the federal government pays old age pensions to everyone who is 70 years of age and over, suggests that in order to meet the increased need of our old age pensioners, recourse should be had in the provinces. He cited the instances of some of the provinces which are paying supplemental amounts and he suggested, with his usual respect, of course, that this problem should be met by the provinces which are not already joining in a program of supplemental payments.

Surely the minister knows that the provinces do not have revenue resources which would make it possible for them to go in for old age pension payments on a universal basis. If the minister is suggesting that any addition to the old age pension would have to be met by the provinces, he is suggesting that any payments in excess of $40 a month would have to be on a means test basis. That is directly contrary to the attitude of pride, which he and I share, in the fact that old age security is on a universal basis. In relation to this and in relation to what he had read in the Montreal Gazette, he said that some people seem to have forgotten already that only a few short years ago there was intense feeling throughout this country against a means test under the former Old Age Pensions Act. Some people seem to forget our long struggle over many years to get rid of that. I am sure he agrees with me we do not want to go back to it. However, the minister is suggesting that any additional money for old age pensions would have to come from the provinces. I suggest to him that that means asking for a reimposition of the means test so far the additional payments are concerned, as the provinces have no other way of doing it. In my view, we should go on from the excellent principle we established as a result

of the report of the committee of 1950 and as a result of the legislation passed by the government in 1951, and keep our old age pensions as a federal responsibility and on the universal basis.

I appreciate the comments made by Dr. Blair, to the extent that he supported my view that something should be done for the old age pensioners; but I was disappointed that he gave the minister the loophole of saying this might have to be done either at the federal or at the provincial level. Since the amendment of the constitution, since the report of the committee of 1950, since the legislation of 1951, the primary responsibility for old age pensions has been at the federal level.

Hon. Mr. MARTIN: I think Dr. Blair and Mr. McLeod were very objective.

Mr. KNOWLES: Yes, I am sure the minister thought Dr. Blair and Mr. McLeod made very objective statements. The minister always has nice things to say about statements which agree with his position. He even likes my statements when I agree with him.

Hon. Mr. MARTIN: I did not say I liked your statements: I said I liked you.

Mr. KNOWLES: I should have to look into that. I was about to say that Mr. McLeod fell even further into the trap that the minister set for him when he made a rather astounding statement here this morning. He said he would like to see this whole business transferred back to the province. He expressed himself as opposed to an increase in old age pensions being made universally. He said it would be better if it were handled entirely by the provinces. In fact, he went even further at one point and spoke of it being dealt with by the municipalities, so as to get more closely to the people. We have plenty of factors dividing us already and I think we should recognize that we are Canadians from coast to coast. One of the best ways to do that is by having our social security programs on a national basis. Therefore, I contend that the place where the responsibility should be put in increasing old age pensions is neither half and half on the federal government and on the provinces, as Mr. Blair suggested, nor in whole on the provinces as Mr. McLeod suggested. He would accompany it with a change in fiscal relationship and with a change in taxation measures. I suggest that the result of that would be a gross inequality in pensions as well as in other aspects of life of Canada in the various parts of the country.

Hon. Mr. MARTIN: May I ask a brief question at this point? In view of what you have said, I take it you do not agree with the recommendations of the Tremblay commission in Quebec?

Mr. KNOWLES: That goes without saying. I do not think it was even necessary to ask the question.

Hon. Mr. MARTIN: No. I just thought I would like to have your official reaction.

Mr. KNOWLES: I do not think there is any question as to my reaction, as to that commission's recommendation as to taxation.

Hon. Mr. MARTIN: What they said about social security was that social security measures should be taken from the federal government and put in the hands of the provinces.

Mr. KNOWLES: I think we should approach this as Canadians. The best chance of a scheme of security for all Canadians from coast to coast is to have this main social security program on a national basis. That is not just said in defence of the minister; it is a challenge to him to recognize his responsibility for meeting the plight of the old age pensioners. He does not like when I say the government is dragging its feet.

Hon. Mr. MARTIN: Do you think that the government is dragging its feet?

Mr. KNOWLES: Yes, I do.

Hon. Mr. MARTIN: You would say the government should do this, but would not say the government is dragging its feet?

Mr. KNOWLES: I have said it four times already. Do you want me to say it again?

Hon. Mr. MARTIN: I would say it is an unfair characterization. It is a description which I do not think is warranted.

Mr. KNOWLES: That is a matter of opinion, is it not, Mr. Chairman? I regard $40 a month, the figure still paid as an old age pension, the figure established in 1949, as meaning that this government is not moving ahead very rapidly.

Hon. Mr. MARTIN: Do you think that a government which is providing for old age security and old age assistance an amount of over $400 million a year, which represents one of the most comprehensive and most expensive programs in the world, is a government which can be accused of dragging its feet?

Mr. KNOWLES: I think a government which is still paying only $40 a month to old age pensioners is dragging its feet.

Hon. Mr. MARTIN: The government is not paying anything. It is the people of Canada, it is the taxpayer.

Mr. KNOWLES: That is correct, naturally. A moment ago the minister said the government was paying millions of dollars. However, when it is down to $40, it is not the government, it is the taxpayer.

Hon. Mr. MARTIN: If you look at the language I have used, you will find that while on unessentials I may lack precision, in matters of substance I do not. In this case I was very careful in choosing my words.

Mr. KNOWLES: We will not argue over words, but over figures. It is a question of $40 a month.

Hon. Mr. MARTIN: Since we met this morning I had a meeting with the representative of a provincial government, discussing our health insurance plans. That government representative said to me: "We cannot do everything and if you expect us to do something about health insurance we will not be able to do some of the other things". Which do you think we should do; do you think we should go ahead and bring in health insurance or do you think we should, instead of spending that money on health insurance, put it into old age security?

Mr. KNOWLES: I think our present economy can afford both.

Hon. Mr MARTIN: That is not the question I asked. If you were in the government of Canada, what would you recommend? Do you think we should raise the taxes on the people in order to do that?

Mr. KNOWLES: That is Mr. Enfield's question, with which I am certainly prepared to deal. I think it is a proper one and I should be expected to answer it, if I am advocating, as I am, the health program and an increase in old age pensions at the same time.

Mr. BLAIR: May I break into this discussion? There is an old maxim: "Governments never give people anything: taxpayers pay, the government allocates the funds."

Mr. KNOWLES: There is no argument about that. These are forms of speech we use. There are such terms as "free education", although we all know that education is not free.

Mr. BLAIR: It is the old political maxim that governments never give people anything. Even the minister may say "Our government has done this", but actually it is the taxpayer who pays for it.

Mr. KNOWLES: All of these social security programs involve either the transfer of payments or the rechannelling of moneys which are being spent now. All of the money comes eventually from the people.

Mr. BLAIR: I am anxious to know to what point you are coming. You say "rechannelling". Where would you say there is rechannelling·

Mr. KNOWLES: The reason I used the two figures of speech is because we have health and old age security mixed together in this discussion. I use "rechannelling" in relation to health costs. I use the words "transfer payments" in relation to old age security, or, in other words, the redistribution of wealth.

Mr. BLAIR: We finished the estimates on health the other day and there was agreement in principle about a national health scheme of some kind and about a start being made. Is there any part of that which you would rechannel into something else?

Mr. KNOWLES: Not at all. I am glad that question has been asked, as I should like there to be no misunderstanding. The answer I gave a moment ago was in reply to your question as to the ultimate source of all money. I said that in social security programs we were either rechannelling expenditures or making transfer payments. I say now, in explanation of what I meant, that in the health program I think we are mainly rechannelling moneys being spent at present. I say that in old age security we are not rechannelling but we are using the device of transfer payments or using taxation for the purpose of redistributing wealth, taking it from those who can afford to contribute to the general taxation and paying it to everyone, either on the basis of need or on a universal basis as we do in respect of family allowances and old age security.

This has all come about in relation to the point I was trying to make, that as a Canadian I was interested in ensuring for all Canadians that the main responsibility for this old age pension program would rest on the Canadian people through the federal government. I believe that Dr. Blair and Mr. McLeod this morning, instead of giving the minister away out by talking of what the provinces could do, could have backed me up in my insistence that there should be an increase in the amount of the pension at the federal level. I respect Mr. McLeod's statement that he does not believe in it being done universally. I contend that we should have an increase in the amount of the old age pension, without the means test, across board.

Mr. MCLEOD: Before Mr. Knowles gets too far away from this—he might forget some of the statement he is making—I should like to say that he is leaving a wrong impression. I do not believe that I referred to the program of old age security in general. I think the words I used were that "extra allowances" to those in need should not necessarily be on a universal basis. Furthermore, there are two definite and direct cleavages between what Mr. Knowles defends, or socialism, and the group I represent. I have no apology to make for any phrase I used, to advocate a move away from centralization of control in the national government in welfare as well as in industrial enterprise. We are firm believers in individual rights and we believe that the best way to protect those rights is to bring the control of those affairs as closely as possible to the individual level.

Hon. Mr. MARTIN: You agree then with the basic conclusion of the Tremblay commission, the commission which the government of Quebec set up some time ago and which recently reported.

Mr. KNOWLES: On what Mr. McLeod has said, we of course differ. That is one of the privileges here.

Hon. Mr. MARTIN: *Parturiunt montes, nascetur ridiculus mus.*

Mr. KNOWLES: I am afraid I will have to ask you to translate.

Hon. Mr. MARTIN: The mountain labours and brings forth a mouse.

Mr. KNOWLES: Are you referring to me or to be Tremblay commission?

Hon. Mr. MARTIN: I am making the remark.

Mr. KNOWLES: I am referring to economic security, which is possible on the basis of a national guarantee and not on the basis of dividing it amongst ten different jurisdictions. I accept Mr. McLeod's statement that so far as any increase in the pension is concerned, any additional allowance, he is contending that it should not necessarily be universal. I think that position is clearly stated by Mr. McLeod. I respect it and I think it is clearly understood. I feel, as I said earlier, knowing the struggle we had with the means test and what it meant when the pension was $20, $25, $30 and then $40 a month, that we would be making a serious mistake if we applied a means test to any supplement which we might add to the present pension.

Mr. BLAIR: You have it still from 65 to 70. It is still there.

Mr. KNOWLES: I think the day is coming when we must get rid of it there, too.

Hon. Mr. MARTIN: Is it unfair then to interrogate you and say, does your remark not equally apply to the supplementary arrangement of the province of Saskatchewan?

Mr. KNOWLES: I said earlier, Mr. Chairman, that that was one of the things that disturbed me about the minister's statement, namely, that he seems to want any supplementary amount to be paid by the provinces. He knows, the provincial resources being what they are, that no province is in a position to pay a supplementary amount without resorting to a means test.

Hon Mr. MARTIN: No, I would not agree with that.

Mr. KNOWLES: Neither the province of Ontario nor the province of British Columbia, nor Saskatchewan could do this without a means test, but I think it should be done at the federal level.

Hon. Mr. MARTIN: I would not agree with that. I pointed out this morning that the provinces had saved some $12,000,000 annually as a result of our assumption of the old age security program for persons 70 and over. They have spent some of that on disability pensions and on blindness allowances, but they still have $5,000,000 a year for use in other ways, if they thought it was desirable. I am not saying they should, because they have their own responsibilities.

Mr. KNOWLES: Mr. Minister, you yourself know from the figures you gave how astronomical these costs become when you pay pensions on a universal basis. In fact, it is your argument against it. Even if you asked the province of Ontario to pay $20 a month extra to every old age pensioner in the province of Ontario, you would reach figures which are beyond the resources of the province of Ontario.

Mr. BLAIR: Let me ask another question, Stanley. The resources of the federal people are not inexhaustible. They have got to get money too, have they not?

Mr. KNOWLES: Surely. This is Mr. Enfield's question and I am coming to it sooner or later.

Hon. Mr. MARTIN: I think that this question coming from Dr. Blair is even more weighty than coming from me, because he is in the opposition. But, surely what Dr. Blair has just said is a consideration that has got to be borne in mind. Could we bring in health insurance, do you think if we added another $220,000,000 to our old age security expenditures?

Mr. KNOWLES: I think we could, yes.

Hon. Mr. MARTIN: Well, would we; would it be done, do you think? Do you think the people of Canada would go for it?

Mr. KNOWLES: I do, yes. I think the people of Canada are deeply concerned over this old age pension situation, and that they would go for the additional cost to raise the old age pension. Now, let me suggest, I do not want to—

Mr. BLAIR: I keep questioning, but it is only for clarification. I am interested in your argument. How much would you suggest that you raise the federal level?

Mr. KNOWLES: I have suggested today, and I have suggested before that we should at least match the increase in our gross national product since the figure $40 was set, and that brings it to about $65 a month. Mr. Enfield gave figures this morning. I did not work them out; but I do not quarrel with them in general terms.

Mr. ENFIELD: I have rechecked them.

Mr. KNOWLES: All right, I will accept those figures. We pay for our old age security today mostly out of the 2/2/2 tax. We do not pay for all of it that way. Some of it comes out of the general revenue. Incidentally, I am not as disturbed as some people are by the fact that the old age pension fund runs a deficit.

Hon. Mr. MARTIN: By the way, on that point, I think we can agree on this, and I am sure Dr. Blair will. Certain editorial opinions seem to convey the impression that the present old age security program of the federal government is weak because we are constantly running into a deficit.

Mr. KNOWLES: That is what I am coming to.

Hon. Mr. MARTIN: That is not a fair comment for them to make.

Mr. KNOWLES: It certainly is not fair.

Hon. Mr. MARTIN: When this plan was decided on we clearly stated that we did not expect under the 2/2/2 formula to get all the necessary revenue, and the rest would come from the consolidated fund. To go on repeating that the whole scheme is unstable because of these deficits is wrong. It is exactly in accordance with the original terms of the proposal of the Parliamentary Committee and it not a weakness in the plan. These deficits were envisaged right from the beginning as a proper charge on the Consolidated Revenue Fund.

Mr. KNOWLES: Mr. Chairman, this is one of those happy moments when I can commend the minister most wholeheartedly on a statement he has made.

Hon. Mr. MARTIN: I am trying to get the points on which we are in agreement projected to the forefront.

Mr. KNOWLES: I am very happy that the 2/2/2 formula was not made a 3/3/3 formula, or what have you, with a view to balancing that so-called old age pension fund. I think it is better to charge a large part of the cost of the old age pension to the general revenue which is made up mainly of personal income taxes and corporation income taxes, which are levied more in relation to the ability to pay than are those non-graduated 2/2/2 taxes. Therefore, Mr. Chairman, I submit that the Minister of National Health and Welfare might suggest to the Minister of Finance that he might include in his next budget speech a statement such as he has put on the record just now.

Hon. Mr. MARTIN: I can tell you, Mr. Harris is aware of this problem and very sympathetic to this whole program.

Mr. KNOWLES: For my own part, I would be willing to meet the cost of an increase in the old age pension out of general revenue by making such increase in the graduated income tax, and in the corporation tax as would be

necessary to raise that additional amount. I argued for that method when we were in the old age security committee in 1950. My position was overruled. As a matter of fact, Mr. Chairman, and some who are here will remember it, I prepared a table of graduated taxation rates which I presented to the committee as a suggested way of financing the plan now in effect. The committee, and certainly the government, wanted to use this 2/2/2 plan.

All right, if the committee, or the government, or the house is not prepared to accept my first choice of paying for this out of general revenue and raising the graduated taxes accordingly, I would offer a second choice. My second choice would be to start by making certain changes in the present 2/2/2 formula. What I would suggest is that the 2 per cent tax on corporations be increased to 4 per cent. I would suggest that the 2 per cent tax on individual incomes be left where it is up to the $3,000 taxable income level, but that it be set at a higher figure, say 4 per cent, from there on up. That would be a real increase, because at the present time all income in excess of $3,000 taxable is not taxed at all for old age security purposes. I think there should be an increase there, and I would also be willing to see a change made in the sales tax. I do not think it would be necessary to increase the present 10 per cent sales tax, but I would be willing to see a change, say 4 per cent of the 10 per cent instead of the 2 per cent as is now the case to be regarded as old age security tax. If taking that 2 per cent away from the general sales tax left a deficit that had to be made up, I would fall back on the other method, an increase in the gratuated income tax, or an increase in the corporation tax.

Now. I suggest that these are ways in which this could be done. It is a method of redistributing the wealth, and drawing on this $28 billion worth of gross national product that we are now achieving in this country, and using it for commendable purposes such as raising the pensions to our senior citizens. I believe that in an economy which has gone up while the Liberals have been in power from—what was it in 1935? I believe our gross national product was of the order of about $4 billion at that time.

Hon. Mr. MARTIN: I remember Mr. Coldwell saying in the last days of the war that we must never allow the national product of Canada to be less than $5 billion. I have often wanted to say to him, and I now say to you, having in mind that it has gone up to $28 billion, you ought to be among the first to congratulate the government on its achievement.

Mr. KNOWLES: It all depends on what the government does with the $28 billion. If it should sit back and say, we will leave the old age pension at $40 a month—

Hon. Mr. MARTIN: The government does not have the money; it is the people, as Dr. Blair pointed out.

Mr. KNOWLES: The government has access to that money through methods of taxation for the purposes that it thinks are for the good of the people, and what the people want. I am telling the government the people of this country want an increase in the old age pensions. As a matter of fact, I think they want it more than they want health insurance, much as I know this country wants health insurance. For my part I think the two of them should be done at once. I contend that if there is a will to do this it can be done.

Mr. Chairman, we have had reference to things that have taken place in the past. I can remember in the late 1940's, or all during the 1940's wondering if we would ever achieve our aim to get rid of the means test from the old age pension. I can remember amendment after amendment being voted down. The minister was frequently on the side of those voting these amendments down, but the day came when there was a committee and some real thought was given to the matter, and there was a will to do it, and we got rid of the means test. Only a few months before the committee made its report the

Prime Minister stood up in the house and made a statement that he regarded it as impossible that the pension should be paid to every Canadian regardless of his income, but we did it.

So it has been with health insurance. We are making headway in these things, and I think our old people desire this further headway in the increasing of old age pensions. I would like the honourable members again to listen to that sentence which I quoted this morning from Professor Morgan when he says that the time has come for re-casting our thinking and realizing that welfare programs are not just ways of rescuing the underprivileged, but a case of mutual dependency in a growing economy.

Mr. BLAIR: I have one question for you, Stanley, did you multiply the $25 by the number of recipients, and what will be the cost?

Hon. Mr. MARTIN: 769,000 persons, is it not?

Mr. KNOWLES: Mr. Enfield did it by taking the present estimate, and he has—

Mr. ENFIELD: Yes, $223,800,000.

Hon. Mr. MARTIN: That does not take into account what it will be in 1971. There will be a very appreciable increase in population.

Mr. KNOWLES: Would the minister suggest what the gross national product will be by 1971?

Mr. BLAIR: Let us leave the gross national product out of it for a moment. I have not got that clear, the number of recipients multiplied by $25.

Hon. Mr. MARTIN: 767,000 recipients multiplied by $25.

Mr. ENFIELD: $223 million, just about $224 million.

The CHAIRMAN: Your figures were not based, however, upon Mr. Knowles' suggestion that the pension be on a universal basis at an age of 65.

Mr. ENFIELD: No, that is on 70. I do not know how many people would be involved at 65.

The CHAIRMAN: Anyone reading the record might be misled, because Mr. Knowles has in mind a pension on a universal basis starting at age 65, to be paid at the rate of $65 a month.

Mr. KNOWLES: Yes, that is right Mr. Chairman.

The CHAIRMAN: Yes, so Mr. Enfield's figures are not correct because they do not take that into account.

Mr. BLAIR: I am anxious to get that figure. If Dr. Davidson could give the number of recipients—

Hon. Mr. MARTIN: The number of recipients of old age security as at the 31st of December was 767,482.

Mr. BLAIR: That is 65 to 70?

Hon. Mr. MARTIN: No, old age security recipients.

Mr. BLAIR: But I wanted to know—

Hon. Mr. MARTIN: About 767,000 altogether in Canada. That excludes the 65 to 70. In addition there are 450,000 people from the age of 65 to 70 in the country.

The CHAIRMAN: That would bring the total up to 1,217,000.

Mr. BLAIR: Recipients?

The CHAIRMAN: Yes, under the universal basis.

Mr. BLAIR: Well, multiply that by $25.

Mr. KNOWLES: Remember, when you take in all of these people, you are also taking in people, many of whom are income tax payers and from whom there will be a return by way of income taxes. In fact, Mr. Chairman, at the

present time, the reports of the Minister of Finance on the amounts collected for the old age pension fund, now based on the 2/2/2 formula, do not include—and I know this because I have asked questions in the house trying to find out—they do not include the money which the treasury receives because of income taxes on the $40 which is in the hands of people who are in taxable brackets.

Mr. BLAIR: If I remember correctly, at the time we brought in the present legislation we thought, or we estimated, there would be about $3,000,000 recovered, is that right?

Hon. Mr. MARTIN: It is a little higher than that. The number of income tax payers from 65 to 70 is less than 10 per cent.

Mr. BLAIR: And the amount recovered from them?

Hon. Mr. MARTIN: The amount recovered, I have not got the exact figure. About 95,000 receive the old age assistance.

Mr. STARR: You would have to multiply 400,000 by 65 and add it to the—

Mr. KNOWLES: Most of that would be new money. You would have to take away the amount that is now being paid under the old age assistance, but you also have to take into consideration the income taxes recovered.

Hon. Mr. MARTIN: We have the figures on this because I made a statement in the house two years ago, and I took it into account. I showed the population as of 1971 and it brings it up to about $600,000,000.

Mr. KNOWLES: There is one other suggestion in the taxation field, and I would make this in answer to Mr. McLeod's statement that it would be better to have it on the basis of need. Perhaps it is because of the background of some of us that we feel so strongly against a means test. Some of us have been in this old age pension struggle a little longer, but there is nothing that I can regard with more abhorrence than the means test and the thought of re-establishing it. When you talk about giving it only to those who need it, you are getting into the field of means tests. If we ever re-instate it we will find ourselves in trouble.

I suggest that it would be possible to meet that situation by changes in the Income Tax Act. We had it in the first years of the family allowance program. We had a provision on the income tax form whereby those at a certain income level paid tax on the family allowance money they received. It would be quite possible to amend the Income Tax Act so that people whose total income is in excess of $1,500 single, as is now the case, at 65 and over, or $2,500 married, would pay a special tax on their supplementary old age security money. There are ways of doing it without re-instating a means test.

It still does not concern me, Mr. Chairman, that a few people who are wealthy get a few extra dollars, on which they pay income tax, if in the process you get the money to those who need it. This report on the old people in Winnipeg shows that the median income of people 65 and over is not much over $40 they get from old age assistance, or old age security. I suppose it is the old story of the 90 and 9 in reverse. I am not worried about the little extra money that a few might get, because I think raising the pension across the board is the best way to get it to those who need it. It is still true that the wealthy will pay it back in income tax.

Hon. Mr. MARTIN: Mr. Knowles, you said you were not concerned with the extra money that the wealthy would get. I think you will agree that legislatures, as well as those of us who have the responsibility of government, are concerned as to the ways and means of getting that money. I understand your proposal is a universal pension of $65 to everybody 65 years and over.

Mr. KNOWLES: Correct.

Hon. Mr. MARTIN: Well, I was wrong when I said a while ago it would cost $600 million. I did not take into account all the factors. I have made a calculation now, and it would cost $960,000,000. That is just a rough figure, a general figure. That is almost a billion dollars. Our total national health and welfare expenditure in Canada now—that is federal and provincial—is $1,800,000,000. We are now paying a federal amount of over a billion of that. So that what you are proposing now on old age security alone is that, we should increase the cost of social security by another billion dollars.

Mr. KNOWLES: For information, may I ask whether the figures you have given now, as to what it would cost to make the increase I suggest, represent the total?

Hon. Mr. MARTIN: That is the total, 780,000 individuals over 70, plus 450,000 between 65 and 70, times your figure of $65 per month would yield $960 million.

Mr. KNOWLES: That is not $960 million of new money, because there is now $400 million.

Hon. Mr. MARTIN: It is about $550 million more.

Mr. KNOWLES: You talked about $400 million.

Hon. Mr. MARTIN: $375 million now. You would save the old age assistance, $22 million. It is $550 million more, as I have said.

Mr. KNOWLES: I am not going to quarrel, even with the minister, over a few million dollars. There is about $400 million here, not counting the $22 million.

Hon. Mr. MARTIN: It is $576,000,000 more.

Mr. KNOWLES: There have been years in our history when people in the government like Mr. Dunning expressed the fear that what Mr. Woodsworth and Mr. Heaps were advocating would cost $40 or $50 million, and it just couldn't be done!

Hon. Mr. MARTIN: We have grown up since then. The total budget of the government in Canada in 1938 was $450 million. The expenditure in our department alone now is almost twice that. You are proposing to increase that almost to another $600 million in this one field.

Mr. KNOWLES: As the economy keeps growing, I am proposing that the Canadian people should share in that growth in economy. One of the best ways, in terms of decency, in terms of humanity and in terms of moral standards, is in social security and in health insurance. I think the minister is in a preferred position and I think he has reason to be proud of the field in which he is working. I call on him to work harder.

Hon. Mr. MARTIN: Mr. Knowles knows that I am. I have seen some publications recently—I know that he is not responsible for them—where the headline was "Minister of National Health and Welfare Turns Back Against Old People". Of course, he would not be guilty of that.

Mr. KNOWLES: It is not your back I am thinking of, it is your feet that you are dragging.

Hon. Mr. MARTIN: I want to make it quite clear that the government is very interested and is deeply concerned about all these social problems. It is deeply concerned about the aged of this country. It has given evidence of this concern by the policies it has recommended to parliament. What I have said about the members of the government applies to every member of parliament. There is no member of this committee who is not as concerned as much as his colleague on this committee, with this problem and with similar problems. If we are discussing this, it is only because it is our duty as legislators to find the ways and means of bringing about these reforms and making these

additions and improvements. You have stated your case with clarity and with ability and I know with conviction and I am sure you will accord to the rest of us the same sincerity. We all share it equally. We have here a man like Mr. Blair—I take him because he represents the opposition—a man who has practiced medicine all his life, who has had the misfortune to run into political error, but who in spite of that is as concerned about this as you are. I do not think any impression should be left that anyone around this table is not as anxious as another to do whatever can be done, consistent with the practicalities of the situation, to improve the social lot of any group or any segment of the population.

Mr. BLAIR: If we add in Mr. Knowles' $600 million to the present cost of social security in Canada, how does it make the total?

Hon. Mr. MARTIN: That would be $600 million, plus the $400 million we are spending now.

Mr. BLAIR: Take the whole social security program and add to that the cost of this.

Hon. Mr. MARTIN: It would be $1·9 billion on federal account alone.

Mr. BLAIR: Could we add to that what we consider to be the cost of the new health program?

Hon. Mr. MARTIN: That is not included in that figure. That would make it $2,082,000,000.

Mr. BLAIR: That is approaching the $3 billion mark.

Mr. KNOWLES: Oh, no.

Hon. Mr. MARTIN: That does not include the provincial share of health and welfare costs. It is $2,082,000,000 on federal account alone.

Mr. KNOWLES: Let us say $2 billion, out of a gross national products of $28 billion, to be spent on health and social security.

Mr. ENFIELD: That $28 billion is spent by the people out of their own pockets. It is their own money.

Mr. KNOWLES: This will take the place of some of that. I have one suggestion to make, in order to complete this discussion. I am prepared to say in the house some of the things I intended to say on some of the other items. There will be further discussion on these matters in the house. I believe the time has come for another special committee of the house to be set up on the question of old age security. I have memories of a very happy experience on one of the best committees on which I ever served, the committee in regard to old age security in 1950. We came out of that committee with recommendations which no one had in mind when we went in. That was due largely to the objective study that was given and to the very excellent material and advice and help we had from the officials of the minister's department. Time has moved on and I think we should have another such committee to examine the whole position of our old people in relation to their economic needs and other things. I think we should have a chance to study the question of the cost of an adequate program, so that action to improve our pensions might be taken at an early date.

Item agreed to.

Welfare Branch—

279. Administration, $116,338.

Old Age Assistance—Payment of federal share of assistance, $22,100,000.

Blind Persons Allowances—Payment of federal share of allowances, $3,100,000.

Disabled persons Allowance—Payment of federal share of allowances, $7,000,000.

Mr. STARR: As the minister knows, I have a case of contention in respect to the way in which income is computed in order to allow a person to qualify under this act. In Ontario, if I include the federal participation in computing the allowable income, it amounts to $1,440. The annuity income from assets therein is considered as nil, the 5 per cent assessed value of property is not considered, but moneys in the bank and earning income is considered, with the ceiling at $1,440. With the federal participation in this program, the annuity income was considered and in the cases of those applying for this pension, 5 per cent of the assessed value of property was computed as an income, even though in some cases a mortgage was held on the property and was being paid off at a monthly rate. Then, of course, the ceiling was lowered to $1,200. Consequently, many people in receipt of this disabled persons pension were disqualified and there were hardships. In cases where new applicants applied, because of the 5 per cent of the assessed value of the property being computed as an income, they are being deprived of the pension under the present setup. I feel that in one instance the 5 per cent assessed value of property is most unfair.

Hon. Mr. MARTIN: There were not many cases. I think there were only a very few. Alberta had the same problem and it carries at provincial expense those who were not covered under the federal-provincial program. It should be possible for another jurisdiction like Ontario to do likewise. The regulations and the provisions of the Disability Allowances Act, as you know, were the result of conferences held between the federal government and all of the provinces held in January 1954 and again in September of the same year. The provisions of the act and regulations represent the collective judgment of this conference. However, you have spoken to me about this matter and I want you to know that the matter is receiving my attention. It is a matter which involves consideration by the provinces as well as by ourselves. We do not make these regulations all by ourselves; these are matters which are arrived at by agreement, discussion and negotiation with the provinces.

Mr. STARR: I have no quarrel with the computation of annuity income from assets. It is quite all right that property should be computed; but the fact that 5 per cent of the assessed value of the property is computed as an income is fictitious.

Hon. Mr. MARTIN: It may be fictitious, but I am simply pointing out that I cannot change that all by myself. It is a matter for agreement with the provinces. We have had some discussion with the medical officers from all the provinces with regard to disability allowances. We are now considering the results of that conference. We will, I hope, have a further meeting on a wider plane sometime in the fall, when all of these matters will be reviewed.

Mr. STARR: What is your personal view?

Hon. Mr. MARTIN: My personal view is that we must have some regulation. It is a means test program and as long as you have a means test you must have regulations which take into account incomes of all sorts. If you have not an arbitrary figure for the assessment of real property held by the beneficiary, you prejudice the position of the beneficiary who holds his property in some other form. You give the holder of real property a preferred position in relation to the person who is a potential beneficiary and who has other kinds of assets. That was considered very carefully and I remember very well the discussion we had on it. One of the provinces had suggested the very thing you are mentioning. It was pointed out by a number of provinces —I forget the number but Quebec was one of them—how unfair it would be, because there were individuals who did not have property at all, as well as

individuals who have assets in other form. You cannot put them in a less preferable position than those who do have real property. You have to treat them all alike.

Those were the considerations that were borne in mind.

Mr. STARR: There is just one comment I would like to make and that is this, the province of Ontario, established this Disabled Persons Act at a ceiling of $4,240,000—I would like the minister to state whether the $1,200 ceiling was established as a formula when the federal government was presenting it to the provinces?

Hon. Mr. MARTIN: No, it was a ceiling representing the consensus of the views of all the provinces.

In the case of Alberta the ceilings were not the same as the Ontario act, and there was some discussion about that. Most of the provinces preferred the ceilings of Alberta, and to get a general working agreement that would apply to all of Canada we had to accept the majority view, and that was the situation. In fairness to Alberta— well, that was the situation. In regard to these anomalous cases that you have mentioned, they have carried themselves.

Mr. STARR: I take your word for it, and I hope that something will come of it and something be done about the discrimination.

Hon. Mr. MARTIN: We have had very good cooperation with the provinces, and I expect that it will continue as long as this government is in power, and we will review the matter in the light of that happy eventuality.

Mr. KNOWLES: Just so we can get through I am prepared to let that item pass. I will make remarks on it when we come back.

Welfare Branch—

280. Grant to Canadian Welfare Council, $28,000.

Item agreed to.

The CHAIRMAN: And then 244.

244. Departmental Administration, $1,222,800.

Item agreed to.

The CHAIRMAN: That leaves only 277, that is the general item on the welfare branch. Is that carried? That is the welfare branch administration.

Mr. BLAIR: That does not stop any discussion when it comes into the house?

Mr. KNOWLES: That is where we will have the discussion.

Welfare Branch—

277. Welfare Branch Administration, $53,360.

Item agreed to.

The CHAIRMAN: Now we have everything carried, gentlement, except civil defence under item 281.

It is agreed that we will meet at 4 o'clock tomorrow and deal with civil defence. When we have dealt with that, that will conclude the estimates of the Department of Health and Welfare.

We will adjourn until 4 o'clock tomorrow.

The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 8

Including Index of Items relating to the Department of National Health and Welfare.

FRIDAY, APRIL 13, 1956
MONDAY, APRIL 16, 1956
TUESDAY, APRIL 17, 1956

DEPARTMENT OF NATIONAL HEALTH AND WELFARE (CIVIL DEFENCE)

Hon. Paul Martin, Minister of National Health and Welfare; Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. G. D. W. Cameron, Deputy Minister of National Health; Maj. Gen. F. F. Worthington, Federal Civil Defence Co-ordinator; Gen. George S. Hatton, Assistant Federal Civil Defence Co-ordinator; Mr. M. Percy Cawdron, Administrative Officer, Civil Defence Division; Mr. E. J. Palmer, Departmental Accountant; and Mr. George Carty, Executive Assistant to the Minister.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

73280—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Bell	Garland	Nicholson
Blair	Gauthier (*Nickel Belt*)	Power (*St. John's West*)
Cannon	Harkness	Pommer
Churchill	Henry	Purdy
Decore	Knowles	Robertson
Deschatelets	Martin	Stuart (*Charlotte*)
Dupuis	Macnaughton	Thatcher
Enfield	MacLean	Yuill
	McLeod	

NOTE: The following changes were made in the personnel of the Committee on Monday, April 16, 1956:

The name of Mr. Hahn was substituted for that of Mr. Yuill;
The name of Mr. Pearkes was substituted for that of Mr. MacLean.

E. W. Innes,
Clerk of the Committee.

ORDERS OF REFERENCE

FRIDAY, April 13, 1956.

Ordered,—That the name of Mr. Purdy be substituted for that of Mr. MacEachen; and

That the name of Mr. Harkness be substituted for that of Miss Aitken; and

That the name of Mr. McLean be substituted for that of Mr. Starr; and

That the name of Mr. Churchill be substituted for that of Mr. Hees; and

That the name of Mr. Bell be substituted for that of Mr. Fleming, on the said Committee.

MONDAY, April 16, 1956.

Ordered,—That the name of Mr. Hahn be substituted for that of Mr. Yuill; and

That the name of Mr. Pearkes be substituted for that of Mr. MacLean, on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

73280- 1½

REPORT TO THE HOUSE

WEDNESDAY, April 18, 1956.

The Special Committee on Estimates begs leave to present the following as its

SECOND REPORT

Your Committee has considered and approved items numbered 244 to 281 inclusive, lised in the Main Estimates 1956-1957 relating to the Department of National Health and Welfare, referred to it by the House on March 2, 1956.

A copy of the Proceedings of the Committee in respect thereof is appended.

Respectfully submitted,

WALTER A. TUCKER,
Chairman

MINUTES OF PROCEEDINGS

FRIDAY, April 13, 1956.
(13)

The Special Committee on Estimates met at 4.00 p.m. this day. The Chairman, Mr. Walter A. Tucker, was unavoidably absent.

Members present: Messrs. Bell, Blair, Churchill, Deschatelets, Dupuis, Gauthier (*Nickel Belt*), Harkness, Henry, Knowles, Martin, MacLean, McLeod, Nicholson, Pommer, Purdy, Stuart (*Charlotte*), Thatcher and Yuill.

In attendance: From the Department of National Health and Welfare: Dr. G. F. Davidson, Deputy Minister of Welfare: Dr. G. D. W. Cameron, Deputy Minister of National Health; Maj. Gen. F. F. Worthington, Federal Civil Defence Co-ordinator; Gen. George S. Hatton, Assistant Federal Civil Defence Co-ordinator; Mr. M. Percy Cawdron, Administrative Office, Civil Defence Division; Mr. E. J. Palmer, Departmental Accountant; and Mr. George Carty, Executive Assistant to the Minister.

Mr. Deschatelets moved, seconded by Mr. Gauthier (*Nickel Belt*); That Mr. A. W. Stuart (*Charlotte*), be Chairman of the Committee for this meeting.

There being no further nominations, Mr. Stuart was declared duly elected Acting Chairman; he took the Chair and thanked the Committee for the honour conferred on him.

The Committee proceeded to further consider the Main Estimates of the Department of National Health and Welfare, 1956-57.

Item numbered 281—To provide for the Civil Defence program—was called.

Mr. Martin made a statement on Civil Defence, and was questioned thereon.

At 5.45 p.m. the Committee adjourned until 8.00 p.m., Monday, April 16.

MONDAY, April 16, 1956.
(14)

The Special Committee on Estimates met at 8.00 p.m. this day. The Chairman, Mr. Walter A. Tucker, was unavoidably absent.

Members present: Messrs. Bell, Blair, Decore, Deschatelets, Dupuis, Gauthier (*Nickel Belt*), Harkness, Knowles, Martin, McLeod, Nicholson, Pearkes, Pommer, Purdy, Robertson, Stuart (*Charlotte*), and Thatcher.

In attendance: From the Department of National Health and Welfare: Dr. G. F. Davidson, Deputy Minister of Welfare; Dr. G. D. W. Cameron, Deputy Minister of National Health; Major General P. F. Worthington, Federal Civil Defence Co-ordinator; General George S. Hatton, Assistant Federal Civil Defence Co-ordinator; Mr. E. J. Palmer, Departmental Accountant, and Mr. George Carty, Executive Assistant to the Minister.

Mr. Gauthier (*Nickel Belt*) moved, seconded by Mr. Robertson, That Mr. A. W. Stuart (*Charlotte*) be Chairman of this meetitng. There being no further nominations, Mr. Stuart took the Chair.

The Committee resumed consideration of the Main Estimates 1956-57 relating to the Department of National Health and Welfare.

Item numbered 281—To provide for the Civil Defence program—was further considered, the Minister supplying information thereon.

At 10.00 p.m. the Committee adjourned until 3.00 p.m. Tuesday, April 17.

TUESDAY, April 17, 1956.

(15)

The Special Committee on Estimates met at 3.00 p.m. this day. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Messrs. Bell, Blair, Churchill, Deschatelets, Dupuis, Gauthier (*Nickel Belt*), Hahn, Harkness, Knowles, Martin, Macnaughton, McLeod, Nicholson, Pearkes, Power (*St. John's West*), Pommer, Purdy, Robertson, Thatcher and Tucker.

In attendance: From the Department of National Health and Welfare: Dr. G. F. Davidson, Deputy Minister of Welfare; Maj. Gen. F. F. Worthington, Federal Civil Defence Co-ordinator; and Mr. E. J. Palmer, Departmental Accountant.

The Committee further considered Item numbered 281—To provide for the Civil Defence program—the Minister supplying information thereon.

At 5.00 p.m. the Committee adjourned until 8.00 p.m. this day.

EVENING SITTING

(16)

The Special Committee on Estimates resumed at 8.00 p.m., the Chairman, Mr. Walter A. Tucker, presiding.

Members present: Messrs. Bell, Blair, Churchill, Deschatelets, Dupuis, Gauthier (*Nickel Belt*), Hahn, Harkness, Henry, Knowles, Martin, Macnaughton, McLeod, Nicholson, Power (*St. John's West*), Pommer, Purdy, Robertson, Stuart (*Charlottet*), Thatcher and Tucker.

In attendance: Same as at afternoon meeting.

The Committee completed the consideration of Item numbered 281—To provide for the Civil Defence program—Mr. Martin supplying information thereon.

The Chairman presented a draft "Report to the House."

On motion of Mr. Macnaughton, seconded by Mr. Stuart (*Charlotte*), the said report was adopted and the Chairman was instructed to present it to the House. (*See Second Report to the House*).

At 9.45 p.m. the Committee adjourned to the call of the Chair.

E. W. Innes,
Clerk of the Committee.

PROCEEDINGS

April 13, 1956
4.00 p.m.

The CLERK OF THE COMMITTEE: Gentlemen, due to the unavoidable absence of the chairman it will be necessary to elect a chairman for this meeting.

Mr. DESCHATELETS: I move that Mr. Stuart act as chairman of this Committee.

Mr. GAUTHIER (*Nickel Belt*): I second that.

Mr. Stuart (*Charlotte*) assumed the chair.

The Acting CHAIRMAN: Gentlemen, I want to thank you kindly for naming me as chairman of the committee for this afternoon. I realize I have had little experience in this type of work, and I fully understand that I will not be able to carry on in the same capacity as our friend Walter Tucker, but I will do the best I can.

The first item we have to deal with, I believe, is civil defence, 281. It will be found in the Book of Estimates on page 50 and 375.

Civil Defence—
281. To provide for the Civil Defence program..... $7,010,018

Mr. NICHOLSON: Is the minister going to make a statement.

Hon. Mr. MARTIN: Do you want to ask me some questions?

Mr. HARKNESS: I wonder if the minister could make a general statement as to the civil defence policy at the present time?

It seems to me there is considerable doubt as to just what the department is attempting to do as far as civil defence is concerned. It also appears to me to be important that the people have a much firmer idea in their minds as to what civil defence in Canada constitutes, what it is trying to do, and what they can do. It appears also to me that there is really what I would call nothing but a frightening lack of civil defence in this country in view of the threat of atomic war, and in view of the fact that we are spending upwards of $2 billion a year on defence—and civil defence can under atomic attack be perhaps the most important single feature of defence of any kind.

The first thing we would have to do is save the general population, both civilian and military. In spite of that fact, the amount of money being spent on civil defence is very limited, and the amount that is being done, as far as I can observe is in many cases negligible.

Hon. Mr. MARTIN: Well, Mr. Harkness, with some of the things that you have said there would not be disagreement. When you refer to the importance of the subject, when you refer to the difficult assignment involved, I am sure there would be general agreement. I do not agree, of course, with some of your deductions.

I am prepared to make a statement if that is the committee's wish.

I think that the progress reviewable at this time will show that there is solid preparatory work of organization in the matter of civil defence in Canada.

Profound changes have taken place in weapons development and in their means of delivery. As a consequence, there has been not only a decided advancement in civil defence activity all over the country, but during the past

period of 15 months there has been a reappraisal of the civil defence problem that would face the nation in the tragic event of an attack through thermonuclear weapons. Because of the development of these instruments of mass destruction, a need for an effective system of civil defence, within the context of an assessment by the proper authority of the international situation must be faced.

In light of these circumstances I am sure that the appropriations before us are justifiable. I would point out by way of comparison that our request for appropriations, not taking into account expenditures in other fields, are higher comparatively than those made, for instance in the United States.

It might be useful, at the outset, to indicate in general terms how we propose, first of all, to apportion this expenditure.

More than $2,500,000, or approximately 40 per cent, is intended for the purchase of materials and supplies—of which this year's requirements for our $9,000,000 medical stockpiling program make up the largest item.

Thirty per cent of the vote, or $2,000,000 is required for the continuation of the system of grants to the provinces and municipalities for approved civil defence projects. Slightly more than 8 per cent is for salaries and wages of federal civil defence staff, including $50,000 for the employment of casual staff—principally at the Civil Defence College in Arnprior.

At this point I would invite members of the committee who have not been there to come out and see the Civil Defence College at Arnprior, and in that way they will get an appreciation of the amount of work that is being done there.

Over 7,000 individuals under General Worthington and General Penhale and General Hatton have been trained in that school entirely at the expense of the government of Canada.

I have before me a letter from the fire marshal of Ontario, Mr. Scott, who has been one of the active men in civil defence in the government of Ontario, and with whom we are enjoying a very satisfactory measure of collaboration, which I think reflects the value of this college.

> I thought you would be particularly interested in a statement made by Air Commodore Knox-Knight in his remarks to this luncheon where he stated that after his detailed tour of Europe, the United Kingdom and the United States before coming to Canada, he had found the Canadian Civil Defence College at Arnprior the best of any which he had seen and his intention on his return to Australia is to pattern the Australian CD College after Arnprior, to the extent that the supply of funds will permit him to do so.
>
> As there were no federal people present at this luncheon, beyond the Officer Commanding the Central Command of the Canadian Army, these remarks of the Air Commodore were obviously not intended to be just some flattery for the audience to which he was speaking but rather were a sincere opinion which he took this opportunity of expressing at what was probably his last public gathering in Canada prior to his return to Australia.
>
> With very kindest regards, I am
>
> Yours sincerely,
>
> (Sgd.) W. J. Scott,
> Fire Marshal.

Civil defence is undoubtedly one of the most difficult assignments that we have, for many obvious reasons, and I think it is important that the work of that college be fully appreciated.

I do not believe that anyone can properly make an appraisal of our work without spending some time at the college, and I sincerely hope every member of this committee will take advantage of the invitation which I am now again extending.

Seven to eight per cent, or $550,000, is for the acquisition of equipment such as radiation detection instruments, portable hospital units, sirens, and radio communication equipment, as well as the federal share in the cost of standardizing hose-couplings in two additional provinces. Four per cent is for the leasing of communications services connected with the civil defence warning system.

Finally, three per cent, or $213,000 is to be used for educational and information material such as pamphlets, filmstrips, posters, displays, training aids and other material designed to bring the need for civil defence home to the Canadian people.

The adequacy of the appropriation for this vital national service can best be judged in relation to what is being provided this year in the United States. The total U.S. federal civil defence budget for 1955-1956 amounts to $53,400,000.

I agree that monetary considerations are not an indication, necessarily, of whether or not a civil defence system is adequate, but is a standard by which to judge. I am sure that the real standard of value of this kind of effort, however, is not in dollars and cents. I am sure that the experience, particularly of those in the United Kingdom where they have had wartime experience in civil defence, will show that in the final analysis civil defence depends on the interest and action of each individual citizen, expressed through voluntary effort. Proportionately, however, our appropriations are considerably higher in Canada than in the United States, amounting to $45.17 per capita as compared to $32.04 in the United States.

In the grants in aid program alone the contrast is even more striking. The amount is $12.09 per person in Canada as against $7.72 in the United States.

Canada's total annual investment in the protection of its civilian population is, of course, infinitely higher than the figures contained in the estimates of the Department of National Health and Welfare. Upwards of $1,250,000 has been set aside for civil defence in the budgets of eight provinces, while another $578,000 is included in municipal budgets of communities large and small across Canada. In addition, there is an expenditure in time, effort and money by various voluntary agencies, professional associations, service clubs and industrial organizations on which it is impossible to set a price.

Mr. CHURCHILL: Have you comparable figures for the United States?

Hon. Mr. MARTIN: With regard to the United States and the municipalities, I have not got them here but will try to get them for you. Of course, they have larger cities. The budget in Detroit is about $2 million.

Finally, the investment by the government of Canada of scores of millions of dollars in the three early warning lines, while admittedly a part of our broader defence preparations, is an essential element in our civil defence planning.

In the statement I gave to parliament five years ago, I emphasized two points which we regarded as basic principles of civil defence. Developments in the intervening years, far-reaching as they have been, have not, in the collective judgment of those countries which are in the civil defence NATO group, altered the validity of these two principles. Let me recall those principles.

First, that civil defence, although closely related to the operations and responsibilities of our military forces, is essentially a civilian activity—quite separate and distinct from the national preparations that would be necessary to defend ths country by military action in the event of war. It is true, of

course, that both civil defence and the armed forces are designed to afford physical protection to the people and the property of the nation. However, the function of civil defence stops short of the actual military operations that would be required to deal with any direct attack in force on Canadian territory.

Civil defence and the armed forces must, nevertheless, work closely together and the needs of civil defence must have constant regard for the competing claims that would be made on the nation's resources by the needs of the armed forces and of essential defence production.

The second point which I stressed at that time was the division of governmental responsibilities in this field. While the organization, training and maintenance of the armed forces is a national responsibility of purely federal concern, civil defence is a joint concern involving many public and private agencies. There is an important role for every level of government in developing measures for the protection of our civilian population—measures which inevitably must utilize local, provincial and federal services.

I made a statement in parliament about this two years ago, and I have found no reason to change what I said then. I observed at that time:

> In civil defence, local planning and effort are all-important. It is essential to build an effective organization on the local level. Civil defence in one of its essential aspects is the assurance of the maintenance of normal community services.

I have here copies of a report and would be glad to distribute them to members of this committee as an example of what I have in mind. It is the report for September 1955 of the Alberta Civil Defence Organization. It is likely that Mr. Harkness is familiar with this. It gives a pretty good picture of what is being done in that province. I would like to call attention particularly to the statement on page 79. Air Vice Marshal G. R. Howsam has been designated by the government of the province of Alberta for this work. After the civil defence minister of the province, he is the official in charge of civil defence in Alberta. He has stated this matter as well as anyone in the country could state it.

Air Vice-Marshal G. R. Howsam defined the responsibilities of governments—federal, provincial and municipal—in civil defence as follows:

> First the federal government. The job of the federal government, as I see it, is to set up the over-all civil defence plan, and then sell that plan to the provinces. Having sold it they must still supervise and co-ordinate, and also do something in the way of helping to pay for it. Supervision, co-ordination and the sweet job of paying are all very important, but the first two are most necessary to provide a uniform plan from one province to another, and from each state to its neighbouring state.
>
> Next the municipality. Each city, town, village and rural municipality must assume proper responsibility for civil defence within its borders. All civil defence arrangements within each muncipality must be organized and administered by the elected government of that municipality. That is the basic principle of civil defence organization.
>
> Lastly the province. The job of the provincial government is threefold. Having accepted the over-all federal plan it must first sell it to each municipality, and then supervise and coordinate the working out of the plan in all of its different municipalities. That will be obvious since it is imperative that the civil defence forces in each town and rural muncipality be able to work hand in hand with their neighbouring towns and villages.

> The provincial government—Air Vice Marshal Howsam said—must be prepared to operate the civil defence plan. "It just could not work in any other way," he declared. "Operational control must be vested in the province for two main reasons, namely, that federal communications are likely to be completely disrupted on the outbreak of H-bomb war, and in addition, under the British North America Act, property and civil rights, together with roads and highways among other factors, are the responsibility of the province.

I would strongly urge that this report be examined, as I think it reflects not only great credit on the work of the civil defence organization in Alberta but gives a good picture of an awareness in that province in this matter. I think it is fair to say that the soundness of the view expressed by Air Vice-Marshal Howsam has been confirmed by experience here and elsewhere and appears to be the only reasonable and logical approach to civil defence.

It is the same whether it is in a federal state or not. In Great Britain, emphasis is constantly being put on the importance of local effort. In the final analysis, Coventry cannot be protected unless the people of Coventry are willing to protect it, no matter what Her Majesty's government in London may wish to do.

This point was emphasized by the President of the United States in his address to Congress on the 1956 budget as follows:

> I cannot stress too much that civil defence will succeed or fail in proportion to the willingness of American communities to meet the peril. The federal government is developing cooperative methods with state governors, mayors, and voluntary citizen groups, as well as among federal agencies, in building the civil defence organization . . . The primary responsibility for civil defence rests with the States and their political sub-divisions.

I would like to give some indication of the progress we have made over the past five years, through the joint efforts of federal, provincial and local authorities. Five years ago the expenditures on civil defence by the federal government were less than $1 million. Last year they were over three and a half times this figure. Five years ago, local civil defence organizations had only just begun to enrol their first volunteers. Today, one Canadian in every hundred has a continuing relationship with civil defence, either on a duty or on a voluntary basis. Four years ago, a little more than 200 instructors and key workers had been trained by the federal government. Today this number has increased to over 7,600. These 7,600 persons have passed on the instructions to over 80,000 workers at the provincial and local level. I hope that figure will impress itself on the mind of the members of the committee—7,600 people have been brought to Ottawa from all parts of Canada at federal expense, maintained at federal expense and given training in the basic requirements of civil defence. They in turn have given this training to 80,000 others in the country, thereby providing a necessary nucleus. I ask that that figure be compared with the corresponding figures and achievements of other countries.

Five years ago, only the larger urban centres and, perhaps, a score of more of smaller cities had civil defence organizations in existence; today, no less than 850 Canadian communities have civil defence organizations. Of these, more than 125 are completely organized with a director in charge and training is well under way.

It may, at this point, be of interest to the committee to review some of the specific achievements in civil defence planning at the federal level during the past five years. Many of these activities were embarked upon before the emergence of thermonuclear weapons as a new threat to humanity. While new

measures, which I will refer to presently, must be taken to meet this new threat, there can be no question that the preparations already made for defence against conventional and atomic weapons will still have an important place in our civil defence plans. Referring to the possibility of attack by thermonuclear weapons, the British White Paper on Defence made this clear in these words: "Obviously the need for rescue, firefighting and welfare operations would be as great as ever."

During the past five years: More than $2,600,000 worth of civil defence equipment and supplies have been provided to provincial and local organizations. These have included 50 fully-equipped mobile fire pumpers, 17 fully-equipped rescue vehicles, 9,250 wardens' first-aid kits, 15,500 assorted pyrotechnics supplies, and many other items.

An extensive series of training manuals, films, exhibits and other educational material has been produced and made available without charge to provincial and local civil defence organizations.

Sirens have been supplied to 48 Canadian communities entirely at federal expense.

The standardization of hose-couplings throughout Ontario has been completed. For this and for similar programs in British Columbia and Alberta, federal expenditures to date total close to half a million dollars.

Provision is made in these estimates for an amount to continue the federal contribution of one-third to the hose-coupling standardization programs in British Columbia and Nova Scotia. An agreement has been made with Newfoundland and is currently being negotiated which will involve a federal expenditure for that purpose of approximately $20,000.

As part of a program of medical stockpiling, orders have been placed for essential medical supplies valued at $5,180,000 with actual deliveries to date in the neighbourhood of $3,300,000.

The program of grants-in-aid inaugurated in 1952, which will now total $2,000,000 and was overhauled last year, as you know, to permit federal assistance to municipalities in those cases where no provincial aid is available.

The federal Civil Defence College, established at Anrprior is currently training about 2,000 candidates annually. A number of special courses have been established for particular groups such as physicians, pharmacists, nurses, police and so on.

Fire chiefs and police chiefs, for instance, from every community in Canada with a population of over 20,000 have received their civil defence training at federal expense at the Civil Defence College.

1,300 nursing instructors trained under federal auspices have imparted their knowledge, through a series of courses, to nearly 30,000 active, retired and married nurses across the country.

Special planning and training has been carried on with regard to the welfare aspects of civil defence. For example, as a direct outgrowth of a general welfare course held in Ottawa, 9,000 women in the Ladies' Auxiliary of the Canadian Legion in Saskatchewan alone are engaged in a complete survey of emergency accommodation throughout the province.

More than 4,500 civil servants in Ottawa have been trained as civil defence volunteers. These are organized into operational teams in 137 buildings throughout the city and include 1,150 first-aiders qualified under the arrangement we have made with the St. John Ambulance Association.

We maintain, of course, close and continuing consultation with authorities in the United States, the United Kingdom and other NATO countries.

Last week we had here with us for a few days the head of civil defence in Denmark with whom we were carrying on certain discussions. Such discussions are going on all the time with other countries as well. A year ago this

month, Sir Sydney Kirkman from the U.K. visited Canada for talks with our civil defence officials. The U.S.-Canadian Civil Defence Committee also met in June of last year and Sir John Hodsoll, Chief NATO Civil Defence Adviser visited Canada in August last.

And, of course, we take a very active part in the civil defence NATO meetings, the next of which is due to take place on April 23 in Paris.

It will be evident from what I have said that the federal government has shouldered much the larger share of the responsibility to date. Some provinces and some cities—particularly in western Canada, and in some of the Maritimes—have done an effective job of organization. I was in Calgary the other day, Mr. Harkness, and I met with the civil defence workers, and I must say I was greatly impressed by their spirit, by their interest, and, particularly, by their numbers. Others have fallen somewhat short of what might reasonably be expected of them. A small minority have little or nothing in the way of concrete progress to report.

I would like to speak now of the progress in the province of Ontario pursuant to the agreement we were able to arrive at following meetings between Premier Frost and myself. Civil defence in Ontario is under the direction, now, of a minister, the Hon. Mr. Nickle who is approaching this matter in Ontario with great interest, attention and zeal.

In Ontario, 206 communities large and small have civil defence organizations in various stages of readiness in existence. In a number of these centres, including St. Catharines, Brockville, Kitchener, Niagara Falls, Sarnia, Fort William, London and Sudbury—to mention a few by name—programs have reached a fairly advanced stage, with a director appointed, training in progress, and the organization broken down into services. In other centres such as Bowmanville, Carleton Place, Orillia, Sioux Lookout and Welland organization is in progress and general training is being carried out although the organizations have not yet been broken down into services. In places like Timmins, Wallaceburg, Whitby, Parry Sound, Kenora, Huntsville and Collingwood, for example, planning is under way and organization begun, but little or no actual training has been undertaken at the local level in these communities as yet.

At the provincial level, the Ontario government has this year budgeted for civil defence an amount of $300,000—more than seven times what was set aside for this purpose two years ago.

Ontario, of course, is not the only province with a civil defence budget, nor is its budget the largest among the provinces. For example, the province of Alberta has in the past year set aside $400,000 for civil defence, while British Columbia is budgeting for $267,000 plus an additional $60,000 for the hose-coupling standardization program.

Mr. DUPUIS: Excuse me, Mr. Minister, but has the province of Quebec any budget for that purpose?

Hon. Mr. MARTIN: No, the province of Quebec has no budget for that whatever, I regret to say.

Saskatchewan has budgeted for $100,000 for civil defence and Manitoba $55,800. In the Maritimes, Nova Scotia has a budget of $67,000, New Brunswick $27,000 and Newfoundland $41,000. No specific amount is set aside for civil defence in the budgets of either Quebec or Prince Edward Island.

When Canada first embarked on a program for the protection of its civilian population, we had only the experience of the United Kingdom and continental Europe in the pre-atomic age of World War II to serve as a guide. But with the dropping of the first atomic bomb on Hiroshima, which snuffed out the lives of 70,000 men, women and children in one stroke and left another 70,000 wounded and injured, the entire concept of civil defence changed. Civil defence

plans which took account only of the destructive capacity of conventional weapons became obsolete and we were forced to readapt our whole thinking in the light of this new and fearsome weapon.

It has been estimated that 1,300,000 tons of bombs were dropped on Germany during the second world war. But it has also been estimated that the damage caused throughout the entire six years of this most destructive war in human history could be duplicated by the dropping of just 650 A-bombs of the type used on Nagasaki. And in the ten years since the first atomic bomb was used on Hiroshima, this first of the fission weapons has increased in its awful potential for destruction until today the so-called "ordinary" atom bomb is no less than 25 times more powerful than the Hiroshima model of 1945.

I think it is a tribute to General Worthington who sits at this table and all those responsible for the development of civil defence measures in Canada that it has been possible to make sober and realistic adjustments in our planning to meet the increased threat posed by each successive advance in the destructive potential of the atomic bomb. Instead of throwing up their hands in resignation or despair, Canada's civil defence planners and workers have faced up to the realities of the situation and have progressively altered their plans to meet these changing needs. I want to pay my tribute to them today. This is a most difficult matter and we are fully aware that we cannot satisfy everyone. We have to make certain assessment ourselves of the international situation. That is my responsibility, and a good part of the acceleration from time to time is dependent on that. I am satisfied with the progress made, not that we have an organization that could do the job with full effectiveness, because we have not. No country in the world has one, and having in mind some of the potentialities of development in the ballistic missile field, the problem of this casts increasing difficulty and disturbs even present plans. But, nevertheless, we have got to do something about this problem to the extent of our capacity, and do it in the most orderly way. I suggest that the most orderly way is not simply putting up signs and indicating here is a civil defence organization. I lived last year for three months in the city of New York, while I was at the United Nations, and at my hotel there were civil defence signs telling me where to seek shelter under certain contingencies. I am satisfied that our less-colourful approach in this country is much more effective and is showing much better results.

And now, overshadowing all else has been the emergence of the thermonuclear weapon—the hydrogen bomb. This has had, and will continue to have, the most far-reaching effects on the civil defence and the military defence policy of Canada and of other free nations. As a result, new problems confront us—problems whose solution will require courage, imagination and sober judgment. I may say, as one who had something to do in the discussions on disarmament, and knowing something of the potential developments which lie ahead, there may have to be fundamental changes made in the days ahead.

Thermonuclear weapons must, however, be considered in relation to other forms of warfare. Our only potential enemy of the moment has a preponderance of conventional land forces and may well have been dissuaded from using them by the compensatingly greater effectiveness of the atomic and, more recently, thermonuclear weapon strengths possessed by our allies. In these circumstances, it is not practical to attempt to abolish thermonuclear warfare in the absence of a corresponding degree of general disarmament.

At the United Nations this past year, the Canadian delegation has played a part in the disarmament negotiations. The government of Canada will continue to strive for a practical scheme of disarmament as a contribution to the relief of international tension and to the preservation of world peace.

But, in spite of our best efforts, it may be that the threat of thermonuclear warfare will haunt the world for many years to come.

If thermonuclear weapons were ever used as instruments of war, they would cause human and material destruction of the most appalling magnitude. It may be that this will be the reason for it not taking place. A hydrogen bomb exploded in the air would lay waste a wide area by blast and heat alone. When exploded near the ground, the damage by blast and heat are somewhat less but a vast mass of radio-active particles would be drawn up into the atmosphere to descend either in the vicinity or at some distance as radio-active "fall-out". The effects of radiation on unsheltered persons immediately exposed to it would be fatal, but the radio-active fall-out would become progressively less serious with time and distance.

It is, of course, clear that against weapons of this magnitude we must improve our early warning of approaching attack and at the same time continue to strengthen the effectiveness of our military defences. This the government of Canada is doing in cooperation with our good friends in the United States and our other partners in the North Atlantic Treaty Organization. It was for this reason too that we gave support to the principle of the Eisenhower proposal for the exchange of military blueprints and for the reciprocal opportunity of carrying on photographic aerial inspection in the Soviet Union or in the United States.

The successful military defence of a country is the best type of civil defence, but since we are assured that no defence can be perfect, and that enough bombers may be expected to penetrate our defences to cause mass destruction, we must spare no effort to build a strong civil defence. We have got to engage ourselves, and may possibly have to for many years, in the building up of a civil defence organization. We must combat first this difficulty of getting organized up to the maximum point because an organization which goes into a period of disuse crumbles quickly. Thus, the need for civil defence will continue either until we have achieved a secure and permanent peace or until our military advisers are able to guarantee that no enemy can make a successful attack on this country. Unhappily, neither is a foreseeable contingency and as long as we need a military defence we shall require civil defence preparations.

Canada, of course, has certain distinct advantages in meeting the menace of thermonuclear warfare. There are few targets in Canada which an enemy would likely attack initially. We will soon have an early warning system that will justify the practicability of a policy for the carrying out at least of tests for evacuation of our larger cities. And I think here too we are faced with a problem of the future, and that is one which arises out of the development in the next period of the inter-continental ballistic missile. We must recognize that the air over Canada would probably be the scene of one of the vital air battles for survival in any future war. This means that some enemy air craft with bombs intended primarily for another country would be likely to engage secondary targets in Canada or would be shot down. In such an event, a large portion of their bombs might explode automatically, probably unaimed, but producing a dangerous "fall-out".

There are, therefore, two major civil defence problems:

——the survival of the population in large cities; and
——the survival of the population in the fall-out areas.

The hydrogen bomb, like the atom bomb, has four damaging effects; blast, heat, and two types of radiation. At present the only answer to the first three effects of the hydrogen bomb is dispersal of the population of larger cities

before the bomb bursts. There is no question as to the feasibility of dispersal under efficient organization. The federal civil defence organization is working out detailed evacuation plans that can be adapted to any city.

I have in my hands the manual of survival planning which was prepared by the federal government officers in conjunction with our associates in the United States and the provinces, and of course in the United Kingdom. We have had a number of successful and useful evacuation tests at such places as St. John's, Newfoundland, Halifax, Brockville, Calgary and Brandon, Manitoba, and these tests revealed how difficult this problem really is, but it is one that we have got to go on testing.

When the hydrogen bomb is so burst that the "fireball" touches the ground—and this can be done with relatively little reduction in its other devastating damage—radioactive dust and debris are sucked up to a height of approximately 80,000 feet as highly dangerous particles. As these particles fall, their danger deteriorates rapidly with time.

For every seven-fold increase in its age, radio-activity decreases ten-fold, so that, if the radio-activity were 1,000 roentgens per hour one hour after the explosion, by seven hours after the explosion its intensity at the same point would have dropped to 100 roentgens per hour. By 49 hours after the explosion it would only be 10 roentgens per hour.

It is apparent that the period of greatest danger is during the early stages after the "fall-out". The dose of radiation received by exposed people builds up so long as they remain exposed. For example, if the dose rate one hour after zero were 200 roentgens per hour, the accumulated dose after three hours exposure would be 250 roentgens, and after 48 hours exposure 550 roentgens which approaches the dosage that would be fatal to nearly everyone. But, if at the same place, entry were postponed until 7 hours after the explosion, then the accumulated dose in the subsequent three hours would be 50 roentgens, and in the next 48 hours 225 roentgens. A dose of 200 roentgens, while not fatal would cause radiation sickness; 50 roentgens would cause no other symptoms than some temporary blood changes.

The pattern of "fall-out" of these dangerous particles is cigar shaped and its length and breadth depend on the "average prevailing wind", that is, the mean velocity of the various winds between ground level and 80,000 feet. This may be, and usually is, quite different from the wind at ground level. The stronger the wind the longer and thinner the radio-active cloud and the milder the wind the shorter and thicker is this cloud. The "average prevailing winds" in Canada are normally from west to east and the strength twenty-five miles per hour in summer and sixty miles per hour in winter.

The area of level contamination for those in the open for 36 to 48 hours is approximately 2,000 square miles. It will be seen then that, except in large cities, the main danger of heavy casualties is from radio-active "fall-out".

I am not speaking of inter-continental ballistic missiles. I am talking of thermonuclear weapons in being.

There is, fortunately, a time-lag of approximately one hour between the burst of the bomb and the beginning of the "fall-out" at a distance downwind equal to wind velocity. I am told that this time-lag increases proportionately with distance. Furthermore, even in a "fall-out" area there is a reasonable probability that at a distance of fifty miles downwind from ground zero the intensity of radioactivity is unlikely to exceed that which can be survived for forty-eight hours by persons under cover in a basement or protected by sandbags or similar shelter. It should be emphasized that an underground shelter covered by three feet of earth will give complete protection against radiation almost anywhere. Of course in the immediate target area blast and fire would be so destructive that safety against radiation would have little meaning.

You will remember that a few years ago we discussed in the house the desirability of building shelters. I had to take the position that there were certain calculated risks which we had to take and that I did not feel, nor did the government feel, that a program of building these large shelters such as those they were building in Sweden was practicable and necessary in Canada. I am sure that events have more than confirmed that judgment.

Mr. CHURCHILL: Would you mind reporting on that?

Hon. Mr. MARTIN: I have before me a copy of the recent British white paper where, speaking of shelters, they say:

> A good deal is now known about the ways in which some measure of protection could be obtained against the effects of nuclear weapons. Full protection within a few miles of the ground burst of a megaton weapon is impracticable. Outside this range protection against blast and heat could be obtained from shelters similar to those used in the last war. The danger of fall-out, however, necessitates shelters which can be occupied for periods of 48 hours or more. An ordinary brick dwelling house with 9-inch walls used to the best advantage reduces gamma radiation by a factor of about 20 times. Further protection could be obtained by thickening the existing walls and ceilings or roofs of houses. To give a high degree of immunity, the ideal would be a shelter below the surface of the ground, preferably inside the house. (We are told that the root-cellar idea is a good one). But to provide this degree of protection on a country-wide scale would not be feasible.

Mr. NICHOLSON: Would the minister make mention of the plans which the Toronto Telegram sent out?

Hon. Mr. MARTIN: Do you mind if we hold that until I finish my statement. That was a noble effort to focus attention, but there were some weaknesses in such a proposal.

Now, the plan that is being developed for survival in Canada is currently being tested to meet the possible threat of thermonuclear attack and in four phases:

Phase A—Evacuation of the non-essential personnel of our large cities in advance of the actual attack.

Phase B—Planned withdrawal of the remaining population of those cities once the "Alert" is given.

Phase C—Immediate action after a hydrogen bomb bursts.

Phase D—Aid and rehabilitation.

Now, this is a plan, and at this stage it is not more than a plan. It is very important to have a plan, believe me, and it is not an easy matter to devise, as this committee will appreciate.

The whole country is involved in civil defence and my colleague, the Minister of National Defence, is giving continuous consideration to the question of how the armed forces can most effectively cooperate in civil defence at the federal, provincial and municipal levels.

At this stage we are all agreed and we must bear in mind that civil defence means as an example the operation of medical services under the health departments of our local communities, the fire forces and police. Those are the basic and the essential elements and we have got to keep this continually in our minds.

Obviously, the development of orderly plans for the withdrawal of a city's population in the event of attack, the arrangement for their reception in neighbouring communities, the provision of adequate shelter against fall-out,

and the need for working out satisfactory welfare and rehabilitation services will call for intelligent and painstaking planning at the community level and for public understanding and support.

Civil defence has now become an inescapable responsibility of all those in authority in every Canadian community and an essential part of the civic duty of every citizen. It is no longer possible to indulge in the idle luxury of debating whether this civil defence job is a federal, provincial, or local responsibility. The size of the possible threat is much too great for that: it is so large that it clearly and inevitably involves us all.

I am not saying that it is going to happen; but I believe there is a very great deterrent value in the interest, and in the preparations that are taken, just as there is in being strong enough militarily to resist agression.

No government—not even the federal government—can do this job alone. No government at any level can stand aside and say that it takes no responsibility for the survival of its own people. That, and nothing less than that, is clearly what is now at stake.

I would not want to be the mayor of any city that did not take an interest in the matter of civil defence. In a totalitarian state,—and even there it is not being done fully,—there is no way whereby it can be enforced.

I am happy to say that there is evidence now of an increase, or a renewed or a new interest in civil defence on the part of two major communities in Canada where little has been done, in the case of one of them and where efforts were suspended in the case of the other.

Preparation for civil defence is an immense task that can only succeed with widespread public interest and support.

The probems that we are facing are being faced in the United States where the problem is even greater. It is being faced in Great Britain where they have had more experience. So, we have at least a community of experience, and if you will, a community of trial and effort.

We have in Canada now a registry of about 186,000 civil defence workers, reported to us by the various civil defence jurisdictions in the provinces.

We have got now a nucleus of civil defence organization in Canada. It would not provide any more than other civil defence organizations in other countries will provide for the kind of defence that would be necessary. It may not be possible ever to provide the kind of defence that may be necessary, but we have got to do our best to minimize the danger if it should come. If civil defence is never used, I am sure it, nevertheless, will have been a wise business to have engaged in.

Now, with regard to the question of Mr. Nicholson, the Toronto *Telegram*, based on some information that we had given at a civil defence meeting elsewhere, sought to encourage an interest in the erection of private shelters, and it devised a shelter to which the director of civil defence of Canada, General Worthington, had given his wide and sympathetic approval without agreeing to it in every detail. It was a commendable effort, and the effort on the part of anybody is to be commended.

The final answers to these things will never, perhaps, be known. We will simply, by trial and error, have to get greater experience, greater knowledge.

Mr. NICHOLSON: Is consideration being given to giving grants to assist in that construction?

Hon. Mr. MARTIN: Yes, consideration is given, but I believe the best way is for us to inculcate into the spirit of our citizens that these are things that are within their own reach.

If shelters were to be provided for everybody, there just would not be enough money left to do anything.

Members of the committee have been arguing with me that we should increase the old age pensions, and I am very sympathetic towards that, as I have said. We want to do something about health insurance, but governments cannot do everything.

If we are going to survive the potential challenge and the actual challenge, it will be by showing some individual effort and enterprise, and the cost of building these shelters is within the economic resources of most people. It is certainly within the physical effort of all. A shelter built three feet off the ground with the proper covering will prove to be adequate resistance against, for instance, the fall-out.

We have now satisfied ourselves that a shelter against fall-out can be built for about $15 per head.

Mr. DUPUIS: Mr. Chairman, has there been any consideration given to the construction of underground roads which would be used as shelters, and probably be very useful in the case of evacuating a city?

Hon. Mr. MARTIN: Well, the mayor of Montreal, for instance has discussed some phases of this with me; that most cooperative gentleman, the chairman of the metropolitan area of Toronto, who is doing so much in the civil defence field, Mr. Gardiner, has had discussions with me. We have not as a policy, decided that this is the stage for the Federal Government to enter this field.

Mr. DUPUIS: May I know your personal opinion as to the—

Hon. Mr. MARTIN: I have no doubt that an effective evacuation, ideally conceived, presupposes in certain communities the kind of thing you are talking about. Each jurisdiction has got to face its problems in an orderly way, and in the light of its own allocated jurisdiction. We have got to bear in mind the implications of Federal intervention in fields now occupied by the provinces, or by the municipalities. Then, we have got to take into account, also, our assessment of the changes in modern warfare. For instance, if we get into the realm of inter-continental ballistic missiles, we are certainly going to have to make a lot of changes.

Evacuation will not be as feasible under that kind of system as it is at the present time, notwithstanding these current difficulties present in certain large cities like Montreal.

In 1951, Mr. Dupuis, I was asked to assist in the public construction of projects in the name of civil defence covering the kind of thing that you mentioned, as well as other things. That would have cost a total of almost $400,000,000. So, when we are talking about these things, we are talking about projects of great magnitude.

There have been discussions, so the answer is "yes".

Mr. DUPUIS: Mr. Minister, what would be your personal opinion as to the utility of such underground roads in the case of evacuation, instead of the citizens going in the open air? You take in the case of Montreal, for instance, it is eight miles wide, and the use of underground roads, I think, will be more useful than running away in the open air.

Hon. Mr. MARTIN: No, I would not agree with you. At the present time, with thermonuclear warfare, an underground road may not be a safe place to be.

We are fortunate in this country in having wide open spaces and our limited number of large metropolitan areas. In the event of this terrible thing ever happening and God forbid that it should; I am not saying it is going to happen—our people, given the time which, of course is a big condition, would be able to go into large open spaces. That would not be the case in places like New York or other large areas.

Mr. DUPUIS: What about a sudden attack?

Hon. Mr. MARTIN: You are merely reminding me of the immensity of this problem in this modern age. I am already aware of it.

Mr. NICHOLSON: Would the minister suggest that now would be the time to ask about the congestion in Toronto, where a large addition is being made to a mental hospital at a cost of $3 million? In magazines we read that Toronto is the fastest growing area on the North American continent.

Hon. Mr. MARTIN: Next to Windsor.

Mr. NICHOLSON: It would appear to be unwise policy to encourage all the people of Canada to flock to Toronto, if we are to provide a measure of safety in the event of threatening disaster.

The government should be encouraging small communities to build up industry, rather than concentrating nearly all the important industries of Canada in the Toronto area. We should like to know the policy of the minister in regard to a $3 million mental hospital in a very congested area of Toronto, where there would be a very real problem in moving mental patients out to the country. Would the minister not discuss that with the Ontario authorities, as to the advisability of providing that type of accommodation in some rural community, where they would have the fresh air and the wide space in which the minister has spoken?

Hon. Mr. MARTIN: First of all, the federal government is not encouraging, as a policy, industry in any one particular community, that is, it does not encourage one community in preference to another. The over-all practical viewpoint on this matter is that, if we could see ahead and know the future, if we were living in a totalitarian community, there are many things we could do. We must be realistic about this matter. We must realize the changes in weapons. We had some discussion here in Ottawa with regard to government buildings. For a long time we were strongly of the view that it was wrong to build a particular building we had in mind within the city of Ottawa. Why build it there, why add to the concentration, when there was this potential warfare hovering about? No sooner had we reached that kind of thinking than we were faced with the existence of the thermonuclear weapon, which made that kind of consideration almost impracticable, since to develop a community twenty miles from Ottawa, having in mind the particular building we were thinking of, would have been only to create another kind of target.

Having in mind now the development of the I.C.B.M., it is not possible to make the kind of plan or preparation which was being envisaged up to now. Therefore, we must not let the potential dangers of this situation interfere with our normal development. I am not saying that we should not recognize the desirability of decentralizing industry as much as possible, with better town planning and so on, but I say there are some calculations which are possible and other calculations which become wholly impossible, in the light of these developments. As to why the government of Ontario should spend $3 million in the construction of an addition to the Queen Street Mental Hospital in Toronto, as to why the federal government should not discourage the provincial government from doing that, I must say we have not discouraged it, because it would be economic waste, in our judgment, to do so.

We have just completed a disaster plan institute courses at the Metropolitan Hospital in Windsor, at the Toronto Western Hospital and at the Notre Dame hospital in Montreal. We will have one in Calgary shortly. Through these courses, we bring doctors and hospital staffs from many neighbouring hospitals. At the course in Windsor, held in Easter week, there were 21 hospitals represented, from Kitchener on. We go over with them the plans in connection with the very matter you are discussing. I have before me the book of the most recent disaster planning institute.

Mr. HARKNESS: I am glad to have had this summary of what has been done in regard to civil defence during the past few years, in regard to the dangers which face us in the event of an atomic or thermonuclear attack and to have had an indication of some of the plans which are afoot. I also would like to join with the minister in commending General Worthington and those associated with him, in regard to what they have done so far as civil defence is concerned.

I am convinced that, to a large extent, General Worthington and the other people who have acted in regard to civil defence, are trying to make bricks without straw. As a result, they have not been able to accomplish those things which I know they, and all of us, hoped to accomplish.

It is all very well to give us, as the minister has done, a lot of figures which sound impressive, such as the fact that 7,600 people have been trained at the Civil Defence College, and that there are 170,000 civilian defence workers on the registry. However, we should not be misled by figures of this sort as to the actual state of civil defence in this country.

The test really comes down to this. How many communities are organized at the present time in an effective and workable manner so that they could go into operation and save a large proportion of their citizens in the event of attack? When we apply that test, I am very much afraid that the number of such communities is very limited. I would like to ask, first of all, how many cities of a population of more than 100,000 have no civil defence organization at all.

Hon. Mr. MARTIN: Three.

Mr. HARKNESS: How many cities of over 100,000 population have civil defence organizations?

Hon. Mr. MARTIN: All but two.

Mr. HARKNESS: How many is that?

Hon. Mr. MARTIN: Including the metropolitan areas, about 15.

Mr. HARKNESS: Which two cities have no such organization?

Hon. Mr. MARTIN: At the present time I do not want to make certain negotiations now under way in the city of Ottawa difficult, so I think it is important to understand, first of all, the plan of organization. We have a civil defence council which consists of the Minister of National Health and Welfare in charge of civil defence and of the provincial health ministers representing every province in Canada. Every province in Canada has a minister responsible for civil defence and that minister, in each province, is responsible for what goes on in his area. I understand that in the city of Ottawa the mayor of Ottawa has asked the civil defence organization under the government of Ontario to come and discuss the matter of the civil defence of the city of Ottawa itself, as distinct from the civil defence organization in the government services of Canada. I am now advised by General Worthington that this discussion took place today.

In the city of Montreal, the present civic government there decided about a year and a half ago, for certain reasons, that the budget for civil defence in that city was beyond its capacity, and they were not convinced that it was the role of municipal government to engage in this matter, putting forward the argument which was prevalent in the United States and in Canada four or five years ago that the entire responsibility must rest on the federal government. Before the present administration in Montreal was in being, there was an organization of very considerable proportions in that city. We had given many hundreds of thousands of dollars worth of equipment—

Mr. DUPUIS: Trucks?

Hon. Mr. MARTIN: —to the city of Montreal. I want to say I think mayor Drapeau was quite sincere in the attitude he took a year and a half ago, but I am happy to say I have had some conversations with him here in Ottawa of recent date. It is too early for me to report on these conversations but I am very hopeful of the outcome. Those discussions were somewhat similar to the discussions we had with the city of Toronto. Under our financial arrangements, Mr. Harkness, we are prepared to make grants, and we do make grants, to municipalities. We have recently amended our regulations to permit grants to be made under certain conditions direct to the municipality regardless of provincial participation.

A year ago, however, I was quite concerned about the situation in the city of Toronto where the organization was negligible, and after a satisfactory series of discussions with Premier Frost, the province decided to become active and to spend money itself in this matter of civil defence. We both decided that the way to carry on the organization in the city of Toronto was to do it on a metropolitan basis—heretofore the organization in Toronto had been only on the basis of Toronto *per se*, the outlying municipalities having their own show. Under the metropolitan set-up, we were able through Premier Frost's efforts, to persuade the head of the metropolitan government, Mr. Gardiner, of the importance of an area like that taking part in civil defence and under his leadership great strides and advances have taken place. I do know that the example of the metropolitan area in Toronto is now being studied by the authorities in the city of Montreal.

In answer, more specifically, to your question may I read out this list: St. John's, Newfoundland; Halifax, seven municipalities, I think, surrounding the city of Montreal; Saint John, New Brunswick; Toronto, Hamilton, London, Windsor, Winnipeg, Regina, Saskatoon, Edmonton, Calgary, Vancouver and Victoria.

I wish to say, Mr. Harkness, that I fully agree with you; we are all of us, I am sure, practical enough to realize the immensity of this problem. It is a staggering problem and there is no sense in saying anything else. What we are doing is this: we are keeping in being, and developing, the nucleus of a body of trained individuals all over the country giving leadership and prepared to serve as the hard core around which expansion can take place. The timing of that expansion is quite a difficult decision to arrive at. As I have repeated several times, we have the same problem as in Britain. I do not know if members of the committee have seen the recent white paper which I have before me—

Mr. HARKNESS: No.

Hon. Mr. MARTIN: It sets out the problem just as we have it here, and the kind of statement you have just made is one which is readily acknowledged by them, as it is by us. I was going to give you further particulars on the number of communities, but if you wish to go on—

Mr. HARKNESS: I take it there are these two cities which have no organization. I think you said, at the beginning, that there are three. There is a third, I take it which has practically none.

Hon. Mr. MARTIN: That is Quebec.

Mr. HARKNESS: Now, in these 12 larger cities is there any one which has an organization capable of going into action and evacuating the city, carrying out rescue work, a certain amount of firefighting and so on?

Hon. Mr. MARTIN: There is no city in the world which could do that at the present time, and I doubt if any city will be able to do that job with the kind of thoroughness which you understandably are postulating.

Mr. HARKNESS: I am not talking about perfection.

Hon. Mr. MARTIN: I use the word "thoroughness".

Mr. HARKNESS: When you say there is no city in the world which could do that, my information is that practically every city in Britain could do it to a fairly good extent.

Hon. Mr. MARTIN: Well, I have here before me the British White Paper. Let me, first of all, remind the committee that what I have said is this: that in those cities I have mentioned we have organizations in being and at a level of training and experience which, I believe, parallels, or, I would say, is not exceeded by any other community with which we are in touch, and we are in continual touch with all that is happening in the Scandinavian countries, Great Britain and the United States.

Now, here is what they say, for instance, on the question of evacuation in the United Kingdom white paper: "The government have carried out a review of evacuation policy. They have reached the conclusion, which they are sure will find general support, that first attention must be given to the evacuation of the 'priority classes', the definition of which they propose to extend to include mothers, young children and adolescents generally, and the aged and infirm. They propose to discuss with representatives of the local authorities proposals for the evacuation of these classes, including provisional conclusions which they have reached on re-classifying the country into evacuation, neutral and reception areas." They say they propose. We are in advance by over a year. We do not only propose to discuss, we have actually planned and have had at least five tests of evacuation, one of which was in your own city of Calgary, and I believe you took part in it and did very good work for which I commend you.

Mr. HARKNESS: I must disclaim having done any work. I was merely an observer.

Hon. Mr. MARTIN: I was told by the civil defence officer there that you did what it is the duty of every member of the civil defence and every member of parliament to do.

Here, for instance, is the pilot operation plan for the city of Winnipeg, which I can give you, and the same applies to all the communities mentioned. This one was done last year, 1955. I do not want to over-emphasize what is being done, because I have started by saying this is a very difficult assignment but there is nothing to be gained by minimizing the difficulty.

We have to live with this thing and we have got to do our best to enlarge our knowledge and experience. Here we are doing that in the spirit of a free people, and I believe we are doing it as well in this country as they are doing anywhere else. I do not want to deprecate what is being done elsewhere. I am simply answering your question. We are doing it as well, I think, as any other community I know of. It is an extremely difficult problem, but we must face it. There is no alternative than to face it.

Mr. CHURCHILL: On what do you base your information? Have you yourself investigated civil defence in other countries, or are you basing this on reports which you have received from your officials?

Hon. Mr. MARTIN: We have annual meetings with the British and with the United States. Those meetings, for reasons that are peculiar to the United States, have been held alternatively in Washington and in Ottawa. Sir John Hodsoll, who was the head of civil defence in Britain during the war has participated in these meetings, and since his appointment as head of the civil defence unit in NATO, Sir Sidney Kirkman, head of the civil defence in Britain, has participated. Gen. Worthington and Gen. Hatton, both of whom are at the table, have had experience in the United Kingdom, and Gen. Hatton was in the United Kingdom before coming to this country. They are both in

constant touch by consultation here in Ottawa and have gone to England many times. Gen. Worthington has been there three times this year and is going to the NATO meeting himself, and if I can arrange it I am going likewise, depending on certain important meetings here. Dr. Davidson, the deputy minister, has reviewed this problem himself on the ground and will do it again this summer by going to several meetings for me in Europe along with other obligations he is assuming.

Mr. GAUTHIER (*Nickel Belt*): You enumerated a list of municipalities, a few minutes ago, which were pretty well organized in civil defence. You have mentioned Sudbury for one. I think that your department has got to have somebody in the field at all times to keep these organizations in action. What I find is that when it is left to the municipalities—of course you have to deal with the province and the municipality—that there are changes on the city council each year and sometimes men may not be convinced of the importance of civil defence; and there are those who at this time of the year are scrutinizing municipal budgets and the first item they hit on is civil defence and they take a few thousand dollars out of civil defence. Sometimes there are speeches on the radio when some commentator gives an opinion, the press give their opinion on that, and it always boils down, in any comments I have had, that the people feel it is the responsibility of the federal government to pay for the total cost of this.

Now, I think there is a lot of good work to be done in this civil defence, and each year, where trouble is brewing, there should be officials who would go to these municipalities and see the men who should not be shirking their responsibilities on this thing, and follow up that visit; these people should be convinced of the importance of this work.

Hon. Mr. MARTIN: What you have said, Mr. Gauthier, is quite true; but it would be impossible for the federal civil defence organization to go into every community in Canada repeatedly. It was for that reason we had to decentralize the organization. We had to decentralize and regionalize as we have done.

In the case of Sudbury, I myself, as you know, have visited the civil defence organization there twice. The director of civil defence in Sudbruy has recently been appointed to a higher post in the organization of the provincial civil defence, and that post has been filled by another in the town of Sudbury. What you have stated for Sudbury is correct, but in general, notwithstanding the difficulties you have mentioned, I am sure you would be the first to agree that the civil defence corps in Sudbury have, in the face of difficulties, done a pretty good job.

Mr. GAUTHIER (*Nickel Belt*): Yes, they have.

Hon. Mr. MARTIN: You have helped very materially in that yourself by the assistance you have given. However, as you say, with the changes of personnel in municipal governments that does develop. Montreal was a case in point. I had the same experience in a community in my own county. But those are part and parcel of what is a very difficult problem.

Mr. HARKNESS: Mr. Chairman, Mr. Gauthier started his remarks by saying there is a pretty good civil defence organization in a lot of these communities. That is the point I was getting at by my questions, whether there is or is not. My general impression, I am sorry to say, is almost the exact reverse of Mr. Gauthier's, that there is not an effective civil defence organization in most of these municipalities; and I am doubtful whether there is a reasonably effective civil defence organization in any community in this country.

Hon. Mr. MARTIN: I have not said there was anywhere in the world, or in our own country, an effective organization. I have been frank and have stated the facts. I told you that the realities which are as apparent to you as they

are to me, are that governments and people have never had imposed upon them in the history of man an assignment as difficult as this one. It is never-ending. What I have said is that there are in Canada a group of people who are giving of their time and their efforts day in and day out, and there are many hundreds of them right in your own city who are building a civil defence organization which will provide us with as effective a form of defence as exists now anywhere.

I would like you, Mr. Harkness, to come to our college. Have you been there?

Mr. HARKNESS: I have been there.

Hon. Mr. MARTIN: I would like you to come out again and see the changes which have taken place. Have you been there since the thermonuclear experiments?

Mr. HARKNESS: I was there about two years ago.

Hon. Mr. MARTIN: I wish you would come out again and see the changes which have taken place. That school is under the direction of General Penhale. We are the only country in the world that is engaged in basic training of a sustained character at the college. They have a civil defence college in England where people may attend if they wish, and there is one in the United States, and they go there at will. But in order to induce people in Canada, we pay for their transportation expenses from one end of the country to the other. That is one of the reasons we have a heavy transportation bill.

As a consequence we have obtained results and I ask you to compare the number of people we have trained in Canada—in not just a day's training, but in a course of some duration—with the number of pepole who have been trained in the United States, or the number of people who have been trained even in the United Kingdom.

Mr. HARKNESS: I am not disparaging the work of the civil defence college in the slightest degree. I think they have done very well there.

Hon. Mr. MARTIN: Thanks!

Mr. HARKNESS: But the thing which sticks in my mind is this: what have you actually got in the communities if evacuation and rescue have to be carried on? My experience in war has been that it did not matter how good your staff college was, your general staff, or your army division. Unless you had infantry men, gunners, and engineers out there on the ground ready to go in on a sharp point, all the beautiful organization behind them did not matter one damn!

Hon. Mr. MARTIN: I think that is obvious!

Mr. HARKNESS: The effective test of any of these things is the actual organization in any particular community. Is it effective? Could it go to work? I think you have yourself admitted that we have not any organizations which are effective and could carry out their job at the present time.

Hon. Mr. MARTIN: I did not say that. I said this: I said that we have in being now not effective organizations, but that we have in being now in the communities which I enumerated as well as in many others which I could enumerate, as effective a civil defence organization as existed generally elsewhere. That is what I said. But let us particularize. What you said I think is perfectly obvious. Of course you can have an all-powerful chief of staff and organizing centre but that will not win a war. What you are telling us is obvious. But you cannot have a good civil defence organization unless you have trained people; and you cannot have trained people unless

you train them; and you cannot train them unless you have people to train them. And we are training them in a way in which no one else is training them.

Take the case of Calgary. I was out there a month ago and I spent part of a day with the civil defence organization. I met them all, talked with them all, and conferred with them all.

They have an organization of some five hundred people in the city of Calgary who devote their nights without remuneration—as they should—to this matter. Who are they? Who are these people? First of all, you have a co-ordinator who is paid by the province, by ourselves, and by the municipality, operating with equipment the Federal government has provided.

Mr. GAUTHIER (*Nickel Belt*): Would you please enumerate the proportions of that payment?

Hon. Mr. MARTIN: In the case of Calgary it is 50 per cent federal; 25 per cent, provincial; and 25 per cent municipal and they are operating with equipment to the extent of about 75 per cent which is provided exclusively and entirely paid for by the federal government. They wear uniforms paid for by the federal government, and helmets and so on, and the medical supplies are provided by the federal government. You will find red cross workers, policemen, firemen and individuals engaged in various other phases.

If a bomb were to drop on Calgary today no one is going to be naive enough—whatever may be my shortcomings, I cannot be said to be always naive, and I am not going to say that we could save everybody in Calgary. We could not.

Mr. HARKNESS: Nobody thinks that, but could you save anybody?

Hon. Mr. MARTIN: You are belittling your own community.

Mr. HARKNESS: I am not belittling my own community!

Hon. Mr. MARTIN: I am sure that the organization for civil defence in Calgary would be able to reduce very considerably the number of deaths, and could provide facilities for the treatment, medically and healthwise of many thousands of individuals. The number of people, for instance, who have learned first aid training under the civil defence numbers now over 100,000.

We make grants to the St. John's Ambulance. We give them grants for every person trained in civil defence. Those are very necessary things. That is the kind of effort that is being made. It is not perfect. It is far from being perfect everywhere, and the reason it is not approaching perfection is because of the immense difficulty of the problem.

Many individuals say "it is no use; you know that; there is no use in doing anything; we cannot do anything about it anyway!" But that is defeatism. That is not the attitude we should take. We should do our best.

If in Nagasaki and Hiroshima they had had the present experience of certain countries, including our own, and if they had had a Civil Defence Organization, they could have minimized the number of deaths. They could have minimized the dangers and the hazards of radio-activity and so on to a very considerable extent. They would not have reduced the damage. Nobody can do that; that is the penalty of our period in history. But what I am saying is this: we are doing everything that we know how to build up and to live with this dreadful problem.

All you have done now—and I am not criticizing you for it—is to express your concern, and it is an understandable concern. It is one that is shared by many. It is one that I share myself. The difficulty is to bring home to people the fact that we are living with this thing and that we are going to live with it for a long while. I felt for a long time that one of the ways in

which we could remove the psychological disturbance of which you are quite understandably a victim, was by planning a program for people over the television and radio. That was done for a period of time, but they have dropped it now for some time in the United States.

My officers, and most of the civil defence ministers in the provinces do not think that the right thing to do. Some said that we should avoid this kind of criticism by sustained propaganda and so on. I think we would be far better off taking such criticism and going along day by day building up our organization and strengthening it, until ultimately daily, monthly and so on people realize that something is being done. But the situation today is immeasurably better in that respect than it was at the particular time of which I am speaking. There is a much greater realization now than there was three years ago about the level of civil defence activities in Canada, and I am sure you would be the first to agree with it.

Mr. HARKNESS: I think the minister is being most unfair when he says that I am belittling the people who are engaged in civil defence activity.

Hon. Mr. MARTIN: I did not say that!

Mr. HARKNESS: And particularly is that the case as far as belittling the people engaged in civil defence in the city of Calgary.

Hon. Mr. MARTIN: I do not think that you did!

Mr. HARKNESS: Yes you did, you said that I was belittling my own people in the city of Calgary.

Hon. Mr. MARTIN: Well, if I said that, then I withdraw it at once because I know that you regard Calgary as the most pre-eminent city in the country.

Mr. HARKNESS: I am glad you have withdrawn your statement along that line. I would like to say another word or two. The very reason I am disturbed is the fact that civil defence operations are not on anything like as good a basis as they should be and as I think they could be. In saying that I am reflecting to a considerable extend the thinking and the discouragement of the people engaged in civil defence in my own city. People who are and have been active in civil defence in Calgary for a number years, the majority of them to whom I have spoken have been quite discouraged over the fact that they seemed to be up against a brick wall all the time. They feel frustrated because of the difficulties they run into in trying to stir up interest in these things, and the difficulty they have in trying to get things definitely done. My hope is that we might find some way of improving this situation.

The CHAIRMAN: Does this item carry before we adjourn?

Mr. HARKNESS: No. Goodness, we are just getting started on it.

The CHAIRMAN: Well, would it be agreeable if we met at 10.30 Monday morning?

Mr. GAUTHIER (*Nickel Belt*): I move we meet at 10.30 Monday morning.

Mr. HARKNESS: No, I do not think you should sit at 10.30. There is a considerable number of people who do not get back to Ottawa by 10.30 Monday morning.

The CHAIRMAN: Well, the house sits in the afternoon, so I would suggest 10.30 Monday morning.

M. NICHOLSON: Most of this committee are here on Monday afternoon.

Mr. HARKNESS: I am quite agreeable to meeting Monday afternoon or evening, but not on Monday morning.

Hon. Mr. MARTIN: Well, the only point is this: there are three other departments, and they should be given their day in court.

I suggest that if there are no objections we should try to meet Monday night at 8 o'clock.

The CHAIRMAN: Would that be agreeable?

Some Hon. MEMBERS: Agreeable.

The committee adjourned.

APRIL 16, 1956.

8.00 P.M.

CLERK OF THE COMMITTEE: Gentlemen, we have a quorum but our chairman is unavoidably absent, and you will have to select a chairman for this meeting.

Mr. GAUTHIER (*Nickel Belt*): I move that Mr. Stuart be acting chairman.

Mr. ROBERTSON: I second the motion.

CLERK OF THE COMMITTEE: Moved by Mr. Gauthier and seconded by Mr. Robertson that Mr. Stuart be the chairman of today. Any further nominations?

Mr. STUART (*Charlotte*) Assumed the chair.

The Acting CHAIRMAN: Will the committee come to order.

We are dealing with item 281, civil defence.

Civil Defence

281. To provide for the Civil Defence program, $7,010,018.

Mr. PEARKES: Mr. Chairman, I have been interested in this problem of civil defence for some considerable time. I would appreciate the opportunity of placing certain views, that I have, before the committee, and of asking one or two questions.

I regret very much that owing to different delays that I was not able to be here on the first day when this committee met to deal with this problem of civil defence.

I am delighted that the minister is here, as I would like to present my veiws before him. Undoubtedly he may have some comments to make when I have finished, and perhaps he will be so kind as to answer some of the questions.

I do feel that this matter of civil defence is of such prime importance that it should not be dealt with on a contentious or partisan level.

Mr. PURDY: How about telling some of your colleagues the same.

Mr. PEARKES: I am telling the committee as a whole. I do not think I can address my remarks to any particular members of the committee.

I might offer some criticism on some of the procedures which have been carried out, and I might offer some suggestion, but I assure you that it will not be advanced in a partisan, but in a constructive manner. Because I believe that there are important things that we should deal with.

I have been in contact with the civil defence officers at all levels from the federal, provincial and the municipal level. I wish to say that from the present Minister and his immediate advisers down to the civil defence officials in the various municipalities, they have made a very determined effort to overcome the apathy which exists amongst the general public. They have been working under difficulties and frustrations which would have disheartened any but those who were obsessed with the idea that they have a cause to follow, and a really worth while effort to contribute to the defence of this country. I say that with all sincerity, and I mean it.

I think my views have been supported by statements which were made by the director of civil defence of the United Nations, Sir John Hodsell, when he was out here. He spoke very favourably of the work which has been done by the civil defence organization in this country. There is no greater authority than he is, and we should appreciate these statements that he has made.

However, because we have made progress, and have overcome considerable obstacles, it does not mean that there are not obstacles ahead of us, and we have not got to make further effort.

One of the difficulties I see is that of convincing the people in the provincial and municipal governments that our federal government is taking this matter of civil defence seriously. I do not believe that the people generally, I do not believe that provincial governments, have accepted the fact that the federal government is taking this matter of civil defence seriously.

You will notice I hope that I said "the fact that the federal government is taking this matter of civil defence seriously", because I believe personally that they are.

To support my contention that provincial governments do not appreciate the fact that the federal government is taking this matter seriously, I would like to quote the words of the minister responsible for civil defence in the province from which I come, that is British Columbia, the Honourable W. D. Black. When speaking in the legislature on February 16 of this year, Mr. Black had these words to say—and this is just a very brief quotation from the middle of his speech—"Mr. Speaker, after several years it might have been expected that there would have been some directive or leadership from the federal government in a matter that affects the whole nation. No such directive or leadership has as yet been forthcoming."

Then towards the conclusion of his speech he repeats what he has already said, "I had already stated, Mr. Speaker, that at no time has this government received any directive, suggestion, or advice from the government of Canada. However, I, together with the civil defence officials of the province, have had conversations with the federal civil defence co-ordinator."

Now, I merely quote this statement by the Minister responsible for civil defence in British Columbia to illustrate what I think is the failure on the part of the country as a whole to realize that this government is taking the matter of civil defence seriously.

Apparently, some of the provinces—at least, the one to which I have referred—would like to have something more definite from the government rather than from the federal coordinator. I have heard it said in my presence that when officials of the civil defence organization in British Columbia, approached the minister, the minister sometimes asked: "Is that government policy" and the reply which they give is: "This is the information which we have received from the federal coordinator." I wonder whether it might not be desirable to stress the inter-government relationship at this present time or in the future.

I wonder whether the suggestion which I made a year ago, when speaking on these estimates, might not help to clarify the situation. I advocated then the passing of a Civil Defence Act, legislation from the federal house which would clarify the situation and would give legal backing to the plans of the federal government. I understand that, in the majority of European countries, as also in the United States and in several of our provinces, there are civil defence acts. It has been suggested to me that it would be easier and would create smoother working if we had a Federal Defence Act.

I spoke on that subject last session when the estimates were before the house in committee of the whole. I would like to ask the minister if, when I have finished, he would be so kind as to say whether any consideration has

been given to the introduction of a Civil Defence Act and if he would indicate whether one will be introduced, or the reasons why it should not. My idea is that it would help to give, as I have said, legal backing, and that it would define the actual position between the provinces, the municipalities and the federal government.

At the present time, very grave responsibilities are placed on the municipal authorities. I wonder whether it might not be of greater assistance to them if some of that responsibility were assumed by a senior government. There would, of course, be disaster clauses, as I am not regarding civil defence purely as a matter of war. I think civil defence may have to be called into effect this very spring, with the threat of floods which exist in many provinces. Therefore I believe an act would assist materially. I am informed that if an employee of a civil defence organization were called out to combat a flood situation existing in one of the provinces now and if he were drowned, he would not receive the benefits of the Workmen's Compensation Act. If that is correct, such a situation could easily be cleared up by an act which would cover it and which would legalize all such matters.

Passing on from that to the question of policy, I asked the minister in February whether it was the policy of civil defence to evacuate the principal cities. The minister advised the house, in answer to my question, that the matter was being tested, that they were considering the whole question whether that method of civil defence should be carried out. I was very pleased to note that the minister, in his remarks before this committee the other day, defined the various phases of evacuation. I feel that there has been a misconception in the country and that the country, on the whole, has believed that the evacuation of the principal cities would have to be carried out after the warning had been received from the DEW line. I believe that has not been a correct interpretation of the policy of evacuation. I am informed that the minister made that quite clear when he was speaking the other day.

I am not one of those who believe that there will be necessarily a sudden attack on Canadian cities when the next war breaks out. We do not know how Russia will start the next war. It may be an advance through western Europe. It may be by a series of operations in some other part of the world. It might be by carrying out a bombing attack on Europe or it might be by bombing this continent. In whatever way it occurs, I personally feel that there will be signs of a general deterioration in the international situation before the actual outbreak of hostilities begins.

When that serious deterioration is noted, then of course it will be up to the governments of the various countries to take cognizance of it. Governments will not always recognize the approach of a war, but I believe the world is more alert today than it was in 1914 or in 1939. Therefore, I am hopeful the governments will recognize, when it comes, any general deterioration of the situation. That is the time to carry out the preliminary evacuation, to get out from the target areas and larger cities the privileged classes—the mothers, the small children, the invalids and the elderly people—by a progressive evacuation.

If that is correct, now is the time for the government to make preparation for such evacuations. The wealthy elements of our community have their country cottages, but the working class people do not have country cottages to which they may go. I feel that we have to consider now the possibility of establishing some sort of communities into which the priority classes for evacuation, can be sent.

In England, it was all done at the 11th hour in 1939, but there were many large country houses there to which the children from great industrial centres could be sent. We do not have that condition here and therefore we must provide otherwise. That leads to the question whether other government

departments are cooperating adequately with civil defence in this important realm. May I cite the question only of the Central Mortgage and Housing Corporation. The C.M.H.C. are now recommending loans under the national housing scheme; but try to get a loan in a fringe area rather than in a built-up area and you will find that there are all kinds of obstacles placed in the way. It is said there are no sewers and that the authorities do not want septic tanks built there. I suggest very keenly that in the interest of civil defence we should urge building in rural areas rather than on every vacant lot in every congested city area. That is only one small example of an instance where I believe preparations should be made. There is also the question of the construction of hospitals. We are always increasing the city hospitals. I do not know that any additional inducement is given to the smaller communities to build their own hospitals. I say, "additional", because no doubt they get the same grant as those in the city, but if we were really urging a movement out of the cities, additional facilities might be added for such hospitals. I am certain there will be clinical difficulties in the way, and all that sort of thing, but they should be overcome. It is the same with other institutions. Barracks are being built in many of the larger cities. I feel it would be very desirable to extend such activities to the countryside.

There are also the more material things which might be done, construction of roads and so forth leading out of the city. It is, of course, a tremendous field and unlimited money could be spent; but there might be some inducements given now. When it comes down to the actual situation where a bomb has dropped we must realize that, in the area where the bomb has burst, there will be practically no chance of survival and will be very little opportunity really of evacuation, once a warning has been given from the DEW line. There would be three or four hours perhaps, but three or four hours would blanket the whole of the country and you do not want to have to evacuate everybody then. As you come closer and localize more the direction of the attack, of course, time gets shorter.

So, I really believe when it gets down to people living in a target area that the household is the basic unit because people who have been left in the target area must be prepared so to fortify and equip their houses that they will be able to get a considerable degree of protection if they are in the fall-out area rather than in the area of the actual burst of a bomb. Of course nobody is going to say where a bomb is actually going to burst and I do not suppose the enemy would be able to declare with any degree of accuracy where they intend to drop the bomb; and they would not hit the exact target in any event.

So, I feel preparation should be made now to inform the public of the action they should take in order to fortify their houses. That instruction is being given at special training schools such as at the Arnprior school, but preparations should be ready to give a very much wider circulation to those instructions when the time gets nearer. No doubt that has already been considered and I hope it is in preparation.

Now, regarding training: certain training is being carried out at this Arnprior school and a lot of elementary training is being carried out in many of the provinces and municipal centres. We have a corps of people who have received training at Arnprior who are able to give elementary training in matters of rescue and first aid work. But from what I have seen that training generally is of an elementary nature. You might almost say it is advanced boy scout training in many cases.

I feel that the staff college at Arnprior should concentrate on the development of plans and raise the level of its instruction. But we cannot neglect the other side. So I would like to suggest, for the minister's consideration, the establishment of additional federal schools which would deal with the more elementary instruction. I do not believe that they would cost a great deal

more money, because we have had from British Columbia a large number of students coming down here. It is a very expensive program to bring them here for a week's course and send them back again. It is also inconvenient for people to travel from the distant places to come to the central school at Arnprior. Key people must come here, but I would recommend several schools; perhaps one in the maritimes, one in Quebec, and one in the other provinces, where people could come in to get the kind of training that the average person —perhaps a warden—might receive at Arnprior.

The last point I have to make is that of the question of the distribution of the funds which are allocated to the various provinces. I called for a return of the moneys which were allocated and spent last year and which have been allocated and spent so far this year. It was disappointing to see that a year ago, while $2 million had been allocated to various provinces only about $1 million had been spent. The only province which spent its full allotment was the province of Alberta—British Columbia spent nearly its full quota, but some other provinces fell very much below the amount.

The encumbrances which have been raised for this year indicate that the provinces would be endeavouring to spend more of their allotment this year. But I cannot help thinking that there is rather a rigidity about the method by which these funds can be expended and that if more flexibility could be given I believe you would get more money spent.

You might be able to exploit success where success had already been given. It might be based on the formula for arriving at the various amounts the province may spend or is not allowed to exceed, that perhaps a degree of latitude might be given, say 10 per cent might be allowed a province to encumber in the early part of a year on the understanding that not more than its allotment would be spent. I do not know whether, financially, that can be done but I feel some sort of arrangement such as that would be beneficial.

To take the situation of a provincial administration, there would be perhaps 100 different municipalities that would be in a province which are not active. There would be 50 to 100 municipalities which are interested in civil defence, all of which have to be improved. Some of those municipalities will not. for many reasons, be able to carry out the projects which they have anticipated and for which they have submitted their estimates. Others will find that their estimate is below the amount which is necessary to complete the project. So if there can be any degree of flexibility granted to the province I believe that you would find a better response from the different municipalities.

My last comment, respecting this matter of finance, is that the funds are allotted on the basis of 11 cents per head of population and 9 cents, I believe, additional for the target areas. I would like to suggest that the percentage for the target areas must be increased because the target areas are a national responsibility, it seems to me—or far more of a national responsibility than that of the other areas which are not regarded as target areas. They are not regarded as being essential areas for the national effort to the same degree as the target areas must be recognized. So, it seems to me, that a higher percentage should be allocated to the target areas. The federal government should assume much greater responsibility for furthering civil defence preparation in those target areas particularly.

Those are the remarks which I wish to make at the present time. I hope they may have proven of some value because I have given this matter some very careful consideration.

Hon. Mr. MARTIN: Well, Mr. Chairman, first of all I want to say to General Pearkes that I greatly appreciate the remarks he has made. My experience has been that he has the happy faculty of stating his case in a manner that

always demands and deserves attention, and his presentation tonight is no exception to his traditional rule. I agree with him fully that this matter is one of prime importance. I do not know whether or not he had an opportunity of perusing the statement that I made at our last meeting, but if he will do so he will find that—using less elegant words—I stated the same proposition with as much vigour as I knew how, and consistent with the temper of the meetings of this committee. But I can repeat for his benefit that we do regard this matter as one of prime importance and I agree with him fully too that the way to deal with this matter is the way in which he has presented his case—not to seek to score, but to seek for constructive criticism.

This is a matter surely above party consideration, and it is in that spirit that we have approached this matter in our discussions here and in our relations with the ten provincial governments, some of whom are not of the same political complexion as the federal government. So I think we will all, in the committee, fully agree that this is the approach to take to the question that is before us. And I think it is important to restate the government's view, a perfectly obvious one, that this is a difficult problem. Perhaps it is the most difficult problem that has forcibly been assigned to any government in the world at the present time because of the imponderables, because of the unknown and because of the continually expanding character of the problem, particularly in the light of the development of new weapons of war, some of which are not yet in being.

I would like to begin by quoting from the British white paper of this year to which I made reference at the last meeting.

Mr. HARKNESS: Is that a separate white paper on defence, or is it the British white paper on defence generally?

Hon. Mr. MARTIN: This is a statement on defence generally which was presented by the minister to parliament in December last, and I refer to paragraphs 103 and 104, in which, dealing with civil defence, it is said:

> 103. To give full protection to everyone from sickness or death from the hazard of radioactivity alone would involve physical preparations on a vast scale and to make such preparations against all the hazards of a thermonuclear attack on this country would place a crippling burden on the national resources. Whatever the preparations made, an attack on this country would involve loss of life and destruction on an unparalleled scale. Unduly heavy expenditure now on purely defensive measures, by weakening our economic strength and reducing the resources available for building up the strength of the deterrent, might very well work against the primary objective of ensuring that global war itself is prevented.
>
> 104. Nevertheless, within the proportion of our resources that can be made available for home defence, the government's aim will be to take the precautions without which, should the worst happen, ordered society could not survive. The emphasis will be on plans and preparations to establish a system of warning and monitoring of radioactive fall-out and an adequate scheme of control, through the organs of central and local government, and to ensure the availability of the necessary communications; to build up local and national services, trained and equipped to deal with casualties and to mitigrate the other effects of thermonuclear attack; to revise evacuation plans; to secure the continued functioning of essential public services; and to inform the public fully, both as to the dangers involved and the steps that can be taken to meet them.

Now, speaking generally, that is a statement to which we would give support, and from my discussions with the director of civil defence in the

United Kingdom and with his opposite number in the United States—I should say rather based on my discussions with the director of civil defence in the United States—I find that that represents likewise their thinking. The statements of Sir John Hodsell, formerly head of civil defence in Great Bratain, but now in charge of civil defence in NATO also confirm this view.

My hon. friend will recall the statement made by Sir John Hodsell himself when he was in Canada a year ago. He referred to the civil defence organization in Canada as not being in any way inferior in his judgement to that of any other jurisdiction with which he had any connection.

Now, General Pearkes is right. We have many obstacles before us and ahead of us, all of which we shall do our utmost to overcome. Many of them I am sure it is only realistic to recognize we will not succeed in overcoming but I believe if there is one obstacle that we have been successful in overcoming, it is the reluctance which at one time did exist on the part of the provincial governments, but which in the case of nine provinces does not exist today. From one point of view there is no reluctance on the part of the province of Quebec either in this matter of civil defence because they have appointed a minister of civil defence,—in fact they have had one for some time. But they have a reluctance with respect to the matter of expenditure of money, on the grounds that it is the entire responsibility of the federal government. That happily is not the attitude taken by the nine other provinces, the most recent of which is the province of Ontario.

I had a talk some time ago with the Premier of Ontario and as I reported last Friday, the province of Ontario as a result has provided this year well over $300,000 in its provincial budget for civil defence and we are now actually paying moneys to the province not only for administration but for other civil defence purposes. Likewise we are paying moneys as well to 17 municipalities in the province of Ontario, the details of which I enumerated the other day. So that I do think that if my hon. friend will look at my statement to this committee and at what I said as well by way of a statement made elsewhere last week, he will find that there is no serious problem in the way of finance, except the one province I mentioned in the matter of expending money on its own account. All the other nine provinces have budgets of their own. All ten have their own minister of civil defence who form part of the Federal-provincial Civil Defence Committee, and there is no problem of finances as far as any one of them is concerned.

Reference was made to the statement of the Minister of Civil Defence in British Columbia. I had seen that statement of the Minister of Civil Defence in British Columbia and when I was in British Columbia about six weeks ago I called the Hon. Mr. Black but he was not present. I left a message to tell him that I had called him and I intended to ask him particularly about this observation. I might say that I have reason to believe that Mr. Black would have interpreted his position differently if he had had the opportunity of discussing the matter with me, as he will have very shortly. Now we have, as I explained last week, a Federal-Provincial Civil Defence Committee which is made up of the federal Minister in charge of Civil Defence and all the provincial ministers of civil defence in the provinces. We have held 4 meetings in all of this Committee. Unfortunately the Hon. Mr. Black, the minister in charge of civil defence in British Columbia, for reasons that I am sure were adequate, was not able to attend any of these meetings since he was named minister; I am sure however that the agreement on general policies and directives which took place at those meetings was passed on to him by General Stein, the very able civil defence co-ordinator of the province of British Columbia.

With regard to a Civil Defence Act, the Department of Justice has informed us that we have all the necessary powers to carry on the purposes which we have at present in mind. That would not, of course, include such things as the

mobilization of manpower, and in that connection I was very interested to note, the other day, the hon. gentleman's remarks on that subject which I thought were wise in their context and characteristically honest and courageous on his part. I will refer my hon. friend, if I may, to a statement I made last week when I referred to the scheme of organization and report of activities of Calgary Operation Lifesaver in the province of Alberta. I directed the attention of the committee to the observation made by Air Vice-Marshal Howsam in charge of civil defence in the province of Alberta—a statement of organization, responsibility, and general policy which is consistent with the pattern being developed in Great Britain and in the United States and which, I think wisely, is being pursued here.

My hon. friend referred to the fact that if an individual engaged in civil disaster work loses his life, under the existing civil defence compensaton agreement we have with the provinces that person would not receive compensation. I should point out that under the Workmen's Compensation Acts with which I am familiar no volunteer who loses his life while engaged in a civil defence on civil disaster activity would receive any compensation whatsoever under the provisions of any provincial Workmen's Compensation Act. The agreements for compensation that we have in the matter of civil defence cover only those who are engaged in civil defence activity as such. They do not embrace those who are engaged in acts which are really not in themselves civil defence operations—acts such as looking after difficult situations due to flood conditions and so on—although these do undoubtedly have an experience value as far as civil defence is concerned. We have now completed seven Workmen's Compensation agreements with the provinces to provide for compensation to individuals in the civil defence organization, provincial, local or national who, in the process of training, receive an injury of one kind or another. General Pearkes mentioned—

Mr. KNOWLES: Before you leave that subject, would you explain more fully what you mean by your statement that there is no compensation under the Workmen's Compensation Act with respect to loss of life?

Hon. Mr. MARTIN: For civil disaster.

Mr. KNOWLES: Oh, I thought you were speaking generally.

Hon. Mr. MARTIN: Oh no, for civil disaster. Our compensation agreement does not cover loss of life or injury in civil disaster, it covers death or injury to persons who are injured in the course of civil defence training.

Mr. KNOWLES: There is nothing for a widow, for example, whose husband loses his life?

Hon. Mr. MARTIN: For death and for injury, the rate of benefits is the same as for Workmen's Compensation. I think that in our agreements with each province we have observed the rates of compensation prevalent in that province.

Mr. PEARKES: May I ask a question, if you don't mind being interrupted?

If a member of the armed services was called out and was working on the dykes and lost his life, his widow would have provision made for her, but a member of the civil defence organization would get nothing?

Hon. Mr. MARTIN: No, because that would not be a civil defence operation; that would be an operation in which a civil defence worker was engaged in a humanitarian activity which has to do entirely with civil disaster and which has nothing to do with civil defence as such. I think the provincial organizations and most of the municipal organizations do encourage civil defence workers, as they encourage all citizens, to take part in operations of a civil disaster nature.

Mr. PEARKES: I think that point calls for even further clarification, because stress is laid so heavily by the various lecturers on civil defence that this is not an organization designed to take action only in the event of hostilities, but that it is an organization which in the event of national disasters, such as we have been speaking of, could at once go into action.

Hon. Mr. MARTIN: That is right.

Mr. PEARKES: I would have hoped, and, in fact, this was one reason I had in mind when suggesting the possibility of an act, that provision could be made for a civil defence worker who lost his life and that his widow might, under some provision, be made eligible for an award.

Hon. Mr. MARTIN: That may be quite an arguable matter, but I am speaking now as Minister of National Health and Welfare in charge of civil defence, and what I am saying is that a civil disaster operation is not civil defence; it is an operation in which civil defence workers and others are engaged. It may be a matter for compensation, but it is not one in which, I believe, the federal government should necessarily be involved, because it is one that involves local and provincial considerations. In any event, we could take a look at the matter again.

Mr. PEARKES: I wish you would.

Hon. Mr. MARTIN: But I have looked at it very carefully and at present it is our considered view and I think a sound view—

Mr. KNOWLES: The only point I would like to get clear is this: is there a distinction, a difference, Mr. Minister, in that certain people engaged in what you call civil disaster work get the benefit of Workmen's Compensation legislation regarding injury—

Hon. Mr. MARTIN: No.

Mr. KNOWLES: —but do not get it regarding death.

Hon. Mr. MARTIN: No. They do get it with regard to death if they come under the civil defence agreement. But a person engaged in civil defence in province "A" in Canada does not get the benefit of Compensation in the event of death resulting from civil disaster. For instance, under the Workmen's Compensation Act in Ontario, if an individual loses his life when, for example, removing debris after a disaster, or clearing up after a tornado, he would not get compensation under the civil defence compensation agreement with the province of Ontario.

Mr. KNOWLES: Supposing he was just injured, would he get it then?

Hon. Mr. MARTIN: No, he would not.

Mr. BLAIR: There is a difference between civil disaster and civil defence. Suppose you have a scheme on at your college in Arnprior and one of the people engaged in this scheme is—

Hon. Mr. MARTIN: Certainly, he is covered.

Mr. BLAIR: Let us suppose that the country has been, to some extent, alerted, you have a man engaged, let us say, in plane watching or fire watching and a building falls down and he is hurt—

Hon Mr. MARTIN: If it is a matter of civil defence he is covered.

Mr. BLAIR: Yes, but where does the voluntary end of this come in? What is the alert? Organizations will spring up all over, and there will be many people very anxious to do their little job.

Hon. Mr. MARTIN: That is right.

All I can say is, if it is a civil defence effort as distinct from a civil disaster, it is clear. If he is engaged in civil disaster he does not get compensation now under the Workmen's Compensation Act in the provinces for death or for injury, nor does he under the civil defence arrangement.

Mr. KNOWLES: In other words, he either gets coverage for both injury and death, or he does not get coverage for either?

Hon. Mr. MARTIN: That is right.

Mr. KNOWLES: That is the point which I thought you did not make quite clear.

Mr. PEARKES: I think it is interesting, and I raised it because of the emphasis which has been placed on it, and the fact that this organization is there ready for any civil disaster as well as war emergency.

Hon. Mr. MARTIN: That is right.

Mr. PEARKES: Now, then, when is a definition given as to when a situation is a war emergency? Is it on a declaration of war?

Hon. Mr. MARTIN: No, no. A civil defence activity is quite clear, and so is a civil disaster situation clear. Dr. Blair took a very good example of the individual at our civil defence college.

If the civil defence organization at Victoria was engaged in a civil defence exercise altogether apart from a civil disaster and an individual was injured or lost his life he would receive compensation. If it was a purely civil disaster matter, the same individual in British Columbia would not get any compensation under the existing civil defence compensation agreement with the province of British Columbia.

Mr. KNOWLES: Is it a difference, then, as to who calls him out?

Hon. Mr. MARTIN: No, not necessarily. It depends on the nature of the activity. If it is a civil defence effort, then he gets compensation. If it is a civil disaster, it is not under the present agreements. He does not get compensation under the present provincial legislation either.

Mr. BLAIR: May I ask another question of the minister?

Hon. Mr. MARTIN: Now I should just say, in the event of war—

Mr. BLAIR: That is what I am coming to, sir.

Hon. Mr. MARTIN: In the event of war, at the request of the provinces the compensation agreements come to an end, they are not operative. All citizens are then placed on the same level all over the country.

Mr. BLAIR: There must be some warning from headquarters here before that would come into effect as a regulation?

Hon. Mr. MARTIN: No warning is needed. If the city of Victoria wishes to have a civil defence exercise, that is decided in most instances by the local civil defence coordinator. The governing factor is the nature of the exercise. We have had no difficulty in this at all.

Mr. GAUTHIER (*Nickel Belt*): Mr. Minister, I would like to ask a question. I can almost see your point, but what I want to know is this: presently there are threats, we will say in Manitoba, of floods. Now, there is a civil defence organization, we will say in Winnipeg, that is being trained for that work. If these people consent, as a civil defence organization, with the local provincial authorities to do some of that work, they are not covered by compensation?

Hon. Mr. MARTIN: That is right, because it is not a civil defence effort.

Mr. GAUTHIER (*Nickel Belt*): And you people do not direct the civil defence on that type of work in these provinces?

Hon. Mr. MARTIN: That is right.

Mr. PEARKES: Might it be possible, however, for the local civil defence authority, the director of it, to say, "There is a flood, and we will carry out a civil defence exercise there along with the troops and then our people will be compensated?"

Hon. Mr. MARTIN: Oh, they could do that if they want to, but that does not necessarily make it a civil defence exercise.

Mr. PEARKES: It does not?

Hon. Mr. MARTIN: No, obviously it is a civil disaster exercise.

Mr. PEARKES: I think that this situation needs clearing up.

Hon. Mr. MARTIN: I do not think, with great respect, that it needs any clarification whatsoever, general. If there is a flood, that is obviously not an act of war.

Mr. PEARKES: That is true. Now, that is the way you qualify for civil defence under the agreement.

Mr. KNOWLES: Just one other question. Do I understand this, that a person who was hurt at a civil defence exercise even though it is just a test, just a trial, a mock exercise—

Hon. Mr. MARTIN: He is covered.

Mr. KNOWLES: He is covered?

Hon. Mr. MARTIN: Absolutely.

Mr. KNOWLES: But a person who is hurt or loses his life during a very real thing such as a flood is not covered?

Hon. Mr. MARTIN: No, not under civil defence, because it is not a civil defence exercise.

Mr. KNOWLES: Is he covered in any other way?

Hon. Mr. MARTIN: That is up to the province. The federal government is not, by civil defence, going to undertake to compensate individuals for matters that do not come within its control or within the policy of civil defence. To ask that is to ask something which at this moment I would not entertain, and something that is not entertained by any civil defence jurisdiction that I know of.

Mr. KNOWLES: It does seem to me that somewhere in the agreements it should be made clearer than I think it has been made tonight, that individuals of the type we have been discussing are not going to be lost between the two jurisdictions.

Hon. Mr. MARTIN: I do not think there is any difficulty there, "Dr." Knowles. I think that if there is any difficulty, if there is any desire for compensation in a case of civil disaster, tornadoes, floods and so on, the proper jurisdiction has the authority to deal with the situation.

To qualify for compensation under the civil defence compensation agreements, the individuals simply have to be enrolled as civil defence workers, and certified to have been engaged on a civil defence activity, training or otherwise.

Mr. BLAIR: Would it not be something like the clause that the insurance people use in certain policies where they term certain events as "an act of God", or something of that nature?

Hon. Mr. MARTIN: Yes.

Mr. HARKNESS: Mr. Martin, who certifies that the man was on a civil defence activity? Would it be the Civil Defence Coordinator?

Hon. Mr. MARTIN: That is right, or a person properly authorized on his behalf. Then, a decision on the matter is made by the workmen's compensation board of the province itself.

Mr. HARKNESS: In the example General Pearkes cited, a disaster having taken place—we will say a flood—the civil defence coordinator calls out his organization, and says that this would be a proper and a good scheme to put them on, a good test for them, and certifies that they were on civil defence activities, they would in that case be covered?

Hon. Mr. MARTIN: It would have to depend on an examination of the circumstances. The provincial compensation board would make the decision. But to give compensation to the civil defence worker in the case of a purely civil disaster would be to give to that worker something that is not given to others who happen to be assisting in a civil disaster. It is a matter, obviously, that has got to be decided by the proper authority.

Mr. PURDY: Where do the compensation boards get the money to pay these claims?

Hon. Mr. MARTIN: From the provinces and from the federal government.

Mr. PURDY: The federal government, then, takes the place of the employer?

Hon. Mr. MARTIN: That is right, in a sense.

Mr. PURDY: And the federal government pays into the provincial compensation funds?

Hon. Mr. MARTIN: The federal government and the provinces, in the case of a civil defence worker, take the place of the employer.

Mr. PURDY: I see; and the province gives in its part as the employer?

Hon. Mr. MARTIN: Along with the federal government.

Mr. PURDY: Under our Nova Scotian compensation act all losses are assessed on the particular industry—

Hon. Mr. MARTIN: I know, but an industry does not appear here.

Mr. PURDY: Yes, but where is the party comparable to the industry that is going to pay—

Hon. Mr. MARTIN: The two senior levels of government pay 50 per cent each.

On the question of evacuation, on February 28 the minister in charge of civil defence in Britain stated that Britain was drawing up plans to evacuate several million persons from large communities, if nuclear bomb welfare should break out. I have already read the statement in the White Paper, which points out that at this stage it is in essence a proposal which is undergoing study and development.

Paragraph 114 says:

> The government have carried out a review of evacuation policy. They have reached the conclusion, which they are sure will find general support, that first attention must be given to the evacuation of the "priority classes", the definition of which they propose to extend to include mothers, young children and adolescents generally and the aged and infirm. They propose to discuss with representatives of the local authorities proposals for the evacuation of these classes, including provisional conclusions which they have reached on re-classifying the country into evacuation, neutral and reception areas.

General Pearkes has said that now is the time to make preparation for evacuation. I fully agree, but we are fully abreast of the British plans. Not only do we propose, we have actually discussed this. Not only have we fully discussed this with the various provinces but we in Canada have actually carried out tests of evacuation with a number of communities, with Brockville, with St. John's, Newfoundland, with Brandon, Halifax and with Calgary. Therefore, in this particular, at least, we are possibly even one step ahead of the announced policy of Her Majesty's government in the United Kingdom. By the way, we have a film here showing the test which took place in Calgary. This involved the cooperation of the federal civil defence agency, the Alberta civil defence authority and the civil defence authorities of the city of Calgary. It was a scheme to which the federal government contributed financially some $15,000. The first date of the test was scheduled on a particular date but because of the very great inclemency of the weather the authorities in charge

decided that the test should be postponed. It took place a week later, when somewhere between 5,000 and 10,000 people were evacuated. The auxiliary units, the reception areas, the feeding arrangements, the registration procedure and so on were all put into operation in reception areas to give the citizens there some idea of the kind of problem which must be envisaged. It might be useful at some time to show this film, to give some example of the endeavours which were made in that particular community.

Mr. PEARKES: Were not those evacuations more in the nature of emergency evacuation, taking in everybody, rather than the selected evacuation of the priority classes referred to in this White Paper?

Hon. Mr. MARTIN: That is right.

Mr. PEARKES: The comments I was making were directed mainly to the selected evacuation and the plans which would be prepared dealing with that and covering prolonged existence in the country.

Hon. Mr. MARTIN: Before one can embark on the latter, one has to make a beginning with the former. This is a very difficult matter. We have made more extensive actual tests than have been made in any country outside the United States, more than Sweden and so far as I know more than Great Britain. Great Britain which of course had much experience of this in World War II has not had one test as yet.

In the assessment of the situation at the present time, there is no other known defence against thermonuclear warfare, having in mind the weapons now in being, than that of evacuation. However, these are tests and we have other important decisions to make, which we are not making alone. We are making them in concert with all the NATO countries. We have had to take into consideration as well the development of newer weapons, particularly the inter-continental ballistic missiles, which would have of course a very strong overshadowing effect on evacuation, as well as the traditional Bikini bomb, the thermonuclear bomb, around which we have been shaping our policy during the past two years.

Other departments of the government of Canada are cooperating fully. As I said on Friday, we have 131 civil defence building units in this city of Ottawa, representing a civil defence personnel of about 4,500, who are carrying on civil defence training just like local civil defence corps in the communities I enumerated last week. There is the fullest cooperation. In regard to the C.M.H.C., we are carrying on some discussions of this and other problems through our Privy Council committee, on which the Defence Research Board, the chief of staff, the treasury, ourselves and others are represented. One of the matters now being discussed covers the problems you have mentioned.

The difficulty about trying to effect a policy of dispersal of people in selected areas arises out of the fact that we have to take into consideration that the whole concept of target areas—primary target areas or secondary target areas—loses not all but much of its force because of the implications of the fall-out. This, as you know has a potentially damaging effect away beyond the actual area hit. For that reason, we do not give exclusive consideration to the target areas so-called, because the addition of the fall-out hazard weakens the case for concentrating our expenditures in the target areas such as were enumerated by you.

You mentioned the question of hospitals. I stated the other day that we have carried out, in a number of hospital areas representing many hospitals, hospital disaster institutes, acquainting the hospital personnel of all kinds as to their responsibilities and their rôle in civil defence. That means they should be ready, as they are being trained to be ready, for the setting up of auxiliary hospital units in reception areas away from the suggested area of attack or of hit. Everything you said about hospitals is true, of course. It does not mean

that we have completed the job. This job—I do not mean this particular phase of it, but this job generally—is not one which can be fully completed for a long time. It is a problem of continuing exactitude and demand.

You spoke of the Civil Defence College. In one breath you complimented the activity there and then I thought you weakened your tribute somewhat by referring to it as "advanced boy scout training".

Mr. PEARKES: Certain classes.

Hon. Mr. MARTIN: With great respect, I would suggest to you that the 7,600 individuals for whom the federal government has paid the cost of transportation as well as the cost of maintenance, were not attending at an advanced boy scout training centre. Our college presents a curriculum which is every bit as advanced as that of the Civil Defence College in the United Kingdom and certainly it is just as advanced as the similar institution in the United States, where they have not trained as many individuals. In addition to this—these are leaders who come to the Arnprior school—there are training centres in Saskatchewan, British Columbia and Alberta. Most municipalities, except those which I enumerated last Friday, carry on training of the wardens and various other personnel in the local civil defence organization. In these regional centres, and in the municipalities, the federal government is paying 50 per cent of the cost of that training. It is true that the provinces did not take up all of the allocation available to them under our financial formula last year. But Ontario is now in the picture and they will be taking up a very considerable sum of money and I have every expectation that much more of the moneys provided for under this particular arrangement in this present fiscal year will be taken up.

You say that there is a rigidity in this formula. Well, there is perhaps rigidity in the sense that there are conditions under which there is a 100 per cent grant, conditions under which we give a 25 per cent grant, and conditions under which we give a 50 per cent grant; but I do not know that we have found there is really any great difficulty on this score. In the case of British Columbia, where they have taken up their full amount, they have suggested that we might give them a portion of the unused portion of the other provinces. That is a matter for consideration which we are now giving. But the formula in principle is less rigid than the formula that is in effect in the United States.

Actually our formula is more generous in most particulars in so far as the federal government is concerned than the arrangement on the same principle in the United States. There are circumstances in which it is not as generous as in the United Kingdom, but in the United Kingdom they do not have provinces. There you have a unitary state and there is no intermediate body such as a provincial government that has a budget of its own and shares the responsibility of government. So if you take into account that factor I do not think I would be wrong in saying that our financial formula is not less generous than that in the United Kingdom.

You spoke of the desirability of having an arrangement for encumbering 10 per cent in excess of the allotment in the case of the provinces. That arrangement already exists, and the allowance is precisely the percentage that you stated, namely 10 per cent. So that on that score we have seen eye to eye.

In the United States, by the way, they give no help whatsoever for administrative or organizational expenses. We do. We are now paying—for instance, I just signed a project this afternoon for a city in Ontario where we are paying 50 per cent of the cost of the administration of that scheme. I signed some projects on Saturday morning for New Brunswick where we are paying 50 per cent of the municipal expenses of three different municipalities who have submitted projects. In those cases, included in the administrative costs, was an allowance in the case of two municipalities for travelling expenses to the capital of the province for the purpose of receiving special training.

Mr. PEARKES: Before you leave the question of expense, may I ask a question. Is provision made to cover expenses of premises for training purposes?

Hon. Mr. MARTIN: Oh, yes. We have helped to build control centres, training schools, communication systems and so on.

Mr. PEARKES: I was thinking, for instance, of the renting of a building for training purposes?

Hon. Mr. MARTIN: Yes. We have helped not only with the renting but also for construction. I recall right now, in the case of Alberta, two different control centres that have been built towards which we have assisted in the cost of construction along with the province. Vancouver, Burnaby and Victoria are three other cases where we have done the same.

I simply want to say, in concluding these remarks, what I said the other day. We do not profess to have created a civil defence organization that would provide our people with a completely effective organization against death and injury to the civilian population; but I do know that no other country has either. And when I say no other country, I mean that based upon the continuous consultation that we have with NATO, with Great Britain, and with the United States. We are doing, I think, a solid job in bringing into being a nucleus organization capable of continuous expansion as required. We are influenced, as they are in the United States and in Great Britain, in terms of acceleration of program by our assessment of what are the likelihoods. I will quote from paragraph 128 of the White Paper where it is said:

> It is necessary, however, to accept that there are definite limitations to what we can attempt in home defence. These are set first by the decision to place the main emphasis on our contribution to the deterrent forces of the NATO powers, and secondly from the appreciation that the probability of resort to the ultimate sanction of global war has been lessened rather than increased by the emergence of thermonuclear weapons.

We will live with this particular situation, I am sure, for many years assuming that nothing takes place in the meantime. I am not going to say that there is not frustration. The individual worker in civil defence, who spends his nights week after week and oftentimes his Saturdays in this matter, obviously and understandably is the victim of a good deal of frustration; that frustration, I can tell you, does not rest only with the individual worker; it rests with anyone who has to do with this very difficult matter. The only thing which I can say is that I am sure that the 200,000 civil defence workers in Canada are a body of hard-working, loyal, dedicated individuals who look upon this as one way in which they are able to exercise the privilege of good citizenship in a free society. The situation has considerably improved over what it was three years ago, over what it was two years ago, and over what it was a year ago. We have not been able to accommodate the number of candidates, for instance, who have been taking our courses at Arnprior. The average medical practitioner for example has got to receive, as he is now receiving, special training in his branch of civil defence activity. They receive the training and then they in turn give it to other doctors just as do the nurses. The nurses whom we have trained in our civil defence school have passed on their training to over 30,000 nurses. That kind of a chain reaction is underway and I think I may say, generally speaking, notwithstanding the difficulties, that there is a measure of enthusiasm on the part of most of these people for their work. I am sure that anything you said tonight was not calculated in any way to impair that, but, on the other hand, to encourage it by spurring us on to even increased efforts. It is in that spirit which I take what you said tonight, in the hope that we can make our effort even more successful.

Mr. PEARKES: May I ask one other question. Are you satisfied with the progress being made with instruction for civil defence matters to the armed forces particularly in connection with observers?

Hon. Mr. MARTIN: I am happy to say that in the past year we have been able—let me put it this way—we now have an arrangement with the armed forces whereby instruction is given in civil defence to selected representatives of the armed forces, and we have an understanding with the armed forces as to the place of the armed forces in civil defence. You ask me if I am satisfied. I think that the answer you would expect me to give is that in this matter whoever is heading this job will never be satisfied with any branch of civil defence activities. He will want to go on and make it better, and better, and better!

Mr. PEARKES: Perhaps one way in which to facilitate the instruction of the armed forces would be the appointment of a civil defence officer at the various command headquarters. I feel that if you had a civil defence training officer at the different command headquarters—

Hon. Mr. MARTIN: That is being done.

Mr. PEARKES: They have been appointed, have they?

Hon. Mr. MARTIN: As I said that is being done now. They have not all been appointed, but the process is under way.

Mr. PEARKES: Are they military officers?

Hon. Mr. MARTIN: They are military officers and some of them are taking courses at our school.

Mr. PEARKES: They are officers who have been trained?

Hon. Mr. MARTIN: That is right.

Mr. HARKNESS: You said you were satisfied with the arrangements now made as far as co-operation with the military authorities are concerned.

Hon. Mr. MARTIN: I said I was never satisfied with anything in the matter of civil defence.

Mr. HARKNESS: I think you said that satisfactory arrangements had now been made.

Hon. Mr. MARTIN: I think the arrangement now with the armed forces is more satisfactory than it has ever been.

Mr. HARKNESS: My question really was: what are those arrangements?

Hon. Mr. MARTIN: There is, first of all, for instance, a general recognition of the importance of civil defence on the part of the armed forces, and an acceptance of the view that in the final analysis it means the employment of members of the police force, the firefighters, and particularly the medical forces of a community. For these reasons civil defence is recognized as something that properly rests under our free system with the civil authorities. It is recognized further that under war conditions a civil defence organization would require increased assistance from the armed forces to the extent that this was available. You must remember however that their primary function—their priority—is to be used in actual combat; but there are definite situations where they can render assistance and they are now authorized to render any kind of assistance that is consistent with the application of living up to their primary role.

The army takes the view that such assistance should be requested only when essential, and that they should be released from duty as soon as possible. The Canadian army has been designated to provide most of the main support envisaged, and secondly for the things that the army will do the units assigned to a task will be under the immediate command of their superiors, but their general orders in the matter of civil defence will rest with the civil authorities.

The task of the armed forces will be to organize for their own immediate protection, within their own installations and establishments, and liaison will be effected with the local civil defence officers to ensure that the plans for

the protection of service installations are integrated with local civil defence plans. They are supposed to assist the civil defence authorities with the preparation of the latter's plans by the provision of liaison officers and the like. They are supposed as well to provide assistance to support the efforts of local civil defence organizations in developing plans to the extent that it becomes necessary to do so.

In Great Britain about a year ago they announced special man power arrangement involving the use of certain mobile columns for civil defence purposes. We have examined this very carefully and given it great consideration. In England they have not carried their plan out to a point where it is possible as yet to see the full development of this particular situation. We actually have now under study this very matter and one of our officers recently was in the United Kingdom reviewing that particular phase of the situation.

Mr. HARKNESS: What you have said in regard to the co-operation of military forces in civil defence applies primarily, I take it, to the regular forces?

Hon. Mr. MARTIN: No. It applies to both. It applies to both!

Mr. HARKNESS: I take it from what you read from this document—

Hon. Mr. MARTIN: I did not read from the document, I paraphrased it.

Mr. HARKNESS: Or your paraphrase of it, that they would actually apply to regular force units, and I wondered to what extent it is envisaged that the reserve force units will fit into civil defence plans. I ask that particularly in view of the fact that you indicated that in Great Britain they are looking toward—they have not already got into force—the close integration between their reserve forces and their civil defence. In fact I believe they have designated some 30 militia battalions whose primary function in the event of war would be civil defence activity. Now I wondered if there had been any study along that line in Canada?

Hon. Mr. MARTIN: Yes.

Mr. HARKNESS: Or if there were any plans envisaged in this country towards the employment of certain reserve force units in the earlier stages of impending war or actual war primarily in a civil defence role?

Hon. Mr. MARTIN: My reference to mobile columns in the Uniteg Kingdam had reference to the use of their home defence forces which would correspond roughly to some aspects of our reserves here. As I said, we are aware of the plan and we are following it and giving consideration to the extent to which it could be used here. There are 50,000 reservists in Canada.

Mr. HARKNESS: In the army?

Hon. Mr. MARTIN: In the army, and we have 200,000 civil defence workers in Canada; so you can see that the proportions are such as to make it impossible for the reserve army to do a full job on civil defence.

Mr. HARKNESS: I do not think anyone is suggesting that it is a matter of the integration of the armed forces in this effort.

Hon. Mr. MARTIN: I think about 10 per cent of the reserves in Canada are now in civil defence as individuals and in many cases they have formed the nucleus of the organization as in your case in Calgary, Mr. Harkness.

Mr. HARKNESS: That is leading up to my next question as to what happens as far as these people are concerned who are both in civil defence as well as in reserve units, if a reserve unit is called up, and if civil defence workers are called up?

Hon. Mr. MARTIN: As for those persons who are in the reserve army, their duty is to the reserve army, as I think you would agree should be the case. That is why the reserve army can not take the place of a civil defence

force. Some reservists are receiving courses in civil defence, and on the basis of what we are studying in England, we are giving consideration to recommendations for the possible use of reservists in Canada with the civil defence organization.

Mr. HARKNESS: It would seem to me that Calgary is one particular case where a number of key personnel in the civil defence organization are already in the reserve army, or in the air force, or in the navy, and it would seem to me that you might expect very considerable confusion in your civil defence organization if these reserve forces are called out and thereby quite a proportion of your key personnel for civil defence are not available.

Hon. Mr. MARTIN: That is a transitional problem which obviously has to be met. That is obviously a problem and it is receiving consideration.

The Acting CHAIRMAN: Do you have any questions, Mr. Nicholson?

Mr. NICHOLSON: On Friday the minister outlined very fully—and I have read what he said about thermonuclear weapons, the evacuation of large cities, and the plan for survival, and all very well done.

In the light of the information the minister gave us, it has occurred to me that something should be done, along with the provincial and local authorities, to try to arrest, if possible, the growth of a city such as Toronto. I live 150 miles from Toronto—

Hon. Mr. MARTIN: Bruce county is growing up, too.

Mr. NICHOLSON: —and if you drive 50 miles from that city in practically any direction you seem to be within the city limits now, and that appears to me to present a very real problem. I know that some people are getting away from the centre of the city to the outskirts, but Toronto boasts of being the fastest growing city in North America and in view of the fact that we are facing a very real civil defence problem I think some consideration should be given to encouraging some of the people who are hastening to the Toronto area to consider other parts of the country. In connection with that problem, I must apologize for not being here the other day when the minister was referring to it.

Hon. Mr. MARTIN: You left just as I was going to give you the reply to the question which you are now posing.

Mr. NICHOLSON: That situation arose because I thought the understanding was that we should finish this committee on Friday. I mentioned the hospital at 999 Queen Street in Toronto—

Hon. Mr. MARTIN: You are going to have me there.

Mr. NICHOLSON: This hospital was built 115 years ago when it was on the outskirts of Toronto, and a city block was considered essential for a mental hospital at that time. Now, 999 Queen street is situated in the most congested part of Toronto and recently the provincial authorities in cooperation with the federal government spent $3 million in adding to the facilities there. I thought it was the intention of the survival plan to evacuate non-essential personnel from our large cities, and it poses a very difficult problem for the civil defence authorities when they have to move extra people from the $3 million addition to this hospital. Had they merely retained the original hospital no criticism could be found, but it seems to me that at some point we should decide that congested Toronto is not the place for a new mental hospital costing $3 million while in the province of Ontario they have open spaces to which these people would be moved in the event of any civil defence emergency.

Hon. Mr. MARTIN: I have commented on this two or three times. It is not that I do not wish to answer your question, but I have answered it already and I do not know that it is fair to take up the time of the committee by

repeating an answer I have already given about three times. Let me give you an "umbrella" reply: I believe that one of the worst things we could do as a free nation—and I am not talking about town planning, which is another problem altogether—would be to give any evidence that we were going to dislocate completely our national life because of the threat that hangs over us. If your question had been pressed home three and a half years ago I would not be on such strong ground as I am now, but now it is not only the direct hits you have to take into account, it is the fall-out. The fall-out is a serious thing and you are not going to escape the conseqences of the fall-out by dispersing industry and creating new areas of concentration. I am not speaking now about the desirability of de-centralizing industry or about the desirability of town planning. I am simply talking about this matter in terms of civil defence. I told you about the proposed building of an important department of government, and they questioned whether it should be in Ottawa or not—how we changed our minds, and so on. The same argument applies. Not only that, but these bombs are continuing to get stronger. I will not comment on the nature of the test which the head of the Atomic Energy Commission in the United States announced the other day, but I will call attention to what Mr. Patterson, a member of the Congressional Committee, said in reply thereto, and I ask members of the committee to consider both these observations in relation to the question now being asked.

Mr. NICHOLSON: Would you care to enlarge on this phrase in the brief about the evacuation of non-essential personnel in advance of an actual attack?

Hon. Mr. MARTIN: You are saying that civil defence should have some understanding—some arrangement—with all those who in any way have legal authority over the erection of buildings, by means of which these places could all be spread out. That is asking us to engage in such a fundamental re-location of property as to defeat the very end we wish to achieve.

Mr. NICHOLSON: But if you are asking the people of Canada to take this problem seriously, as General Pearkes has urged tonight and as you yourself outlined in your brief the other day—

Hon. Mr. MARTIN: I indicated to you that hospital cases are in the priority class for evacuation in phase A—

Mr. NICHOLSON: But the building these apartment blocks in Toronto seems to be contrary to what you suggest in your brief—

Hon. Mr. MARTIN: Do you think it should be for us to suggest that there should be no new apartment building in Toronto or in Sudbury, or in the area in which you live now?

Mr. NICHOLSON: I think we should try to discourage building up Toronto as the largest centre in the country when there are so many desirable places all over Canada.

Hon. Mr. MARTIN: If I wanted to be facetious I would say: "What have you got against Toronto?"

Mr. NICHOLSON: I do not want to be facetious, but I think the government of Canada, which is passing out so many contracts, could pass some of them to a rural community instead of locating so many of them in the metropolitan area of Toronto.

Mr. BLAIR: I have two or three questions to ask and the minister can answer "yes" or "no". I do not want to frighten anyone, but I am thinking of the national capital here. In this city you have the centre of staff, the centre of government and the pulse of the nation, and there are various papers in the possession of ministers, important research data, details of all kinds of projects. I do not want to know what are the plans, and I do not think they should be

given out, but I wish to ask this: has consideration been given to the care of these important documents, and for the plans and the staffs concerned with them?

Hon. Mr. MARTIN: You will understand, Mr. Blair, that I can say no more than that this matter is receiving attention.

Mr. BLAIR: It is the only answer, and it it is the answer which I expected. But I think that matter is important. Now I come to the second question. You said the other day, Mr. Minister, that certain stockpiling had been undertaken —various medical supplies, plasma, I suppose, and that sort of thing. Are these stockpiles in areas which would be free from potential attack and yet accessible for distribution?

Hon. Mr. MARTIN: The locations are being decided with that in mind. I will not say that any location is free from danger involved in thermonuclear warfare, but they are designated with those considerations in mind.

Mr. BLAIR: The other question I had in mind was this, and it possibly goes back to the control of the provinces: Have surveys been made of suitable areas for the reception of casualties? And the second, the supplying of temporary hospitals, shelter accommodation and the like. Have surveys been made over an area far enough from the target area?

Hon. Mr. MARTIN: That is being worked out. We have plans for reception areas, for the installation of auxiliary units covering hospitals and the like, mobile hospitals. They are part of the total plan, and they are in our whole evacuation thinking and planning. All that is included in our basic plans, all of which are available to most of the primary areas of the country.

Mr. BLAIR: My next question would refer more to fifth columnists. Have plans been made for the watching of reservoir areas, and areas of food distribution with regard to contamination that could be planted there by fifth columnists?

Hon. Mr. MARTIN: That particular aspect is under the control of the Royal Canadian Mounted Police, with whom we have continuous consultation. They serve on committees designated for that purpose. Subversives and fifth columnists are within their direct authority.

When I am speaking about hospitals, by the way, I should mention that we have at Arnprior a 200-bed mobile hospital unit on loan from the U.S. civil defence authorities which is used for demonstration purposes. You, as a physician, would be very interested in seeing that.

Mr. BLAIR: I realize the difficulties with the whole of this set-up, and I realize, as General Pearkes has said, that we are dealing with a certain amount of apathy. If you go beyond that you are instilling fear into a happy population at the present time.

I remember, when I made my first speech in September, 1950 on civil defence, the reception I got when I went home for the weekend. I was thought to be a little crazy, thinking that such a thing could ever happen.

Hon. Mr. MARTIN: It is a very difficult matter to draw the line.

We had agreed with the United States on the production of a rather expensive film. We had many discussions about the script. We made suggestions of changes which were accepted by them; we accepted some suggestion of theirs. There was a compromise all the way through. An effort was made to try and reconcile different concepts; but we felt, after the film was completed, that it was not desirable to show it widely in this country. As a matter of fact, they themselves are not showing it widely. The time may come for showing it more widely than at present.

We had a similar experience with some of the literature that was being distributed to the school children. It is only by trial and error that these

things are exposed. You have to try and maintain a proper balance in all these things, and we have endeavoured to do so.

One of the great dangers is that in your enthusiasm you may get your organization up to a pitch where, as a result of non-use, it will suddenly disintegrate. Considerations of that kind have to be continually borne in mind.

One community had organized a civil defence unit far beyond the personnel that had been normally envisaged for that kind of a community. We suggested they were going at it in the wrong way, and that they were overlooking some other things. They were reaching a peak that would look very good for a while, but would result in complete abandonment, and this turned out to be the case. They have had to re-do their whole efforts, and I think they have done it now, on the basis of the plan that was originally suggested.

You have pointed out one of the dangers, Dr. Blair.

We have profited a great deal by the experience of the U.K. in the last war, because they have had a lot of direct experience. We are trying to pool, in our U.S. and U.K. and Canada meetings, ideas of this sort. We show them our films, we show them our pamphlets and they do the same thing with us. We have these exchanges, and we are trying to strike a good balance as a result of these exchanges.

Mr. BLAIR: My next question is somewhat of a medical question. In view of the fact that our attention has been drawn to the newer types of weapons, and to the bombings of any kind, either fire bombs, ordinary destructive bombs, or atomic and nuclear bombs, we have been thinking of those things. There is still that question of the form of bacterial warfare, where the spreading of a disease might immobilize all the workers in industry. Have plans been made, in your set-up, for consideration in dealing with those questions of certain types of disease which would be spread by fifth columnists in their attempt to immobilize the industrial workers?

Hon. Mr. MARTIN: Although less emphasis is being placed on this now than before, we have not overlooked it.

Mr. GAUTHIER (*Nickel Belt*): Mr. Chairman, may I ask the minister a question. In the last few years, since civil defence has been organized in different centers across Canada, there is no doubt that, a considerable amount of material of all kinds has been spread out in the different centers across Canada. Is a close check being made constantly by responsible people?

Hon. Mr. MARTIN: Yes.

Mr. GAUTHIER (*Nickel Belt*): So that this material is available in case something might happen. I state this for this reason: during the last war I was a civil defence warden in my district; I was the buckshee, in other words. I found that after two or three months, after receiving certain materials which were allocated to different sections of the city, or the district, in cases where it was required, it was not too easy, at all times, to get your hands on that material. It is very imoortant that a complete inventory be kept and that someone keep checking that inventory in order to see that that material does not go out of the hands of the civil defence organization.

Hon. Mr. MARTIN: We have an official who does nothing else but that. Also, we have two other checks, one through the province and one through another agency. Happily, the Canadian people and those in authority have shown a fine responsibility for the most part in regard to those materials.

There is one aspect of this work which may be of special interest to some members of the committee and which we regard as highly important. It is a civil defence health aspect. Much has been said about the dangers of radio-activity in the world as a result of the weapon tests. We took the initiative, at the last meeting of the general Assembly of the United Nations—as Mr.

Gauthier knows—to deal with this problem, when we joined with the Indian and American delegations in urging that, under the United Nations, there be set up a special scientific committee to make an assessment of the levels of radioactivity at the present time. We were in a happy position as far as Canada is concerned, as in the Department of National Health and Welfare, in cooperation with the national defence board, the Defence Research Board and the atomic energy group at Chalk River, we ourselves had taken steps to create in our own department machinery for making this assessment in Canada. The levels of radioactivity in the world may some day be a problem of the first order. Now is the time to investigate that point. It would have been better 50 years ago if, with the first use of the x-rays, that effort had begun throughout the world in different countries, individually and collectively, but it was not done. Because of the observations made by certain scientists—a minority group—at the Atomic Energy Conference at Geneva last August and because of other allegations made last year it was felt that we ought to do something about studying this problem in terms both of direct and more particularly of genetic consequences. It would be a disastrous thing for the world, of course, if the present levels of radioactivity should create a genetic factor for the future generations of the human race. We owe it to these generations to be alive to this problem. I made a statement in parliament last session in which I said, as indeed did the Minister of Health in Britain, that the best scientific opinion in the world today was that there was justification for saying that there was no appreciable increase in the levels of radioactivity as a result of radioactivity of all kinds whether through weapon tests or through other means that should cause needless concern to those interested in the preservation of human health. I merely mention this to show that we are taking the greatest precautions, both nationally and now under the United Nations internationally to make sure that the best scientific opinion available to the nations of the world has been organizationally set up to determine and to make an assessment of this particular problem. This is something that we must continually be alert to, and in saying that I can only repeat what I said last session that the best scientific opinion available does not warrant us in saying that the levels of radioactivity currently known create a health hazard, of any proportion, to those concerned.

The committee of the United Nations is one made up of 12 members and on that committee sit 12 people, representing all of the countries selected. They are men who are scientifically endowed in a very special way for this work, and it will be their job to give guidance to all of the nations on this important problem. Our representative was the late Dr. Cipriani of the atomic energy plant at Chalk River, himself one of the men who attended the conference of atomic scientists held at Geneva last August, and a man who contributed very much at the last assembly of the United Nations in advising me, as he did, on our part in setting up the special scientific study which engaged the United Nations committee in discussions for over a month. Unfortunately, Dr. Cipriani, before he was about to take his seat on the scientific committee, took a stroke and shortly thereafter died. The world has lost a great scientist. The atomic energy plant at Chalk River has lost, in his scientific knowledge, a great individual, and Canada has lost not only a notable scientist but a great public servant who was rendering a distinct contribution not only to Canadians but to mankind generally. I am very happy to have this opportunity of paying a tribute to his memory tonight. His place is taken on the committee by Dr. Watkinson, of the Department of National Health and Welfare, who has great qualifications for this important work.

The Acting CHAIRMAN: Shall the item carry?

Mr. HARKNESS: No, Mr. Chairman. I have a number of questions and I believe one or two of my colleagues also have questions. I see it is 10 o'clock.

Hon. Mr. MARTIN: I feel as fresh as I felt when I began and am prepared to sit longer if you wish.

The Acting CHAIRMAN: Is it the wish of the committee to sit longer?

Mr. BELL: It is too long a day.

Mr. GAUTHIER (*Nickel Belt*): Mr. Chairman, I think the regular chairman of the committee will be here tomorrow morning and he may be able to call the steering committee and fix the time of the next meeting.

Hon. Mr. MARTIN: Could we meet tomorrow at 3 o'clock?

The Acting CHAIRMAN: Is it agreeable to you, Mr. Gauthier?

Mr. HARKNESS: Three o'clock might be a little early because of the Orders of the Day.

The Acting CHAIRMAN: Well, then after the Orders of the Day.

Hon. Mr. MARTIN: My difficulty is that I have the Dominion Council of Health.

The committee adjourned.

TUESDAY,
April 17, 1956
3 p.m.

The CHAIRMAN: Order, gentlemen; we have a quorum. I understand we are still on item 281. I am surprised at that in view of the fact that we had anticipated getting through last week.

Hon. Mr. MARTIN: The minister took up all the time!

The CHAIRMAN: I heard you also made a very admirable statement, Mr. Pearkes. Are there any questions?

Mr. BELL: I have one question, Mr. Chairman. I think it has been touched upon briefly, but I would like to pursue it a little further. It concerns evacuation exits from particular cities or so-called target areas.

Hon. Mr. MARTIN: Highways?

Mr. BELL: I think I can relate it to St. John, if you do not mind, and present the problem in that way. General Hodsell was in St. John recently and made a very good impression according to our mayor. It is not particularly with the officials that I have any quarrel; but you have an area such as St. John which is completely isolated. It is an island, and there are at the present time only two possible exits from that area and they are both bridges which will not withstand any particular strain or the heavy traffic which would be necessary in the case of evacuation. We are faced with a terrific expense problem and if another exit is necessary, and it seems so,—the question I want to ask, Mr. Chairman, is this: what is our policy with regard to this matter? In addition to the fact that we have recognized particular target areas and are making an extra allowance for that, will our policy be such that the per-capita basis would be discarded in such needy areas?

Hon. Mr. MARTIN: Well, Mr. Bell, I am aware of that problem. I do not know whether it was the present mayor, but one of the municipal officials two or three years ago discussed that with me. He came up to see me about it. The policy at the present time of course is that these are matters which do not lie within the authority of the federal government, and there is no change in that policy at this moment.

Mr. BELL: Do I take it that the minister and his officials are now actively considering some special method, whether it be through matching grants or some other special considerations, which will enable a city such as St. John to look after this serious evacuation problem itself?

Hon. Mr. MARTIN: I can only say that this matter is receiving study. Beyond that I cannot go.

Mr. BELL: I appreciate the difficulty because everywhere he is in Canada he will come on someone with a similar thought, but it is extremely difficult and serious in St. John, and I would say that it is much more serious than, let us say, a western city, even one of similar target importance, because there you have a flat plain while we are completely surrounded by water. I simply mention that it is serious and if we are to plan any further—we have a good civil defence set-up now, but we cannot go any further with evacuation unless we receive some special assistance.

Mr. CHURCHILL: On that very point which Mr. Bell raised I was looking at an article in the *Financial Post* for the 31st March, 1956 entitled "Panic in the streets could kill 1·8 million". "Clogged roads and chaos certain if the bomb came".

The managing director of the Canadian Good Roads Association, Mr. C. W. Gilchrist, is quoted as saying:

> Until such time as we clear our streets and organize our road transportation for civil defence traffic, civil defence preparations are a travesty, and possibly, a gigantic tragedy.

And he goes on to deal with that phase of it.

Hon. Mr. MARTIN: Yes.

Mr. CHURCHILL: Now, Mr. Chairman, if the present policy with regard to civil defence is the evacuation of cities, and preparations are not underway for making it possible to evacuate the cities, what earthly sense is there in the plan?

Hon. Mr. MARTIN: I do not think that is a correct statement of the problem, Mr. Churchill. The policy of the government of course is to carry out tests of evacuation. You are quite right in saying that under certain conditions a successful program of evacuation in a given community could be only carried out if there were adequate avenues of ingress or egress.

Now, this is a very important problem. We cannot think in terms of one particular community, and as the white paper in Great Britain states—with a much more difficult problem than we have in this particular respect—we have got to take into account what this would mean to the economy of the nation as a whole. If the federal government were now at this stage to say to the municipalities and to the provinces that it was prepared to undertake the expenditure of money on this problem which normally is within the jurisdiction of the provinces and the municipalities—there would not be any money left to do anything else. This problem exists in greater or less degree not only with regard to St. John but with regard to every community in Canada. Thus it is a special problem, as many of them are, and we have got to take into account the long term position as well, which is part of the assessment which we must make of the situation as a whole. And we can conceive of situations developing that would make some of this, possibly, unnecessary. However, I can only say that in our plans of evacuation—and we expect to have plans for every community of any consequence and size—the matter of egress is very much in our minds in the calculations which have been made.

We have in our evacuation planning division a man who has had very considerable experience in the mass transportation field. He is regarded by the civil defence authorities of both the United States and Great Britain, as a man who is pre-eminent in this field; and he points out to me that under evacuation conditions we must bear in mind that when traffic is outwards, all one way, the bottlenecks in traffic are in fact less than they are under normal traffic conditions, so that is the kind of consideration we have to bear in mind.

The statement to which you directed my attention is a statement of Colonel Gilchrist who is secretary of the Canadian Good Roads Association, and I have since had an opportunity of seeing his explanation of this statement. I wish he were here to explain it himself. He is secretary of that body and while he was I am sure seeking to be constructive, I have also no doubt that he was seeking at the same time to put in a plug for highway development, as one would expect from his title, and as I can see from the rather kindly smile on your face that you understand, too.

Mr. CHURCHILL: Do not be interpreting the expressions on a person's face!

Mr. BELL: Mr. Churchill always smiles!

Mr. CHURCHILL: When I read the article I did not think of it at all as if it were just a plug.

Hon. Mr. MARTIN: No, I did not think of it that way at the time either.

Mr. CHURCHILL: But now that I have your explanation and have thought about the article again, it seems to me that it makes some sense, whether it would or would not eventually result in better roads.

Hon. Mr. MARTIN: We have got to give increased attention to this problem. I have stated the policy as it is at the moment. In other countries they have taken the same position, and I am sure that is the proper policy at this time. The mayor of Montreal is now discussing with me one aspect of this problem for his own community. But beyond that at this time I cannot go.

Mr. CHURCHILL: There is another aspect to this: as I recall the statement of the minister on Friday, the plan was for the evacuation of cities and target centres in the event of attack, or in the event of a warning of attack. At the same time the minister pointed out that the air war might very well be over Canada, and that bombs intended for targets in the States might drop in Canada, either by planes being shot down or by their failing to reach their target, or turning back. But if at the same time we are evacuating cities, and the air war is discharging bombs in various places across Canada, we might very well be evacuating right into a bomb. I think a different appreciation of the situation would have to be made. You would have to be much clearer as to how you were going to escape excessive casualties. I do not see how you can have it both ways. You cannot have Canadian cities evacuated and the people reaching apparent areas of safety and at the same time tell us that the air war is going to be over Canada and that bombs may drop anywhere.

Hon. Mr. MARTIN: I can fully appreciate that but we have to take this whole matter in terms of its full context. As I said, we expect to have evacuation plans for each of the communities concerned and we are looking at this whole problem. I would ask you to bear in mind what I said a moment ago about the outgoing traffic which would present a less chaotic situation than the present traffic conditions in normal communities. We are giving careful study to this whole problem. Not one single community in this country has yet established, except by assertion, that it needs additional outlets for emergency evacuation, with the exception of the one large metropolitan area which we are studying very carefully now, and about which I made reference a moment ago.

This has to be approached in an orderly way, in the light of the information indicated in the white paper, to which I directed the committee's attention last night. The first step is to carry out actual tests, which we have done and are doing, to see how well the present traffic arteries will carry the necessary volume of traffic under emergency conditions. It is only after that has been done and after it has been shown that the existing traffic outlets are insufficient, that any case arises for considering additional or extra outlets. These facts have not until now been presented in a way that goes beyond mere assertion.

Mr. Bell referred us to the situation in his own town. We are examining that now and we have our own views, the views of our experts, about the validity of some of the claims mentioned. We sent Mr. Fox down to St. John only last week to check up on certain phases of this situation and in a report which I had at the end of last week from him, he is satisfied that in at least two particulars alternative solutions are possible.

Mr. BELL: That is as far as the report on St. John is concerned.

Hon. Mr. MARTIN: Our examination is not complete. The evacuation of a dense urban area is simply one means of scattering and thinning out the population so that the vulnerable groups are less exposed to air attack. You cannot guarantee of course that a person being evacuated from a target area, will thus be assured of immunity. Mr. Churchill appreciates that, but what he said and said so soberly is true and has to be examined and it is being examined. The interim position now obtaining may not be the final position. When we know more about evacuation than we do, when there is full agreement about its feasibility—as Mr. Churchill and General Pearkes as old soldiers will appreciate — there are important decisions to be made in this matter. You cannot think of evacuation in terms of just one community. in the event of war. It creates the greatest possible problem, which has to be decided at the highest level and the highest international level in a war. We are studying all these problems as well as we can and with the consultation and the collaboration we have with other countries.

Mr. PEARKES: I wonder if some of the public interest and misconception with regard to this question could be eased, if emphasis were placed on the fact that there would be a considerable movement of the unnecessary people in these centers long before the first bombs drop. I believe the people of Canada think that evacuation is going to take place only when the warning has been given from the DEW line. As I said last night and as the white paper made clear and as I think the minister made clear last week, the evacuation will be progressive and mothers and children, the aged and other non-essential parties should be moved out of the cities before that. Now, when the final crises arrives, there may not be such tremendous congestion of traffic as is sometimes pictured. I do not believe the people of Canada are contemplating that progressive evacuation and I suggest to the minister, through the chair, that more emphasis should be placed on the fact that as soon as the international situation really starts to deteriorate, that is the time when the original evacuation should take place in a very orderly method and some preparation should be made to meet that early stage now.

Hon. Mr. MARTIN: Let me take the last part first. Some preparation is being made, as I have indicated already, but I cannot go into it further at this time, General Pearkes, as there are, as I suggested just before you spoke, very important implications in this whole matter. Subject to those implications, which I know you will appreciate, and which are of a highly technical type, I would agree with what you have said, and consistent and subject to that, I would hope that, in the event of war, we would be able to carry out evacuations of certain groups long before the actual event.

Mr. PEARKES: I think evacuation should not be voluntary on the part of the individuals.

Hon. Mr. MARTIN: It was not the voluntary aspect I had in mind. I was thinking of something which I would prefer not to discuss in public, but which I would be prepared to discuss privately with any member of the committee. There are points we have to bear in mind carefully. In addition, there is the fact that you may not have an opportunity for the kind of pre-arrangement of which you speak. You might not have much notice of a

declaration of war. As a matter of fact, the Eisenhower proposal for the mutual exchange of blueprints between the United States and the Soviet Union, was predicated on the very fact of which we are now speaking, namely that in this way we are hoping to be able to avoid a surprise attack. As you know much better than I do, General, that is a factor we have to take very much into account. However, these observations of yours and others are very useful and I can only say that they are much appreciated.

Mr. MACNAUGHTON: I do not think it is any exaggeration to say that a great many of the citizens of Montreal are extremely disturbed about the civil defence question, especially in the city. I know for a fact the great effort this department has put forward to reach some arrangement and try to educate some of the citizens and some of those directly concerned. Is there any reason for hoping that there is a more cooperative attitude on the part of the local municipal authorities at the present time than there was in the past?

Hon. Mr. MARTIN: I can assure you that we are dealing with this matter. You can see what I said on Friday last, about the recent discussions with the mayor of Montreal. I cannot go beyond that at this stage.

Mr. CHURCHILL: I quite appreciate the fact that the dispersal of population is aimed at and it is all to the good. Some of the reception areas might well be within the fall-out zone from a thermonuclear bomb. What steps will be taken there, with regard to shelter; and are any of those steps being taken now?

Hon. Mr. MARTIN: As I indicated the other day with regard to the reception areas or any area where the fall-out is an actual or potential danger, it has been decided now that satisfactory shelter can be provided on a "do-it-yourself" basis for about $15 per head. We have pamphlets and other material indicating that. We have been a little reluctant, however, to take final decisions in this, because the picture is changing continually; I have now on my desk for example a suggestion which comes from a non-official source in the United States, from a quarter which has yet to be carefully examined, that it can be done for less. But we seek in general to advise the civil defence workers themselves, and through them others, in regard to this situation. These preparations are under way but the information changes; in the past year it has changed twice.

Mr. CHURCHILL: As to the type of shelter, you mean?

Hon. Mr. MARTIN: As to the type of shelter and more particularly as to the area which might be covered by the fall-out. But our shelter position in relation to the problem of the fall-out is certainly much easier than it was with regard to the blast effects caused by conventional bombing. Five years ago we were faced with the fact that a country such as Sweden had begun a very extensive program of building shelters, above and below ground, at very considerable cost, creating both in the United States and in Britain the belief that a similar program would have to be embarked on in those countries. It would have been a prohibitive plan for the United States to have adopted and a prohibitive plan for us in view of all the uncertainties involved. The dangers now are of course more serious than they were with regard to conventional bombing, but the problem of providing shelter from fall-out is a much less complicated one and one which is more within the reach of the individual than was the case in regard to conventional bombing.

What I have said only applies to shelter against fall-out. No effective shelter is known today against blast but that situation is, of course, being carefully examined. When I say there is no effective shelter against blast, I refer to the H-bomb and that matter, like many others, is receiving full-time study on the part of all countries concerned.

Mr. CHURCHILL: Mr. Chairman, the question in my mind is this—

Hon. Mr. MARTIN: May I just add one thing more to my last answer? When I said there is no effective shelter against blast I was referring to the H-bomb in what we call the A and B zones; the full force of the blast diminishes with distance as you will, of course, appreciate. I just wanted to make my answer complete.

Mr. CHURCHILL: Thank you. I was going to say that what is in my mind is this: perhaps we are placing too much emphasis on the question of evacuation. I touched upon this subject last year, although the time devoted to it was extraordinarily limited. In dealing with this problem more emphasis should, perhaps, be placed on shelter for some of the reasons which already have been given in answers here; certainly, in view of the time element involved.

As I understand it an evacuation plan is based on the premise that a couple of hours warning will be received and, of course, as General Pearkes has pointed out, there may be a general dispersion of the population due to a worsening in the international situation. But the idea on which the evacuation plan is based is, generally, that there will be several hours of warning. However, it may well be that we shall have no warning at all, or a warning period so short that evacuation is impossible. In these circumstances it seems to me that shelters should have a higher priority. As General Worthington pointed out in a most useful article—and most of his articles are in that category—in the *Financial Post* of October 3, 1953—he was looking well ahead even then—it is possible to launch guided missiles from a considerable range, from submarines for example, and these could approach fairly close to our coastal cities without any warning to the general population. If missiles are launched in this manner there would be no time in which to evacuate; the population simply must take shelter. Here is the crux of the matter: is it not better to put emphasis on shelters first and evacuation second?

Hon. Mr. MARTIN: I think it would be better not to take a final position on any of these things, because no one has yet got the final answer. But at the present time our thinking is to place emphasis for testing purposes on evacuation exercises, while drawing attention, of course, to the desirability of providing shelter against fall-out. As I indicated last Friday that is being done. I forgot to mention earlier that when we talk about evacuation in Canada we plan to avoid the direction that is down-wind; the prevailing winds in Eastern Canada are generally from west to east, and that is a very important consideration in our calculations because of the implications of the fall-out. The history of wind directions in most parts of this country would probably show that a bomb dropped on community "A" would likely produce a fall-out moving eastwards. I merely mention that, without going into it any further for reasons that I will be glad to explain privately. We have got to be very careful about the extent to which we pass final judgment on any particular *modus operandi*. Then we have to take into account, as they do in the White Paper in Britain—where the principle is the same though the smallness of that country produces special problems—what is said in the last sentence of paragraph 117:

> To provide this protection (i.e. shelter) on a country-wide scale would not be feasible.

In Britain the problem of evacuation is, of course, much more difficult than it is here where we are fortunate in having wide open spaces available. Still, it is important to canvas every aspect of this matter, as we are doing and as is being done elsewhere.

The problem of the missile, about which I want to speak only in general terms and which you have pin-pointed, Mr. Churchill, is one that we have in mind. To follow up the suggestion I made in my statement in chief, we have on this continent, I think I may say, an effective radar system north, east and

west. We have under construction as you know a distant early warning line which undoubtedly will minimize the difficulty. That may be an understatement but it is far better to understate than to overstate. But all of that may have to be re-appraised, some time in the future—the extent of time I would not want to circumscribe—when other forms of weapons could be used which would make the problem of evacuation much more difficult, conceivably less practicable, but about which I would not want to make any final evaluation because no one is in a position to make a final evaluation on that aspect of the problem except to say that it obviously creates quite a new and fundamentally different situation.

Mr. CHURCHILL: Mr. Chairman, I do not want to minimize what has been done in civil defence because I understand that a great deal of work has gone into the planning up to date. What I am saying is not intended to be criticism of that aspect of it; but, following the minister very closely on Friday and again today here, I recall him saying on Friday that the danger from thermonuclear attack is something we will have to live with for a long time, and noting that our warning system may be effective for the time being or within a year or two or for maybe only a few years, and noting also that there may be occasions when a surprise attack may be made and we will have no warning at all—

Hon. Mr. MARTIN: I am sure that neither you nor I would want to create an impression that the early warning system has a limited effective date. We were conjecturing, both of us, about the future.

Mr. CHURCHILL: What do you mean by limited effective date?

Hon. Mr. MARTIN: I do not think that we want to convey that to anybody or that we would want to underrate the importance of the early warning system.

Mr. CHURCHILL: The early warning system, in the time that the ballistic missle may travel 5,000 miles, will give us very scant warning indeed. That is what I am talking about.

Hon. Mr. MARTIN: I am trying to make sure that your words and my words will not be misunderstood by those who might want to misunderstand them outside of Canada.

Mr. CHURCHILL: With that as a background, at what stage is a decision reached as to some practical step? The minister mentioned canvassing, sizing up the situation, getting information from other countries, and that some of these decisions have to wait upon international conferences and things like that. At some stage a decision has to be made as to the protection which will be afforded the Canadian people along the lines of evacuation and shelter, and I think that the planning stage is reaching on too far into the future. I think that something in the way of action is required now.

Hon. Mr. MARTIN: I can understand your feeling; but, on the other hand, until we are certain, it would be a disservice to the Canadian people or to anyone in the western world to suggest that final answers were within the knowledge of those who have to do with this matter here or elsewhere. At the present time we believe that it is desirable to continue a policy of testing out evacuation. At the present time we believe that shelters within the fallout area are within the financial reach of every individual human being, and that they will provide for the desired kind of protection against the fallout. We know of no absolute defence against thermonuclear attack on the area and within proper distances from the target hit, other than removal of the population from the area in advance. Those are things that we do know at the present time. Until something better can be devised, we are taking the same position here that they are taking in Great Britain, in the United States and in other countries. We are not waiting for the holding of an international

conference to make decisions of this kind; but, obviously, as you yourself would agree, we should enter into the fullest consultation with those who have like problems and who are giving to their solution the same attention that we are.

I do not think that you would for a moment suggest that we should scrap evacuation at a time when the United Kingdom, the United States and Sweden, and all the NATO countries, are giving first priority and attention to evacuation for test purposes.

Mr. CHURCHILL: Will you permit me to interrupt there. It should never be interpreted that I am advocating scrapping of evacuation. I was only talking about priorities.

Hon. Mr. MARTIN: I misunderstood you. I am sorry.

On the question of shelters, I am reminded, for instance, that in Sweden today they are placing less emphasis on shelter and more emphasis on evacuation than they did two years ago. Sweden was the principle advocate of the heavy underground shelter in years past.

Mr. CHURCHILL: Mr. Chairman, that is a rapid change in her plans, because as of June 18, 1955—

Hon. Mr. MARTIN: Yes, it is rapid.

Mr. CHURCHILL: A press report in the *Gazette* indicates that Sweden was going to put everything underground.

Hon. Mr. MARTIN: Yes, it is a rapid change.

Mr. CHURCHILL: Now they are not going to do that?

Hon. Mr. MARTIN: That is right. Mind you, our problem is different from that of a country like Sweden. We have to take into account their geographical position. They are thinning down their cities; they are theoretically thinking in terms of thinning down their cities and creating communities of definite limited concentrations. Sweden is less than an hour, and Britain is about 800 miles away from the Soviet Union and you must take into account the size, location and special problems of the countries you are considering. We have, of course, an advantage because we have a lesser number of heavy concentrations of population, we have wide open spaces, more shelter area and more potential reception areas. I mention all these things to show you the very great difficulties which I postulated last Friday.

Mr. CHURCHILL: There is no question about the difficulty, but it is obvious that Sweden has gone a lot further than we have. Sweden has, in addition to consulting about this, made decisions. I have this article here, for example:

> Almost the entire air force operates out of underground hangars built on the perimeter of air bases. It is quite an experience to hear the whine of jets coming from below, and then see huge armoured doors roll aside to let supersonic fighters roll up and take to the air within seconds. SAAB, the Swedish aircraft company, has more than 1,000 workers turning out jets under 160 feet of granite. The same way Bofors works manufacture shells and artillery in similar bomb-proof plants underground.

I suggest, Mr. Chairman, that although that is not necessarily a matter of civil defence, it is a matter of national defence that Sweden has made decisions and that that sets a good example for other countries that similarly would like to survive in the case of any future war.

Hon. Mr. MARTIN: I take issue with you with great respect, although I appreciate the argument you have made. But that would not be the position generally today in Sweden in terms of civilian shelters. In Sweden, as I said a moment ago, you have to take into account that they have no open spaces such as we have; and on the basis of the situation as it was three years

ago that seemed to be a likely and desirable plan for a country like Sweden; and indeed on this continent there was some of the same sort of advocacy. It was argued about three years ago, that we should be thinking in terms of shelters like they had in Sweden. The same argument has been considered in Great Britain and they have decided to take a calculated risk.

In the United States and in Canada we looked at the shelter problem from the point of view of the program that was carried on in Sweden and it was decided that it was desirable for us to take a calculated risk at that time based on our assessment of what the international climate was—admitting of course that we could have made a very fundamental error in policy—and more important still, because of the tremendous economic burden which the policy of shelter building of that character would have imposed both upon the United States and Canada.

We are in a fortunate position now, I think, of having been able to avoid that undesirable economic burden which would have held back other important and essential activities. It may in fact be doubted whether these rock shelters would provide really effective protection against the H bomb. The problem which results from use of that kind of shelter from the H bomb could be very serious; the possibility of the exhaustion of the oxygen supply, and all that sort of thing, from all these tunnels,—which would be completely within the orbit of the fireball,—would entail most disastrous consequences; and it is for that reason that our thinking does not, with respect to deep shelter, coincide altogether with that which has to date, prevailed in Sweden.

In so far as civilian shelters are concerned I am not saying that for Sweden there is not still some utility in them. That might be. That is at least arguable, but in terms of civilian shelters the policy of deep shelters for all the population is not the policy which is advocated today in Sweden.

Mr. CHURCHILL: No. You are thinking in terms of dispersal and a lot of shelters for civilians rather than thinking of some great mass of people in some underground place.

Hon. Mr. MARTIN: I am thinking of the fall-out.

Mr. CHURCHILL: You are thinking of the fall-out that is right. Have any of your officials visited Sweden?

Hon. Mr. MARTIN: Yes. General Worthington has been there three times. And we have had their officials over here, I think, once or twice. We see them regularly of course at NATO meetings, and I myself saw the Danish officials at Easter when they visited the city of Detroit, the headquarters in Michigan. I asked them to be good enough to meet me, and I spent part of a day with them in Detroit, as a matter of fact.

Mr. CHURCHILL: Is it possible to hear from those who have visited Sweden?

Hon. Mr. MARTIN: I have no objection if you would like to hear General Worthington on that subject.

Mr. CHURCHILL: I think it would be most interesting if he were to speak of the studies that he made of civil defence in Sweden. I think it would be helpful to the committee if he were to tell us of the things he has seen.

Major General F. F. WORTHINGTON (*Co-ordinator of Civil Defence*): Mr. Chairman, Mr. Minister and gentlemen: the visits I made in Sweden were largely for the purpose of examining their method of setting up civil defence in Sweden. It has been going on in Sweden for twenty-five years. I was not attempting to determine what part of it we could adapt and employ here in accordance with the characteristics of our country.

To begin with, let me say this: that it is a compulsory matter in Sweden, so we start off with that premise at the beginning. The second point is this: these underground shelters were started many years ago and they were not

started in most places for civil defence. There was an economic factor in their building. As you know there is not a great deal of arable land in Sweden, and any land of that kind must be preserved. However, there is a great deal of rock and they have developed a method of going underground which seems to be very economical. They can build space underground which is about 25 per cent more costly than surface structure; but over the course of 15 to 20 years it pays for itself, because with the underground construction you have no exterior maintenance, and your heating problem is almost nil. So we find these factories there for economic reasons rather than for defence reasons at the outset.

But subsequently they have incorporated this thinking into their defence planning particularly before the last world war, in places such as Stockholm and Goteborg. They have also gone underground over there for many of their hospitals. They have built in Stockholm an eight storey building underground which is used as an office building and this again they have incorporated in their defence planning. It is quite true what you suggest, I dare say, and I have been at an air-field which is underground.

Now they are presently thinking that in terms of the thermonuclear weapon these underground shelters that they have in the large places are perhaps going to be of questionable value. In the area of what we call the A zone,—for example, with a 5 megaton H bomb the A zone would extend for a radius of about three miles in every direction, and the B ring out to six miles in every direction, making some 95 square miles,—there will be nothing alive in that ring, nor is it going to be possible for anybody to escape out of it or to enter into it for some time to come, I do not know how long.

Dr. Libby, the great American scientist thinks it is 75 years. Dr. Lavigne another American scientist thinks it would be 50 years. Our Dr. Solandt thinks it would be a somewhat shorter period; so that A zone is going to be pretty hot for a long time. That is why the Swedes are thinking, that is why their idea is now to thin-out their population through dispersal. I might say that I have taken a good many tips from what I have seen Sweden develop on this question of evacuation and of getting people out if they have the time. They figure that the political situation internationally will allow that to take place.

I have given you a very quick outline of my view of the Swedish situation and I might add this: they have a law that every dwelling house of more than four families must have a shelter inside. They have this long term program of built-in shelters, and while it is rather elaborate, and was designed for the functional weapon it still holds good as far as the fall-out is concerned. They are of course modifying it extensively to bring it into line with present circumstances but the householder must pay for it according to the law.

Mr. NICHOLSON: That applies to large apartment buildings.

General WORTHINGTON: To large apartment buildings; they all have their shelters.

Mr. NICHOLSON: There is one for every four units?

General WORTHINGTON: Let us take an apartment house such as we have here in Ottawa. Let us say it is the Roxborough. They would have to have a shelter in the basement to house all the people.

Hon. Mr. MARTIN: Following up what General Worthington has said, and taking your thermonuclear bomb of 5 megatons—or in other words, 5,000 kiloton or the equivalent of 5 million tons of TNT, the fire-ball is about a mile or more in radius. That fire-ball sucks out the oxygen, assuming it envelops or blankets the underground tunnel or shelter. It sucks the oxygen out completely, and you can see what happens to human beings who have sought refuge in that kind of shelter. It does not therefore provide safe protection in the blast area; whereas with a shelter which is deep in the ground, or in the

basement of a house, it will provide much more effective shelter against the fall-out than these very expensive installations which have been built to cover different situations in other countries where as General Worthington says, they do not have the same great open spaces or the arable land that we have.

Mr. CHURCHILL: I accept that with regard to large underground shelters for a large number of people that it is not possible, perhaps; dispersal plus a shelter against fall-out as General Worthington points out. The Swedes have no shelters against fall-out built into their homes.

Hon. Mr. MARTIN: Yes.

Mr. CHURCHILL: That is the whole point here in Canada. Can we not make that decision and make a start on it?

Hon. Mr. MARTIN: We have made that decision and we have it on the best opinion that the most effective shelter against fall-out, is the sort of thing I have described, the cellar in a house, and when that is not available, the building of a shelter under three feet of ground with a proper covering on top. Those are the kind of shelters we have been advocating and they can be built at a cost which is within the reach of ordinary people in this country. But we have not decided that it is feasible for the government to go ahead and do these things itself.

Mr. CHURCHILL: Have you any idea as to how many of these have been built in Canada?

Hon. Mr. MARTIN: I cannot tell you the number, there have been relatively few. There have been some commercial companies advertising more expensive shelters, one at $200; and the Toronto Telegram constructed a shelter and placed it in front of the City Hall in Toronto, about a year and a half ago. That is the type of shelter to which consideration might be given. It was not satisfactory in all respects but it was a commendable effort, as I said last Friday. We believe that the most effective types of shelter are those I have already mentioned, which are within the reach of the average citizen.

Mr. CHURCHILL: Has your department erected any of those shelters anywhere for demonstration purposes?

Hon. Mr. MARTIN: Yes.

Mr. CHURCHILL: Have you one in each city?

Hon. Mr. MARTIN: I do not know, but they have been built for experimental purposes in many places.

Mr. CHURCHILL: Would it not be wise to have one built in each city, so that people would be able to see them and attention could be drawn to them?

Hon. Mr. MARTIN: I think we could give more attention to that aspect of it.

Mr. CHURCHILL: The main problem which confronts us, if I understand the situation, is survival of as many of the populace as possible. We have to accept the fact that in thermonuclear warfare there will be heavy casualties. That brings it down to the individual family, Although we may talk in terms of the evacuation of cities, which involves a large movement and a directed movement, nevertheless even after evacuation there are those who cannot get out and there must be provision for the individual family to protect itself. My feeling is that sufficient emphasis is not being placed on that by your department.

Hon. Mr. MARTIN: We had a pamphlet which was completed about a year ago on this subject. We decided, in the light of some consultations we had, to make a revision of that pamphlet. We did not distribute it. There is a new pamphlet now which is just about ready for distribution, a pamphlet which

will outline to individuals and to families what kind of shelter we regard—in the state of present knowledge, and it is on that we must always postulate—as the most effective form of protection against the fall-out. This year at the college we have three different courses on shelter; the first one takes place in May, the second in July and the third in December. Their purpose is to bring home to the civil defence leaders across Canada the latest information available as a result of the consultations we have had with our own people and in the other countries concerned, all based upon conclusions reached at the last NATO meeting. This pamphlet which I mentioned a moment ago is the last word; there is no doubt about that. I think it will prove to be a very valuable pamphlet.

Mr. CHURCHILL: How will that be distributed? Will every family in Canada get one?

Hon. Mr. MARTIN: They will be distributed through the provincial civil defence organizations and there will be enough to reach the population of the country.

Mr. CHURCHILL: Could I ask General Worthington if this is an accurate statement in the article I quoted from earlier. It says that a red covered pamphlet is found in every Swedish home, which is entitled "If War Should Come". It is issued by the government there. I wonder if General Worthington has seen that pamphlet

General WORTHINGTON: There is a copy in every home, as far as I know. We have copies of the pamphlet here. It is rather a thick one. It goes into everything related to war, naval warfare, tank warfare and so on. They are all tied up.

Hon. Mr. MARTIN: I think we felt generally, and so did the Americans, that it was too complicated for general usage.

General WORTHINGTON: Yes.

Mr. CHURCHILL: The idea is that every home should have the knowledge of what to do in case of emergency. How soon will this pamphlet you mention be ready for issue?

Hon. Mr. MARTIN: I think it will be ready within the next six weeks. The Queen's Printer has had it now for some weeks.

Mr. CHURCHILL: Will the minister see that the pamphlet is distributed to members of parliament at the same time as it goes out elsewhere?

Hon. Mr. MARTIN: All our pamphlets are distributed automatically to members of parliament. We have now distributed 16 different pamphlets.

Mr. NICHOLSON: I had intended to ask the minister to discuss the question of dispersal. I would like to try once more. I see that James M. Minifie, writing from Washington to the *Telegram* has a comment to make on this matter. He was here on C.B.C. formerly. I think the minister saw his criticism. It would not apply entirely. He criticizes the United States for her relatively small percentage of the total defence budget allowed for civil defence. I admit the position is slightly better here, but Mr. Minifie says, and "dispersion" is the word he uses here:

> Dispersion would help enormously, but concentration is the policy. Officials in the highest emergency agencies have just given the green light, officially and publicly, to $500,000,000 worth of new construction between the White House and the Pentagon. . . .

That expenditure was to clear a slum area in Washington and his point is that this is not the time for $500 million of new construction to be undertaken in a congested area. He says:

> This situation calls for action now before the crisis. People and agencies must disperse widely, and hope they will not be in the bull's-eye. Civil defence must start by cutting down the vulnerability of

metropolitan areas. Their target attractiveness must be reduced by breaking up the present concentration of business, factories and government centres.

Then, his last paragraph says:

All these measures would make for better living in peace time, as well as survival in war. But they would cost money. And while we are willing to put 35 billion dollars into preparations for war, we are not willing to put more than four-tenths of one per cent of that amount into measures for survival.

As I have tried to establish, and as the minister is able to say, there is no easy solution for this dispersal. It does not guarantee security, but it would appear to me that Minifie is on absolutely sound ground when he suggests that civil defence should be doing something to face this problem.

The fact that there are more people in metropolitan Toronto than in the province of Saskatchewan suggests to me that Toronto and Montreal would be considered the main target areas in Canada. While one cannot guarantee security in Saskatchewan, I feel that the chances of survival there are much better than in an area within six miles of a target hit, as General Worthington described a few minutes ago. I hope the minister will have another look at this problem and not dismiss it as being possible only in a dictatorship. I think the government of Canada, as also the government of the United States, should have something to say about the further concentration of more people in these very congested areas.

Hon. Mr. MARTIN: You have dealt with that already very effectively on other occasions. What you have done now is to quote from an eminent journalist for whom I have the highest personal regard and you have quoted him with great effect. I cannot add to what I have said already. I should possibly add this supplement, that the question is certainly one which bears study. There is a new study being made by a professor at McGill University, called "Urban Development in the Age of the Intercontinental Guided Missile." This study is a draft manual to guide municipalities and other authorities as to the degree of dispersal necessary, and as to the extent to which it is regarded as feasible to minimize the loss from high yield weapons. We have arranged a contract with McGill University with regard to this particular study through the Defence Research Board, but apart from that I cannot add any more to what I have already said. I would think, Mr. Nicholson, that from the point of view of town planning you can make a strong case for a policy of industrial dispersal; from the point of view of civil defence there, however, are many imponderables in this matter. It is the easiest thing in the world to sit down and formulate plans, but the resources of a nation are limited and certain calculated risks are inevitable, particularly if it is considered that the kind of dispersal you are speaking of may prove wholly ineffective, especially in the period of intercontinental ballistic missiles.

Mr. NICHOLSON: That might be so, Mr. Chairman, but I think at the moment that there is a definite economic advantage which seems to make these large metropolitan areas desirable places for the building of new industry and they become magnets to attract more population. It appears to me, however, that if civil defence was receiving the priority which is said to attach to it, then Smiths Falls or Perth might be places where new industries could be established.

Hon. Mr. MARTIN: Dr. Blair would be very grateful.

Mr. NICHOLSON: I think we have reached the point where the civil defence department should be giving directions so that we might stop the concentration of so many industries in our large centres of population and start building up some of the smaller communities where the people would have a better chance of being away from the direct lines of attack.

Hon. Mr. MARTIN: Are you suggesting now that the federal government should acquire from the provinces a constitutional power which it does not possess now—

Mr. NICHOLSON: I think you could work with the provinces and the municipalities.

Hon. Mr. MARTIN: Are you suggesting that the federal government should acquire the constitutional power to compel the movement of people and to direct the location of buildings, private, commercial and so on? That is the effect of what you are suggesting.

Mr. NICHOLSON: No, I am suggesting that the government itself should give the lead and cooperate with the provinces to achieve this end. I think we have not done sufficient educational work in pointing out the dangers that lie ahead. I think the minister's department should be able to negotiate with the provincial governments, and the provincial governments in turn with municipal governments. The federal government should take the lead rather than put up more and bigger government buildings in Toronto, Winnipeg and Vancouver. They should give some consideration to the smaller communities.

Mr. HAHN: Mr. Chairman, I too wish to ask some questions about dispersal. As I understand it as a result of the anticipated effectiveness of the early warning line we would hope for certain preliminary evacuation to take place. What percentage of the population would you expect might be evacuated if, let us say, we received a warning right from the beginning.

Hon. Mr. MARTIN: We hesitate to give percentages. They are given as between 40 and 50 per cent but I hesitate to rely on these figures at this stage.

Mr. HAHN: You would not think that this was feasible during the winter months, would you?

Hon. Mr. MARTIN: We will not be thinking in terms of feasibility if it happens. If it happens we would not worry about the climate.

Mr. HAHN: I was wondering, in reference to another matter whether the minister has any information respecting underground shelters—

Hon. Mr. MARTIN: Just before you leave that subject, Mr. Hahn—you were not here, I know—you were engaged in your parliamentary duties elsewhere—

Mr. HAHN: I was not on the committee.

Hon. Mr. MARTIN: I drew the attention of the committee to this document —I think it is a restricted one—which is called "A Manual of Survival Planning" and it deals with the questions of evacuation in the terms you speak —transportation, feeding, hospitalization and so on. This is the basic plan which was prepared on the basis of the best experience available in the United States, the United Kingdom and elsewhere. It is supplemented, for specific localities by a document such as the one which I have here, for Manitoba and by one here—I think this is a typical one—for the city of Winnipeg. We hope to have the same thing for other areas before the end of this year.

Mr. HAHN: I have one other question with respect to another problem and that is the utilization of tunnels, that is to say underwater tunnels such as the one between Windsor and Detroit. We are getting one in British Columbia and I was wondering whether they could be utilized.

Hon. Mr. MARTIN: As I said a while ago they would be highly dangerous places in which to hide during an H-bomb attack.

Mr. HAHN: Further to the suggestion which Mr. Churchill made as to a permanent shelter being placed in large cities for display purposes, would you consider having such a shelter—a demonstration one—taken to such fairs as the Canadian National Exhibition and the class B fairs?

Hon. Mr. MARTIN: We have already done that at several exhibitions but as I have pointed out already we believe that more economic, less costly and just as practical forms of shelter are available. We had an exhibit of a shelter which went to several fairs but we did not go any further because information reached us with regard to a less costly form of shelter.

Mr. HARKNESS: Mr. Chairman, on this point of evacuation I would like to ask the minister what has actually been done in the matter of evacuation planning. For how many cities do evacuation plans exist, and what steps have been taken, if any, to acquaint the citizens of those cities with these evacuation plans?

Hon. Mr. MARTIN: By the end of this year we hope to have detailed plans for 10 cities out of 13 that we have designated for this purpose. The first actual evacuation test was in Brockville where we moved 6,000 people. It was a limited test, of course, and it did not endeavour to test some of the more complicated problems such as hospitalization, feeding and that sort of thing. It was the first test, just an attempt at a mass exodus, and it was very successful. We have also had tests in St. John's, Newfoundland, in Brandon, Halifax and Calgary. Actually, there were three in St. John's. The first test in Calgary was abortive for the reasons I gave last night. We have produced a film on the one in Calgary. I do not know whether the members of the committee would like to see it. It was done by the film board. While it is not a fully satisfactory portrayal, it does give a pretty good idea of the kind of effort that was made.

Mr. HARKNESS: I would be interested in seeing it at some time, but—

Hon. Mr. MARTIN: We would like to show it to you.

Mr. HARKNESS: But I take it—

Hon. Mr. MARTIN: May I finish. We and the United States are the only ones, so far as I know, who have carried out actual tests to date.

Mr. HARKNESS: They have carried out a large number of tests in various cities in the United States.

Hon. Mr. MARTIN: Yes.

Mr. HARKNESS: I have seen reports in the papers on numerous occasions.

Hon. Mr. MARTIN: Their tests have been very much like these which we have had.

Mr. HARKNESS: I have certainly seen them on frequent occasions.

Hon. Mr. MARTIN: They have had ones on the Brockville scale, and also on the Calgary scale.

Mr. HARKNESS: I take it from what you have said that evacuation plans are in existence for the 12 metropolitan cities which take part actively in civil defence.

Hon. Mr. MARTIN: Yes; they are being developed.

Mr. HARKNESS: In those 12 cities what steps have been taken to acquaint the citizens with what those evacuation plans are? You have mentioned that tests have been taken in certain cities. Have any other steps been taken to make the citizens aware of what they are supposed to do or where they are supposed to go in the event of an evacuation?

Hon. Mr. MARTIN: By the end of the present year we expect that 10 of the 13 principal cities will have detailed plans for evacuation. At the present time most of these cities—that is their civil defence top echelon—have got to know about the plans and are collaborating with us in the development of these plans. In places where the actual tests were made the people were informed. For instance, in Calgary where you took part, the people were fully informed.

Mr. HARKNESS: I object to what you say.

Hon. Mr. MARTIN: Let me finish. These tests are not carried out by the federal civil defence authorities. They are carried out in accordance with arrangements made with the provincial civil defence authority in co-operation with the municipal civil defence authority. It is true that we have provided financial assistance. But, in Calgary, through the papers and through the radio there was very considerable information given to the people in the province of Alberta. For instance, I have before me a report of Air Vice-Marshal Howsam in the province of Alberta, to which I directed the committee's attention in part the other day.

Now, I also have here a copy of the notice that was circulated in Calgary:

CALGARY

Notice and Instructions issued to
Residents of Sub-Division "B"

City of Calgary
Civil Defence
Evacuation Exercise

PRELIMINARY NOTICE

Please read carefully and keep for reference.

There is that one. Then I have here a further commentary on this, a long statement which appeared in the press and on the radio, signed by the local director of civil defence in the city of Calgary, G. O. Bell. For instance, he says in this notice, which was widely distributed:

> Having read this far, I am sure your next question is going to be—"How shall I know when to evacuate myself?"—and the answer is again very simple. "Civil Defence will tell you." "But," you ask, "how will Civil Defence know?'

And he goes on to give the reasons, and further on he says:

> In such a way, and only in such a way, evacuation of the city will go like clockwork.
>
> In any other way it will be a mad stampede in which you and your children (and it could as easily be you and yours as anyone else!) might be trampled to death in a frenzied mob, or killed by the bomb because your progress out of the city was delayed by impassable bottlenecks...
>
> And so it is that an evacuation exercise is to take place. It is being held for two reasons—both very, and equally, important—
>
> 1. To give Civil Defence officials a chance to develop their plan (for your benefit).
> 2. To give you a chance, while time is still on our side, to try out the plan which (God forbid) may one day mean the difference between life and death for you and your loved ones.
>
> The plan can only succeed with your wholehearted co-operation, and I do beg of you that you will give us this.

Then, it goes on further—this is the preliminary letter:

> In the very near future a Civil Defence warden will be calling on you to collect vital statistics and information, and I hope you will give him every assistance. (He will be in possession of an official identity card which he will show you on request.)

And then he goes on in the final paragraph:

> Civil Defence in Calgary, through me, promises you—at the cost of much hard work—its very best services. In return it begs for your co-operation always—but especially on Wednesday, September 21st, when the eyes of the whole of North America will be focussed on us.

Then, attached to all of the cars in the area concerned was this blue sticker:

City of Calgary
Operation Lifesaver
21st Sept., 1955

Then this blue sheet here was given to every car driver. I assume, Mr. Harkness, if you were in Calgary that you received one of these.

Mr. HARKNESS: No, I did not.

Hon. Mr. MARTIN: Were you in Calgary?

Mr. HARKNESS: Yes.

Hon. Mr. MARTIN: I hope you told your civil defence director that you did not receive one. Were you a driver in the area?

Mr. HARKNESS: No.

Hon. Mr. MARTIN: Then you did not receive one. And here are the cards which were used for purposes of registration, giving particulars of the family, whether they had a car which was available, and so on.

Then another notice. Here are other notices given out at various times. Here is the final one giving the destination, where the person was to go and so on and so on.

Then here are the instructions given to the various wardens. This is a very complete job, so much so that I think other cities are now using this as a model. I hope you will read this. This is a very good document.

Mr. HARKNESS: Mr. Chairman, I am very well aware of the value of these evacuation tests and am strongly in favour of them. The thing is this: in how many cities was information along that line put out?

Hon. Mr. MARTIN: It was given in Brockville, it was given in St. John's, it was given given in Brandon, and it will be given in great detail I am sure by the civil defence authorities wherever the tests are being done. At the present time—and remember we are talking about something, Mr. Harkness, that is an extremely difficult matter as you yourself I am sure would be the first to admit, knowing of your great organizing skill—many mistakes have been made; this is by no means a perfect exercise, but the only way to approach efficiency or adequacy is by these tests. I have no doubt that you will be able to point to many imperfections.

Mr. HARKNESS: I am not trying to point out any imperfections *per se*. What I am trying to get at is the extent to which information has been given to the persons of our cities who would have to be evacuated as to what evacuation plans exist and what they are to do. I take it, from what you have said, that in the city of Calgary all these various documents from which you read, were distributed and so forth.

Hon. Mr. MARTIN: That is right.

Mr. HARKNESS: And that was done in two other cities?

Hon. Mr. MARTIN: No; it has been done in St. John's, in Brandon and in Brockville.

Mr. HARKNESS: It has been done in three other cities?

Hon. Mr. MARTIN: Yes, and when—

Mr. HARKNESS: May I just continue? The test in Calgary was advertised as the biggest of the kind which has taken place either in Canada or I think on the continent.

Hon. Mr. MARTIN: It was planned as the most comprehensive attempt up to that time on the continent.

Mr. HARKNESS: One would take it from what you have said, and from a good deal of the publicity put out about this, that every citizen in the city of Calgary as a result of this would be fully aware of the evacuation plans for Calgary and where they are to go, where the reception areas are, and the routes to follow and everything along that line. But that is very very far from being the case. As a matter of fact, this evacuation plan for Calgary was not an evacuation plan for the whole city of Calgary. It was a plan for less than one-quarter of the city of Calgary, the 40,000 in the north-eastern corner of the city.

Hon. Mr. MARTIN: That is right, and that is what we said.

Mr. HARKNESS: The people living in the north-east corner of Calgary did get good information as to all the details of evacuation and those people are now, I take it, as a result of that, in a better position from that point of view than any other people in Canada. That is all to the good, and I am extremely glad that it took place. But the remainder of the people of Calgary, numbering around 160,000—in other words, 4 times as many as in the area evacuated—did not receive any information about their evacuation plans.

Hon. Mr. MARTIN: That is right. It has not been proceeded with yet.

Mr. HARKNESS: In other words, this evacuation plan in Calgary evacuated about one-fifth of the city.

Hon. Mr. MARTIN: That is right.

Mr. HARKNESS: And the other four-fifths of the city—no, you did not say that.

Hon. Mr. MARTIN: I said that on Friday.

Mr. HARKNESS: And the other four-fifths of the city are in an unfortunate position.

Hon. Mr. MARTIN: I beg your pardon. On Friday I said that it was a limited test. I am not saying that it was a perfect test but it was a very fine test on the part of the citizens of Calgary. I am surprised that you do not appreciate that fact, and those who did do a remarkable job.

Mr. HARKNESS: I do appreciate it. Moreover, you said at the first meeting that I was belittling the civil defence people in Canada, and the citizens of Calgary, and I took exception to it. Later I am glad to say you withdrew your remarks. There is no question of anything along that line. I have tried to find out what the actual situation is in regard to civil defence, but whenever anything is brought up which you think it not too complimentary to civil defence, you seem to take objection to it and think that I am trying to throw sand in the wheels.

Hon. Mr. MARTIN: Would you not think I was a very unusual minister if I did not?

Mr. HARKNESS: I am not trying to throw sand in the wheels. I am trying to get this information more widely disseminated.

Hon. Mr. MARTIN: I appreciate that.

Mr. HARKNESS: I would appreciate having everybody in the city of Calgary in the position that only one-fifth of them are in now, and I do not want the wrong impression to go out to the people of Canada that all the people of the city of Calgary were aware of their evacuation plans, because they were not.

Hon. Mr. MARTIN: Nowhere did I suggest anything to the contrary.

Mr. HARKNESS: I think that is one of the things that civil defence should be going ahead with and getting done immediately, namely the putting out

of information to the people in every one of these fifteen cities, with regard to the evacuation plans, so that everybody in those cities will know the routes they are supposed to follow particularly, because if this thing ever comes up the most important and first point is for people to know what route they can get out of the city on; to know that they are not going to be held up for hours because everybody is trying to take the same route. I hope that in the next year that information might be put into the hands of the people of this country, and that it might be put into the hands of those four-fifths of the population of the city of Calgary who have not got it now.

Hon. Mr. MARTIN: So would I!

Mr. HARKNESS: I come to a very definite question; to what extent will that be done during this coming year?

Hon. Mr. MARTIN: We have several projects in mind. You must remember that this operation is not carried on by the civil defence authorities in Ottawa. It cannot be. It can only be carried on by one group and that is by the people in the community concerned. I have been anxious for some time now to have combined evacuation exercises on the Canadian and American border, with a Canadian city alongside a large American city. There would not be much point in carrying out an evacuation exercise in that particular area unless it was a combined one; and we are hoping that we will be able to make the necessary arrangements with this city through the United States civil defence authority with whom we have now, over a year, discussed this matter. But I am sure you will appreciate that this is a very gigantic problem. It looks perhaps relatively easy but when you come to attempt it, it is not easy. We are attempting it though, and we are making progress.

Mr. HARKNESS: Might I suggest that while a test is highly desirable, and it should be held, I think that it is not absolutely essential, and I think that the most essential think is to get this information into the peoples' hands.

Hon. Mr. MARTIN: I would not agree with you.

Mr. HARKNESS: It is not necessary to hold a test in order to do that. As far as my own city is concerned, I know that both the newspapers will be quite happy to devote several pages.

Hon. Mr. MARTIN: They did.

Mr. HARKNESS: They did as far as this exercise was concerned.

Hon. Mr. MARTIN: They did a tremendous job.

Mr. HARKNESS: They devoted a great many of their pages to maps and things of that sort, and I am sure they would be quite happy—and I am sure any other newspaper in Canada would be quite happy—to devote space in their columns to printing maps which would show people from each area the route they should follow and the details of the general plan to be followed in the event of evacuation. I think that in itself is a very ordinary thing to do and I think it could be done.

Hon. Mr. MARTIN: And it was done.

Mr. HARKNESS: It has not been done.

Hon. Mr. MARTIN: Oh yes. The two Calgary papers were very generous with their space. They had maps; directions were given to movie houses and radio stations, and they all co-operated very fully.

Mr. HARKNESS: I think you are under a misapprehension as to what I said. They did that as far as one-fifth of the city of Calgary was concerned.

Hon. Mr. MARTIN: That is right.

Mr. HARKNESS: I am talking about the other four-fifths of the city where this test was held and I can see no reason why, during this coming year, plans

for each city cannot be perfected, and information published in regard to that plan including those maps. Each newspaper could publish the essential routes and so forth so that every citizen in each of those cities would know what the evacuation plan was and what route he should follow in the event of evacuation. Moreover, if that were done, I think the majority of the people would drive along those routes some time on a Sunday afternoon.

Hon. Mr. MARTIN: They were asked not to do that very thing.

Mr. HARKNESS: I am not talking about when the test is on.

Hon. Mr. MARTIN: I see!

Mr. HARKNESS: Quite apart from the test this sort of thing takes a lot of organization and it involves a considerable expenditure. This sort of thing can be done without a great deal of organization, except on the part of the civil defence co-ordinator in the various cities with assistance from the federal civil defence people, and it can be done without any expense; and as I say during this coming year that is one thing that could be done. It could be done, I am quite sure, because I think that the newspapers would co-operate to the fullest extent in enabling it to be done.

Hon. Mr. MARTIN: I am not only sure, I am certain, and I can say that they have co-operated.

Mr. HARKNESS: They have so far as Calgary is concerned and other places too, because when this test was put on at Calgary, the newspapers printed maps and information showing different segments of the city; but as to what the evacuation plan was for the rest of the city, they would have published it too, and instead of only one-fifth of the people of Calgary knowing what their evacuation plans were, the entire city would know at the present time, and as far as most people are concerned, that is, I think what really is necessary. As far as I am concerned in my own household, I happen to live in a certain section of the city, and I know that there are possibly three routes in the case of evacuation which I could take, but I do not know which one of these—and perhaps everybody in that section feels the same—but if we knew that, essentially that is the most important thing for us to know. If people knew, I think that most of them would at some time, let us say on a Sunday afternoon, drive over those routes to know what they looked like and to know where they were supposed to end up. This can all be done without expense and without a great deal of effort involved.

Hon. Mr. MARTIN: I can see that when we are engaged in the evacuation of the other portions of the city of Calgary we shall be calling upon your services.

Mr. HARKNESS: I do not think it is a matter of calling on my services; I think this is a practical suggestion.

Hon. Mr. MARTIN: I agree.

Mr. HARKNESS: It is a suggestion which I hope you people will try to put into operation within the present year.

Hon. Mr. MARTIN: That is a matter to be worked out with the local civil defence authority in the province.

The CHAIRMAN: Shall the item carry?

Mr. HARKNESS: No. I have a number of questions on other subjects and one of them ties in directly with the evacuation plans in regard to reception areas. To what extent have these provinces, such as my own, where I know the situation best—to what extent apart from the towns which took part in the life-saver exercise—to what extent have these smaller towns which would be reception areas to the people in Calgary and Edmonton—to what extent have they been notified that they would be reception areas, and what if anything has been done in the way of preparation of plans for those smaller towns to carry on that function.

Hon. Mr. MARTIN: They were all notified, some thirteen of them, such as Red Deer.

Mr. HARKNESS: You are not answering my question. I said other than the towns which took part in the life-saver exercise. They were notified, of course, but I am thinking of the other towns in Alberta, and the same applies for every other province which did not take part in those exercises.

Hon. Mr. MARTIN: Were all these notified?

General WORTHINGTON: Not all were notified in connection with the Life-saver Exercise but last year we tried various means to reach people through training exercises. For example, last year in British Columbia they tried out a little different approach than in Alberta.

Hon. Mr. MARTIN: He wants to know.

Mr. HARKNESS: I want this life-saver exercise left out of it. I particularly said at the start of my question that my question was directed to the towns which were not involved in that exercise.

General WORTHINGTON: British Columbia has in fact carried on several forms of reception exercise; Saskatchewan has done something in about eight areas, and I think they must have fourteen or more.

Hon. Mr. MARTIN: Seventeen is it not?

General WORTHINGTON: Seventeen yes; Manitoba is doing very well. They are doing the same thing. I know this because I am going out tonight to do a western tour—to inspect what they are doing there and they are doing a very fine job in the small towns. I think we are safe in saying that British Columbia, Saskatchewan, and Manitoba are well-advanced in respect to development of reception areas, and I think that Alberta is advancing very well too, but a little differently. I could not have said that for Ontario a year ago to be perfectly honest with you; but Ontario is really getting going in this past year. New Brunswick has partially done that, and in June there is a full scale meeting of the small towns in that province to talk things over. It has been done only partially in Nova Scotia and of course in Newfoundland it is necessary only for those around St. John's. Does that answer your question?

Mr. HARKNESS: Yes. I am glad to hear that something has been done in some of the western provinces, and I would hope that something might be done here in this regard; and I suggested a few minutes ago in regard to evacuation from metropolitan areas in other words, the smaller towns and villages to which the people to be evacuated from those metropolitan areas are to go, would in each case be given a paper plan which they could then disseminate amongst their citizens. That again is something which would not involve very much money or too much effort.

General WORTHINGTON: We have been feeling our way here and in the United States. At one stage it was believed this evacuation was a sort of rush-out, but we have come to the conclusion that, as far as it is humanly possible to do so, we should work out a predetermined plan as to where people are to go, and in some respects that is most important. We tried that out in Calgary. The highlight, in getting the people out immediately, was the fact that people knew where they were to go. We are convinced that is the right thing and we advocate it everywhere.

Mr. HARKNESS: Your thinking is along the lines of which I was speaking.

General WORTHINGTON: Very much so. We have another plan somewhat similar to your suggestion, involving another method of testing evacuation by motor vehicles. I am trying to talk Winnipeg into tackling it, as someone has to be the guinea-pig, as Calgary was. I think there is a great deal of merit in what you say and we are emphasizing the reception areas as much as possible.

Mr. HARKNESS: One of the most important features of civil defence in the dissemination of information, is the dissemination of definite information, as far as the people in town A are concerned in relation to city B.

Mr. MCLEOD: We have heard a lot about the dissemination of information and I think we have come to the conclusion that a lot of this material is available. The question arises whether the people are making use of it or not. In order to get them to make use of it, they must become interested. We here as members are interested in this and might be able to change the situation a little. I do not want to be egotistic but just yesterday I taped a recording which will deal with this problem for about 10 minutes. I did not go into particulars, but I made up that talk with the idea that I could create a little bit of interest, and perhaps put a little bit of fear into people's minds as well, by telling them what they are up against and cases where such disaster might arise. If each one of us devoted a little time in a talk to create a little interest so that the people would make use of the information which is available, it would be a step in the right direction. Possibly it would do more good than the department would by distributing leaflets and pamphlets. After all, you can put them right into the hands of persons but you have no guarantee that they will be read, unless the interest is there.

Hon. Mr. MARTIN: Mr. McLeod, I would like to thank you very much for making that statement. I think that you, as a member of parliament and that all of us as members of parliament could do a great deal. A member of parliament is a leading citizen in his community, and by his own participation in these exercises, by his own interest in civil defence, he can do a great deal to encourage others. During the war, many members of parliament around this table took part in the victory loan campaigns, in the building up of the reserve army, in the building up and encouraging of recruiting and so on; and that kind of activity on the part of a member of parliament can be most helpful.

Pamphlets, articles in newspapers, comments on the radio, all have their place. So has the kind of endeavour and the effort which you yourself have so well made. I am very grateful to you for making that statement. I do not know if you have had a chance yet to come to the college, but I would be glad if you could come up there and perhaps spend a night and see what we are trying to do. I think you and other members of parliament would find that very useful.

Mr. PURDY: Another matter along the same lines as civil defence is the ground observer corps. The two ideas run closely together and both would make a very good subject for a talk. I did make one on that subject.

Hon. Mr. MARTIN: The ground observer corps is growing into a formidable organization. There are over 100,000 now enrolled under the R.C.A.F. They have a definite connection with civil defence. In Brockville they have a ground observer corps which takes a very active part in operations there. We also had last winter a meeting of individuals of the press from all over Canada who are interested in civil defence. We will have another meeting, a week's meeting, in May. Likewise we have a group who serve as the advisory body on our information panel, on civil defence matters. They have been very helpful.

Mr. CHURCHILL: With regard to the dissemination of information, there is no question but that the individual member of parliament can do a great deal, but the minister could do much more and the House of Commons itself even more. The presence of this Estimates Committee in dealing with civil defence will be of some assistance to the country. You will remember that last year I drew the attention of the house to the fact that over the past four years the House of Commons had spent extremely little time on the subject of civil defence. You will remember my eagerness last year to obtain more time on

it and that I was completely frustrated. We ended by spending 30 minutes on it one Saturday and 30 minutes the following Saturday, which was at the end of the session. I spared you many questions last year because of the lateness of the session and of the hour, but I have no mercy in my soul on this occasion at all.

Hon. Mr. MARTIN: I welcome your questions.

Mr. CHURCHILL: A new look must be taken on civil defence.

Hon. Mr. MARTIN: What new look would you advocate?

Mr. CHURCHILL: I think the minister should take the new look—he is responsible to the country—on civil defence, not from the point of view of dissemination of information, not from the point of view of those doing the work at the Civil Defence College and doing the planning province by province, but from the over-all view of the government with regard to civil defence. The minister has to accept responsibility, which I do not believe he has done up to the present time.

Hon. Mr. MARTIN: Would you give me an indication of that?

Mr. CHURCHILL: Yes, give me a chance to speak. The minister has been working away on civil defence for a number of years and has given us very skillfully phrased answers to questions. He has been very courteous and polite in dealing with us and has encouraged us to take an interest in his department. However, that stage is now in the past and we must come to grips with civil defence and must dispel from the minds of the people the thought that has bothered many over many years, that nothing can be done, that thermonuclear weapons are so destructive, that there is no use trying to combat them. The tendency is to throw up one's hands and do nothing about it. However, the tests which have been held, the experimentation going on, the study of the scientists, show that there is a chance of survival, if the people have the knowledge and will take action. That is the message which the minister, along with the rest of us, must get across to the people of Canada. Why is civilian defence of such great importance? The minister has said we are going to live with it for many years. Therefore, we should get to know a great deal more about it. Civil defence is of the greatest importance and must be raised to that importance in the minds of the House of Commons and of the people of Canada, because our survival in the world and in the international sphere depends on two things—suitable civil defence and the power of deterrents against our enemy, Russia. At this very moment, people believe that the DEW line is for the sole purpose of giving us a chance to prepare for survival and not for retaliation. The check we have on the use of thermonuclear weapons by an enemy is that we can and will retaliate, and so declare, if we are in a position to retaliate, if an enemy gets a chance of using these destructive weapons against us.

Hon. Mr. MARTIN: I agree with everything you have said.

Mr. CHURCHILL: I was just coming to the climax; it is unfortunate that the bell has gone. If you will leave the matter open I will come to the point, because I want to make this very clear.

The CHAIRMAN: I understand that there is a desire to dispose of this item as soon as possible. The minister has other pressing work to attend to, so I suppose we can meet at 8 o'clock tonight.

Agreed.

The committee adjourned.

17 April, 1956.

EVENING SESSION 8 P.M.

The CHAIRMAN: Order, gentlemen, we now have a quorum.

Mr. CHURCHILL: I had not quite concluded my remarks when we were interrupted for the vote in the house just at 5 o'clock, but I shall draw them rapidly to a close now. However, the point I was leading up to was that we are basing our policy at the present time in respect to Russia upon massive retaliation in the case of a thermonuclear attack, and unless our civil defence plan on the North American continent is effective we may not be able to launch a massive retaliation or be in a position to launch it. Therefore civil defence I think should be considered of greater importance than it is at the present time in the minds of the public. This is very well summarized in an article in the Manitoba Free Press of last year written by "R.S.M." who I judge to be Brigadier Malone, a man of very considerable experience in staff work in army days, and in drawing up plans at the time of the Winnipeg flood in 1950. He concludes one of his articles with this paragraph which I shall now read:

> The greatest safeguard for English homes in the immediate future is the hope that the United States and Canada will so organize civil defence on this continent that it will be impossible for Russia to knock us all out and that sufficient resources here survive any surprise attack for us to deliver crushing and massive retaliation on Russia. Only so long as we retain this potential superiority with civil defence and thermonuclear weapons in North America can there be any hope of deterring aggression and saving western civilization in Europe.

Earlier than that he was discussing the flexibility of Great Britain and in recent articles we have read about how much more flexible are the ring of air-fields with which the United States and Britain have surrounded Russia and from which counter-attacks might be launched. But those air-fields, as is the case with England itself, are now in a less happy position because of the development of long range missiles; not the inter-continental ballistic missiles, but missiles whose range runs up to several hundred miles.

Certain military observers consider that Russia might be able to make those air-fields which are there for a deterrent purpose, useless, and force us back further and further from Russia. Well, that means that the North American continent and its survival becomes a matter of the greatest importance, and that survival depends upon well-organized civil defence. That is the basis of my earlier remarks that civil defence, which over the last several years has been trailing along behind, and has suffered from a great deal of general apathy, should be viewed in the light of the necessity of maintaining survival here, so that civil defence plus the deterrent effect of our own thermonuclear weapons will prevent the outbreak—we hope—of a third world war.

Now that leads me to this step; that civil defence should be raised to a category much closer to national defence than appears from the attention that we are giving to these two phases at the moment. The money which we vote each year—where we are voting a billion of money for national defence year after year, it becomes a sort of revolving fund, while this year we are voting only $7 million for civil defence. Should we not re-assess the picture and say that some of this money that is now going into national defence should be diverted to civil defence because it is all part of the same picture?

I was wondering to what extent the minister with his persuasive words might influence government decision along that line. Perhaps he has already given some thought to that particular problem.

Hon. Mr. MARTIN: Well, Mr. Churchill, with your statement generally I do not think I would be in disagreement. I think you have stated the question

fairly. I think you will agree that my earlier observations were similarly expressed. I started out by saying that this was perhaps the most difficult assignment in modern government; that we did not profess that we had in being a civil defence capability such as we ultimately hope to have. I do not seek to offer any excuse why that is the case except to state the difficulty of the problem which is apparent to any thinking person. While the extent of civil defence effort elsewhere does not justify weaknesses in one particular jurisdiction it nevertheless provides a barometer which reflects our stage of accomplishment compared to others. It likewise reflects other factors, not the least of which is the assessment that is made of the danger. Now I know that you will not press me to speak of that except that it will be apparent that in a public declaration—and I would ask the press if they thought that this was a fair request, not to include this, and perhaps, Mr. Reporter, you would not take this down either.

(At this point the proceedings were off the record.)

Hon. Mr. MARTIN: Now, on the question of money, our appropriations have consistently been proportionately higher than in the United States. In the United Kingdom in the present fiscal year they have actually reduced their appropriation, but we have stabilized ours. That does not mean that they are taking civil defence less seriously; but having in mind their overall obligations, they place certain priorities in other departments of endeavour.

Without revealing the nature of cabinet discussions I can say that the kind of problem which you projected has been the subject of discussion; but I cannot say any more about that.

(At this point again, the proceedings were off the record.)

The CHAIRMAN: Any further questions?

Mr. HARKNESS: Yes.

As a matter of fact, I think it was yesterday that the minister said something about the dangers of the build-up of radioactive material in the air and so forth, and I would like to ask what organization is charged with the monitoring of radioactive fall-out in Canada, and at how many points does this monitoring take place, and at what intervals?

Hon. Mr. MARTIN: We have set up in our own department under Dr. Watkinson an organization to carry on the work that was formerly being done by the Defence Research Board. We are charged now with the responsibility, because this is a health problem.

Mr. HARKNESS: This is the Department of National Health?

Hon. Mr. MARTIN: Department of National Health and Welfare.

Mr. HARKNESS: Not as a part of the C.D. activities?

Hon. Mr. MARTIN: No, it is not part of civil defence activities, but it has a civil defence bearing.

Mr. HARKNESS: Yes.

Hon. Mr. MARTIN: In addition to the full-time personnel in our department we have also engaged the consultative part-time services of doctors and scientists in key locations across the country, all of whom are strategically placed to assist in this appraisal.

In addition to that, we have a body of eleven consultants who serve in a different capacity, and who have had some experience in radioctivity. They come to Ottawa for periodic consultations. They have been here twice since December assisting us in certain preparatory work that is under way, and also in readings and in certain assessments that are made from time to time.

Dr. Cipriani, about whom I made reference earlier, was the man who sparkplugged this idea, along with Dr. Solandt, that we should endeavour to make a national assessment as our Canadian contribution to a total picture.

You might make an assessment of the levels of radioactivity in Canada at a given time, but unless that assessment had some relationship to international data, it would obviously be a limited one. It was for that reason that we took an active part in promoting the creation of the International Scientific Committee, which I mentioned earlier. That committee has now had its first meeting. They had a meeting at the United Nations during the past six weeks. They sat for three or four weeks, and they made an assessment, and then set up the kind of data-gathering arrangement on an international basis that we have set up here in Canada.

Now, the progress in setting up the assessment areas throughout the world is still in its infancy. In other countries there is still not the same measure of progress in this particular that we have in Canada, or that they have in the United States, or that they have in the United Kingdom. To do this job properly, it means that you have got to enlist the support of nations all over the world.

I do not want to give the results of some of this assessment—that might cause an unnecessary disturbance—except that I can say, on the basis of the best scientific information available, Mr. Harkness, that the present levels of radioactivity have not added appreciatbly to the health hazards as a result of the weapon trial tests. I will not say that there has not been an increase, but I will confine myself at this time to saying that it would not be corect to say that the best scientific opinion suggests that the present levels of radioactivity have a genetic danger. I would want to add, in fairness to your statement, that there are dissenting opinions from individual scientists. There was the famous Nobel Prize winner a certain Dr. Mueller, an American, who was to be one of the delegates at the atomic conference last August in Geneva. He eventually did not go as a delegate although initially considered as such. He takes a different view from the one which I have stated. There are other scientists who share his view.

Mr. HARKNESS: To get to the more specific details of my original question, at how many points does monitoring take place in Canada, and at what intervals?

Hon. Mr. MARTIN: We will not say at what points or how many. But the testing is constant; by that I do not mean it is every minute of the day, it is continuous—perhaps constant is not the word. To give you an example, we have tests, for instance, going on now on the radiation levels in certain foods. This is compared, to the extent that the international organization permits, and carried on in conjunction with experience in other countries. At the atomic energy plant at Chalk River they have a laboratory which is at our disposal, which we are using, and which represents a form of equipment for this purpose that is close to being unique. Dr. Cipriani had done a very considerable amount of work on this. It is now, since his death, carried on by a Dr. Grummitt, who is especially trained for this very purpose.

I think I can say that we have now in being, or at least in the stage of development, as good an organization from the monitoring point of view—and we do not take credit for this because it is a scientific matter—as I think you will find. Dr. Cipriani was known throughout the world as a leader in this whole field. I am very happy to say this about a man who has done so much.

We have another individual, Dr. Bird, who will be returning shortly to us who has been undergoing a special form of training in certain aspects of this field in which we were deficient. I think the attention we are now giving to this problem is something which might well have been done 50 years ago in the world, as I said earlier. It was not, but it is being done now.

Mr. HARKNESS: Has any full-scale trial of our monitoring and reporting facilities been checked off against those of other countries?

Hon. Mr. MARTIN: Yes.

Mr. HARKNESS: When was that done?

Hon. Mr. MARTIN: In the month of January or February, at the recent meeting of the United Nations international scientific committee, whenever that was.

Mr. HARKNESS: What was the result of that?

Hon. Mr. MARTIN: From what point of view?

Mr. HARKNESS: Well, from the point of view as to the efficiency of our monitoring of these things—perhaps I should not say efficiency. I would say, from the point of view of our results, checking with those of the United States, Great Britain, Sweden and other countries.

Hon. Mr. MARTIN: I do not want to compare it to other countries; but there is a very great amount of correlation going on, and I think ours compares very favourably.

Mr. HARKNESS: At what height are the upper winds monitored as far as we are concerned?

Hon. Mr. MARTIN: Up to about 80,000 feet.

Mr. HARKNESS: 80,000?

Hon. Mr. MARTIN: Yes.

Mr. HARKNESS: How long has that monitoring of heights above 40,000 been going on?

Hon. Mr. MARTIN: Only in the past year. That is not being done on the scale of continuous activity. The Defence Research Board did carry on monitoring of this type for other purposes.

Mr. HARKNESS: My information was that our monitoring went on to between 40,000 and 50,000 feet.

Hon. Mr. MARTIN: No; 50,000 to 80,000.

Mr. HARKNESS: And the monitoring of upper winds above 50,000 feet had not been carried on.

Hon. Mr. MARTIN: They have not been carried on with the same measure of detail or consistency which applies up to levels of 40,000 feet or perhaps a little more. We hope to go even higher than the 80,000 feet. Possibly to 100,000 feet.

Mr. HARKNESS: Your statement is that during the last year we have been monitoring about to 40,000 or 50,000 foot levels?

Hon. Mr. MARTIN: With relative degrees of frequency compared to what we do below 40,000 feet. Excuse me. I said 80,000 feet. I should have said 60,000 feet.

Mr. HARKNESS: My understanding of this is, which may or may not be correct, that the winds of importance, as far as radioactivity fall-out is concerned, are probably those between 50,000, 70,000 or 75,000 feet, and my information was we were only monitoring up to about the 50,000 foot level.

Hon. Mr. MARTIN: No. It is over 40,000, close to 60,000 at times, with a possibility of reaching over 100,000. To do the 100,000 will require some equipment and staff which we do not have on hand at the moment, but which we are making progress towards purchase of if it is effective and I believe it does exist; but I am not sure.

Mr. HARKNESS: In any event we are getting up to 60,000 now?

Hon. Mr. MARTIN: Yes.

Mr. HARKNESS: I have some other questions on a somewhat different subject. I think it was yesterday that the minister mentioned the matter of a joint Canadian-United States civil defence film which Canada did not accept—

Hon. Mr. MARTIN: May I just interrupt for a moment. When I said that the testing was continuous I did not want to convey the impression that it was continuous up to 60,000 feet; that is more sporadic than the other.

Mr. HARKNESS: With regard to that matter if it is a fair question—and possibly it may not be—I would like to ask to what extent are the winds above 50,000 feet tested in Canada?

Hon. Mr. MARTIN: I do not mind discussing this privately. I have the documents before me, but they are in the certified category.

Mr. HARKNESS: We could take this off the record.

The CHAIRMAN: This is off the record.

(At this point the Proceedings were off the record.)

Mr. HARKNESS: The question I asked was in connection with the title of this joint Canadian-United States film which you mentioned yesterday, which Canada did not accept. What was the title of that film?

Hon. Mr. MARTIN: "Frontiers of Freedom".

Mr. HARKNESS: It has been shown through the United States?

Hon. Mr. MARTIN: It as not been shown through the United States; it has been shown in the United States and in Canada, too.

Mr. HARKNESS: Did we make any contribution towards it?

Hon. Mr. MARTIN: Yes, we paid half the cost. The total cost to us was around $10,000. That was our share.

Mr. HARKNESS: Where is that shown in the estimates?

Hon. Mr. MARTIN: If you look at page 376 in the middle, at the righthand side you will find $147,000 under "Educational and Informational Material, Other than Publications".

Mr. HARKNESS: Of this $147,000, there is $10,000 for this film.

Hon. Mr. MARTIN: Yes.

Mr. HARKNESS: How many copies of this film did we get for the $10,000?

Hon. Mr. MARTIN: One.

Mr. HARKNESS: Has that film been multiplied?

Hon. Mr. MARTIN: It will be. I can give a list of all our pulications and films. Do you want all the items under this vote?

Mr. HARKNESS: Perhaps it would be as well to have it.

Hon. Mr. MARTIN: Our publications include:

Your Survival in an H-Bomb War, Civil Defence and your life, Civil Defence in Small Communities, Civil Defence in Schools, Civil Defence College Prospectus, Civil Defence Display Catalogue, Casualty Simulation, Emergency Clothing Manual, Civil Defence Speaker's Kit, The Hydrogen Bomb and Civil Defence, and Fundamentals of First Aid.

Reprints were made of the following civil defence publications: What Is Civil Defence? Fires in the Home, and Civil Defence Communications.

Mr. HARKNESS: I thought this was civil defence material, other than publications. These are publications.

Hon. Mr. MARTIN: I am coming to the films.

Mr. HARKNESS: I thought this was the $147,000 item.

Hon. Mr. MARTIN: I am giving the whole list.

Mr. HARKNESS: You are giving two lists. There is a list of educational and informational publications for 1955-56 and another list for this year.

Hon. Mr. MARTIN: I have given the publications and now I am coming to the films. Three full-length civil defence films were started during this fiscal year. These include 'The H-Bomb', a film on 'Natural Disasters' and a documentary film on the test evacuation 'Operation Lifesaver' at Calgary, Alberta. That is the one we will show you sometime.

Three filmstrips on emergency clothing, two on emergency feeding and one on civil defence welfare registration techniques were completed during the year.

One theatrical newsclip on evacuation planning was undertaken during the year.

In addition we have a number of displays. A major refurbishing program on civil defence displays was continued during this year.

Existing displays were repaired and refurbished and five new displays recently completed were put into effective service. These displays include 'Flood', 'Disaster', 'Federal Services', 'Rescue' and 'Duck and Cover'.

Three new civil defence displays were undertaken during the year. These include: 'Table Model', 'Tornado', and 'Natural Disaster'.

Civil defence displays constructed by the Information Services Division were used by federal, provincial and municipal civil defence organizations at exhibitions and fairs across Canada.

Large scale maps and charts for use in a tactical study on evacuation and other aspects of advanced civil defence training were produced for use at the Civil Defence College, at the provincial colleges and at municipal training centres. Platform presentation charts and illustrations on the warden and welfare services were undertaken during the year.

We also undertook miscellaneous printing projects. Civil defence identification cards, family allowances inserts, training records, college certificates, and other allied printing projects were produced during the year.

We had a series of radio programs. Ten 10-minute recorded radio programs for use on the department's regular dramatic series carried weekly over 104 English and French radio stations in Canada were produced during the year.

During the fiscal year, charts, slides and other training aids were produced by Information Services Division for use at the various Civil Defence Health Services Hospital Disaster Institutes.

An intensive press relations program was carried out during the international Civil Defence Exercise 'Alert II'.

I may say that most of this material during the past year was discussed with a panel of newspaper men, radio men and advertising men who are giving their services voluntarily to the country at this time and who advised us on the kind of material they thought desirable and the best ways of making it generally available.

We prepared two special series of articles on civil defence work, the first being a series of ten articles for Boards of Trade and the other being a series of six articles for the Canadian Corps Association publication known as "Torch". The division was also responsible for the drafting and production of a series of 24 newspaper articles for distribution among the 500 members of the Canadian Weekly Newspapers' Association. Then, the Information Services Division worked with the executive of the Canadian Advertising and Sales Clubs in the presentation of a proposed civil defence program.

That gives a rough picture of the activities which this department has undertaken in the field of information.

Mr. HARKNESS: There is another question I wondered about. Why is civil defence still handing out respirators to people. This is shown according to a return brought down in the house not long ago for Mr. Hamilton.

Hon. Mr. MARTIN: Yes, of Montreal.

Mr. HARKNESS: Mr. Hamilton of Montreal, showing a considerable number of respirators as part of the civil defence equipment and the reason I asked my question in particular is that this return showed that these respirators are apparently still part of civil defence equipment and are provided, of course, as something which people have to spend time on and so on. The fact that a recent British government statement said that having regard to the difficulties in making a successful gas attack it appears improbable that even the most deadly nerve gas would be used against urban centres by an enemy even though it had the means of delivering it, and I wondered if in view of this statement, and in view of the fact that these respirators are part of civil defence equipment why that is so, and why people are still being bothered with them.

Hon. Mr. MARTIN: They are not. The respirators were given to the city of Montreal just as they were given to every other civil defence organization in Canada three years ago. That represents equipment given to the city of Montreal three years ago; but when Montreal disbanded its organization—discussions are now underway as you know for a new approach in that community—we felt that the equipment that had been furnished to the city of Montreal—and which was very considerable, naturally, for a city of the size of Montreal—should now be redistributed. I asked General Worthington about it, and he says that its redistribution has been fully effected.

Mr. HARKNESS: Where are the respirators now?

Hon. Mr. MARTIN: They are in stores.

Mr. HARKNESS: I have some personal interest in this because I was curious. Throughout most of the last war I had to carry a respirator and to go through respirator drills and all that sort of thing, and a terrific amount of time was put on it and a great deal of money was spent on it and all to no avail.

Hon. Mr. MARTIN: We did not make any purchases. These were army stores which were given to us. We did not purchase any of them. They were surplus stores used at a stage of civil defence training and development when the emphasis was not as it is now.

Mr. HARKNESS: Now you have forgotten about the respirators?

Hon. Mr. MARTIN: No we have not forgotten about them; but at the present time we are not emphasizing training with them.

Mr. HARKNESS: In the meantime a lot of people have put in a lot of time.

Hon. Mr. MARTIN: Not now.

Mr. HARKNESS: In looking after these respirators.

Hon. Mr. MARTIN: The persons who are responsible for the stores have to look after them, but the people we train do not have to.

Mr. HARKNESS: Are there stocks of respirators in Calgary and Edmonton which somebody has to worry about?

Hon. Mr. MARTIN: There are stocks of respirators in store which have to be watched. We have to make sure that our stores are protected.

Mr. HARKNESS: The general concept at the present time is that it is no longer necessary to train with these respirators, but you are going to retain them?

Hon. Mr. MARTIN: They have to be retained somewhere. Either they have to be given back to their original donors, or they have to be kept in storage now and safeguarded. Training at the present time does not envisage their present use. But I won't say that there won't be a change in it.

Mr. HARKNESS: Then why encumber your organization with these respirators? Why not give them back to the ordnance dump to be kept there if the defence people generally think it is necessary to keep them?

Hon. Mr. MARTIN: We do not think there is any reason at the present time why we should go to the expense of transporting them back to a central depot at this stage; but that period may be reached. However, I am not so sure that new concepts may not arise. We say now that we do not think that poison gases will be used, but I do not want to shut the door on that.

Mr. HARKNESS: I said sometime earlier that I felt a little sensitive about this because of the terrific amount of time, worry and trouble that I had over these respirators during the war and which was all in the final event wasted. I think the reasonable position would be not to waste people's time.

Hon. Mr. MARTIN: I have explained that we are not training people with them. We are not causing people to receive training now with these respirators. In Britain now, if you will look at paragraph 126 of the white paper, they say that:

> Existing stocks of civilian respirators of both the new and last-war patterns are considerable and will be maintained but further expenditure on production of civilian respirators cannot be justified.

That is our position.

Mr. HARKNESS: Then why not withdraw them, instead of giving a certain number of C.D. personnel the headache of looking after them.

Hon. Mr. MARTIN: They are in stores. It is not as if they were the only thing in stores; we have a lot of things in stores; they are in with our stores. We have got some in Calgary and they are safely stored. When I was in Calgary a month ago I saw them myself, as I wanted to make sure that they were being properly maintained. Your suggestion is that they ought to be all transferred to a central place. We can look into that. But my view would be that the present arrangement is not unsatisfactory.

Mr. HARKNESS: My view is that we should not waste people's time in looking after them, in counting them and protecting them and maintaining them.

Hon. Mr. MARTIN: I do not think we are wasting anyone's time because they are with other stores.

Mr. HARKNESS: If you have other stores as a matter of fact it comes down to something like this: when the war broke out I had in the battery which I had to mobilize enough saddlery for 170 to 180 horses, and it took us a considerable amount of time and worry and trouble as far as I was concerned and there were a lot of people who had been mobilized to go to this last war, in which no horses were used, who had to fiddle around and look after this saddlery.

Hon. Mr. MARTIN: We will look into that aspect.

Mr. HARKNESS: It was all waste effort and it seems to me that these respirators are, as far as civil defence is concerned, in the same situation; and that it is foolish to waste people's efforts in playing with respirators.

Hon. Mr. MARTIN: We will look into that.

The CHAIRMAN: Any other questions?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Carried?

Mr. HARKNESS: Are you talking about the whole item?

The CHAIRMAN: Yes.

Mr. HARKNESS: No. I have one or two other questions I would like to ask in connection with it.

Now, the minister made quite a point of the fact that we have appropriated more money proportionately than they had in the United States during the past year, and on that premise built up a case that we were doing more here as far as civil defence is concerned than in any other country, that he had

knowledge of. The thing that struck me in connection with that, was that the important thing is not the matter of the amount that you appropriate and vote, but the amount that you actually spend on it.

I note on page 376 at the bottom of the details that there was appropriated last year $7,001,034, but there was spent in the previous year $3,092,500, and the estimated total for 1955-1956 was $4,481,000. That is a very considerable discrepancy.

I wondered how much actually was spent in 1955-1956.

Hon. Mr. MARTIN: Well, we do not know what there will be this year, because it is not closed.

Mr. HARKNESS: It must be closed by now.

Hon. Mr. MARTIN: No, it will not be until the end of April.

Mr. HARKNESS: How much has been spent up to date, then? You see, you have got here the actual amount spent up to the end of 1955 as only $989,434, and you estimate to the balance of the year, in other words, in that four months remaining in that fiscal year, that is to the end of April, $3,491,566. But, actually how much has been spent?

Hon. Mr. MARTIN: $3,092,348; including commitments.

Mr. HARKNESS: I beg your pardon?

Hon. Mr. MARTIN: $3,092,348.

Mr. HARKNESS: $3,092,000?

Hon. Mr. MARTIN: That is an incomplete figure. We actually will not know until about June.

Mr. HARKNESS: It would appear that the only thing we can judge this on is, in the previous year, 1955-1954, where there was spent $3,092,000, which is about the same amount which has been spent so far in 1955-1956?

Hon. Mr. MARTIN: It will be more than last year.

Mr. HARKNESS: How much more?

Hon. Mr. MARTIN: Well, I cannot say until we get the final figure. Perhaps another half a million, perhaps a million. We will not know until May or June. We do not get the final reports from the provinces, from the municipalities through the provinces until the end of the fiscal year formally, and then the tabulation takes, the officers of the treasury tell me, until June.

The final claims of some of the provinces are not all in.

Mr. HARKNESS: What are the reasons why this amount actually expended falls so far short of the amount estimated and appropriated?

Hon. Mr. MARTIN: Well, basically a million was due to the fact that the provinces had not taken up the money, and then a million dollars was due to—a little more than a million—was due to the fact that the stock piled supplies had not all been made available. Curiously enough, and this is surprising, quite a bit of the supplies, medical supplies, have got to come from elsewhere. We are not in a position in Canada to supply all of the medical supplies we need. This is particularly true of surgical equipment.

Mr. HARKNESS: Well, that comes down to this: first; the provinces, I think you said yesterday, except Alberta had not taken up their appropriations, and that goes back again, does it not, to the general point that the financial basis of this is not yet sufficiently satisfactory so that the provinces can take up these appropriations?

Hon. Mr. MARTIN: The lapsed balance in 1954-55 was approximately $3,400,000. This was due, first of all, to the fact that $1,584,000 in the grants program was not utilized by the provinces due to the lack of any request for

assistance in some areas, and also due to the new regulations providing for direct assistance to the municipalities which did not come into effect until late in the year.

Then there was a lapsed balance of $1,275,000 on medical stock piling program due to delivery delays on orders placed. The carry-over of all incompleted orders into 1955-1956 amounted to approximately $1,156,000. There was also a lapsed balance of approximately $208,000 in equipment which resulted chiefly from the slow development in certain areas of civil defence planning, with a resultant lack of requests for training stores and equipment from the provinces. Then, there was a lapsed balance of approximately $134,600 in the informational and educational publications resulting chiefly from shortage of staff in the Information Services division. As I explained in my opening statement, this staff is responsible for assisting in the planning, and provision of civil defence informational materials. There was also a lapsed balance of approximately $65,000 in professional and special services resulting chiefly from difficulties in connection with first aid training courses, notwithstanding the fact that the record there is surprisingly good. Then there was a lapsed balance of approximately $47,300 in professional staff, resulting chiefly from the lack at that time of senior technical staff to carry on certain liaison duties with the provinces in the specialist fields. This has since been corrected.

Mr. HARKNESS: Then, as far as these details—

Hon. Mr. MARTIN: In 1955-1956, Mr. Harkness, out of about $2,000,000 available to the provinces, the provinces have taken up only $790,000 in 1955-1956, but I anticipate, now that Ontario has come in, and we must take into account that Quebec is out, there will be an appreciable increase in this figure.

The CHAIRMAN: Have you many more questions Mr. Harkness?

Mr. HARKNESS: I have—

The CHAIRMAN: Because the bell will ring in about five minutes and if we want to finish tonight, we cannot go into further questioning at any considerable length.

Mr. HARKNESS: There is one other thing that I wondered about.

How does one arrive at the cost of the Civil Defence College? Who are the personnel in this list who are concerned with its activities, and what is its cost? There is no breakdown which shows that particular feature?

Hon. Mr. MARTIN: The college, the expenditure to the—remember this was an old R.C.A.F. installation which we had to go considerable repairing on, and so on. The expenditures on the plant, to the end of the year covered additions, renovations and repairs in the amount of $187,000.

Mr. HARKNESS: Where does that appear in this estimate?

Hon. Mr. MARTIN: That is 1953-1954.

Mr. HARKNESS: Oh, I see, that is in the past.

Hon. Mr. MARTIN: And the expenditures to cover additional alterations of the buildings—

Mr. HARKNESS: I do not want to go into that. I am wondering about these estimates which we have before us.

Hon. Mr. MARTIN: Now, salaries and wages total $200,425.

Mr. HARKNESS: That is the Civil Defence College, and that is out of the total of $610,000?

Hon. Mr. MARTIN: Yes. Professional and staff services, $15,000. These are general figures—travelling expenses of staff, $7,000; freight, express and

cartage, $1,438; postage, $112.12; lease of communication services, $2,966; educational and informational publications, none; educational and informational material other than publications, $338; office stationery plus equipment and so on, $4,080.

Materials and supplies, $48,063.20; construction and acquisition of buildings, nil; repairs and upkeep of buildings and works, $69,113.22; acquisition of equipment, $15,122.73; repairs and upkeep of equipment, $3,751.52; rental of equipment, nil; light, heat, power and water, $6,131.14; travelling expenses, other than staff—that is travelling expenses to bring people to the college—$128,008.01; liaison, $5,379.83; which makes a total of $509,202.01.

Mr. HARKNESS: In other words, the cost of the Civil Defence College was approximately $500,000?

Hon. Mr. MARTIN: Roughly, yes.

Mr. HARKNESS: Do you not think that it might be advisable in preparing these estimates to show that in them?

Hon. Mr. MARTIN: There would be no objection to that. We will take it up with treasury and see that that is noted.

Mr. HARKNESS: As far as the personnel listed on page 378 are concerned, how many of these people in the upper brackets are more or less completely concerned with the activities of the Civil Defence College?

Hon. Mr. MARTIN: All of them.

Mr. HARKNESS: Not all of them. The civil defence coordinator, for example, has a lot of other duties. I am wondering which of these personnel devote their time entirely to the Civil Defence College? You cannot say all of them, because the civil defence coordinator definitely does not, nor does the deputy defence coordinator. Civil defence liaison officers may devote their entire time to the Civil Defence College, but I do not know.

Hon. Mr. MARTIN: You wish to find out how many of these are at the Civil Defence College?

Mr. HARKNESS: Yes.

Hon. Mr. MARTIN: It would take some time. There are roughly 93 persons at the College.

Mr. HARKNESS: I am thinking more particularly of the people you might call in the upper echelons.

Hon. Mr. MARTIN: In the upper echelons there are about two.

Mr. HARKNESS: Which ones?

Hon. Mr. MARTIN: Gen. Penhale, administrative officer, Grade 8, and Mr. Wallace, administrative officer, Grade 6.

Mr. HARKNESS: There are three officers Grade 8 and one of them is entirely concerned with the Civil Defence College, is he?

Hon. Mr. MARTIN: Yes. That is Gen. Penhale; and his assistant, Mr. Wallace, is an administrative officer, Grade 6, a very useful man too.

Mr. HARKNESS: How many more of these people are completely concerned with the Civil Defence College?

Hon. Mr. MARTIN: There are 93 personnel altogether.

Mr. HARKNESS: There are 170 people on this list.

Hon. Mr. MARTIN: At the college there are 93 persons; but there is also the headquarters staff.

Mr. HARKNESS: Ninety-three of those 170 persons are employed full-time at the college?

Hon. Mr. MARTIN: That is right, but a lot of those are relatively junior people, as you understand.

Mr. HARKNESS: Yes.

Item agreed to.

The CHAIRMAN: We will now consider our report in Camera.

The committee adjourned.

INDEX

ESTIMATES, DEPARTMENT OF NATIONAL HEALTH AND WELFARE
PROCEEDINGS Nos. 1-8 inclusive.
PAGES NUMBERED 1-370 inclusive.

Item No. *Pages*

GENERAL ADMINISTRATION

244. Departmental Administration 243–263, 288
Salk Polio Vaccine, Statement of Minister concerning recent difficulties in production of 189–191
Reduction of amount for Publications, Motion for 252–263

HEALTH SERVICES

245. National Health Branch, Administration 214, 238, 239
246. Quarantine and Leprosy Acts, Administration 214, 215
247. Immigration Medical Services 215–218
248. Sick Mariners Treatment Services 218

Laboratory of Hygiene

249. Operation and Maintenance 218, 219
250. Construction or Acquisition of Buildings, Equipment, etc. 219

251. Public Health Engineering 219
252. Occupational Health 220
253. Civil Service Health 220, 221
254. Epidemiology 221, 222
255. Administration of the Food and Drugs and the Proprietary or Patent Medicine Acts 222–230
256. Administration of the Opium and Narcotic Drugs Act 230–233

Indians and Eskimos Health Services

257. Operation and Maintenance 233
See also 127
258. Construction or Acquisition of Buildings, Equipment, etc. 233
259. Grants to Hospitals, caring for Indians and Eskimos 233, 234

Northern Health Service

260. Operation and Maintenance 234
261. Construction and Acquisition of Buildings, Equipment, etc. 234
262. Special Technical Services 234–238
263. Health Insurance Studies and Administration of the General Health Grants 5–204
Preliminary statement of Minister thereon 7– 16

General Health Grants

264. To authorize and provide for General Health Grants to the Provinces, the Northwest Territories and the Yukon Territory 204–209
See also 157

Grants to Health Organizations

265-276 inclusive 213, 214

Item No. *Pages*

WELFARE SERVICES

277. Welfare Branch Administration 263, 264, 288
278. Family Allowances and Old Age Security—Administration 264–286
279. Old Age Assistance, Blind Persons and Disabled Persons Allowances—Administration 286–288
280. Grant to Canadian Welfare Council 288
281. To provide for the Civil Defence program 293–370
Preliminary statement by Minister thereon 293–304

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 9

WEDNESDAY, APRIL 18, 1956

DEPARTMENT OF LABOUR

Hon. M. F. Gregg, V.C., Minister of Labour; Mr. A. H. Brown, Deputy Minister of Labour; Mr. P. R. Parent, Director of Administrative Services; Mr. M. M. Maclean, Asst. Deputy Minister; Mr. J. H. Currie, Executive Assistant to the Deputy Minister; Mr. W. E. Duffett, Director, Economics and Research Branch; Mr. G. G. Blackburn, Director, Information Branch; and *From the Unemployment Insurance Commission:* Mr. J. G. Bisson, Chief Commissioner, Mr. W. K. Rutherford, Director of Administrative Services, and Mr. W. McKinstry, Pacific Regional Director.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

73356—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Barnett
Bell
Blanchette
Cannon
Churchill
Decore
Deschatelets
Dupuis
Enfield
Fairclough (Mrs.)
Garland
Gauthier (*Nickel Belt*)
Gillis
Gregg
Hahn
Hees
Henry
Macnaughton
McLeod
Murphy (*Westmorland*)
Power (*St. John's West*)
Purdy
Starr
Thatcher
Weselak

E. W. Innes,
Clerk of the Committee.

ORDERS OF REFERENCE

WEDNESDAY, April 18, 1956.

Ordered,—That the name of Mrs. Fairclough be substituted for that of Mr. Blair; and

That the name of Mr. Starr be substituted for that of Mr. Harkness; and

That the name of Mr. Hees be substituted for that of Mr. Pearkes; and

That the name of Mr. Barnett be substituted for that of Mr. Knowles; and

That the name of Mr. Gillis be substituted for that of Mr. Nicholson; and

That the name of Mr. Murphy (*Westmorland*) be substituted for that of Mr. Stuart (*Charlotte*); and

That the name of Mr. Blanchette be substituted for that of Mr. Robertson; and

That the name of Mr. Weselak be substituted for that of Mr. Pommer; and

That the name of Mr. Gregg be substituted for that of Mr. Martin, on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

73356—1½

MINUTES OF PROCEEDINGS

WEDNESDAY, April 18, 1956.
(17)

The Special Committee on Estimates met at 3.20 p.m. this day. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Messrs. Barnett, Bell, Blanchette, Cannon, Churchill, Deschatelets, Garland, Mrs. Fairclough, Messrs. Gauthier (*Nickel Belt*), Gillis, Gregg, Hahn, Hees, Henry, McLeod, Murphy (*Westmorland*), Power (*St. John's West*), Purdy, Starr, Tucker, and Weselak.

In attendance: From the Department of Labour: Mr. A. H. Brown, Deputy Minister; Mr. P. R. Parent, Director of Administrative Services; Mr. M. M. Maclean, Asst. Deputy Minister; Mr. J. H. Currie, Executive Assistant to the Deputy Minister; Mr. W. E. Duffett, Director of Economics and Research; Mr. G. G. Blackburn, Director of Information;

From the Unemployment Insurance Commission: Mr. J. G. Bisson, Chief Commissioner, Mr. W. K. Rutherford, Director of Administrative Services, and Mr. W. McKinstry, Pacific Regional Director.

The Committee proceeded to the consideration of the Main Estimates 1956-57 relating to the Department of Labour.

Item numbered 179—Departmental Administration—was called; Mr. Gregg made a preliminary statement and was further questioned.

Copies of "Organizational and Functional Charts" of the Department of Labour were distributed to the Committee.

Item numbered 179 was allowed to stand.

Agreed That the Committee proceed to the items numbered 180 to 195 inclusive of the Main Estimates; and that items 196 and 197, relating to the Unemployment Insurance Commission be considered last.

Item numbered 180—To provide for expenses of the Economics and Research Branch—was considered, the Minister and his officials supplying information thereon.

At 5.20 p.m. the Committee adjourned until 3.00 p.m. Thursday April 19, 1956.

E. W. Innes,
Clerk of the Committee.

PROCEEDINGS

April 18, 1956,
3.00 p.m.

The CHAIRMAN: Order, gentlemen. We have a quorum.

We have the estimates of the Department of Labour before us now.

General Administration—

179. Departmental Administration, $702,905.

The CHAIRMAN: It has been customary to call the general item of administration so that the minister can make any general statement he wishes to make, and any general questions could be directed to him at that time. Then, the item is permitted to stand until the last after all the other individual items are carried, so that if any general questions occur to anybody when dealing with individual items they then can ask such a general question before the item of general administration is finally carried.

We are, therefore, on item 170 now, and I would call on the Minister of Labour to make any statement which he wishes to make. Perhaps he might wish to indicate to the committee which members of his department are here in case some of them may not be known to all the members of the committee.

Hon. MILTON FOWLER GREGG (*Minister of Labour*): Well, Mr. Chairman, Mrs. Fairclough and gentlemen, I would like from the outset to say that I and the officials of my department would like to present these estimates in the way in which you and your committee wish to have them presented. I did work out, while awaiting appearance before this committee, quite a long statement which I am not going to give. I picked out of that statement a few points which I think would be more acceptable and which would make the statement brief.

We had in the department, for our own use, functional charts, or organizational charts, call them what you will, of the various activities. The deputy minister assembled those in a form such as this, Mr. Chairman, and there are sufficient copies here for the members of the committee, and if the members of the committee would like to have them we would be very glad to provide them.

The CHAIRMAN: They can be distributed.

Hon. Mr. GREGG: Administratively, and also as reflected in the estimates in the book, there is a division into two parts. The first part in the estimates book covers the administration of the Department of Labour proper and is referred to in the blue book as section A. The second part relates to the activities of the Unemployment Insurance Commission which includes the national employment service and unemployment insurance proper, and that is referred to as section B. Items 179 to 195 inclusive cover the activities of the Department of Labour proper, involving a total expenditure of $10,071,978 for the oncoming fiscal year, 1956-57. Those of the Unemployment Insurance Commission begin with item 196 and conclude with item 197, for an aggregate anticipated expenditure of $63,066,745.

Now, Mr. Chairman, I think it would expedite proceedings, and it would be helpful to me, if this division of the estimates is accepted by the committee for the purposes of discussion. This will enable me to have the proper officials present at the appropriate time. I am not suggesting at all the necessity of

one part being carried through to a conclusion completely, and then going on to the second part, but rather for a given day's sitting I would hope we might devote it to one or the other of the two divisions.

At this point, I would like to introduce those who are here today who represent both of the divisions. On my right is Mr. Arthur H. Brown, the Deputy Minister of Labour; I think you all know him. Over here is Mr. M. M. Maclean, Assistant Deputy Minister of Labour, and in charge of our conciliation work. Then, Mr. P. R. Parent, Director of Administrative Services. Mr. Walter E. Duffet, Director of Economics and Research; Mr. G. G. Blackburn, Director of Information. I do not need to introduce our co-worker, the Parliamentary Assistant, who is here. From the Unemployment Insurance Commission is the chairman, the Chief Commissioner, Mr. J. G. Bisson. Mr. William Rutherford, the Director of Administrative Services is here, and it just happens today that the Commissioner had a visitor from the far west in the person of the Pacific superintendent, Mr. William McKinstry.

It will be noted in the main chart of the department, on page 1 of the booklet distributed to members of the committee, that each block carries an item number which corresponds to the number of the item in the estimates book. Generally speaking, the individual items in the estimates cover the financial needs of one particular branch or organization. There is an exception to this in item 179, that is the "Departmental Administration" item which has been called today. You will see that it provides for the financial needs of branches necessary to the over-all operations of the department, which includes general administration, accounting, personnel, library, supplies, and the legislative branch which studies labour legistlation and prepares reports and supplies information for all the branches of the department. There is the administration of my own office and that of the deputy minister. In four instances in the estimates, however, more than one estimate item for a branch operation is shown, and we could take an example of that in the special services branch. The financial needs of that branch are covered by three items in the estimates, items 190, 191 and 192.

Now, with respect to staff requirements for the Department of Labour, the department's establishment for 1956-57 will consist of 635 full-time positions and 6 seasonal positions. This is a reduction of 14 positions from 1955-56. This reduction was possible because of certain reorganization work carried out in some of the services. The total estimates for the department proper for 1956-57 are $10,071,978 as compared with $9,878,918 for 1955-56, a net increase of $193,000. This increase is due principally to additional amounts required for our Canadian vocational training program and accident compensation for government employees. I would like to refer to that item in respect of the vocational training program, which represents 35 per cent of the total appropriation for the department for the coming year. This act, as you know, consolidated previous provisions for federal aid to the provinces in this field and enlarged the scope of such assistance which is provided by annual grants to the provinces under four different agreements, namely the apprenticeship training agreement, the correspondence courses agreement, the vocational schools assistance agreement and the vocational training agreement.

Expenditures under this cooperative effort are shared largely on a fifty-fifty basis with the provinces, and the expenditure on the program up to January 31 of this year was around $45 million.

Mr. Chairman, if you will agree that we might introduce the unemployment insurance estimates at a later date, I will make any remarks I have to make about them at that time.

The CHAIRMAN: Are there any questions now on the subject of general administration?

Mr. CHURCHILL: Mr. Chairman, the minister in his introductory remarks said he had a lengthly statement prepared, but had decided not to give it, and he seemed to conclude that the committee favoured that procedure; but I think, on the contrary, it would be better for the minister to give us his introductory statement as a start to the work of the committee.

Hon. Mr. GREGG: After preparing the statement I realized that it corresponded very closely to what is set out in the report of the department's work—it overlaps. Copies of that report are available and I will be glad to present a copy to each member of the committee and then, if there are any points which are not covered, which the committee would like me to present for the purpose of having them on record, I would be glad to do so. I did not feel, however, that I was justified in imposing a lengthly statement on the committee at the opening day.

Mr. CHURCHILL: The point I have in my mind is this: that the estimates committee serves certain purposes—not all the purposes that have been in the minds of some members—but it does serve a purpose in reviewing the work of the department and providing a record—what one might call a special hansard, a survey of departmental policy and its administration—and that record, I think, would be a little incomplete without the minister's statement. I am going by the experience of last year, and already this year on the estimates committee we have found it useful to have a statement from the respective ministers as a guide to subsequent discussion and for the sake of the permanent record. Therefore I would have no objection at all to the minister's statement being made.

Hon. Mr. GREGG: My thought, Mr. Chairman, was that I would rather expand and enlarge on particular items in the estimate, or on anything arising from what I have said which was considered to be of special interest to the committee, but if what Mr. Churchill has put forward is the wish of the committee I would undertake to have a fuller statement prepared by the next meeting.

Mr. CHURCHILL: Just before we go on to the details here from our estimate book, I would like to draw your attention to this: we get a reference to the details on pages which are further on in the book and you may recall that last year I made a suggestion which was received favourably by the estimates committee and which, unfortunately, was not incorporated in the estimates book for this year, and that suggestion was—and I repeat it in the hope that next year some action will be taken—that where the details of the service are mentioned, underneath the paragraph heading be repeated the number of votes so that it will be easier for the committee to follow. For example, details on vote 179 occur on page 248 under the heading General Administration and Departmental Administration, and my suggestion was that underneath that, or in brackets beside it, should occur the words "vote 179". Last year the committee thought that was rather a good idea, and if this committee thinks it is a good idea we might look forward to that change being made in 1957.

Hon. Mr. GREGG: That is right after General Administration. I will certainly bring that to the attention of the Minister of Finance so that the procedure may be standardized for all departments. I see no reason why it should not be done.

Mrs. FAIRCLOUGH: I think, probably, that this might be a good opportunity for us to extend our congratulations and good wishes to the recently appointed parliamentary assistant to the minister (J. A. Blanchette).

Some Hon. MEMBERS: Hear, hear.

Mrs. FAIRCLOUGH: We are quite in accord with the minister's plan of procedure, namely that we should divide the estimates into two parts, the general

labour department and unemployment insurance. I must say that I do not know whether there is anything to be gained by jumping from one to another unless we happen to run into a snag and wish to leave an item or two over for another day. It would be just as well to finish with division A before we go into division B.

There are a few remarks I would like to make, in the absence of the minister's statement. I would have hoped that at the outset of this meeting he might have given us a review of what progress had been made to date with regard to the overhaul of the labour code. I recall that in the autumn of 1952, I think it was, when the industrial relations committee met, this matter was brought up and those members who were present at that time were told that this work was already under way in the department and there would be a report forthcoming shortly. Well, quite a long time has elapsed since then and we have asked a great many times in the house whether the report would be forthcoming, and when. It has not yet seen the light of day, however, and before this committee finishes its work I hope the minister will be able to give us a statement in that regard.

I do not wish to refer to any extent to the negotiations which are presently under way and which we are all watching very closely with regard to the railway workers, because I do not want to start a controversy in this committee while we are awaiting a definite answer to the proposals that have been made, but I think it might be well to bear in mind as part of the broad picture that within the last six years we have had one strike and two threatened strikes—strikes which have not to date materialized, and we all hope this one will not. Nevertheless the very fact that such action is threatened should cause us all to ponder on whether or not the mechanics of the department are properly set up for the times in which we live or whether they are outmoded. How good is the machinery we have? These are matters which I think this committee is in a good position to assess, and I hope the minister will make available to the committee the expert advice of the officials of his department so that we may get all the information on this subject which is necessary for such enquiries. As we go through the items, I hope time will be given to hear from certain officials. I am thinking in particular of those who have to do with rehabilitation. I am sure we would like to hear from them. We would like, also, to hear from someone connected with the international labour office, if the minister will issue an invitation, so that we may be given a picture broader than our domestic picture. Also, we would like to know what is happening in the more recently set up woman's bureau. These are the individual items; I do not intend to cover the whole field, and it is not my purpose to make any extended remarks. I have spoken simply to draw attention to the type of information we expect to ask for as we proceed.

Mr. GILLIS: On this first item I would like to hear from the minister or from members of the Unemployment Insurance Commission and have them expand a little more on the statement which the minister made in the house on the question of section 45-2, requalification. He clearly set out in his statement in the house that there were 70,000 people who did not requalify for unemployment insurance, and he figured that more time was needed to study the act and its application under that section before any consideration could be given to changing the act.

Six months is a long time to be hungry. That 70,000 did not have jobs, and they did not requalify for unemployment insurance, and I believe that some immediate action has to be taken to determine just what can be done for that group of people, which is a pretty large group.

I was pretty badly disappointed as one of the members who sat on the committee which revised the act. Personally that was not the interpretation

I got out of section 45-2. You just had to qualify and get 30 weeks out of the last 52, otherwise you did not get any benefit. It was softened up in the committee and in the explanation we got in the house. But it is an immediate problem and I think this committee should come to some understanding with the Unemployment Insurance Commission and the minister and the department on that question.

Certainly, I think both the commission and the minister were let down pretty badly by somebody behind the scenes in regard to what was done under the Unemployment Insurance Act. There was the old regulation, I discovered once again, the guaranteed annual wage, and we were told quite definitely that that regulation would be taken out and the matter studied carefully before any further action was taken in that matter. There have been several guaranteed annual wage agreements established and I think it should be made clear to this committee by the minister just where the unemployment insurance supplement stands now under the new act, and the new regulations with regard to supplementing the guaranteed annual wage in Canada as it is in the United States, by unemployment insurance benefits.

I think the minister should explain to us just where we stand on that matter now. Secondly, we took out of the married woman's regulations, the bear-trap which existed. I left Ottawa convinced that in the future a married woman would be treated the same way as any other claimant for benefit. But apparently after we left—I know the minister was favourable to it as were the members of the commission; but apparently when the act was re-drafted someone behind the scenes pulled the pin, and the bear-trap is back in the married woman's regulations, and we are right back where we started. We wasted an awful lot of time.

Another matter which has aroused a great deal of interest is the fact that we had agreed unanimously that certain sections of fishermen were to be taken under the act. We broadcasted that, and everybody was quite happy, but a few weeks later everybody was unhappy about it because someone behind the scenes pulled the pin again and told the minister that he cannot do that. I think if there is going to be any confidence in each other, when a committee sits and we decide on certain things, that whatever the decisions of the committee—and the house was quite favourable to it as far as I could see—that the understandings will be carried out.

I wish the minister would explain to the committee for my benefit anyhow before we get into an involved discussion of the details of his estimates the following point: what are you going to do about that 70,000 who cannot requalify and who have been waiting six months now?

Just to say that we are going to study the act in another six months, or in another year, is not good enough. In my part of the country there is a great deal of resentment with respect to that particular item. It comes from the coal mines, the steel workers, and what have you. They are all up in arms about it, and they want these regulations re-established. I think an immediate answer is due to those people.

Secondly, I wish the minister would tell us where we stand on the matter of supplementing the guaranteed wage as far as unemployment insurance is concerned. What are you going to do about the fishermen? And what about these married women's regulations which we eliminated? All of a sudden they are back in the act.

On those four points I think we should have some understanding now because we spent weeks, and weeks, and weeks going over this in the committee when the act was revised, and we thought we had these points fixed up. I know that I went away quite happy. But we come back and find that we are right back where we started.

Before we go into these things to any extent I think these four points should be explained to us by the minister. Why was the pin pulled out behind the scenes to trip the works, when the committee and the commission and the minister were all satisfied that we were unanimous here?

Mr. CANNON: Mr. Chairman, I am particularly interested in two of the points brought up by Mr. Gillis. First of all I would like to start my remarks by saying that we were all under the impression last year that the amendments we were making to the Unemployment Insurance Act had the objective of making it broader and more generous in its application. I was very disappointed, as Mr. Gillis has been, in finding that the effect of section 45-2 has been just to the contrary.

A great many of the people who live in my constituency who were able to qualify for unemployment insurance in previous years have not been able to qualify this year. They are amongst that 70,000 of whom Mr. Gillis spoke. It is very difficult for me to explain to them why they are not able to qualify when everybody understood that the law was going to be made broader and more generous in its application.

There is another matter that I cannot let go by without mentioning it. It is unemployment insurance for fishermen. I have been talking about that subject ever since I have been a member of this house. Last year I got transferred to the industrial relations committee just for a few days with the express purpose of pleading for unemployment insurance for fishermen. I was very gratified that the committee at that time was unanimous, and that all the parties were unanimous in recommending that the Unemployment Insurance Act should be extended to fishermen, and if it could not be done for all fishermen immediately, at least those who were salaried workers should be included without any delay.

Consequently I am looking forward to the minister's remarks on those two subjects. I support what Mr. Gillis said in urging the department to do something about those two matters as soon as possible.

Mr. BELL: I do not have anything further to say except that I agree with Mr. Gillis and Mr. Cannon that the new act should be one of our main considerations and it should be done fairly soon. I am particularly concerned with the application of the ramifications of section 45-2. The minister knows a bit of the problem we have with respect to longshoremen. The Unemployment Insurance Commission officials have been very helpful, and I think there is some temporary satisfaction. But the whole matter should be frankly discussed and brought out into the open in view of the time and the recommendations that were presented last year. Therefore I go along with what they said and say that it is extremely important now that we consider particularly section 45-2 and the qualifications and the failure of so many of those 70,000 workers to be able to meet them.

When the minister made his statement this afternoon in the house I immediately thought of what was in the new section, and about the type of workers. It is true that the figure proposed may not be out of line with the previous year but is that drawing on a new type of worker and a new field, or is it still fairly general. We are quite concerned about the 30 weeks. In fact, we know definitely now, and it has been proved that there will be very few of the part-time longshoremen who will get any less than 20 weeks. In fact, it will be 20 or 24. It is quite important, and I urge this request be given fairly immediate consideration.

Mrs. FAIRCLOUGH: Of course, it is not only the maritimers, Mr. Chairman, although I think it has been quite pronounced there, but construction workers, generally, have suffered from the same regulations.

Mr. BARNETT: Mr. Chairman, I will not repeat the points that have been given by the three previous speakers, because I am very much in agreement with the emphasis that they have placed upon them. But, just while we are on this, there is one further point in respect to an understanding I had as to the new regulations when the Industrial Relations Committee finished its work last year. I refer to the question of coverage of hospital workers. I certainly felt that definite assurance had been given that the new regulations would cover hospital workers who would be normally covered if they were in the employ of other employers. My understanding is that that is a change that is not made in these regulations, and I think that that, should be coupled with the question raised by Mr. Gillis in respect of married women workers, which I think also is a point, as far as I am concerned, of considerable dissatisfaction and one that I think should be canvassed quite thoroughly when we come to the appropriate point in the discussion of the estimates.

Mr. HENRY: Mr. Chairman, just one word about the guaranteed annual wage and the application of unemployment insurance to it. I am very anxious to facilitate the extension of the guaranteed annual wage principles wherever possible. In negotiations as between management and labour, I would hate to think that the present legislation is restrictive in that respect. However, I believe that, and I ask the minister to enlighten us on this.

I believe that there is yet to arise a case where the meaning of the present regulations has been construed in connection with the guaranteed annual wage. However, I would ask him to report to us on that, and to give us the benefit of whatever advice he has, departmentally on the question of the scope of the existing regulations in this respect because, I remember discussing this with Colonel Croll, now Senator Croll, at the time when these regulations came in. I understood that the present legislation was properly worded in order to take care of that situation.

That is all I have to say on that.

Hon. Mr. GREGG: Mr. Chairman, I think that Mr. Churchill perhaps will now understand why I did not bring in the long statement on matters that were going along very pleasantly, without any difficulty, and so on, and bring them to the committee; because this discussion now has given a preview of what the members of the committee are interested in. It also brings up the point, which I mentioned earlier on, Mr. Chairman, as to whether the suggestion of taking up, in the first instance, the estimates of the Department of Labour, and following that with the Unemployment Insurance Commission is the best course to pursue. In her preliminary remarks, Mrs. Fairclough thought that that might be considered.

I would like to say something in regard to the points Mr. Gillis opened, with respect to unemployment insurance. He covered four points. He made the point with respect to the statement I made in the house today, and expressed concern over the numbers that section 45(2) have affected. I can assure him that the Commission, myself and all of us are greatly concerned. There has been, however, the consideration there, in that most of them have been in receipt of seasonal benefits. But, that does not answer completely that criticism, I know.

There is the item of the so-called guaranteed annual wage, or as I prefer to call it, supplementary unemployment benefits. I am prepared, or can be prepared quite quickly to go into that when the committee desires it; and there is also the matter covering the women and the fishermen, as compared to where the situation was left last year.

To go back to the first one, which has to do with the effect of the benefit upon the claimants under the new act, I said on behalf of the commission at 2.30 today, that it would assist them if they had some time longer to assess the

situation. I am going to assure this committee right away that we are not backing away from any untidy spots that may have been left in our revision last year.

We have amended that act five or six times since I have been Minister of Labour. If we have to amend the thing to have what should be done, we will do it. I have got to, of course, consider them in relation to the whole program before parliament. I do want to have the commission, in the first instance, this committee, and the advisory committee to the unemployment insurance fund, give consideration to that matter in the fullest possible way. I think we ought to have all the factors available before we can apply a cure. Does that appear to be reasonable to you, Mr. Gillis?

At this point, Mr. Chairman, could I pause and ask Mr. Bisson, the chief commissioner if he cares to make any comment to the committee on that point of his need for time to provide us with the factors that are pursuant to the situation·

Mr. BISSON: We certainly would appreciate a little more time. We have asked the actuary of the federal government to give us some answers to questions we have put to him, but he has not done so fully as yet.

Hon. Mr. GREGG: And I ask you another question related to the statement I made on behalf of the commission today: In the meantime, do you feel that in respect of those workers who were included among the list that I gave today, hardship is being experienced on account of the delay occasioned in completing your survey?

Mr. BISSON: Quite a few, a large proportion, did get seasonal benefits, but they will cease fairly soon. We have not heard particularly of hardships being caused—

Mr. CANNON: I cannot agree with that.

Mr. BISSON: In regard to that statement you gave today, there were 64,000 of those people who were in receipt of seasonal benefits throughout the winter, that is, up to the end of January.

Mr. CANNON: Out of 99,000?

Mr. BISSON: Yes.

Mr. STARR: That seasonal benefit will be over on Saturday. Possibly some conclusion could be arrived at in order to take care of those people after Saturday?

Mr. BISSON: It ends on Saturday and any extension of that period would require amongst other things the advice of the actuary as to the cost.

Mr. STARR: Because of the proximity to the expiration of the seasonal benefits, which end on Saturday, surely something should be done at once in order to assure those people that they will be taken care of until the whole problem is ironed out.

Hon. Mr. GREGG: I am prepared to cooperate in the discussions before this committee in any way that would be most useful. Nevertheless, I do not believe that any rush action on our part, without having all the factors available, would assist the situation in as short a time as you mention, namely in the next few ways or weeks.

Mr. STARR: I think an extension of seasonal benefits would assist them. I do not think that necessitates a great deal of study.

Hon. Mr. GREGG: Taking the whole employment situation across Canada this year at the expiration of the seasonal benefit period, the opportunities for employment following the winter are certainly much greater than they were when we sat at this date a year ago. It will be recalled that, quite naturally, concern was expressed as to those who were on seasonal benefits at that time. With the opening up of spring employment, they did not appear

to be suffering any undue hardship. I think employment this year is certainly very much better.

The CHAIRMAN: I wonder if the committee would be prepared to take the individual items now that the general statements have been made, let No. 179 stand and start with No. 180. By the time we get to No. 196 the Unemployment Insurance people and the minister will be prepared to give a statement on it, dealing with the matters which have been brought up now. I wonder if that would meet with the wish of the committee. I understand the minister is prepared to do that.

Mrs. FAIRCLOUGH: As has been pointed out, the expiration of the period for seasonal benefits will occur on Saturday of this week. In previous years, the minister has not considered an extension at this time, but I think we are in a little different situation because, by reason of changes in the act, we have taken benefits from, or refused to recognize as beneficiaries, certain persons whose qualifications are probably in doubt, let us say. I would think that might be sufficient reason for the minister giving serious consideration to this matter now. By that I mean certainly before Friday. If we follow your suggestion, Mr. Chairman, and wait until we reach item No. 196, the time will have elapsed and it will be much more difficult to backtrack then and reinstate these people than it would be to carry them on for a further period, even for a two-week period. In that, I am not attempting to state what period it should be. Now that the spring is opening up, every little bit helps, and I would urge the minister to consider the matter seriously and discuss it with the officials of the department and see if he cannot make some concessions before this week has passed, to alleviate the distress among those people, who probably a year from now will be recognized as having a claim on the fund.

Hon. Mr. GREGG: My difficulty is that, whereas the commission is watching very carefully to see that distress is forestalled and also to make the act and the regulations based upon it, as they are now, apply to the maximum degree, unfortunately we would be unable, without an amendment to the act, to do anything about an extension of the seasonal period of benefits, which I think you had in mind. Furthermore, I really do not believe that in that lies the answer. If our economy remains as it is now, I think the period from the 1st of January to April 15 is a very good period. I will not go so far as to say that the other factors which Mr. Bisson and his people have in hand should not be revised and tidied up as soon as we can. I do not think we can do it until we have all these facts before us.

Mr. GILLIS: Have you any idea when you will have those facts?

Hon. Mr. GREGG: I hope to have them about the 15th of May. Is that not so, Mr. Bisson?

Mr. BISSON: Yes, thereabouts.

Mrs. FAIRCLOUGH: This is a distressing period right now and if anything is to be done of an interim nature to tide them over a bad period it should be done before the end of this week.

Hon. Mr. GREGG: This may be quite an unorthodox suggestion I am about to make. Sometimes, I have felt in my own department, sitting in Confederation Building, that some people do not know what is going on in the front line. Mr. McKinstry, would you make any comment, quite frankly, as to your opinion of the great Pacific region, as to how these matters we are discussing now are affecting the workers in that region? Do you feel that hardship in this interim period is being experienced?

Mr. GAUTHIER (*Nickle Belt*): Before he answers, who is this gentleman?

Hon. Mr. GREGG: Mr. McKinstry is the regional superintendent of the Pacific region of the Unemployment Insurance Commission.

Mr. McKINSTRY: This is a new experience for me. As far as the Pacific region is concerned, we have not had that experience, because we have had a very fine situation in regard to unemployment this year. We have been carrying on lumber operations in one part of the province, so it was in good condition. The other part was not, because of snow and other conditions. Perhaps some of you remember a little while ago there was a drive to recruit men and there was a question as to whether we would recruit them in the east; and it was said we should not recruit in the east until those in the region had got work. I had a wire at my hotel this morning in regard to the whole of the situation, saying that there were 6,400 of our lumber people who were unemployed this winter. They were not affected and it has not hit them at all because they had sufficient time in the fall of the year. That is as far as the Pacific is concerned. Section 45(2) has not interfered with us at all. Of course, we had an exceptional season there as far as unemployment is concerned. At the worst part of our year we were 12,000 below the previous year and the year previous was 14,000 better than 1954-55. We are rather fortunate.

Mr. STARR: I would like to say a few words touching on what Mrs. Fairclough said a moment ago. We are not dealing with people who have run out of work and benefits because of unemployment. Our problem arises from the actions of the committee which sat last year, and of the government, in amending the Unemployment Insurance Act, whereby they deprived those people of the full benefits they would have received if the act had not been amended. I feel there is a responsibility now to take care of them until such time as what has been termed a wrong has been righted, and by extending these seasonal benefits which take care of them. Just a moment ago it was stated that sufficient facts will not be available until sometime in May, and in between that period there is a lengthy time of probably three or four weeks before any provision is made to take care of these people. I feel there is a responsibility in that respect on the part of the government because the amendment that was introduced deprived these people of the benefits which they would have received under the old act.

Hon. Mr. GREGG: Well, Mr. Chairman, I must say to that what I said in the house when the act was amended and when Mrs. Fairclough suggested that the seasonal benefits be left to be carried out by order in council. I protested. I said I would hate to see the minister have that responsibility, and I still feel that way. Taken by itself, we would not recommend that the seasonal benefits be subject to change in the way suggested. Any change at this time would require amendment to the act.

Mrs. FAIRCLOUGH: Mr. Chairman, I do not think that any of us are thinking so much of the seasonal benefit in themselves as of the persons who, by reason of the seasonal benefits only, have managed to get along in a transitional period. When the Industrial Relations Committee sat on the amendments to the act last year, I do not think that there was any member of this committee who was not assured in his own heart that it was the intention of the department to see that no person suffered by reason of the transition from the old act to the new. I think that was pretty general in the committee. We were assured time and again that anybody who was already covered by the old act would be taken care of until such time as the new act was in working condition. I am pretty sure that the members of the committee would agree that that was our interpretation.

It seems to me that these people who now fail to qualify do come in that classification. True enough the ones we were talking about at that time were largely the older workers who, by reason of retirement, either forced or voluntary, would have their period of compensation reduced; but the general

discussion in the committee was to the effect that no one would suffer by reason of the new regulations during the period that the new act was coming into force. I do make that plea.

Hon. Mr. GREGG: I would like to make the other side of the coin plainly. It was felt that because of the very wide and much more liberal first qualification provisions of the act, which are inherent in the legislation, the restrictions on further qualifications would be more than met by the improved conditions for the first qualification. We are coming into the first few months of application of the new act and without having a longer period we can hardly see the total effect on the credit and on the debit sides.

Out of this, Mr. Chairman, I can see very clearly that the primary interest of the committee is in the Unemployment Insurance Act and its functioning. At the same time I cannot see how, without giving the commission an opportunity to formulate—which is its responsibility—some recommendations with respect to the various questions raised by honorable members that we can accomplish very much by discussing the Unemployment Insurance Act at this particular time. I will consult with Mr. Bisson and his commission to see if that tentative date, May 15, may be brought nearer, and I assure you that we will bring forward anything tangible on that for discussion as soon as possible.

Mrs. FAIRCLOUGH: I do not want to monopolize this discussion, but I must point out that when it came to awarding benefits to those who qualified under the old system of contributions they continued on at their old rate of benefit. It seems to me that in the transition from the old to the new act it has been all with the department—and I do not mean as individuals but with the administration—and against the worker. What I am concerned about is that nobody gets caught in the pinchers. Let us give this some consideration when we still have time.

Mr. BARNETT: Mr. Chairman, when we are still discussing this problem I would like to suggest what appears to me to be a somewhat different approach to it.

The question of an extension of the seasonal benefit period was raised and the minister has indicated that he feels that would require an amendment to the act, which I think we all realize is the case, and he feels that in the long run the period of the application of seasonal benefits, as presently in the act, is the appropriate one. I inferred that that would be one of his objections to amendment to that particular part of the act. But, as far as I am concerned, that still does not alter the point that was raised by Mrs. Fairclough that the members of the Industrial Relations Committee last year certainly had the understanding that during the transitional period from the old to the new act that no one who, had qualified under the old act through having made contributions, was to be denied unemployment insurance. As I understand it that was considered to be a rather basic point, and I think the minister did emphasize that on a number of occasions in the discussion.

Now, this year, when the problem became apparent, the minister did make a statement in the house that the members of the commission have a new interpretation of section 119 (b) that can be made possible within the framework of the existing law, and that the intent and purpose of that re-interpretation was to extend the coverage of the new act to those who would have qualified under the old act.

If the minister is now prepared to amend the section with respect to seasonal benefits, why would it not be possible to make some slight amendment to the provisions that cover the transitional period which would more completely meet the situation than the re-interpretation of section 119 apparently has. That type of amendment, it appears to me, would meet the objection which is raised by the minister and would not be contingent upon

the further actuarial studies which the commission are making because that would apply only to this transitional period.

It occurs to me that if the minister was prepared to accept that as an amendment to the act, that it could very well be an amendment which would be generally acceptable in the house and which could be put through without any very extended delay.

Hon. Mr. GREGG: I think it is not as simple as that. The thing now is to find the amendments that are going to do the trick.

I would like if I may, Mr. Chairman, at this time to ask Mr. Bisson to say a few words.

Mr. Bisson, will you outline, from October 2, when this came into effect, for the first two weeks of its application, the various steps that were taken by your commission leading up to that so-called agonizing reappraisal of section 119 (b) with respect of the points which Mr. Barnett is discussing.

The CHAIRMAN: Before that, Mr. Cannon, did you wish to raise something?

Mr. CANNON: It was just this, that I think it would be an excellent thing if the period for seasonal benefits could be extended by two weeks. I realize, if it means an amendment to the act, that it cannot be done immediately; but I was going to ask whether those representing the commission here were perfectly certain that it could not be done by regulation, in reading the act last year I noticed there were a lot of things which could be done by regulation. I am wondering, from my own point of view, if it would not be possible later on, if the reports which Mr. Bisson receives justify that the act should be amended, that it should be amended with a retroactive effect so that these people would get these benefits in any case.

The CHAIRMAN: Mr. Bisson, would you come up here to the front, please.

Mr. BISSON: Shortly after the act came into operation on October 2 it was quite evident that a number of claimants were disqualified because of this provision under 119 (b) which said that six daily contributions under the old act would constitute one weekly contribution under the new act. We did make a survey and as a result we felt that we should broaden our interpretation of 119 (b) and say that if in any week of employment a person earned $9 or over we should credit him with one weekly contribution, and thus we would qualify a considerable number of additional people, which would be in keeping with the spirit of the new act. It was really putting the old contributions made under the previous act on the same basis as contributions under the new act.

The figures which the minister gave this afternoon show that 6,000 people were so able to qualify—and that we were able to give regular benefiits to another 6,000. Between October 2 and the end of January, a total of 12,000 people were therefore affected by this interpretation. It must also be considered that some 22,000 people did not respond to our request.

Mr. CANNON: What do you mean by that—22,000 people did not respond to your request?

Mr. BISSON: We did not hear from them at all. We communicated with each claimant.

Mr. CANNON: Twenty two thousand people whose claims you were willing to revise did not secure revision because they did not communicate?

Mr. BISSON: Yes, and the inference is that they did find some work.

Mr. HAHN: Did any of these 6,000 people have to repay some of the benefits?

Mr. BISSON: Yes, that did happen in some cases. After we had put them on regular benefit it was found that some people who had been on seasonal

benefit had received seasonal benefit at a higher rate than that for regular benefit, and in some cases overpayment had to be established.

Mr. HAHN: You cannot give us any figures as to the number involved?

Mr. BISSON: No, we have not got those figures; we would have to go back to each claim and review it.

Mr. HAHN: Have you any reason to suppose that the number is a large one?

Mr. BISSON: Judging from the correspondence I hvae had, I do not think it was very large.

Hon. Mr. GREGG: You made arrangements to spread repayment over a number of weeks?

Mr. BISSON: Yes. In some instances our managers had asked that the full return should be made immediately out of coming benefits.

Mr. HAHN: Would you say that that was proportionate, in each division, in relation to the claims you received originally from those who had to repay. As I recall, from the report the minister gave earlier today, in the Atlantic region there were 14,400 unemployed. Have you reason to believe that the proportion who had to repay by reason of the fact that they were overpaid would be about the same in the Atlantic region as in the Pacific, and so on?

Mr. BISSON: I am afraid I cannot answer that, but I can say that the incidence of overpayment would be found in this figure of 6,000 where people were put back on regular benefits from seasonal benefits, but it would not be so in all of the 6,000 cases.

The CHAIRMAN: Are there any further questions on item 179?

Mr. GILLIS: Apparently we are not going to get an amendment to the act or an extension of seasonal benefits. I wonder if the minister is prepared to tell us now whether, if we were to let this matter rest with him and the commission, he would study it and be in a position to tell us definitely what they are prepared to do by May 15? Mr. Bisson says that by May 15 they will have all the facts. That is not going to help these 17,000 people very much, but apparently it is the best we can do.

While you are making an examination of the act I wish you would consider this, also: for the last two years some of us have been talking about bringing the armed services into the act on a contributory basis, and there are quite a number of boys coming out of the services today who find themselves unemployed after spending six years with the forces. They thought the contributions that they paid years ago were still being paid, and then they find that they have no protection and no employment. I believe that national defence has become an industry in this country and young people going into the services are doing so to make a career of it. This is a job, and there are many people who are not going to be able to measure up. After two, three, or four years they are "out" and on the labour market. I believe it is time the government gave serious consideration to bringing the armed services into the act on a contributory basis in exactly the same way as others who come under the act at present, because there are quite a number of unemployed ex-servicemen in the country today. I say right away that it should have been up to the defence departments to take the lead, and members of the forces should indicate that they want unemployment insurance. The answer they give is: "Nobody has ever mentioned it to us. We would have been quite willing to have made a contribution in the services, but it was never mentioned and it did not occur to us until we were 'on the street.' We thought we were protected." While he is studying this question, until May 15, I wonder if the minister would get in touch with the Minister of National Defence. He indicated in the house that his department were going to make a survey, and they should have some of the answers to this problem by this time

if they went to work on it a year ago. I do not think there is much more we can do now with regard to 45(2) and the other items we mentioned. I am quite willing to give the minister until May 15 to give us a definite answer on 45(2) and on the guaranteed annual wage, as it would be affected by unemployment insurance. We took out the bear-trap for married women's regulations and you sprung it again, and this question of the fishermen and the service personnel.

Hon. Mr. GREGG: Well, Mr. Chairman, I appreciate Mr. Gillis' comments. I know that a precise mind sets a fixed date, and you have a reply by then or else!

But I can assure him very sincerely that since before Christmas the minister and the commission and my department have given this whole matter the utmost attention. And I can assure him that all the way along we have kept in closest touch with the great labour organizations—which is only natural—who are aware of the difficulties and who are aware of the fact that this reappraisal would do something in this regard; and also they are aware of the difficulties of finding the proper amendments that are going to mend the few places —and they are very few—where the Unemployment Insurance Act has had a clashing of gears.

I visited the regional offices and I found that in the main it is going along very well, and that for the first benefit period, the improvement in that regard is helping the young worker with a family. This is something the old act was not equipped to do.

Now I shall conform to Mr. Gillis' suggestion in this regard that we do our very utmost to bring something constructive into this committee by the 15th of May, or earlier if we can. Further than that I cannot go; but I think I owe particularly Mr. Cannon and others a comment on insurance coverage for fishermen, before we discuss whether we will take up the Department of Labour first, on—

Mr. CANNON: On this matter of section 45-2 the reason for the hardships as I can see it is that the unemployed workers have to find their necessary number of weeks of contribution in the last 52 weeks before they make their application.

Hon. Mr. GREGG: That is right.

Mr. CANNON: My point is that to reduce it from two years to one year is not good enough, and that if we could reduce it to 18 months it might be a good thing.

Hon. Mr. GREGG: That is one of the nubs which the chief commissioner confirms to me now that they are searching for a proper answer to. I think you would be one to agree that at least a quick look ought to be taken by the actuary to see the effect that it is going to have on the fund, because we are not quite sure yet how the new act will affect the Fund.

As to the fishermen and their coming under the act I am as interested in that as any of you because I come from a fishing coast too. But you will recall—many members of the committee will recall the evening when we discussed that matter in the industrial relations committee. Representations had been made to me outside, and were also made in the committee, that if the wage earners; the wage-earning fishermen only were covered by unemployment insurance, that it would cause, particularly on the east coast, a great deal of jealousy and ill will because of the fact that the individual fisherman or sharer who put up the risk and went out to sea to catch fish were still left without any protection of their income. We invited in the Minister of Fisheries; you will find his remarks in the minutes of the meeting of that day. He had some of his officials with him, and following that I discussed the matter

with him, I also discussed the matter with some other of my colleagues of the committee who had been attempting to see whether all the fishermen could be blanketed in, and we ran up against a brick wall. The problem was presented again in the light of what Mr. Sinclair had said; and the Department of Fisheries was asked to explore plans for the stabilization of fishermen's income; that is, the income of fishermen who were owners or sharers. And in that regard I do not mind stating to the committee—I hate to use the word, Mrs. Fairclough—that the "study" is going forward.

Mr. CANNON: As I said last year, that is just where we differ. Last year I said—and I am of the same opinion still—that we have to make a start on the thing, and that the best way to make a start is to get the fishermen taken out of the schedule to the act which enumerated those who are not covered by the act, and to bring them in under the general text of the act. If only those who are employed can qualify at the beginning at least we have made a start, and we have ceased to deprive these wage earners, who, as wage earners, are just as entitled to unemployment insurance as any wage earner in Canada, we have ceased to deprive them of their rights. So I think we should make a start to cover wage earners amongst the fishermen.

If you look at the report made by the committee on industrial relations last year you will find that we made specific recommendations; first of all that the act should be extended to include immediately fishermen who are wage earners, and secondly that it should be extended to include other fishermen later on. Those were the recommendations we made as I recall them. So I still think we should begin with the fishermen who are wage earners.

Hon. Mr. GREGG: The opinion that you hold as to making two bites of the apple is not generally held, I think.

The CHAIRMAN: Now, gentlemen,—I shall not say every time lady and gentlemen; I shall take it that Mrs. Fairclough is covered by that general term.

Mrs. FAIRCLOUGH: I will agree to try to be a gentleman!

The CHAIRMAN: I just wanted to say that so Mrs. Fairclough will know that I am not ignoring her. The minister suggested that he will report back to this committee in regard to unemployment insurance by the 15th of May or sooner if possible. So I wonder if in view of what he said it would not be wise for us to take up the other items of the department and then call item 196, the Unemployment Insurance Commission administration item, and deal with it further at that time. The suggestion is to adjourn our consideration of the balance of unemployment insurance items until the minister is ready to make a further report to the committee. If this is done we can if necessary go on with some other department and then, when the minister is ready to deal with this item, we can come back to it. That seems to be in accordance with the wishes of the committee and of the minister. If that is satisfactory, we can take any further questions on departmental administration under item 179, and go through the rest of the labour items. Then, we will come to 196 and take any further questions that you might wish to ask under the unemployment insurance item. Then, when the committee has dealt with that to the extent desired, we will therefore leave that item open until the minister is ready, in conjunction with the Unemployment Commission, to make the statement the members wish to have. Is that satisfactory?

Mrs. FAIRCLOUGH: Mr. Chairman, the only thing that occurs to me, is that maybe we would be better off to do it the other way, and take the unemployment insurance items first, because here we are on our first afternoon, and we intended to take all of the "A" division first, and we end up with unemployment insurance. I think that if we are going to keep heading into this unemployment insurance discussion, we may as well have it first and get it over with.

The CHAIRMAN: But what I had in mind was this; once we get through with the general questions under 179—which are, strictly speaking in order—once the committee agreed to what I have said, we will keep to the individual items, because the desire was to get as much as possible of the Department of Labour dealt with as soon as possible. There is no reason why we cannot keep to the actual items, the specific items, once we pass on from 179.

Mr. STARR: I think the main questions, Mr. Chairman, that were asked, were incorporated in the statement that Mr. Gillis made, and to my mind they covered the four major items that I had in mind. So far the minister has given us some assurance on the first one. I was under the impression that he was prepared to answer the other three, especially on the guaranteed annual wage, and as the unemployment insurance applies under the guaranteed annual wage. I think if the minister was prepared to answer those other three questions that Mr. Gillis asked, and were repeated by other members, that would probably dispose of the first item. Then the questions that may come up by members under various items as we progress will be asked at that time. That is my feeling.

The CHAIRMAN: What I had in mind, Mr. Starr, was that the minister said he would rather deal with these other matters when we get to the actual item 196. It will give him time to consult with his officials and the Unemployment Insurance Commission, so that he may be able to make a more complete and satisfactory statement if he is given the time that he will be given, if we deal with these other items first. Now, it seems to me that that is the best way to proceed.

Mr. CANNON: We cannot finish with unemployment insurance today in any case because we have to wait until the minister gets this information from the commission, so there is no use going on with it unless we can finish it.

Mr. STARR: I think the trend of the discussion of the committee today has been unemployment insurance. I agree entirely with Mrs. Fairclough that that may be the group that we should take under discussion at this time, and carry on with unemployment insurance.

The CHAIRMAN: The committee, of course, can decide to do what it wishes to do, but the point I am making, Mr. Starr,—we will not be able to conclude this question of unemployment insurance, according to the suggestion given, until the 15th of May. Now unless we proceed to this item we would be in the position of saying we are not going to deal with the Department of Labour at all—although the committee is now set up to deal with the Department of Labour—and have another department called without doing any work whatsoever on Labour. Now, I suggest to the committee, with all deference, that we deal with the ordinary items of the Department of Labour, and then you can make any further representations that you wish to make when we get to 196. Then we will let 196 stand until the minister is ready to make his statement. That seems to me to be reasonable.

Mr. BARNETT: Just one point of clarification on your suggestion, Mr. Chairman. Am I correct in assuming that at the same time we allow 196 to stand, we are still in the position where 179 is technically standing, so that if when we reconvene at a later date—

The CHAIRMAN: I tried to make it very plain right at the outset—I do not know whether you were here or not—that 179 would be left standing after we have opened it.

Mr. BARNETT: If that is understood, well, as far as I am concerned it is all right.

The CHAIRMAN: We will come to 180.

General Administration—

180. To provide for expenses of the Economics and Research Branch, $547,762.

Mrs. FAIRCLOUGH: Mr. Chairman, to open up the discussion in this particular item—first of all, I notice it is 10 minutes to 5. Is there an adjournment hour, Mr. Chairman?

The CHAIRMAN: We generally try to sit for two hours. I called the committee meeting for 3 o'clock this afternoon, but we did not get started until 20 after, so I thought that the committee would not mind meeting for two hours today. That would mean we would meet until 5.15.

Mrs. FAIRCLOUGH: I was just thinking it is a little awkward for the reporters to take any more than two hours at a time.

The CHAIRMAN: We will try to limit our session to two hours.

Hon. Mr. GREGG: I just wish to say a word on this item. First of all, when the Department of Labour was formed, you will all remember there were two main things that were vital. One was the field of conciliation on an industrial basis. The other one was: that the federal Department of Labour should have the role of studying conditions affecting all the workers in Canada, not only workers under federal jurisdiction, so that the results of our studies might be available to people in the provinces, to industries generally, to trade unions and governments. That is reflected in this item which you have now called.

When I came to the department the head of that branch was Mr. George Haythorne who is now one of Mr. Brown's assistant deputy ministers. Since then Mr. Haythorne was promoted to that post.

Mr. Duffett was taken from another branch of the federal service, the Bank of Canada, and appointed head of that branch.

I think, if it is the wish of the committee, I would be glad to ask the director of the branch Mr. Duffett to give a brief outline of his conception of the work of his branch.

Mr. DUFFETT: The functions of the economics and research branch are indicated by the organization chart which you have before you.

The principal impression that you will gain from this organization chart is of a multitude of functions. This is correct, we do perform a very considerable variety of functions.

The chart appears on page D, and the branch, as you will see, is divided into two main parts. One on labour management matters. Another on manpower matters. The principal duties performed in those two divisions are indicated in some detail there. I am not sure if you wish me to read out what is there, but it might be helpful if I indicate first why it is that there are a considerable variety of somewhat unconnected functions performed in one branch.

In the first place, this reflects the great variety of interests of the Department of Labour. It reflects to some extent the fact these interests, particularly in the manpower field, have only recently become the subject of public concern. In many cases these matters require rather careful examination and investigation to establish the relevant facts. The fields involved in the work of this branch are generally not those in which policy action by the Department of Labour is involved. This explains the fact that they are somewhat varied. Matters of interest to the Department of Labour which do not fall clearly within one of the administrative branches of the Department of Labour, tend to fall to the Economics and Research branch, where they are subject to investigation, statistical survey and general study.

One further reason why the Economics and Research branch is a relatively large one is because in the field of labour there are few agencies in Canada

which have the responsibility of undertaking such study and investigation. On general economic conditions, on the general trend of economy in Canada, one finds many research agencies—the commercial banks, for instance make careful studies of economic conditions. The universities also make a study of economic conditions. Then, within government one finds numerous research agencies. There is the Bank of Canada, from which I came. There is also the Department of Trade and Commerce and there is the Bureau of Statistics and so on. On the other hand, in the field of labour matters, such as labour management problems and particularly in the field of manpower, the Economics and Research branch to some extent stands by itself.

We make whatever use we can of other agencies but to a great extent the areas in which we are interested are areas in which, so far, other groups are not particularly active. This does not mean that these are not growing areas of interest and importance—I think they are—and this very fact makes it necessary for us to undertake a wide range of investigation and some statistical survey work.

Again, our branch is essentially, as I have said, a service agency which does not undertake executive functions but which serves other groups. Like the Canadian National Railways, I suppose we can say that it "serves all Canada". Naturally, we feel a very immediate responsibility to the Department of Labour, which we provide with a good deal of information and statistical material. We work quite closely with other branches of the federal government, particularly in the field of economic analysis. There are, as many of you are aware, many rather modest inter-departmental committees on economic matters where a great deal of useful work is done. We obtain considerable advantage from being associated with those committees and we also, I think, contribute a good deal to them. Beyond this, we perform a variety of services for other important groups, such as other governments, workers and employers. The information which we provide and the assistance which we give to workers and employers consist partly of statistical material and partly of the interpretation of statistical material which is provided by other agencies. Then, in general, I may say that we perform services probably for all Canada.

We prepare and publish information on working conditions throughout Canada and on wage rates throughout Canada. We prepare analysis of the terms of collective agreements between employees and employers. We prepare and publish information on strikes. We produce a directory of labour organizations, the only one available in Canada. We make studies in a field which is of growing importance, that is, the problem of skilled and professional manpower. We assist in the guidance work which is done in the secondary schools and technical schools, by preparing occupational monographs. These occupational monographs and the film strips which go with them describe the characteristics and the problems of particular occupations and I am told these are of great assistance in the schools. They are particularly important, I may say, in the province of Quebec, where our material, since it is available in French, occupies a unique rôle as there is very little of this sort of thing available in French.

We work quite closely with our new Women's Bureau. This is a growing field of interest. We assist Miss Royce in every way we can in providing her with statistical surveys and in helping with the interpretation of statistical material generally on the position of women.

We cooperate with the Labour Gazette, in providing articles on the employment situation. The first section of the Labour Gazette, which is mainly on the employment situation, is prepared in the economics and research branch. We work with the universities in an effort to stimulate studies on labour management conditions.

I mentioned earlier that research on aspects of labour is relatively undeveloped in Canada. The federal government has been attempting to stimulate research on these lines in the universities, with considerable success in recent years.

This summarizes our functions, but if there are any particular details which any member would like to ask about, I will do my best to supply the information required.

The CHAIRMAN: Very many people read our record and I think that, for the purposes of the record, if you would indicate the matters which you have got in this chart, as to the various sections, it would make your remarks a little more clear.

Mr. DUFFETT: The economics and research branch, as indicated by his chart, is divided into two major divisions. One is the labour-management division which concerns itself to some extent with surveys and analysis of employee-employer relationships. The manpower division, on the other hand, performs functions of a more strictly economic variety. It concerns itself with such matters as the employment situation, the supply of manpower and the characteristics of certain occupations. In the next line, below those two main divisions, there is shown a series of sections. In each of these sections we try to gather together functions which are rather closely related. I will deal with these sections now, if this is what you wish.

From left to right, the first one is the wages section. The principal function of this section is the annual survey of wage rates. This is quite a comprehensive job. It involves setting up a considerable range of occupations, carefully defined, on which we obtain from the employers the wage rates and hours of work which correspond. This is quite a difficult job. The principal difficulty arises in being sure that the occupations which are covered are more or less identical in each establishment. We have to ensure, for instance, that a machinist in one plant corresponds to a machinist in another plant or in another province, so that we can be sure the statistics we provide, one province with another, are truly comparable. The wage rate information which arises from these surveys is of particular interest in collective bargaining activities.

We have an annual publication on wages and hours of work in Canada, and in addition we have a very large number of direct inquiries. I think the inquiries from employers are rather larger than those from unions.

The working conditions section, the next one on the chart, to some extent explains itself. In this section we undertake annual surveys of working conditions, concerning such matters as hours of work, vacations, statutory holidays, fringe benefits and pension schemes. There has been a great deal of interest, in recent years, in pension schemes. We prepared a series of four articles on this topic for the *Labour Gazette,* but the demand was so large that copies were not available to all the people who were interested. We republished the material in a booklet but the first printing of the booklet ran out and we are having another printing made. With the increasing interest in pension schemes across the country, employers are interested in getting as much detail as they can on the schemes which exist.

The collective bargaining section has the only collection in Canada of collective agreements: agreements between employers and their employees.

Hon. Mr. GREGG: That is under all jurisdictions.

Mr. DUFFETT: Yes. These are analyzed regularly to provide information on request. My recollection is that we have something between 1,000 and 1,500 inquiries a year for material from this collective bargaining file. One of our principal functions is the preparation of articles which appear in the *Labour Gazette.* For example, in 1954, in August and November, there were articles

setting out the various forms of union security which existed and analyzing the industries in which certain types of union security were common.

Coming now to the manpower division—perhaps I might deal first with the employment and labour market section because you may regard this as the most important; I certainly regard it as one of the most important. In this section we conduct continuous analyses of the employment situation. This is based on information which we obtain from a great variety of sources. The Dominion Bureau of Statistics has a monthly labour force survey which contains a variety of information on employment of the labour force: those employed, those seeking work, those voluntarily idle, and those people not in the labour force. In addition, we make extensive use of statistics emerging out of the operations of the Unemployment Insurance Commission. We work very closely with the Commission and obtain a good deal of narrative information from them on employment conditions. We have a couple of field men of our own who are continuously in touch with employers to obtain their impressions of their employment prospects. This section not only studies the current employment situation, but attempts to develop information on the background of the employment situation. I might mention that a year or so ago a good deal of work was done on the pattern of seasonal unemployment in Canada which is a matter of great concern and involves considerable idleness in the winter. I think the research work initiated there has contributed to the present government program designed to minimize seasonal unemployment. As to the output of this particular section, the product which is perhaps most evident to the general public is the first section in each month's *Labour Gazette*. There is a current review of the employment situation, charts, tables and text. We work closely with the Dominion Bureau of Statistics on the monthly release on the employment situation, in which the labour force survey statistics and certain statistics of the Unemployment Insurance Commission are published.

Mr. CANNON: Do D.B.S. use your figures?

Mr. DUFFETT: No. They prepare their own labour force survey. They make a survey each month and we use it very extensively.

Coming back, then, to what is called the research and development section, this represents a group of seven people who operate very much in a staff capacity. This group, which is relatively free from week to week or month to month duties, studies special issues and problems. For example, people in this group are at the present time devoting a great deal of time to the study of the problem of skilled and professional manpower. We are giving the Gordon Commission some assistance at the present time, and I imagine we will be devoting a good deal of our time to this particular topic for some years. What we are attempting to do, for example, is to try to discover what the employment consequences of technical advances in industry are. Everyone is aware of the interest in automation. As you all know, automation, in a sense, is not a new thing; technical developments have been taking place for many years. However, it does appear that these have accelerated somewhat in recent years and are likely to do so in the future. We would like to know, in the Department of Labour, what the training and re-training consequences of technical changes are likely to be. Will certain jobs become obsolete, and will the people in these jobs have to be trained for other work? Is it the case that our technical educational structure is appropriate in view of the technical changes which are taking place in Canadian industry?

The next section is the occupational analysis section. This is the area in which the occupational monographs, which I mentioned, are prepared. We work in collaboration with the National Film Board the Vocational Training Branch of the department in preparation of film strips which are used in schools. Here also a very painstaking study of occupations is done which is

basic to the work performed in the wages section in an attempt to define exact occupations so that wage statistics can be obtained relating to these.

Then we have the specialized manpower resources section. This section does a great variety of things. The project of most importance in this section is what is called our technical personnel register. This is a record of engineering and scientific manpower in Canada. The origin of this technical personnel register was in 1941 when in connection with the mobilization of manpower for world war II when a very elaborate set of information was obtained on these particularly important people. An effort has been made to continue this register, less and less in terms of mobilization for national crisis and to an increasing extent because of the realization that skilled manpower—engineers and scientists—are becoming increasingly scarce in relation to Canada's need.

That, members of the committee, is a section by section description of the research branch which I would be happy to elaborate if necessary.

Mr. GARLAND: I know that all Canadians have a real concern with the problem of seasonal unemployment in this country—a problem which arises because of our climate and other factors—and I wonder if Mr. Duffet would care to elaborate on the degree of coperation which the department has received from industry generally across Canada and whether he would care to mention any specific cases in which action has been taken. There is a real field open here for seeing that to every possible extent jobs which could be done in the "off-season" should be done then and not left until the season of the year when employment is normally at its height.

Hon. Mr. GREGG: I think I would like to reserve the opportunity of making a more complete reply to your question later, but it would fall into two parts. One is what the federal government can do through its departments to increase the amount of work authorized for construction and other programs so as to provide greater winter employment. Then,, outside this field, there has been the cooperation of such agencies as the Labour Congresses, the Canadian Construction Association, the Canadian Manufacturers Association and many other national organizations. That, again, was carried down to the local levels. Many, cities, using our national employment offices as rallying points, have worked out special campaigns in which the unions, various service organizations and agencies within the city have endeavoured to improve employment opportunities. I will be glad to have this matter refered to again as particular items arise, since your question, Mr. Garland, infers a measure of cooperation and collaboration with departments other than the department of Labour. If, however, the committee would like me to pursue the matter further now—

The CHAIRMAN: The time has come for us to adjourn, Mr. Minister.

Hon. Mr. GREGG: I will see that this matter is brought forward again by Mr. Blackburn when the particular item comes up.

—The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 10

THURSDAY, APRIL 19, 1956

DEPARTMENT OF LABOUR

Hon. M. F. Gregg, V.C., Minister of Labour; Mr. A. H. Brown, Deputy Minister of Labour; Mr. M. M. Maclean, and Mr. G. V. Haythorne, Assistant Deputy Ministers; Mr. P. R. Parent, Director of Administrative Services; Mr. J. H. Currie, Executive Assistant to the Deputy Minister; Mr. W. E. Duffett, Director, Economics and Research Branch; Mr. G. G. Blackburn, Director of Information; Mr. C. R. McCord, Director, and Mr. J. G. Fletcher, Actuary, both of the Annuities Branch.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

73575—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,
and Messrs.

Barnett
Bell
Blanchette
Byrne
Cannon
Churchill
Deschatelets
Dupuis
Enfield
Fairclough (Mrs.)
Garland
Gauthier (*Nickel Belt*)
Gillis
Gregg
Hahn
Hanna
Henry
McLeod
Murphy (*Westmorland*)
Power (*St. John's West*)
Purdy
Small
Starr
Thatcher
Weselak

E. W. Innes,
Clerk of the Committee.

ORDER OF REFERENCE

THURSDAY, April 19, 1956.

Ordered,—That the name of Mr. Small be substituted for that of Mr. Hees; and

That the name of Mr. Hanna be substituted for that of Mr. Decore; and

That the name of Mr. Byrne be substituted for that of Mr. Macnaughton on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

73575—1½

MINUTES OF PROCEEDINGS

THURSDAY, April 19, 1956.
(18)

The Special Committee on Estimates met at 3.00 p.m. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Messrs. Barnett, Bell, Blanchette, Byrne, Cannon, Churchill, Deschatelets, Dupuis, Enfield, Mrs. Fairclough, Garland, Gauthier (*Nickel Belt*), Gillis, Gregg, Hahn, Hanna, Henry, McLeod, Power (*St. John's West*), Purdy, Small, Starr, Thatcher, Tucker and Weselak.

In attendance: From the Department of Labour: Mr. A. H. Brown, Deputy Minister; Mr. P. R. Parent, Director of Administrative Services; Mr. M. M. Maclean and Mr. G. V. Haythorne, Assistant Deputy Ministers; Mr. J. H. Currie, Executive Assistant to the Deputy Minister; Mr. W. E. Duffett, Director of Economics and Research Branch; Mr. G. G. Blackburn, Director of Information; Mr. C. R. McCord, Director, and Mr. J. G. Fletcher, Actuary, Both of the Annuities Branch.

The Main Estimates 1956-57 relating to the Department of Labour were further considered, the Minister and his officials answering questions thereon.

Item numbered 180 was approved.

Item numbered 181—Administration of Annuities Act—was considered.

At 5.05 p.m. the Committee adjourned until 8.15 p.m. this day.

EVENING SITTING

(19)

The Special Committee on Estimates resumed at 8.15 p.m., the Chairman, Mr. W. A. Tucker, presiding.

Members present: Messrs. Barnett, Bell, Blanchette, Byrne, Churchill, Deschatelets, Enfield, Mrs. Fairclough, Garland, Gillis, Gregg, Hahn, Henry, Murphy (*Westmorland*), Small, Starr, Thatcher, Tucker and Weselak.

In attendance: Same as at morning sitting.

The Committee resumed consideration of Item numbered 181, the Minister and his officials supplying information thereon.

The Committee recessed from 8.30 p.m. to 8.45 p.m. to permit Members to attend a vote in the House.

At 10.00 p.m. the Committee adjourned until 10.30 a.m. Tuesday April 24.

E. W. Innes,
Clerk of the Committee.

PROCEEDINGS

THURSDAY, April 19, 1956,
3.00 p.m.

The CHAIRMAN: Order, gentlemen, we now have a quorum. We are on item 180, and we will continue with the discussion of that item. Are there any further questions on this particular item.

Mrs. FAIRCLOUGH: I should like to ask a question of Mr. Duffett. In Mr. Duffett's remarks last night he told us of surveys undertaken by the department —with regard to available manpower in specific classifications, both in the skilled and the non-skilled classifications of workers, and in the professions. What I am interested in is this: to what extent does the department seek to supply such persons or to plan for future supplies of persons, particularly in the professional lines. I am thinking in terms of engineers, in particular. In these latter days we have heard about shortages of engineers. I believe the last news report I read commented on the fact that about one-tenth of the number of engineers, if my recollection is correct, who will be needed this year, will actually be graduates from the universities. Would Mr. Duffett care to comment on that?

Mr. Walter E. DUFFETT (Director of Economics and Research): Mr. Chairman, I think that reports of this type would tend to be somewhat exaggerated. There is always a tendency for employers to register their requirements with more than one university; and in some cases I suspect there may be a tendency to ask for more engineers than they really require, in the hope of getting what they do need.

One thing the Economics and Research Branch does along these lines—and it is of some use I suggest—is that, periodically, every other year, we make surveys of the requirements for engineering and scientific personnel. These are surveys of employers, and the results are made public.

Mrs. FAIRCLOUGH: I make particular reference to a departmental release of February 7, 1956, with respect to the professional manpower situation. This was produced by your division, I believe, was it not?

Mr. DUFFETT: It was with reference to a conference that we held, was it not?

Mrs. FAIRCLOUGH: Yes, I believe it was. One paragraph records the fact that you do keep scientists and others on a current basis; and then it goes on to say:

> Each year, a representative sample of one third of the professional people in the department's records is surveyed to obtain current information on their academic and employment experience.

Is that what you meant by three years?

Mr. DUFFETT: No; this one third is a register not of requirements for personnel, but it is intended to bring our register up to date. The survey to which I referred is a survey of industrial requirements for professional personnel. It is published about every other year, in a document such as this.

Mrs. FAIRCLOUGH: I note that in the following paragrapht it says:

> There was general agreement that the shortages of professional people which had been in existence for many years would in all probability be a feature of the Canadian labour market for sometime to come.

Mr. DUFFETT: Yes.

Mrs. FAIRCLOUGH: Of course that is due to the conditions under which we live; but I did wonder whether any encouragement was being given by the department toward the production of professional people—that is, whether the department had done anything in the nature of soliciting the cooperation of universities, or whether it had even gone to a lower scholastic level, a level below the university level, and attempted to persuade some of these young people, to further their education along lines in which they would be certain to find employment.

Mr. DUFFETT: I think we do not do that. The purpose of the conference referred to in the press release you have read was to obtain as complete information as possible as to the existing supplies of technical personnel, which would enable us to make a better and a more thorough study of the supply. The sort of thing we would like to know more about than we do at the moment is what these people are doing, and in what sort of lines they are engaged. Are they engaged in work which makes full use of their training—that is what we have in mind.

The CHAIRMAN: Just for the benefit of those who are newly on this committee, I might point out that the gentleman who has just spoken is Mr. Duffett, and the questions are being asked, based on page D of this green book—the book circulated by the Minister to the Committee referring to organization of the Department. The question is now being asked in regard to specialized manpower resources. I will refer hon. members to the extreme right hand side of page D.

Mrs. FAIRCLOUGH: Mr. Chairman, I should like to address my remarks to the minister, now, if I may. It is very interesting and very educational to have this survey, of course. But if we are going to supply the needs of industry and others who may require the services of engineers, scientists, economists, and so on, by the time you get to the university level it is too late to influence many of these people. Of course you can influence some of them at the university level; but not very many of them. It seems to me that there is a tremendous field in our high schools in Canada, and that a good many of these young people could be persuaded to enter what is bound to be a highly satisfactory field. I think they are being channelled off into probably less lucrative and perhaps less satisfactory fields of endeavour.

In many cases, at the high school level, a good many bright young men and women find that they do not have the wherewithall to pursue studies.

I was wondering if it would not be wise to explore the situation further, at the high school level, with a view to seeing whether or not we can produce more of these people, or whether we can encourage them, through some form of assistance that could be made available for them.

Hon. Mr. GREGG: I think the committee is pleased to hear Mrs. Fairclough discuss this question, because there has been so much discussion about it in the press and elsewhere during the last year or two. Certainly it is a matter of very great importance.

Mr. Duffett has outlined what we, in the department, are trying to do to make available all possible information with respect to these professional people who are not trained, or being trained.

Immediately after the second world war there was a tendency to let lapse that professional list that was very carefully built up then. Now it has been renewed and I think it is serving a useful purpose, with the study that is going forward.

I do not quite agree with Mrs. Fairclough when she suggests that we in the federal department, the federal field—particularly the Department of Labour—should enter into the high schools, and even assist in directing the

courses that the young people should take for their life's work. We will come to the matter in a later item, but I would point out at this time that a great deal can be and is being done in the matter by assisting in the training of skilled Canadians under vocational training, apprenticeships and other plans, so that they might take over some of the tasks that the professional degree people are now doing, thereby giving those professional people an opportunity to go up to a higher professional level and in this way cover a much larger area of endeavour.

I do not think is should be overlooked, too, that the federal jurisdiction, particularly the National Research Council and, in a lesser way, the Defence Research Board, and various departments of government, is encouraging by way of scholarships and fellowships and grants the training of professional people in these fields. That is so much so that it has often been said that the federal government is more concerned about the applied sciences and scientific fields than it is with the fields of the humanities. There has been a great deal done by way of encouragement through professional personnel in the scientific and applied sciences field.

So far as our department is concerned, we do not feel that we have the right to go into the high schools and take the place of the provincial departments of education, in suggesting, by guidance committees, and that sort of thing, what should be done there. Mind you, there are quite a number of young people of high school age who come to our employment offices seeking employment, and seeking advice as to what courses they should pursue to be most useful to themselves and to their country. And this matter is very much kept before them.

Mrs. FAIRCLOUGH: Of course the fact that you do go into the secondary schools in the field of vocational training—and when I say that you enter the secondary schools, I may be using the wrong phraseology—means that you have under consideration at all times the availability of these young people for certain vocational pursuits. It seems to me that you could extend that to the professional group. At no time do I mean that the department, itself, should actually invade the high schools.

However, in this day and age, all high schools have consultants. They have teachers who try to channel the activities of their students into proper ways. But even if the department only went so far as to make available to those people, to the counsellors, a picture of the demands which may be made for professional people in future years, I think that would be a good move.

Hon. Mr. GREGG: The deputy minister has just reminded me of the fact that—we will go into all this more fully when Mr. Crawford is here—there is provided by the Department to those people in high schools, or anywhere else, a series of monographs on various skilled and professional occupations. So that teachers might be assisted in explaining the opportunities, we are in fact offering and passing information on to young people. However, that will be covered more fully when we are discussing the item for vocational training.

Mr. CHURCHILL: I would like to ask the minister a question. Do your surveys indicate the extent to which Canada is producing sufficient scientifically trained technical personnel, and do they indicate the shortage—if any; and have you any comparison of Canada's activities along that line—as compared with those activities in other countries?

Hon. Mr. GREGG: We do not, of course, exercise any direct control over industry in their needs. But, through various channels evidences of shortages in that field come to our attention, and that evidence is centralized in Mr. Duffett's branch. I wonder if you would answer Mr. Churchill's question, Mr. Duffett?

Mr. DUFFETT: I think it is probably more difficult to form a reliable opinion on professional manpower than in the case of skilled manpower at the level below the professional level. At the level below the professional level—the technicians, and people of that kind, and less skilled manpower—we propose this summer to undertake a rather careful survey of a number of industries to clarify the situation. This is being done in cooperation with the vocational training branch; and our purpose is to discover the sort of training that is required in industry for skilled personnel, and to try to appraise the extent to which existing educational institutions are meeting that need.

Most important, we are trying to find out whether they are going to meet it in the future. Then, at the professional level, including engineers and the like, we propose to try to do the same thing, in the same way.

This, however, is rather more difficult to do, because the demands for engineers is, I think, somewhat harder to forecast. Every other year, as I said to Mrs. Fairclough, we do make a survey in which we obtain information from employers as to what their requirements are for engineers and scientists.

Mr. A. H. BROWN: I think one of the difficulties is that engineers today, on graduation—that is many of them—have gone into lines that are not strictly speaking professional lines. If they were all channelled into engineering work, I think we could—perhaps I might say it in this way, that the gap would not be, perhaps, so very great. But engineers, today, are utilized in a very wide variety of work.

For instance, they are utilized in sales work and in personnel work; that is one of our difficulties.

Mrs. FAIRCLOUGH: At the same time, Mr. Brown, when you start to assess the demand,—it must be kept in mind that demands come from those places too?

Mr. H. BROWN: Yes.

Mrs. FAIRCLOUGH: So that if they want engineers, it still does not lessen the demand in any way.

Mr. H. BROWN: Yes, that is right.

Mr. DUFFETT: Perhaps I might add something to what Mr. Brown said, with regard to the importance of technicians. In many cases it is said, and with some reason, I think, that engineers are required to perform functions which could be performed adequately by properly trained technicians. The Ryerson Institute in Toronto is outstanding in this respect. They have the approval of engineering societies, and they turn out a variety of engineering technicians who can supplement the work of engineers, and make it possible for the engineers to spread their abilities over a wider field.

Just a short time ago I was talking to the principal of the Ryerson Institute, and he said that it was their opinion that in Canada two engineering techinicians could be usefully occupied with each engineer. In this way the time and the skill of the engineer would be used to its maximum capacity. Grants made through the Canadian Vocational Training Branch, through the provinces, for technical education go, in part, to facilitate this sort of thing.

Mr. CHURCHILL: In view of the interest aroused in the western world, following the information we have received recently concerning the emphasis on scientific and technical education in Russia, on what are we to base our policy making in Canada, in assessing what Canada is doing, herself? Are we keeping abreast of developments, in Canada, to the extent of our ability, or are we lagging behind. Does this department assemble information along that line? If not, who does? Where is the information to be obtained?

Hon. Mr. GREGG: Well, is it not a question, Mr. Churchill, of those who create the demand for technical personnel? In Russia, is it not the state; and in our country, is it not private enterprise—within this country? We attempt

so far as we can in our department, in vocational training and in other ways, to assist the provinces in helping to serve needs in that field.

Until recently there has not appeared to be any great gap. This threatening condition in the professional field, at the professional level, has come about only recently; and I think that Mr. Duffett said, that so far as their information was concerned, it may be a little bit overstressed. But I do not think, or I do not quite see, how we, in Canada, can take hold of our Canadian economy in the same way as is done in the Russian situation, for example.

Mr. CHURCHILL: That is the problem, of course. Supposing there is a demand on the part of universities for extra financial assistance from the federal government, in order to provide facilities for their engineering faculties, and things of that nature; what would be the basis for their claim for extra assistance? Where would they get the statistical information that would indicate the demand, and things of that nature?

Hon. Mr. GREGG: They would get it, mainly, through their own associations. Take, for instance, the Canadian Construction Association; it has a pretty good idea of what its needs are. Various other organized activities within the country are the same.

Mr. CHURCHILL: Would that type of information be centralized in your department, with this vast research and survey program wou carry on?

Hon. Mr. GREGG: That is the reason why, in Mr. Duffett's branch, there is maintained this centralized list of technical personnel. We are in touch, not only with individual industries, but with associations, and so on?

Mr. DUFFETT: Yes.

Hon. Mr. GREGG: Particularly engineering associations from time to time?

Mr. DUFFETT: Yes. I think I said yesterday that this technical personnel register was originally set up during the war, having in mind the allocation of persons of this type. The emphasis has changed somewhat. We are not so much concerned about the shortage of technical personnel in the event of crisis—although, of course, that is important—but it is more and more being made the basis of research work in this field.

We would be the first to agree that a great deal more needs to be done than we are doing now. But it is developing rather quickly. The conference Mrs. Fairclough was talking about was the first such effort that has been made for some years. It was an effort to bring together all the information that was available in Canada on the subject on the numbers of technical personnel—in order to economize our effort to the greatest possible extent, and in order to cooperate with engineering associations to share the information we have.

Mr. CHURCHILL: In other words, you know what the numbers are—you know what numbers are available, but you do not know the demand as of this year, or five years hence?

Mr. DUFFETT: As I said, we attempt to do so—every other year—we do have a survey of all the employers, of what the demand will be for professional personnel, for engineers, and that sort of thing.

Mr. CHURCHILL: Proportionate to our population, are we turning out the same number of trained personnel that they are now turning out in Russia?

Hon. Mr. GREGG: You are referring to what Mr. Duncan spoke about when he came back from Russia.

Mr. DUFFETT: I do not believe we are turning out proportionately as many as the United States; and, certainly from what one hears, we are not turning out proportionately as many as Russia. The comparison with the United States, however, is a little misleading, because to some extent we draw on United States skilled manpower in this respect, as well as contribute to it.

Hon. Mr. GREGG: I think it is evident, Mr. Churchill, that not only the federal and provincial governments have responsibilities in this field, but a good deal of stress has been placed upon it in Mr. Duffett's branch. Mrs. Fairclough's fellow townsman and fellow citizen, Mr. Rice, the president of the Manufacturers Association and many others, have given evidence this last year of their feeling that industry, itself, has a responsibility here, to assist actively in the scholarships, and in helping those universities to which the young people with scholarships go.

Mrs. FAIRCLOUGH: They do in Hamilton, as you are aware; I do not know what they do in other centers. But there is a great deal of money donated by local industry there to scholarships, at the high school level. And, particularly after the third year, they are encouraged to proceed with their studies, rather than drop out, as so many of them do. That is the program in Hamilton. But I do not think it is done right across Canada. Perhaps there are other places doing it, but not to that extent.

Hon. Mr. GREGG: We will be discussing this more fully when we turn to the item for vocational training, but it has been interesting to see during recent years the number of centres doing this, not only to help the situation, but in recognition of the fact that when those young men or women go to university, they will pay only about 40 per cent of their cost. If that could be encouraged and extended throughout the country it would go far to meet the needs of industry, and government, too.

Mr. BYRNE: I understood you to say that the United States was turning out more technical people per capita than Canada is.

Mr. DUFFET: Yes, proportionately they are turning out more in the United States. There are more people in Universities than there are in Canada; that is of the proportion of the age group that might be expected to attend university.

Mr. BYRNE: Can you account for that?

Mr. DUFFETT: Well, I suppose because it is wealthier.

Mr. BYRNE: Regarding the number of people that train in the semi-technical or in the trades, does Canada not have more people coming out of, say, the army trained as technicians or tradesmen, than would be the case in the United States where they have compulsory service?

Mr. DUFFETT: I think this could be more effectively answered by Mr. Crawford when we are dealing with vocational training.

Hon. Mr. GREGG: We will make a note of that, Mr. Byrne and have it answered when the vocational training officers are here.

Mr. STARR: Mr. Chairman, I would like to direct my question to Mr. Duffett. I brought this up in the last session of parliament, about the restrictive requisitions that industry are submitting to unemployment offices throughout Canada in many instances, requiring certain types of labour only. That is, their restrictions as to age, to height and weight, whereby they restrict many people from obtaining employment in these industries. Now, the industry feels it has to have a flexible type of man to perform the various duties that may come about in employment with a company.

They also refer to the restrictive height of girls. In some instances they have to be 5 feet 5 inches in their stocking feet. Naturally that would eliminate a great many from securing employment in some of these industries, so much so that I feel, in the past few years, many industries are using this practice in requesting labour. Is there any survey being made with regard to that?

Hon. Mr. GREGG: I do not want to split hairs, but I think we can cover that more effectively when we come to employment services, because their

officers have made a study. We have gone into this field, which is a very interesting one. But, the point that you have mentioned is something that will provide very great interest.

Mr. STARR: Mr. Duffett's department have made a survey of this, or have some information as to what is going on in the labour field in Canada?

Hon. Mr. GREGG: You mean as to the requirements of industry?

Mr. STARR: Yes.

Hon. Mr. GREGG: No. I do not think we could expect him to do that. He is dealing more with qualifications, categories of skilled workers from the point of view of making that information available to industries.

Mr. STARR: My question can stay for an answer when the time comes.

Mr. ENFIELD: I notice in last year's annual report, or the annual report for last year, that the Department of Labour through its university research program made what looks like a great number of grants to various universities for research on labour matters, which would seem to me to be rather important.

Hon. Mr. GREGG: What page is that?

Mr. ENFIELD: Page 37.

Hon. Mr. GREGG: Oh, yes.

Mr. ENFIELD: I think this is rather important, apropos of the topics that have been discussed. I was wondering in looking at the grants for the coming year, does this item at the bottom of page 250, grants and other expenses for surveys and research in the labour field amounting to $7,000, covers that point. Does that cover it?

Hon. Mr. GREGG: Yes, that is it. These grants referred to on page 37 are for a special purpose within our labour department. For instance an example there is that one of labour relations, to try and get assistance for the universities in studying labour relations. It is not directly aimed at increasing the number of skilled people.

Mr. ENFIELD: I see.

Hon. Mr. GREGG: But it is typical of the way in which, in various departments, there are grants and assistance given to the universities in an indirect fashion.

Mr. ENFIELD: Well, you cannot say how much of the $7,000 is actually made available for university work, because the item covers grants and other expenses for surveys. Now, there are other surveys made, are there not, by the department?

Mr. A. H. BROWN (*Deputy Minister of Labour*): The whole amount of that $7,000 is available for these research grants. The only additional expenses that are involved are the expenses in the work of the advisory committee that goes over the requests for assistance for this type of work. We have representatives from three of four universities that come in and sit in with Mr. Haythorne and Mr. Maclean and Mr. Duffett, and go over these and plan the program of research grants for the coming year.

Mr. ENFIELD: I see.

The CHAIRMAN: Any further questions on this item?

Mr. CHURCHILL: This particular branch of the department, with 124 full-time positions, makes extensive surveys and sends out annually a great number of questionnaires in regard to wage rates and hours of labour and things of that nature. Do not the provincial departments of labour undertake similar work, and is there a duplication all across the country along those lines?

Mr. DUFFETT: The provinces are engaged in this sort of thing, and we have in most cases a cooperative arrangement with the provinces.

The most highly developed one is in connection with the information on wages, where we have an arrangement with the province of Manitoba by which they collect the information, using their own field men and pass the material on to us. We process it and send it back,—that is, the material relating to the province of Manitoba. It is then published in Manitoba, and we use the material that we obtained from them for our own survey, so that there is only one approach to the employers in that case.

Mr. BELL: Mr. Duffett, in the last issue of the Labour Gazette, there was a complete review of the number of applications, and unfilled vacancies, etcetera. Unless I am mistaken, I do not think this is given every month. I was wondering if you would be in a position to supply those figures each month if the Labour Gazette wanted to publish them?

Mr. DUFFETT: Yes. This information—I must confess, I have forgotten how often it is in here—this information used to be included monthly in the Labour Gazette, but as an economy measure it was reduced a little bit. There is a monthly release of the Dominion Bureau of Statistics in which a certain amount of material of this type is released. I am not quite sure how much detail is given.

Hon. Mr. GREGG: No, what Mr. Bell refers to, are the number of vacancies side by side with the number of applications. You do not normally release that in the general statement.

Mr. DUFFETT: No, that is true.

Hon. Mr. GREGG: That is what you are referring to, Mr. Bell. Would you like to see that each week?

Mr. BELL: Well, I found it very helpful, because all we have in our mind is a comparison in each area of how many were unemployed last month, and a year ago this month. Unless there was some extreme economy move, I think perhaps that something like in the Labour Gazette would be helpful. I just wondered if you in your own division have any of those particular figures available each month?

Mr. DUFFETT: The information is available. It comes from the Unemployment Insurance Commission.

Mrs. FAIRCLOUGH: Mr. Chairman, following up the question Mr. Churchill asked, it is true that there is quite an impression abroad amongst employers that a great deal of information is required of them, and some of it is overlapping. For instance, the officers of the economics and research department have got some information on wages paid and the hours worked and so on. On the other hand, under the industrial relations branch, they also secure that information. Is it necessary that there should be that overlapping, that is, more than one request for the same information from an employer or could the information be secured once and for all and distributed to the branches who are interested in it?

Another point that comes to mind is the fact that these officers apparently go out into the field and sometimes travel considerable distances to acquire the information, and at the same time the local offices of the Unemployment Insurance Commission right there on the spot probably would be in a position to secure this information at much less cost. Now, would you like to comment on that?

Mr. BROWN: I think Mr. Maclean can deal with that when we come to the industrial relations branch.

Mr. MACLEAN: Whatever time you want, either now or later.

Mrs. FAIRCLOUGH: It seems to affect both departments, and it does not matter whether we discuss it with the industrial relations or...

Mr. MACLEAN: I would prefer to take it later on, Mr. Chairman, when I am dealing with that branch as a whole.

Mrs. FAIRCLOUGH: There is just one other thing that I would like to speak about at this particular time.

Mr. Duffett, you made some remarks earlier about the manpower situation, and the information which you had available in the war years, and that there was no specific need for that information...

Mr. DUFFETT: Not to the same degree.

Mrs. FAIRCLOUGH: No, but what I am wondering is, has your department, or your division contemplated the delegation of authority to regions in the event of a national disaster, which is the time when it would be most necessary, to have local information, or area information available. Is your department working along the lines of establishing regional or area authority so that in the event of—to cite an extreme case, which is perhaps remote, although it could happen an attack on Ottawa. Supposing Ottawa was bombed out and immediately you required that information. Now, if such a thing happened, to what extent are the officers in your areas instructed to proceed at once to ascertain the needs of their respective areas, or would they in turn have to go to an authority which might not even exist, before they could proceed?

Hon. Mr. GREGG: I think I should answer that question, Mrs. Fairclough.

Take, for instance, a national disaster such as you say, the bombing out of the city. That, we believe, is the worry of General Worthington and civil defence. I think you will agree that is true. The civil defence it set up for national disasters arising out of war. Mr. Duffett's branch has not any local offices across Canada, other than the people who are getting information.

On the other point affecting information that might be required when the danger theatens at a national level, in conjunction with other departments, every possible study is being maintained on that. Again I use the word "study" Mrs. Fairclough, but I do not agree with you that it is the function of the Department of Labour to set up machinery for...

Mrs. FAIRCLOUGH: It was the function of the Department of Labour in the last war to assess the requirements and the availability of manpower, was it not, the requirements for, and the information on the availability of manpower?

Mr. DUFFETT: When it appears that they have the need—

Mrs. FAIRCLOUGH: But, supposing you got into that situation again, then are you going to say it is General Worthington's department?

Hon. Mr. GREGG: No, it is a case of coordination, and there is a coordinating committee.

Mrs. FAIRCLOUGH: But supposing it is General Worthington's department, is he going to have the authority to walk into the unemployment insurance office or the national employment service in any given center and say, "Now, I want all of the information that is available here as to who I can get to do specific jobs"?

Mr. DUFFETT: Well, he has not got the authority now.

Mrs. FAIRCLOUGH: No! There again, the Department of Labour is the only department that really has the jurisdiction at all over these forces. That is precisely what I am asking. Has any study been made of how, in the event of a sudden emergency, these forces can be coordinated?

Hon. Mr. GREGG: There is a continual general study of that kind going on respecting national employment service,—the Department of Labour, the Department of National Defence, the civil defence and all those that might be concerned with it.

Mrs. FAIRCLOUGH: Well, Mr. Minister, I am not going to hold up this item to discuss that, but I am not too happy about it, and I would like at some future time to broaden and explore it further. If I have thrown out the suggestion along that line, perhaps Mr. Duffett can explore it. I think it is something that should be considered, and probably he has already considered it.

The CHAIRMAN: Carried?

Mr. ENFIELD: There is one more quick question, Mr. Chairman. There is a great deal of interest in this question of engineers.

I was just wondering if the department, Mr. Duffett's branch, had any idea of the number, in round figures, of engineers we now have available in Canada, and the estimated number, in round figures, that we might need, say over the next 10 years?

Mr. DUFFETT: We are on our way to finding an answer to that sort of problem. We have a pretty good idea of how many engineers we have in Canada, as a result of this register that we kept. It is not complete. The purpose of the conference that Mrs. Fairclough referred to, was to endeavour to make these statistics as complete as possible.

Looking into the future is difficult. It is something we have in mind for this summer, partly, and partly for the forthcoming year, to try and make some special studies on this point with respect to the shortage of engineers, or the apparent shortage of engineers. It is something that has come upon us rather quickly. It is only now possible to interest employers sufficiently to look forward in an imaginative way and tell us what they think the outlook is. We have attempted before to obtain a forecast of requirements, but the work along those lines is very much intensified now.

Mr. CANNON: Have you the figures?

Mr. DUFFETT: Yes, we have a report here which has been produced over a couple of years survey of industrial requirements for professional personnel, in which we give the results of the survey.

Mr. ENFIELD: And it shows the present requirements and the present engineers available?

Mr. DUFFETT: It shows not so much the present requirement as the estimated future requirements over the next three years I think it is, in each case. It is undertaken every two years.

Mr. BYRNE: Mr. Chairman, I think I have been patient, as I am under most circumstances, but I think this is something which we should devote some time to, that is the question of specialized manpower, resources, particularly in view of the fact, as Mr. Churchill mentioned, we have been receiving disquieting reports that in Russia, for instance, they are training technical and engineering personnel at a terrific rate. Mr. Duncan, who returned from Russia last year, I believe said that in one factory he visited there was some 4,000 to 6,000 men attending night school, four nights a week, for the purpose of, not only receiving technical training but, I understand, to qualify for university credits.

I have asked Mr. Duffett if he can give us any reason, why there are more university graduates being turned out in the United States as compared to Canada and his answer to that was, "This is a wealthier country".

Mr. DUFFETT: And more highly industrialized too.

Mr. BYRNE: And more highly industrialized, yes. I would like to have some impression as to which came first then, the hen or the egg. This is a highly industrialized country and this is a wealthy country, and for that reason we are turning out many engineers. How do they get to that position? Was it because they were training more highly trained personnel, and there were more highly trained personnel?

Now, on the other hand we have been told that in Russia the general standard of living of the people is very low, very low indeed. Yet, we have this tremendous wave of learning, this tremendous urge for everyone to become university trained. Now, there is something that does not add up. I know there is a difference in the system in that we do not direct people into various occupations, but somewhere along the line it does not add up. Perhaps, we should realize that, despite our free economy that we wish to maintain we could obtain a very much higher standard of living, if we came to grips with this question of education, even if it becomes very unpopular in some instances. We should make a determined survey, and then be prepared to prepare ourselves to give free instruction to those who are top students throughout the provinces, if we can be assured that this is the answer to it. We are interested in a higher standing of living, whether we can wage war better and more effectively than other people or not. It is not related closely with the higher standard of living, because there have been highly trained personnel in low standards of living. I think that we should face the issue sooner or later, and if it simply means paying more into training the 5 per cent or 10 per cent at the top, we should come to grips with it—and soon.

I know in the mining and chemical industry now they are talking of a dire shortage of engineers, metallurgists and chemists, and many of them are being offered jobs in the United States at $3,000, $4,000 and $5,000 more than they can receive in this country. I think the problem is more serious than perhaps we want to admit at the present time.

Mr. DUFFETT: I imagine, Mr. Byrne, that in Russia you will get more, of course, under state direction of these people into the lines that the state wants them to work. Those are the things that help to channel these people into these particular fields.

Mr. BYRNE: Yes.

Hon. Mr. GREGG: In this country, as you know, the federal department of labour contributes to the bursaries which are provided by the provinces for needy university students. We contribute to the extent that sums are made available to us for that purpose. Maybe there is more of that needed.

Mr. CHURCHILL: Does that research indicate the loss, if any, to the United States of our engineers and other trained technical personnel?

Mr. DUFFETT: We have not anything very complete on that. We are making a determined effort to find out a good deal more about this, and the engineering societies, as well, are quite interested in finding out the loss to the United States.

Mr. CHURCHILL: Are we finished with that particular area?

Mr. BYRNE: I cannot move a motion that we set up a committee specifically to set out and go into this question, but I certainly think something should be done to encourage that sort of thing, even if it become necessary for the federal government to set aside moneys to educate people from all provinces, not in any one particular province. But I think it is important, and I think that we should—

Hon. Mr. GREGG: This is related to many other things, of course, automation and all that sort of thing, the increasing need of skilled workers. It will come up as we go through the estimates under various other items, such as vocational training, and more particularly, as far as the Department of Labour is concerned. I do not want for a moment to minimize the importance of it. When we say that in our free economy the skilled professional men and women that we turn out are a lot better than those who are turned out in Russia, that may or may not be true. Certainly the reports that we get back from Mr. Duncan, Mr. Pearson, Mr. I. N. Smith, and Mr. Sinclair indicate a

large thirst for knowledge and thirst for scientific instruction, which surprises us all when we hear about it.

Mr. BYRNE: But it is still a very low standard of living.

Hon. Mr. GREGG: With a comparatively low standard of living.

Mr. DUFFETT: It may well be that even with a low standard of living, the incentives for education are greater in Russia than they are here. There are differences in the standards of living and differences in classes, and it may be that the educated, skilled classes in Russia are provided with perquisites of one kind and another that are exceedingly attractive.

Mr. CHURCHILL: One of the main factors in Canada is the opportunity for education, and it is lacking in a great many areas. Perhaps that is where our consideration should be. It may well be that we would provide a comparable number of engineers and other technical personnel if the opportunity was provided for the students, across our country, who are lacking that opportunity for education.

Mr. BYRNE: I think on the overall picture it is quite the contrary. I feel that the high school educated student, after a few years, can make $4,000, $5,000 or $6,000 a year, and there is not the same incentive to go on. Perhaps there should be a higher incentive at the top. I do not think it is the lack of facilities, because I know in my own particular home town, a large percentage of the graduating class this year will be females, who perhaps do not intend to go on. A small percentage of them will go on to higher education. It is distressing, the number of young fellows who have dropped out at grade 12 during this past year, and are not going on. I am certain none of them has applied for unemployment insurance; they are in some occupation that pays them very well.

Mr. CHURCHILL: It is even more distressing to see the number who have dropped out before completing grade 8, as far as Canada is concerned, and it is with that aspect of the lack of opportunity that I was concerned.

Hon. Mr. GREGG: Those are the people who do, definitely. We are trying to help the provinces under our vocational plan. I saw some of that in Mr. Gillis' bailiwick, in that great city of Sydney.

Mr. Byrne, when you speak of the incentive, the money incentive is certainly there, because this year in our universities the young lads, engineers and scientific people that come out with degrees walk right into jobs that pay higher than the position occupied by practically every member of the faculties of the universities, except possibly the president. I think that is true, and it certainly was reported to me that way.

Now, the opportunities are there. Mr. Churchill has said that there is a bottleneck, which is perfectly true, and that plenty of young people who should go on to university do not have the opportunity, perhaps. The converse is also true: there are a number of those in the universities who should be at vocational schools. But as the deputy has pointed out, under our free economy, the federal government certainly cannot push them around and say do this and do that.

Mr. GILLIS: Mr. Chairman, that is the crux of the thing: either we want to remain there or have the benefits of a totalitarian state, you cannot have both.

As I see it, the federal government has to advance in this matter. The first difficulty is, the industries across this country do not recognize, and do not want your national employment offices. They want to be free to hire who they like. They do not list their requirements for their workers, for the technical personnel or anything else. That makes it necessary to set up your research branch here. That information would be available to your national

employment offices across the country if industry was cooperating, but it is not and that is the trouble. The second problem is that if the federal government were to decide tomorrow to send people into the provinces for the purposes of making aptitude tests at high school level to determine the aptitudes of a boy or girl for a given position or further specialized training we should soon hear a cry go up about provincial rights, centralization, interference with the educational system and so on. For my part I think it should be realized that there is need for some real direction in this country and that we shall not be able to complete on satisfactory terms with Russia, where education is an industry like everything else, without considering the question on these lines. I would like to see you come to Windsor, for instance, and say to 25 or 30 people in a factory there: "you have the ability to go higher. Attend night school classes and you can advance to a more responsible position." That sort of thing is commonly ordered in Russia. But here, television is on in all the beer parlours and people say: "I have worked my eight hour shift and I have finished." These are things we have to face.

Hon. Mr. GREGG: Be careful, this is being taken down.

Mr. GILLIS: Well, it is true. I think the first thing you have to do at the present time is tell industry across this country: if you want to get the number of technicians you need you must make your requirements known to the federal government; it is in your own interest that this information should be made available.

Mr. CHURCHILL: Then what are we going to do about it?

Mr. GILLIS: If Mrs. Fairclough or Mr. Churchill will join with some of us I think the federal government would be better able to deal with the situation. If they would support us when the emergency powers bill is before the house it would give the government, in case of emergency, the authority which Mrs. Fairclough was looking for this morning.

Mrs. FAIRCLOUGH: There was no emergency on.

Mr. GILLIS: But there is an emergency in the need to meet this demand for technicians.

Mrs. FAIRCLOUGH: I was not demanding authority. I was asking what plans had been made for the use of available manpower in the event of an emergency. I was not making any demand for the setting up of an emergency powers board.

Mr. CHURCHILL: Let us get the facts first.

Mr. GILLIS: You cannot get the facts unless the people who have the facts will make them available. They ignore the officers of the board—

Hon. Mr. GREGG: No, I must challenge that. By and large, they do.

Mr. GILLIS: The small firms do.

Hon. Mr. GREGG: An increasing number do. I can tell you that a large contractor in my own bailiwick, a constructor engaged in building Camp Gagetown, takes on 92 per cent of his workers through the employment offices. That attitude is growing I think all across the country but it will continue to grow only if our national employment offices are surveying the needs. Anyhow, we cannot under our present system tell employers that they are obliged to use our services.

On the other point as to aptitude tests under federal authority in high schools, this is a job for cooperation and I think that cooperation is working out quite well in its perculiar way. In the past year, since conditions in Canada improved the balance of employment has been pretty good and that has only been accomplished by cooperation right along the line. I know this

is rather off the subject, but there is cooperation between our national employment offices, our universities and the provincial people who are carrying out aptitude tests in the provincial departments of education. Our officers are called into work in cooperation with them, but they have got to establish a technique. This flows from requests by the provincial authorities, and as a cooperative effort it is working reasonably well.

One of the interesting things I do when visiting employment officers is to ask for the official in the special placement department in charge of youth training and ask him questions. Quite often a woman is responsible for this work. I talked to one, I think it was in Hamilton, who told me that part of her task was to help the father and mother who brought the youth in at the age of 16 who wanted to get out and get a highly paid job, and help the father and mother convince the youth to go back to school and carry on. There was lots of money to do that with.

In the half-way field between the federal and provincial jurisdiction there is a growing opportunity which is being taken advantage of on a voluntary basis by our employment offices who cover every city and town in the country with a population of over three or four thousand, and in that effort we succeed in coordinating the vocational training. The government will utilize the information available to the best possible advantage, but I cannot go along and say we should go into the Ontario Department of Education and carry out tests in the schools.

Mr. GILLIS: I did not say you should. I said you would get quite a "rear-back" if you even proposed it. With respect to the use to which the majority of corporations in this country are putting our employment offices I will agree with the minister with regard to Camp Gagetown. That is a government contract. But if you take organizations such as General Motors, Chrysler and the big steel companies, you will find that they have their own employment advisers.

Mr. STARR: That is not true.

Mr. GILLIS: It might not be true in Oshawa.

Mr. STARR: All their employment is channelled through the employment offices.

Mr. GILLIS: It is not true in Windsor and in many other areas. They have their own employment offices.

Hon. Mr. GREGG: On that point, I think many of those industries will always have that no matter how good your employment offices are. I think they need to have two screens. They call upon our employment offices for a number of people who appear to our officials to be likely workers and they, knowing more intimately what is required, carry out another screening.

Mr. GILLIS: You are never going to get the material your research director is looking for until there is greater use made of the offices.

Mr. BROWN: We are dealing with specialized manpower.

Mr. THATCHER: I would just like to ask the minister one question on this subject of specialized manpower. Has the department any special program at the moment, perhaps in conjunction with the Department of Immigration, to bring people from overseas to fill these engineering vacancies and similar vacancies?

Hon. Mr. GREGG: Could I bring that forward in a more full reply when the officials of the employment office are here? To answer it shortly, the practice has been, I think, for the engineering institute itself to work in conjunction with the overseas offices with regard to this.

Mr. BROWN: There are provisions to take orders from employers for recruitment overseas. The office in London makes arrangements with many

of these larger concerns to send representatives to the United Kingdom. For example, to help recruit these technical and professional personnel the officers in London—we have officers attached to the immigration offices there—do the preliminary advertising and make the contacts, and when these representatives come over they are ready to go to work in the screening of these people. A large number of professional and technical personnel are recruited in the United Kingdom each year. These larger firms in Canada are very much interested in that source of supply although the United Kingdom labour ministry is not any keener than we would be here to see their trained people leaving the country. We do however, get very good cooperation from them and from the local labour exchanges.

Mr. THATCHER: Is a similar effort being made in other countries on the continent, or in the United States, or is it only in the United Kingdom?

Hon. Mr. GREGG: This is done to a greater extent in the United Kingdom but it is also done on the continent, in Germany I believe. It is getting more difficult to recruit in those areas and of course the training and background you get in the United Kingdom, together with the language advantage make the United Kingdom a preferred area for recruitment so far as these firms are concerned.

The CHAIRMAN: This seems to be a national problem—the extent to which the provinces and the Dominion together are meeting the demand that is going to face us in future for skilled technical people, engineers and people skilled in radar and all that sort of thing. It is really important to the nation from the standpoint of national defence and yet we more or less rely solely on the provinces to meet that need, and if they do not meet it the question is: what is it necessary for the federal government to do to see to it that that need is met, a need which is just as vital, it seems to me, as making sure we have an army, a navy and an air force—namely that we have enough skilled people in the professional branches—engineering and all the other branches of electricity, radar teleronics and the like. I was wondering if the Gordon commission is looking into the question of the extent to which we are meeting that need under our present day educational set up under our federal system? I take it you would know whether they are looking into it or not from whether they have asked for any information.

Hon. Mr. GREGG: They have done so, and Mr. Duffett's branch has provided information for them. I may say that in the armed forces they have facilities for providing for their own purposes, financing potential officers through university courses under their own estimates. Under their estimates they are able to send young people to university for scientific and engineering courses and see to it they are financed with regard to those courses.

Mr. BARNETT: The minister's comment was on the fringe of the question that has been in my mind. He said something about providing information for "them". I did not know what the "they" was.

Hon. Mr. GREGG: The Gordon commission.

Mr. BARNETT: Then it was not quite on the question I had in mind. My question revolves round whether or not the provincial education authority which is responsible for the development of curricula in the provincial system are actually making full use of the work this branch is doing at the present time. We have had nothing very specific on that point and I think it might be useful if we could get a fuller picture of the extent to which provincial education authorities are using the facilities apparently available to them through this branch.

Mr. DUFFETT: This problem could be dealt with more fully when we are discussing the Canadian Vocational Training Branch. A short time ago there

was a meeting in Ottawa of the Vocational Training Advisory Council which showed a considerable interest in this problem, in the pattern of vocational training across the country and the extent to which it corresponded with the pattern of need for skilled manpower, and they asked us to look into this and we are attempting to do some work.

Mr. BARNETT: Over and beyond that a lot of the discussion takes place in a broader field than the present vocational training program and beyond this in the provinces we are concerned with that particular problem. It seems to me there are people who are interested in the particular problem of the future. It seems to me, specifically, that the work that this branch is doing, as I understand it from the description we have had, is to fill the need on a national scale. The minister places the emphasis here on our system of voluntary cooperation. I think it is important we should get the picture as to whether that system is working and to what extent.

Hon. Mr. GREGG: In the field you mentioned in the provinces there are curricular committees composed of universities and the departments of education and a great many other people. Then there are, too, such groups as the Engineering Institute of Canada who are much interested in exactly the same thing, and usually an official of the engineering institute takes an active part with the university faculty of engineering in that field. Mr. Duffett comes into it to some extent on the information. Where conferences are held or where a letter is written to the minister from a province and says that we are going to have a discussion or a review or a study of such and such, affecting this matter that we are discussing this afternoon, Mr. Duffett immediately produces the material that may be wanted or the information to take to discuss the matter that is being considered.

Incidentally, if it happens that the Minister of Labour is the minister who is to attend he probably gets most of his speech from Mr. Duffett on that particular topic. There is a great deal of information going out from this effort that does not show very much on the surface and you cannot say in figures how great it is or how effective it is but I can assure you that our officers are very closely in touch.

Mr. HAHN: It appears to me that while the department itself is doing everything it feels it can possibly do in interesting more and more people in taking engineering courses and in bringing in a supply of men where we are short today, we are losing sight of the fact that the onus of the responsibility actually rests on our educators and on our parents under the system in which we operate at present. The fact of the matter is, so far as we are concerned, that our own department has made available to educational institutions all the answers to the questions that might be raised with respect to jobs available and other factors involved. It seems to me that if there has been interest lacking among young men and women whom we wish to take up technical education it remains for the teachers, supervisors and parents to impress that interest in the minds of the younger men and women in Canada today. I think Mr. Byrne's point was very well taken a while ago, as was the point raised by Mr. Gillis, in addition, that if we were going to fight the communist machine, then possibly the best way would be to use similar methods to the methods used by the communists themselves, but that is not our way of life and I would not propose it. Therefore, we shall probably have to draw to the attention of the educators that they are failing to meet the responsibility that faces us today in this country and I would very much like to see the department take it upon itself to make a research into these educational institutions to discover just to what degree they are using the facilities that are available.

Hon. Mr. GREGG: Are you speaking now of the universities?

Mr. HAHN: No, of secondary schools and high schools. I did vocational training in Alberta for some years and while this information was offered we had two class periods one week and three the following week. It is true that that was in the post-war years and the first year of the war, but the use of vocational training boards appears to have failed in these schools or we would not be faced with this problem today. It is true that in consequence of the automation and industrial development which Canada has before it, it has become more and more necessary to have a greater and greater number interested in that field. I do not think it is a matter of dollars and cents alone in so far as the pupil is concerned. I think it is a matter of pushing a child to desire a degree of attainment such as the Russians have instilled in the minds of their athletes today, let us say, to beat the world. We have to work with some ideal in mind when we have to stand up and take our place in society, and I think we owe it to our children to bring that matter to their attention and I am satisfied that they are doing their bit.

Hon. Mr. GREGG: This is an interesting topic and I do not begrudge the time we are taking on it. I think it will come up again when we come to vocational training. Under this set-up we ought to bear in mind, as somebody said a while ago "which comes first the hen or the egg"? We might bear in mind that between 1945 and 1952 the Canadian universities accomplished what everybody felt could not possibly be accomplished. Miracles were accomplished. The number of young men and women going through our universities was quadrupled without appreciably lowering their educational standards. But the urge then was not supplying the needs of industry; it was to provide young men coming out of the armed forces with an opportunity to serve Canada better. Out of that accomplishment I am sure we will all agree has come a great deal of the upthrust in Canada's economy in 1955 and 1956 because we meet young veterans, still about 35 years of age, who are carrying heavy responsibilities—responsibilities that have usually divulged upon men between 50 and 60 years of age. That was to give rehabilitation and an opportunity in time of peace to veterans. This young veteran is already very much to the fore. By the same token that it could carry the brunt of that, the Conference of Canadian Universities and their spokesmen have been very forceful in their comments and I am quietly confident that out of this if everybody works together under a co-operative plan—and it cannot be done by chance—a good deal may be accomplished. If the money could be made available from some source there is no question about it that Canadian universities could quickly take care of the need. They found in 1945 that they did not need to have ivory towers if they were able to get good teachers and instructors and a reasonable amount of equipment. They were able to turn out good graduates. If you ask: where does the responsibility lie? It rests in a number of places. We have some ourselves in the federal jurisdiction and it is not all in the Department of Labour. The provinces have an important responsibility. The universities themselves and their governors and the conference have responsibility, but I think some of the money has got to be provided by the people who are going to get the services of the skilled men and women who come out from the universities, namely business and industry in Canada. I think that is the most hopeful sign during the past year—that there is quite a realization of that fact among the spokesmen for industry to a greater degree than we have ever experienced in Canada and I hope that will crystalize in dollars and cents in helping the training institutions and helping the universities. Do you agree with that, Mr. Churchill?

Mr. HAHN: Mr. Chairman, this is just an observation, but I would not agree that the incentive must be monetary alone. It is a good incentive, admittedly, but it is not the incentive that is going to make engineers today, because money is too easy to get, apparently. Mr. Byrne indicates that in

his own mining area they could not interest young men and women into leaving the mines to go into that particular vocational school. Therefore, another incentive must be found. That I think should be part of our research program, because this department owes a great deal to industry and should try to find the type of men and women that are going to fill the jobs of tomorrow. That I think should be the job of this research department.

Hon. Mr. GREGG: You are quite right. The incentive in 1956 must be the same as in 1945, namely: we must gain the desire and interest of the young people themselves to equip themselves for better service to Canada.

Mr. BYRNE: It must be remembered, Mr. Chairman, that at that time there was a great deal of assistance in the way of economical assistance in rehabilitation credits and university credits. Now, Mr. Duffet has said that it is very difficult to determine what percentage we lost by immigration to the United States and to South American countries. Would it be possible to make a survey to determine just what percentage we are losing? I say this, because I think there is a responsibility on the part of the employers. After all, the taxpayer has spent a lot of money to educate university graduates, and then we find that the employers are not paying them sufficient to retain them in Canada, and they should do something about it.

Employers, I know, with respect to day rate employees when they are negotiating—more or less are inclined to look at comparable industries and say, we are not going to get too far out of line. We could offer to pay a higher rate, but we must keep in line. I think the same probably applies to the technicians and the engineers and so on. I think there is a tendency to keep them more or less in a schedule. Some industry may, for particular reasons, want a key man, and they will pay more and outbid their competitor, but in general they keep a fairly even schedule. While it might be that in the United States there is a greater incentive, and we may be losing a number in that way, trade unions are seeking to maintain that level, in so far as our economy will permit. I think it is important that we do know definitely if we are losing, and what the percentage of loss is to Canada of personnel through emigration.

Mr. DUFFETT: We have a certain amount of information on this subject, although certainly not as much as one would like to see. Following the graduation of engineering and scientific students from Canadian universities, after a period of three years we make a survey to discover what is happening to these people. We find out in what field they are working, and also where they are working. We have a certain amount of information about the flow of graduates in these courses to the United States. For example, of those graduating in geology in 1950, at the end of three years 4 per cent were physically located in the United States. In the case of physics graduates 8·5 per cent were physically located in the United States and 6½ per cent in the case of veterinary graduates. This is part of a continuing survey which we expect to accelerate and intensify, and it will tell us something about this type of skilled manpower.

Mr. BARNETT: Have you the figure on electrical engineers?

Mr. DUFFETT: 1½ per cent of the graduates in electrical engineering are in the United States.

Mr. ENFIELD: Mr. Chairman, in regard to that same report, it indicated that in 774 industries representing 20 groups, there were some 11,185 engineers employed, an increase in demand at the rate of about 900 a year. Those figures are based on 1954-1955-1956. Does that purport to be all of the Canadian industries, or is that just part of the Canadian industries?

Mr. DUFFETT: This is just part of Canadian industry. This is just an industrial survey. I do not think it includes—yes, mining is included. This is a substantial proportion, I think of Canadian industry. We did not survey every employer.

Mr. ENFIELD: So you do not really know how many engineers there are; you do not really know how many there are in total, and how many are actually required from year to year, do you?

Mr. DUFFETT: The information is imperfect, but it is important. We do not know exactly how many engineers there are in this country. The corresponding American organization knows even less than we do about the total number of engineers.

Mr. ENFIELD: Would you say that figure of 900 per year increase of engineers would cover, say 80 to 90 per cent of the requirements, or could you say what percentage of the requirements that would cover?

Mr. DUFFETT: What was the corresponding total?

Mr. ENFIELD: 11,185. I just added up the column here. That indicated that in 774 industries, there was a total of 11,185 engineers of all kinds employed as of January 31, 1954.

Mr. DUFFET: Yes.

Mr. ENFIELD: And it seemed to be increasing at the rate of about 900 per year. Now, if you knew what percentage of all industry was completely covered there, you would have an excellent idea of how many engineers you actually did need every year.

Mr. DUFFET: Yes, I would expect you would need more engineers, because our technical personnel survey covers about 35,000 people who are in engineering and related occupations. We believe that this is incomplete, we know that it is incomplete, so that the figure you quote, 900, is considerably less than the requirements would be.

Mr. ENFIELD: I see, because actually this is a very small number compared to the number that graduate in engineering every year.

Mr. GARLAND: Have you any figures, Mr. Chairman, available in these same categories of people brought in from the U.K. You mentioned that industry had done some recruiting there. Have you any figures on that?

The CHAIRMAN: Would that come up under some other heading?

Mr. BROWN: I notice that the total number of people of professional category listed as coming into Canada in 1955 was between 7,000 and 8,000. Now, I have not a breakdown of that. I have not a breakdown as to who is in that professional group, but I noticed that figure.

Hon. Mr. GREGG: It includes quite a number of nurses.

Mr. BROWN: Those figures are immigration figures. You would have to go to the Department of Citizenship and Immigration for a breakdown.

Mr. CHURCHILL: In that connection, Mr. Chairman, on page 43 of your report for 1954 you say, and I quote:

> Research was continued on the role played by post-war immigrants in Canadian economic life and their integration in the Canadian labour force.

In the report for 1955 you make a somewhat similar comment. What type of research is that, if it would not disclose the information that is being asked for? Unless you knew the occupation of the immigrant, how would you know whether he had been absorbed properly into Canadian labour forces?

The CHAIRMAN: You said page 43?

Mr. CHURCHILL: 43 in the 1954 report, and at page 44 in the 1955 report.

Mr. HAYTHORNE: In answer to this question, the research that we have been doing in connection with immigration has been somewhat more in relation to the absorptive capacity of the Canadian economy, and particularly to the kinds of occupations for which there is need. We have been examining in a rather broad way, in other words, the various skilled and semi-skilled categories; and as far as the professional groups are concerned, since the end of the war we have been very conscious of the need, in the majority of these categories, for any immigrants who are qualified that we would be able to get hold of. With regard to this specific point that has come up, from the records maintained by the Citizenship and Immigration branch, we do have information on a broad category of skills. We do not have details. We do know the number of people coming in in the professional groups. There is, I think some hope that we can get more detailed information on some of these categories. We have had a steady demand, as I say, ever since the end of the war for engineers and for most of the highly skilled categories, and this is what we have been watching in a rather broad way.

Mr. CHURCHILL: But you are not able to say how successful the recruiting of these professional categories has been from overseas?

Mr. HAYTHORNE: Yes, in some areas we have been very successful, particularly in the case, for instance, of getting electrical engineers and civil engineers, particularly working with the individual employers, and of course with the Department of Citizenship and Immigration. We have been able to recruit a good many people in these categories. We have not been able, in a good number of them, to meet all of the needs, and I hesitate to say that we have in any. There has been a very steady demand for draftsmen and architects in most of the years since the end of the war. We have been able to get a good many of these through the cooperation of firms, and the other departments concerned.

Mrs. FAIRCLOUGH: You do not have any specific figures to show whether you made up—say in the 1 to 5 per cent of electrical engineers that we lost to the United States, you cannot say whether you made up that number by recruitment abroad?

Mr. HAYTHORNE: I would say, by and large, in several ways we have more than made up.

Mrs. FAIRCLOUGH: But you do not have anything specific; you cannot say we lost 1,200 and we got 1,300?

Mr. HAYTHORNE: No, not exactly.

Mr. GARLAND: The bulk of that is from the U.K.?

Mr. HAYTHORNE: The bulk I would say in the professional categories are from the U.K., but there is a fairly steady trickle from the more highly skilled category from the continent, too.

Mr. GARLAND: Have you any figures on the immigration from France in that particular field?

Mr. HAYTHORNE: I do not think so, unless you have them here. I think they would be available from France, in the total professional group, just as I have said—for the wide categories, yes, but for the individual categories I am not so sure.

Mr. HAHN: Mr. Chairman, has any particular request been made to the Department of Immigration for a certain number of engineers or technical men, or teachers, or a certain number in any particular field to be brought into Canada?

Mr. BROWN: There are such requests and every year in the fall of the year there is a consultation between the Department of Citizenship and Immigration and the National Employment service and this department with

respect to all categories, and numbers of people in the various categories whose services can be utilized, or for whom employment can be found, or whose services are required in Canada. And these categories include a good many of these professional occupations. Then it is a matter for the Department of Citizenship and Immigration to send their instructions overseas. They place the results of this survey in the hands of their officers overseas who endeavour to attract people in such categories. In addition to that we have also, as I have said, direct recruiting which is done by particular employers, of categories of professional people and technicians whom they wish to secure from these overseas areas.

Mr. HAHN: You have not, as a Department of Labour, particularly stressed the urgency of this matter with the immigration officials that we do specifically need these—

Mr. BROWN: Oh, yes, we have. Quite certainly.

Mr. GARLAND: Some reference was made earlier, Mr. Chairman to our loss to the U.S. What about the other side of the coin? Have you any figures about the number in these categories coming in from the United States to Canada?

Mr. HAYTHORNE: Again we have the similar sort of information I spoke of from France. We have the information on occupational groupings in these various broad categories, and that would include the United States. I do not know that we have the figures here, but they are available.

Hon. Mr. GREGG: I would like to suggest, that, as far as we can, with respect to the figures Mr. Churchill suggested, and those that you suggest, Mr. Garland, we will undertake to bring forward some further information along those lines.

Mr. GARLAND: Yes. It seems to me that there is some substantial flow from the United States to Canada, although all of the emphasis always seems to be on our loss. I was just wondering what the flow is the other way.

The CHAIRMAN: There is one question I would like to ask. On the bottom of page 44 it says, "In the course of the year the Branch cooperated with the National Federation of Canadian University Students in the preparation of a list of sources of financial aid available for graduating high school students who wished to enter Canadian universities. The catalogue was published by the Dominion Bureau of Statistics under the title Undergraduate scholarships and bursaries open to students entering Canadian universities. I was wondering what circulation is given to that particular document?

Mr. DUFFETT: I am not sure whether it was charged for, but it was readily available to the public.

The CHAIRMAN: Was it sent out to all the universities and the departments of education, so that they could give it to their high schools and collegiate institutes?

Mr. HAYTHORNE: As far as I know, it was. I have not seen the mailing list recently, but I do know that this was handled by the education branch and the Bureau of Statistics, and they are in very close contact with both the provincial departments of education and the schools and universities across the country.

Hon. Mr. GREGG: It would go direct to the university libraries in any case.

Mr. HAYTHORNE: As far as I know.

Hon. Mr. GREGG: Your point was, Mr. Chairman, that you would perhaps like to see this made more widely available?

The CHAIRMAN: My experience has been, that so many useful documents are prepared at considerable effort and expense, and then they are not given the circulation that would make them most available. I was very much

impressed in discussing the estimates at the Department of National Health and Welfare by the way in which the health pamphlets that were put out by that department, were being put into the hands of people, through the provincial departments of health, and I wondered to what extent the departments of education in the provinces were being made use of to get this most valuable information out to the people who might be interested in getting a higher education, but who could not afford it themselves. It seems to me it is not enough, to prepare it and have it available in the Queen's Printer's office. The question is, how much distribution is being given it. Could we get that information?

Hon. Mr. GREGG: I can get that.

Mrs. FAIRCLOUGH: I think you are quite right, Mr. Chairman, and it would be interesting to know what was done with that.

Hon. Mr. GREGG: Yes. There has been an inter-departmental study in conjunction with the Queen's Printer on the whole matter of pamphlets, and putting the prices back on all of them for the purpose of economy, which I think is fairly sound. We will have further information as to the distribution of this particular one, and all about it.

Mr. BARNETT: There is one further point: is this an annual publication? It is not made quite clear. This is a report of a year ago now, actually.

Hon. Mr. GREGG: What kind of a publication?

Mr. BARNETT: Is this an annual publication?

Mr. HAYTHORNE: This was the first time it was published. It was a special job, and done along with the university students organization; but we had in mind, in co-operation with the Bureau of Statistics in getting it—

Hon. Mr. GREGG: Getting it revised as occasion needs.

Mr. BARNETT: In other words, there is one available for the current year?

Hon. Mr. GREGG: No, it would not be necessary to revise it every year, because the number of scholarships and so on would not change that fast. I should imagine about three years would be sufficient for revision.

Mr. CHURCHILL: On the question of pamphlets, I notice in the 1954 report, mention is made of the fact that a monograph was being prepared on the teaching profession, and in the 1955 report there is no mention of it. What has happened to it?

Hon. Mr. GREGG: That was just an announcement of it being put into print. I answered Mrs. Fairclough a while ago on her question as to what help we were giving to the high schools upon their request, and advising them on their careers. There are a number of monographs. How many altogether?

Mr. HAYTHORNE: Thirty-eight.

Hon. Mr. GREGG: Thirty-eight. For instance, here is the kind of thing, in addition to the one you mention, Mr. Churchill. And it happened to come out in that year for the first time, so it was not mentioned the first year, because it was available at the Queen's Printer after that. There are monographs available for carpenters, bricklayers and stone-masons, plasterers, painters, plumbers, pipe fitters and steam fitters, sheet-metal workers, electricians, machinists and machine operators, printing trades, motor vehicle mechanics and repairmen, optometrists, social workers, lawyers, mining occupations, foundry workers, and so on, as well as the teaching profession, as you have mentioned.

The CHAIRMAN: Is this item carried?

Some Hon. MEMBERS: Carried.

Item agreed to.

The CHAIRMAN: Item 181.

General Administration—

181. Annuities Act—Administration, $1,071,447.

Mr. THATCHER: This is one item that I have been a little concerned about for a good many years.

Hon. Mr. GREGG: I wonder, Mr. Thatcher, is it the wish of the committee that the official directly responsible for this work should say a word, or would you rather discuss the matter first?

The CHAIRMAN: I think the committee would like the statement first.

Hon. Mr. GREGG: Would you make a brief statement on this, Mr. McCord?

Mr. THATCHER: I wonder if Mr. McCord might have a copy of this statement?

Mr. MCCORD: It is not a terribly long statement, but I can read it.

The statute under which the annuities branch operates was enacted in 1908 and cited as "The Government Annuities Act, 1908." The preamble to the act reads as follows:

> Whereas it is in the public interest that habits of thrift be promoted and that the people of Canada be encouraged and aided thereto so that provision may be made for old age; and whereas it is expedient that further facilities be afforded for the attainment of the said objects; therefore His Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

At the outset the annuities branch was part of the Department of Trade and Commerce. In 1912 it was transferred to the Post Office Department and in 1922 the branch was again transferred, this time to the Department of Labour where it has since remained.

Two classes of contracts for the purchase of annuities are authorized under the act:

(A) Contracts entered into by an individual for the purchase of an annuity for the life of one person or two persons jointly.

(B) Contracts entered into with an employer for the purchase of annuities for employees of the employer registered under the contract.

The individual contracts are of two types:

1. Immediate annuities, purchased with single sums for which annuitants receive periodic payments commencing at once.
2. Deferred annuities, purchased with either single sums or several sums paid over a period of time for which annuitants receive periodic payments commencing at a future date in amounts calculated on the value of the purchase payments made, accumulated at interest to the date when the annuity payments begin.

Group contracts may be entered into with employers to give effect to approved employee retirement pension plans, and these would fall into the category of deferred annuities in that they are purchased with the idea of the annuity commencing at a date in the future when the employee retires.

With the enactment of the old age security law, the annuities branch took the necessary steps to provide annuities that would reduce by $40 a month at age 70. The cost of such reducing annuities is correspondingly lower than the cost of ordinary uniform annuities. Immediate annuities are available on this basis. New contracts for deferred annuities offer the option, at maturity date, of taking an adjusted annuity reducing by the amount of old age security payments. Authority was secured to offer the option under old contracts as they mature. Provision is made also for temporary annuities of not more than $40 a month to age 70, to help stretch limited resources to the point where old age security payments commence.

In 1913 the maximum annuity purchasable was changed from $600 to $1,000, and in 1920 to become $5,000. In 1931 it was reduced to $1,200 and the maximum has continued in that amount since.

Until 1925, the minimum annuity purchasable was $50 a year, at which time the minimum was reduced to $10 a year and has continued in that amount since.

The rate of interest at which rates for annuities are calculated was 4 per cent to 1948; 3 per cent April 19, 1948, to March 31, 1952; and 3½ per cent from April 1, 1952, to the present time.

The interest rate is established by regulation under the act and as a matter of government policy is based as nearly as practicable on the average return yielded by government of Canada long-term bonds.

The mortality tables at present in use are the British annuity tables contained in "The Mortality of Annuitants, 1900-1920," published by the Institute of Actuaries and the Faculty of Actuaries in Scotland, known as the "a(f) and a(m) tables," with reduction of three years of age. Mortality tables were last revised in 1948, but in accordance with an established policy a further study has just been completed and is presently being examined. The practice is to conduct these studies every five years.

Each year the government annuities fund statement includes an item "Amount transferred to maintain reserve." In the main this results from contracts entered into prior to the rate changes in 1936 and 1948 and maturing within the current year. The valuation basis has been to carry the deferred contracts as a liability, being premiums plus interest, which at maturity is equal to the liability of the vested annuity should the authorized rates at issue and at maturity be similar. In the case of deferred contracts issued prior to 1948 and currently maturing, the accumulated value of premiums is less than the amount calculated to maintain the reserve. In time all of these contracts will have matured and any further deficiencies will depend upon the mortality basis then adopted as appropriate.

As of March 31, 1955, there were in force and under administration by the annuities branch 159,532 individual contracts and 190,129 certificates under 966 group contracts, a total of 349,661 contracts and certificates; payment of annuity is being made under 68,130 of these contracts and certificates.

The annuities fund as at the end of March 1955 was $864,543,038 and the net receipts for the year were $68,594,250.

From the beginning, the advocates of this activity on the part of the government urged that aggressive steps be taken to publicize the availability of these contracts. In the early years a number of instructors or lecturers were employed on a full-time basis to visit different parts of the country for this purpose. Various other methods of advertising were used. Leaflets and booklets were distributed and articles were carried by government publications and newspapers. The employment of soliciting agents was considered even in the parliamentary debate before the passage of the act, but the branch had no field representatives until about 1927. At that time efforts to publicize government annuities were intensified and the compensation of full-time agents on a commission basis was begun. The number of contracts traceable to efforts of agents has increased over the years and now approximately 90 per cent of all contracts issued are credited to the efforts of agents.

There are presently 64 full and 21 part-time annuity representatives located in 50 major centres from Halifax to Victoria.

Overhead expenses, including the compensation of annuity representatives, are paid from general government funds. The percentage of expenditure to receipts is less than 2 per cent.

The annuities branch consists of six divisions and is located in No. 5 Temporary Building, Preston Street and Carling Avenue. These divisions are: Group, Actuarial, Individual Contracts, Accounts, Sales and Administrative Services, and Legal.

There is a staff of 174. This is a reduction of 38 since 1949-50 even though there has been an increase in the volume of work. The reduction in staff was possible through the development of improved procedures. Contracts and certificates under administration are 100,000 or approximately one-third more in number than in 1949-50 and there are 30,000 more cheques being sent out each month, or double the number in 1949-50.

The amount of annuity business in force in Canada, measured by number of contracts and certificates, has been written approximately one-half by private insurance companies and one-half by the government annuities branch.

The CHAIRMAN: Page E of the document, Organization and Functional Charts deals with this particular branch.

Mr. GILLIS: Could we not start again at the next meeting?

The CHAIRMAN: We have been sitting for two hours, so I presume we will adjourn now until 8.15 in this room.

Mr. THATCHER: Is there any way in which we could get a copy of that statement?

The CHAIRMAN: I presume if you want to see it you could get a copy.

Hon. Mr. GREGG: Perhaps you would like to have certain further information which I have available and I will add that to the statement.

The CHAIRMAN: We will adjourn then to 8.15. If any other member of the committee wishes to see this statement I presume he can do so.

EVENING SESSION

8.00 P.M.

The CHAIRMAN: Gentlemen, we have a quorum. Mr. Thatcher, did you have a question?

Mr. THATCHER: Mr. Chairman, I have three or four questions, as a matter of fact. As the minister knows, I have been rather dubious about this over-all expenditure for a good many years. This might be a good place to get a full explanation of it. If I am wrong in my views, then I should like to know why I am wrong. I would like to tell Mr. McCord, first of all, that my criticism is not of the department. It is of the general, over-all principle.

I cannot understand why it would not be good business to have this annuities fund self-sufficient. In other words, I do not understand why premiums charged should not carry the whole cost.

The first question I should like to ask either Mr. McCord or the minister is this: why, when this act was originally introduced, was it not considered advisable to make it financially self-sufficient? Can the minister answer that question?

Hon. Mr. GREGG: I can only tell Mr. Thatcher, from the records—I think it is obvious from the record, and it was quoted by Mr. McCord in his preamble to the old act, that it was a very sincere desire on the part of the government of that day that this should be an instrument to encourage small wage earners

toward thrift and to encourage them to utilize this means of saving for a day of old age. The feature was established of not charging against the business of the annuities the administration cost. And it has maintained that position down through the years.

In maintaining that, in asking the taxpayer to pay those administrative costs there is, on the other side of the scale—there has been allowed—and we have them at the present time—certain features affecting these annuities that are not as attractive to the people at large as the ordinary annuities in insurance companies. Am I not correct when I say that, Mr. McCord?

Mr. McCORD: Yes.

Hon. Mr. GREGG: I shall name one or two of them. You will recall that they were discussed in connection with certain bills a few years ago. One is the non-surrender feature of these annuities.

There was a school of thought—perhaps there still is—that has felt that there should be a free surrender value, and that if an annuity holder wanted to cash in on it, that his money could be sent to him.

On the other hand, if the original intention of the act to some extent—in justification of the point you raised—if it was to encourage thrift for old age it certainly is not doing that if they can go in and out at will.

Mr. THATCHER: Would you say that the original purpose was mainly to help the little man or people of very modest incomes to provide themselves with old age security.

Hon. Mr. GREGG: In reading the speeches, certainly that was the intention. I might say it was the intention down through the piece. I remember even reading a speech by a minister of finance who was also a prime minister, back in 1932, I believe it was, when an amendment was brought in to the act. It was the intention at that time.

Mr. THATCHER: Would you also not agree that when the old age pension legislation was brought in a few years ago some of the needs for that system of old age security—that is, the need for an annuities act, was lessened?

Hon. Mr. GREGG: Perhaps, by a little bit, but not completely. I think there is just as much need—or, let us put it this way, that if the plan, as it has operated, as an encouragement for thrift down through the years, since 1908, has been sound, then I think that need for encouragement of thrift continues, even after the payment of $40 a month.

Mr. THATCHER: The actual need among the lower income group is probably less, since the old age legislation was passed.

Hon. Mr. GREGG: I am wondering, Mr. Thatcher, if you were on the parliamentary committee which dealt with old age pensions for those over 70?

Mr. THATCHER: Yes, I was.

Hon. Mr. GREGG: I happen to have here a book which contains a quotation as follows:

> "The parliamentary committee on old age security, on whose recommendation the government enacted the Old Age Security Act providing for universal old age pensions, included the following in their unanimous recommendations."

What year would that be? I will look that up in the meantine. Then, this is the recommendation:

> It is also important that the provision of basic old age security should do nothing to weaken the incentive of the individual to provide through personal saving for his old age. Moreover, every facility should be offered to make it possible for the individual to make regular contributions for this purpose. The committee renewed the operations of government annuities and believes that their purchase should be

encouraged and that the merits of this particular form of saving should be made more widely known by a suitable campaign of advertising and by other methods designed to facilitate their purchase.

I would point out that in that short paragraph certain principles are touched upon, and I think our branch has attempted to comply with the spirit of that. Because, I am sure that you have in your mind the other thought: why advertise?

Mr. THATCHER: No, I am not disagreeing with what you have said at all. But what would be the harm in making these annuities pay for themselves? You could still sell them, perhaps, cheaper than the insurance companies could sell them, yet at the same time fulfil the objectives you have just set out.

Hon. Mr. GREGG: No; I think if they had to carry themselves we would have to allow for a surrender value, and for a loan value, and perhaps—more important—take it out of the category of the small earner, and make it possible for purchase up to any limit whatsoever.

Mr. THATCHER: Mr. Minister, I may be wrong, and I am sure you will correct me if I am, but in my constituency most of the people I know who have these government annuities, aside from group contracts, are people who are comparatively well off. I would contend that these annuities are not primarily helping the people in the lower wage groups. Am I wrong?

Hon. Mr. GREGG: Well, I suppose—I am wondering if Mr. McCord has any means of testing the financial standings of annuity holders. Have you any such means, Mr. McCord?

Mr. MCCORD: Just the average amount of annuities.

Mrs. FAIRCLOUGH: Except—and am I correct in this—except to say in what category the majority of the annuity holders fall. That is to say, most of them buy what they can afford to buy. Is the majority in the bracket of $1,200, or in $750, or what?

Mr. A. H. BROWN: There is an average of $481.

The CHAIRMAN: I hear the division bells ringing. We will re-assemble as soon as the vote has been taken.

Committee recessed for a division in the House.

Upon resuming.

The CHAIRMAN: Order. The hearing will resume.

Mr. THATCHER: Just before the bells rang I was suggesting that I could not see any logical reason why it would not be feasible for the government to make these annuities self-sufficient. The minister stated that the present set-up existed largely to encourage thrift. I still cannot see why it would not be possible to have it self-sufficient, and still encourage thrift.

However, I would like to ask the minister now—or ask Mr. McCord, if he will answer—to tell the committee the precise amount that this Annuities Act has cost the taxpayers, since its inception.

Hon. Mr. GREGG: In 1908?

Mr. THATCHER: Yes. The figure I have is about $35 million; is that a correct figure?

Mr. MCCORD: That is the amount transferred to maintain the reserve, aside from administration.

Mr. THATCHER: Administration is in addition to that sum, is it?

Mr. MCCORD: $31 million, transferred to maintain the reserve from 1908 to the last fiscal year.

Mr. THATCHER: What is the total amount—administration, and the amount required to keep the fund solvent, the total cost to the taxpayer?

Mr. McCORD: I have not got the total amount. The administration for this year was about a million dollars.

Mr. THATCHER: The total amount which has been paid up in administrative costs—I would like to have that first; and, second the total amount which has been paid out to keep the fund solvent.

Hon. Mr. GREGG: Do you want those two figures by years?

Mr. THATCHER: No, just the total.

Hon. Mr. GREGG: For the 48 years?

Mr. THATCHER: Since the inception of the act. The item under discussion, item 181, suggests that this year we are spending $1,071,000 odd for administration. I am not clear if there is an additional amount to maintain the reserve this year.

Mr. McCORD: Yes, there will be, in the neighbourhood of about $300,000.

Mr. THATCHER: About $300,000; will that be in the supplementary estimates?

Mr. McCORD: That is from the consolidated revenue fund. That is I presume in the estimates of the Department of Finance.

Mr. THATCHER: That is an amount less than has been required in years gone by?

Mr. McCORD: Yes.

Mr. THATCHER: Because of the change in interest rates?

Mr. McCORD: No; it is the net amount required to keep the fund actuarially sound. These old annuities that were sold back prior to 1948, many of them were sold on a mortality basis that did not allow for increased longevity. When the time comes for that annuity to mature, those old annuities maturing this year, we figure the amount paid in, plus the accrued interest—then we look at the value of that in today's conditions. And as it turns out, that money, plus interest, is not sufficient to pay the annuity or to carry that annuity for the annuitant's life expectancy.

Mr. THATCHER: Am I correct in saying that this year the cost to the taxpayer of this particular act is $1·3 million, or a little more than that—$1,300,000? Is that the total cost?

Mr. McCORD: Yes, that is correct.

Mr. THATCHER: Would you, Mr. Minister, or would Mr. McCord tell me what precisely the annuities branch can give policyholders that a Canadian insurance company could not give at the present time?

Hon. Mr. GREGG: Could you give us that information, Mr. McCord?

Mr. McCORD: Well, first let me say that the annuities sold by the annuities branch are not competitive in this way, that we limit it to $1,200 in the amount that we can sell an individual. There is no cash surrender option and there is no loan privilege. A government annuity may not be assigned. Those may appear to be disadvantages, rather than advantages. However, they are an assurance that the moneys voluntarily set aside by an individual, so that he may have an income in his later years, cannot be diverted into some other channel.

Now, the government annuities are guaranteed; an individual cannot lose. If he paid in $100, and paid no more than that, he could not get it out; but that money would accumulate, with interest, and when the time came for that annuity to mature, if it would not buy the minimum amount of annuity under the act, the money would be returned to that man, with compound interest. If he should die before the annuity matured, the money is returned to his beneficiary with interest. The insurance companies do not provide

that, at ordinary prices. I believe you can get that type of policy with an insurance company, but there is an extra charge for it. Further than that, while we have no surrender value or no surrender option, in the insurance field, if a person should surrender, he pays a penalty. There is a surrender charge for it. Also there is no limit on the length of time that we will pay an annuity. If a person lived to be 110, it is a life-time annuity, regardless of what kind he buys. He may buy a straight life annuity, and he may buy a guaranteed annuity—that is, an annuity that is guaranteed with a number of years, certain. However, if he lives beyond those years certain, we keep on paying until that individual dies. And of course there is the benefit of the somewhat lower rate than is charged by the insurance companies.

Mr. THATCHER: Of course, that is made possible by the government subsidy?

Mr. MCCORD: Yes.

Mr. THATCHER: Therefore, while your policy may not be precisely the same, in a general way, I think it would have to be agreed by the committee that annuities sold by insurance companies are in competion with those sold by the annuities branch.

I think in your own report, Mr. McCord, if I recall correctly, you say that about 50 per cent of all annuities sold in Canada are sold by the department, and about 50 per cent are sold by insurance companies.

Is that correct?

Mr. MCCORD: That is right: The annuities business in force at the present time is about 50/50.

Mr. THATCHER: That is one of the main features I do not like about this legislation. It seems to me the government is subsidizing a branch to sell annuities in competition with private business. And it seems to me that is putting its competitors at an unfair advantage.

I have before me a copy of the Financial Post of last March 24, and I should like to read from it a very brief statement. I wonder if you would wish to comment upon it. It says:

> The annuities branch has been steadily losing its popularity as a means of underwriting pension plans. In fact today the annuities branch is losing more existing clients than it is acquiring new plans.

Hon. Mr. GREGG: I was looking at the list just a moment ago. Would you read it, Mr. McCord, for the last five years, on your individual contracts and group contracts. It is not falling behind and it is not leaping ahead very fast, as I remember the figures.

Mr. MCCORD: Actually, if I might mention that, so far as group business is concerned, I would not say that we were losing more than we were getting. We are not writing as much group business as we did in the past, because practically all large concerns have pension plans of one kind or another. We are writing quite a number of smaller groups, which is a field that has not been too well covered in the past. And that type of business is maintaining—is going along fairly well. It does not involve the same number of employees as back in earlier years when the pension business started to boom, when all your large companies were getting on with the idea of installing pension plans.

Again today, there are of course self-administered plans, and so on, that are being operated even in competition with the insurance companies. There is the trend in certain industries and in certain groups to turn away from the underwritten plan, entirely—that is, to get into the trustee plan, or the self-administered plan. So it is not necessarily a trend away from government annuities.

Mr. A. H. BROWN: There is a trend away from that type of pension plan which is underwritten by either the insurance companies purchase plan or the government annuities purchase plan. There is a trend, particularly in your larger companies, to a self-administered plan, where the moneys are turned over to a trust company or a group of trustees. And they do their own investment and handle their own funds. That is a recent trend, a very marked trend in the group pension business.

Mr. THATCHER: Would it be possible for the department to give the committee the breakdown of the average subsidy here, let us say for contracts in the past year, or the average subsidy for each individual? Do you break your group contracts down?

Mr. MCCORD: I can do this: if you want to relate the number of contracts in force to the administration costs of last year, our cost of administration per contract runs at approximately $2.90 per contract.

Hon. Mr. GREGG: Mr. Thatcher, you want the other item included with that.

Mr. THATCHER: That is not per individual—

Mr. MCCORD: That is per contract per individual covered.

Mr. THATCHER: And on top of that you would have your extra amount for keeping the fund solvent—that might be another 50 cents.

Mr. MCCORD: Another 50 cents.

Mr. THATCHER: Does that not mean that if you raise the premium per contract by $3.40 you break even?

Mr. MCCORD: No.

Mr. THATCHER: But you would break even on the current year.

Mr. MCCORD: No. It ignores the contracts you already have on the books. You would still have to administer those old contracts. You can hardly charge a man who buys today with the administration costs in respect to those who bought in previous years.

Mr. THATCHER: I see that. Can you tell the committee what would be the amount by which you would have to raise the average per contract to allow you to break even in the current year? It would be sufficient if you could give me the percentage.

Mr. MCCORD: I do not believe I have the figures of that. We are getting into a realm with which I cannot deal off-hand. Besides I am afraid I have not understood your question.

Mrs. FAIRCLOUGH: It would have to be on the basis of new contracts.

Mr. MCCORD: Yes.

Mr. THATCHER: All I would like to know is by what percentage you would have to raise your present annuity rates to make this self-sufficient on current contracts. You said the cost of administration was $3.40. Would it amount to $5?

Mr. MCCORD: I am afraid I do not know.

Mr. THATCHER: Would it be an involved task to find that out?

Mr. MCCORD: I think it would be fairly involved because a lot of considerations would enter into the matter if you got into the question of the percentages of premiums, the amount of annuity paid, the age of the person concerned and so on.

Mrs. FAIRCLOUGH: Would not one element probably be bad guessing in years gone by with regard to life expectancy, through nobody's fault? One of the factors which enters into the case is the increased life expectancy of persons who are presently drawing benefits on policies which were paid many years

ago. It would scarcely be right to ask a new entrant into the fund today to pay an increased premium because of earlier errors in judgment with regard to life expectancy, even though such errors were nobody's fault.

Mr. THATCHER: I did not suggest that.

Mrs. FAIRCLOUGH: Insurance companies charge you a premium and if they do not use all of that premium you get some of it back in dividend. That is called a margin for error. There is no margin for error in this.

Mr. THATCHER: All I am suggesting is that the cost of the premiums for the current year should be sufficient to cover this sum of $1,171,000 plus the $300,000.

Mrs. FAIRCLOUGH: Providing you can reassess the persons who are presently safe-guarded in all the schemes. That is all right, but I do not think you could confine this to new entrants to the scheme.

Mr. THATCHER: You may be right on that, though I am not convinced.

I would like to ask the minister one more question. Has the department given recent consideration to making this self-sufficient and if it has what are the immediate difficulties?

Hon. Mr. GREGG: No, we have not given active consideration to making this self-supporting and including all the cost in the premium for reasons which have been given here. We have, I think, taken it among other things as the semi-mandatory command, or mandatory voice of the people's representatives in the resolution I mentioned before we went out for the vote. In that, as I read before, they reviewed the operations of the government annuities and believed that their purchase should be encouraged, and that the merits of this particular form of saving should be made more widely known by a suitable campaign of advertising. It was not through laziness that we have not taken any steps to the end you have mentioned, Mr. Thatcher. This has been discussed in the department and with some of my colleagues in the government, along the lines you have mentioned. Two or three years ago private companies showed a greater interest in this matter when there was a suggestion for change. I think it is true to say that private interest has not looked upon this as an important part of their insurance business.

Mr. THATCHER: In latter years they say they have shown more interest.

Hon. Mr. GREGG: Yes, but that is their business; I am not going to make any comment. To refer again to your question, the fact that there was no surrender value, the fact that there was no loan value—a man and wife got $2,400 but an individual could only get $1200 annuity—these were reasons for which it was felt it was encouragement for a small wage earner to save for the future, and consequently, perhaps, some element of subsidy was justified. I know there are two sides to the argument as to anything else.

Mr. THATCHER: Mr. Chairman, can I make one more comment, and I shall stop. I do not in any way oppose the annuities branch as such. All I say is that the premiums charged should be sufficient to carry it. It seems to me that here is a place where the taxpayer of Canada could be saved this year at least $1,300,000 without much hurt to anyone. I do not see any reason why the average taxpayer should be called on to subsidize a small group of people with this assistance when most of them, as I see it, do not particularly need the assistance. I do not see why the government should be subsidizing competition with private companies and providing competition which, in my opinion is unfair.

Last year I moved a motion that the amount be reduced to $1. I know it is no use doing that now, so I shall not take such action, but I do vigorously oppose this as a useless expenditure.

Mr. HAHN: I am satisfied that what Mr. Thatcher has said represents a feeling which is shared by a large number of Canadians including myself. We would not like to see this abolished, but we would like to see it made a self-supporting fund.

Certain observations have been made that I should like to discuss further. It was mentioned that with the encouragement of the old age security legislation the annuity branch took the necessary steps to provide annuities which might be reduced by $40 a month at the age of 70. I was wondering what preliminary steps were necessary in order to be able to take into consideration the receipt of the $40 pension at the age of 70 when it would seem to be too involved to answer the question about making up the division.

Mr. MCCORD: All this business has been done, in effect, since 1908 and in 40 years a lot of annuities have been sold, and as a result the funds total some $704 million on these old accounts, which means that if you do charge administration on contacts as of today you would still have to take the loss on these old contracts and carry on the administration of those contracts. It does not necessarily say the administration stops. You have to deal with them, accept premiums on them and that sort of thing so you would still have to have a staff to administer those contracts.

Mr. HAHN: There was no change in the amount of premium charged at that time?

Hon. Mr. GREGG: I think the point is, Mr. McCord that we made an arrangement for evening out the annuity for 70 because of the old age provision. That also applied to new annuities as well?

Mr. MCCORD: It will apply to existing annuities. It is an actuarial equivalent of the amount. We are not paying the man any more. But let us say at age 65 a person's annuity matures. Let us say he has an annuity for $1200. That means that at 65 he has the option of saying: I would like to receive a greater amount of annuity between now and age 70 and have it reduced by $40 at age 70. We would work out the actuarial equivalent and probably pay him $1,489, maybe, from 65 to 70. After 70 he would only get $1,009.

Mr. HAHN: I understand that quite well. What I am getting at is that you had worked out an actuarial assessment as to the difference he would be charged.

Mr. MCCORD: No, because it does not cost him any more or any less. He paid for a straight annuity. It is just the method of payment.

Mr. HAHN: Mrs. Fairclough received an answer to one of her questions to the effect that the average annuity paid is $450 per year.

Mr. C. R. MCCORD: It is $481; as of last year the average annuity in payment right now is $481.

Mr. HAHN: I am particularly interested in how many annuities are paid, let us say, at $100 per year, how many are paid between $100 and $200, and so on, because if there are many of them it would have a greater effect.

Mr. MCCORD: Have you got a copy of the annual report?

Mr. HAHN: No.

Mr. MCCORD: On page 30 there is table "A" at the top of the page which shows that 60,198 annuities are presently under payment, and it gives a breakdown as to the amounts; those less than $300 a year number 24,432, or 40·6 per cent. That is the total number of those who are receiving less than $300 a year.

Mr. HAHN: I see that, and my next question is how many of those receiving less than $300 a year or 40·6 per cent; what percentage of that group are those, let us say, who stopped paying in after just a very few years of maintaining their fund, because this was an accumulative fund for the time they were drawing on it. That is a point which might have a very drastic effect on it. The man who is quite wealthy may pay for a few years and build up a fund of $300 and then stop from that point on in the thirties, and the result would be that you have this table.

Mr. MCCORD: I am afraid that I have not that information. We do not have it broken down quite that fine.

Mr. HAHN: The reason I ask that is obvious I think. In respect to the argument which Mr. Thatcher made, he felt that this fund was one which was being used more particularly by the wealthier citizens actually than by the poorer citizens of the country. That has been my experience as well, and he suggested that they have gone to another field of insurance and broken with this one at an early age, with the result that it has been a supplementary fund so far as they were concerned. I am not too happy about the tax-payers subsidizing a fund of that type.

There is one other question. The British annuity tables are being continued in respect to the mortality on annuities. Is that the common table which is used by all insurance companies?

Mr. MCCORD: Yes, that is comparable to the rates used by the insurance companies. Our actuarial or mortality tables are similar to those used by private companies.

Mr. HAHN: Those are all the questions I have.

Mr. GARLAND: Having regard to the fact that this branch is subsidized, we have from your own statement the fact that you are now serving approximately 50 per cent of the need or market, or potential market, for this type of securities. I wonder if you have any figures to give the committee on the cost of sales, advertising, and all the various things that go into the cost of sales in relation to the volume of business that you are doing, and a comparison with the other companies who are participating in this type of business.

Mr. MCCORD: I could give you the cost of our sales, but I am afraid I do not have the information of what it costs the insurance companies to sell. I have no comparison on that basis.

Mr. GARLAND: Going a step further, would you care to comment on the sales policy which is pursued by your branch and on its degree of aggressiveness? Would you care to comment on that?

Mr. MCCORD: Well, we have indicated representatives in some fifty centres. There are 85 of them. 64 of them are men who devote their full time to this business. They are supported by advertising through newspapers, periodicals, and magazines to a limited degree, and also we provide them with literature, booklets, and pamphlets which they send out and which we send out from head office.

Mr. GARLAND: Would you say that your sales organization pursues this business with the same degree of aggressiveness as that which the regular companies use?

Mr. MCCORD: I say this; that one of the things we have tried to avoid is high pressure salesmanship. We try to have our representatives explain the merits of this scheme and the merits of putting something away for later years, but we confine their efforts to trying to do the customer a service rather than trying to earn a commission. Our commission on sales is so designed that it almost discourages high pressure selling.

Mr. GARLAND: It seems to me that your sales policy would have a very important relationship on the vigour used, having regard to the point which Mr. Thatcher made about the falling off in the popularity of the scheme.

Mr. MCCORD: As I mentioned before, there is no falling off in popularity of individual annuities. It is in the group business, and I think the deputy minister mentioned the fact that with respect to underwritten pension plans offered by insurance companies, and that they are turning more towards the trustee idea, or the self-administered plan. So salesmanship has not very much to do with it.

I might say one more thing: with regard to the large pension plans that were in effect, there is not always very much salesmanship involved there, because the company as a rule, the large company is not sold. They buy. When they are ready to come into a pension plan they enquire as to the various merits of the different plans, but they make up their own minds and it is not a question of selling particularly.

Mr. GARLAND: I am not altogether convinced.

Mr. MCCORD: On individual contracts, however, there is selling involved because the representative must talk to the person and find out his particular plans for the future, how much money he wants to put into the scheme, what he is capable of doing, and what he hopes to achieve.

Mr. GARLAND: Do they follow the usual procedure of servicing the account, let us say, if there is a failure of the premiums to come in?

Mr. MCCORD: Right up to a point. After the person is well started, we do not send out premium notices. It is a voluntary matter with the person; but for a time the representative does follow up on it.

Mr. GARLAND: For what period of time?

Mr. MCCORD: For about two years. As far as the representatives are concerned they are required to service any contract in their territory or district. Any person who walks into one of our offices, regardless of where he got his contract, is entitled to and receives service from our representative. The representative receives no remuneration for that, but he gives service on the contract. Many people will come in wanting to enquire about advancing the maturity date or some other feature, and they receive that help and service in our offices.

Mr. GARLAND: Do you feel that the rate of commission paid to your representatives is adequate for them to devote sufficient time to it?

Mr. MCCORD: Yes. We have no difficulty in getting good representatives. The men we have with us have been with us for a great number of years and there has been very little turnover in representatives. They manage to earn a reasonable living. I might say that the average earnings for the full time representatives runs slightly over $5,000 a year. The highest earning of the full time representative is about $8,000.

Hon. Mr. GREGG: I think it would be fair to say that if commission salesmen representatives were not in the field it would add to the administrative costs, because we would have to employ somebody to service the contracts already out.

Mr. MCCORD: That is right. Our commission sales scale is designed so as to provide the representatives with what might be considered to be a reasonable wage or salary for the work performed.

Mr. GARLAND: That is my point. What I had in mind was whether it was sufficient to justify them in going out to dig up new business.

Mr. MCCORD: Oh yes, I think so. We have adjusted it from time to time in the light of changing conditions. When other salaries and earnings were going up we adjusted it. We did not adjust it on a percentage basis particu-

larly, but we adjusted the maximum they could earn per contract, and that assisted them in keeping pace with rising costs.

Mrs. FAIRCLOUGH: You said, Mr. McCord, that the premium payments were more or less voluntary and that you did not dun for them if the contributor decided not to carry on, and that you just let it ride.

Mr. MCCORD: That is right.

Mrs. FAIRCLOUGH: What has been the departmental experience with regard to unlocated potential annuitants? Do you find when the time comes that some of those people should be receiving annuities that you cannot locate them?

Mr. MCCORD: We have had cases of that. We are like the banks in that respect. But there are not so many of them.

Mrs. FAIRCLOUGH: I just wondered how many there would be.

Mr. MCCORD: I am sorry but I have not the statistics on that. We do not have a fund. What we do is just to keep on hunting and eventually they may turn up. We have found some of them—as a matter of fact I recall one case where we had hunted all over and written letters to last known addresses, all over the country all the way to British Columbia. The person had moved, and we eventually found him right here in Ottawa.

Mrs. FAIRCLOUGH: Right here on your doorstep?

Mr. MCCORD: Yes.

Mrs. FAIRCLOUGH: He probably felt sorry for you and did not want to claim.

Mr. MCCORD: It was not for a very large amount, but we use every effort to find them. The amount just stays there, and unfortunately it does not accumulate any interest.

Mrs. FAIRCLOUGH: Do you put it into a separate fund; do you put those unclaimed annuities into a separate fund?

Mr. MCCORD: No.

Mrs. FAIRCLOUGH: Don't you think that you should?

Mr. MCCORD: Perhaps we have not had enough of them to create a problem. We do report them however through the Finance Department.

Mrs. FAIRCLOUGH: When you report them do you keep them on the books as an entry or do you add them up every year? Could you tell me how many unclaimed annuities you have?

Mr. MCCORD: Do we have any figures on that, Mr. Fletcher?

Mr. J. G. FLETCHER (*Actuary*): I could tell you tomorrow morning, Mrs. Fairclough.

Mrs. FAIRCLOUGH: I do not care whether you put them in a separate account or whether they are made a book entry; but I think it should be in a category by itself, I definitely do, because it is in the same class as the banks unclaimed accounts.

Mr. FLETCHER: It is just a matter of accounting.

Mrs. FAIRCLOUGH: Yes, but it is neat accounting.

Mr. BYRNE: Several years ago when we discussed this question of government annuities, it seemed to me that there were about 8,000 people who were taking advantage of the maximum annuities. Was that a proper figure, or has that figure increased very much?

Mr. MCCORD: No. According to this table of the annuities that are in payment right now—there are 7,300 who are exactly $1,200.

Mr. BYRNE: You say 7,300?

Mr. McCORD: 7,323 as at the end of last year.

Mr. BYRNE: Who are receiving exactly $1,200?

Mr. McCORD: Yes.

Mr. BYRNE: I want to know how many have contracted?

Mr. McCORD: I am afraid I do not have that figure because in most instances of annuities being sold now, the people contract for $1200 but they may not necessarily see it through. So the actual fact is that they may have contracted for the maximum, but it would be pretty hard and you could not say for certain that they were going to go through with it.

Mr. BYRNE: Do you think it would be more popular if the maximum were increased, let us say, to $1800?

Mr. McCORD: Well, that is a question. I do not know whether it would be any more popular.

Mr. BYRNE: I mean would there be a larger proportion? Is there some reason why we have only 7,500?

Mr. McCORD: These are the annuities that are now under payment. There are only 60,000 under payment, and we have 159,000 annuities on the books, so it could be that a lot of those—

Mrs. FAIRCLOUGH: That does not include the group ones?

Mr. BYRNE: No, that is apart from the group, some of these 7,300 arise from group contracts?

Mr. McCORD: Yes, where individuals have retired and are drawing their money. The employee contribution plus the employer's contribution makes it possible for them to get 1,200 rather rapidly.

Mr. BYRNE: I understand that there has been some criticism of the fact that we appear to be subsidizing this plan, the annuity branch to the extent of $1 million. There has been criticism in the committee and Mr. Thatcher, last year moved a motion to reduce that amount to one dollar. I notice Mr. Hahn has the same feeling today—that it is a measure of subsidy. Now, when government annuity premiums are paid, as I understand it, there is no consideration for income tax purposes on the premiums paid in?

Mr. McCORD: Not by the individual.

Mr. BYRNE: Not by the individual.

Mr. McCORD: Except when he collects his annuity.

Mr. BYRNE: Well, of course, I think everybody understands that when you reach the point of collecting an annuity, or pension, you are not in a tax group where you are going to suffer a great deal. I am wondering if the committee, or Mr. Thatcher, or Mr. Hahn have ever considered the fact that large pension plans, whether they are contributory plans or otherwise receive a tax consideration to the amount of, say 50 per cent of the amount they pay in. A large company may have paid in $1 million or $2 million, and by virtue of the fact that they are not taxed, that they receive a tax abatement to the extent of, whatever it may be—it may be 47 per cent, and at one time it was 50 per cent—so that, in fact, these plans which are providing pensions for people who are highly organized and who are able to build up a pension plan that way are receiving a measure of subsidy from the federal treasurer, and a large measure of subsidy.

Mr. THATCHER: Just on a point of order: Mr. Byrne was not here when I spoke on this subject. I was not in any way opposing the principle of these annuities. All I said was that we should charge a little more to make them self-sufficient, whether it is $4 or $5, or something like that. That is the point I tried to make. I am not opposed to the principle of these annuities at all.

Mr. BYRNE: That is the very point, of course, Mr. Chairman, that I wish to make. These people who are not in industry, they may be working for a small grocer or they may be working for a small manufacturer and do not come within this scope of pension plans. They do make some effort on their own behalf to build up a pension fund. I cannot see where a paltry million dollars is going to hurt us very much when we realize that we do give up to—I am thinking of International Nickel, for instance, that has about $53 million in a pension plan now for their employees.

Now, that is a very creditable thing that they have done, in setting up that fund. It must be remembered, however, that they do receive—if they had built that fund up on their own, it would have cost them another 50 per cent, at least, and that is money that has not accrued to the federal treasurer. So, in reverse, we have done something to assist the employees of that organization to have a pension fund for themselves. Now, one million dollars is pretty small when we spread it over the number of people who are being assisted in this way.

Mr. HAHN: Mr. Chairman, the point I raised there—and I think if anyone followed my argument very closely they would discover it is my contention, and has not been proven otherwise, that the little man is not the person who is receiving the benefit of this. There is the fact that there are 24,432 that get $300 or less and who are not in the group that we are subsidizing. These are people who today are quite wealthy and who have let this lag because they have found some other field that was more remunerative. I think we should be able in some way or other to discover how many policies in this group pay under $600, which is by far the majority, how many have not kept up their payments, and the reasons for their not doing so.

Mr. MCCORD: If I might suggest this, if a person went into this thing, and he had money, let us say, and wanted to invest it some place, the big majority of these, or quite a number of these annuities that are in payment right now and are shown on this table are the annuities that were sold in the days when the rate was very low and the interest rate was comparatively high. It was 4 per cent then, and the mortality table was easy. They could not have obtained an annuity at anywhere near the price. If it was a case of switching to another investment and leaving a tag end here because they did not like it any more, I do not think they would have ever switched away from this; because if they had the money, it was too good a bet to leave. I venture to say we would find that people who are drawing $300 and less may have started out on a more ambitious plan and not been able to complete it. I do not think it was through having too much money, but it might have been from a lack of money that they did not continue with it, because as a result they are getting an annuity, and they are getting maybe less than $300. But I do not think it would be correct to say that they stopped because of too much money.

I do not know what a survey or a study of all those old contracts would reveal, or the incompleted contracts. We might discover there were quite a few of them that were incomplete, but why they discontinued paying into them, I do not suppose our records would show because, as I say, we have no compulsion about it, and a man did not lose if he did not complete his payments.

Mr. HAHN: Of course, there is one other factor, and that is, why should the Canadian taxpayer expect to contribute $1,300,000 this year to keep 60,200 people, approximately on pension.

Mr. BROWN: I think there is one point that you have to appreciate. If you load your premium, it would then be necessary, in order to sell annuities, to provide all the privileges that go with your commercial annuities: cash

surrender values and loan values. We would have to take out the provision of the Government Annuities Act which makes annuities unassignable.

Mr. HAHN: Why would that be so, Mr. Brown?

Mr. BROWN: Government annuities are not subject, as you know, to seizure at present.

Mr. HAHN: But why would these things have to be changed?

Mr. BROWN: I do not think you could sell them. If you loaded your premiums to cover all your administrative costs and still retained the restrictive features, you could not sell them.

Mr. HAHN: It would sell for additional then?

Mr. BROWN: Not if you loaded it with your costs.

Mr. HAHN: But you have not got the additional costs of administration in respect of all these other features that you mentioned earlier, such as cash surrender value and loan value and so on?

Mr. BROWN: They would all be added and then you would be increasing the cost.

Mr. HAHN: But if you felt you had to offer them—I would feel that you would have to offer them at—

Mr. BROWN: I do not think you could sell your annuities.

Mr. THATCHER: You are saying, Mr. Brown, that these annuities would not sell without this government subsidy, as compared to private annuities that insurance companies have?

Mr. BROWN: Unless you remove your restrictive features that are in here with respect to cash surrender value and loan value, or inability to assign moneys. I think also, in fairness, if you allowed your annuitants, or your purchasers to borrow money, or cash in on their annuities, you would have to remove at the same time the provision in the act which makes them not subject to seizure.

Mr. HAHN: Well, Mr. Brown—

Mr. BROWN: Those are factors that you would have to consider very seriously.

Mr. HAHN: Would you disagree with this statement, or would you agree with it as the case might be, that if you retained all these special factors that you have retained at this time in your annuities that you could sell them for less, or would have to have the same premium as the ordinary insurance company requires today?

Mr. BROWN: You would have to appreciate that if you had all these features—I do not know, I could not tell. That is something that would have to be worked out.

Mr. THATCHER: But should not an analysis be made so that the committee would know?

Mr. BROWN: I do not see any reason why the cost should not approximate the administrative costs which are involved in the sale of private annuities.

Mr. ENFIELD: Mr. Chairman, is this not the point: if you took a million-odd dollars administrative costs, and added them to the present premium rate, would the annuities still sell for less than an annuity provided by a private insurance company, of the same character?

Mr. BROWN: We have no reason to suppose that they would, have we?

The CHAIRMAN: Mrs. Fairclough.

Mrs. FAIRCLOUGH: On that point, you would still have to go back and raise your rates on your existing contracts, would you not? You could not seriously start with your new ones only?

Mr. THATCHER: It is your administrative costs that have to be considered.

Mr. MCCORD: You would still have to carry your administration costs on the thousands of old contracts.

Mr. ENFIELD: You would have to make a greater analysis on the old ones, whether you charged it or not, but you would not necessarily have to charge that, would you?

Mrs. FAIRCLOUGH: What I want to ask Mr. McCord is, of these 497 contracts which are being paid in the $1,200 group, I guess all of them were contracted back in the years when the maximum was $5,000?

Mr. MCCORD: That is right.

Mrs. FAIRCLOUGH: In other words, of those which are listed as being $1,200, exactly $1,200, many are probably being paid $1,500, in round figures. Now are they all on this optional basis, on the graduate scale of payment? What I mean is, when you say exactly $1,200 do you mean actually $1,200 or are there included in the 497 some of those who have elected to have the diminishing scale and are now receiving approximately $1,500?

Mr. MCCORD: I would say that the exactly $1,200 could be receiving, over $1,200.

Mrs. FAIRCLOUGH: You mean they are actually now receiving $1,400 or $1,500 in round figures, those who have elected to receive that amount, and to receive $1,100 or whatever the amount might be after age 70 they are in the 497?

Mr. MCCORD: That is right.

Mr. FLETCHER: They will move down lower than a thousand later on.

Mrs. FAIRCLOUGH: But strictly speaking, it does not give you a proper conception of what they have contracted for, does it? They have contracted for a $1,200 annuity, and the fact that you are paying them an additional amount now in anticipation of paying them a lesser amount eventually, it still makes it a $1,200 annuity, does it not?

Mr. MCCORD: It is a $1,200 annuity, but this table, of course, shows the amount of the annuity being paid, or was paid during this fiscal year.

Mrs. FAIRCLOUGH: Out of the $1,200 annuity increased by reason of election to have the diminishing return basis, how many of the 497 are receiving an annuity on the basis of the $5,000 maximum?

Mr. FLETCHER: We do not know.

Mrs. FAIRCLOUGH: In other words, it is just as easy as saying how many of those are over 70.

Mr. FLETCHER: We can find that out from our records. We can search the 1,200 contracts and see.

Mrs. FAIRCLOUGH: It is only pertinent in so far as your percentage of contracts is concerned, and it is pertinent in that respect. If, as Mr. Hahn said, it is pertinent to know how many of this 44·6 per cent abandoned their payments, then this is likewise very pertinent; otherwise, your percentages mean nothing at all.

Mr. MCCORD: I think that we might get the figures without too much difficulty—how many of these 497 are getting $5,000 a year.

Mrs. FAIRCLOUGH: $5,000 would not necessarily give us the figure because some of them might be getting $3,500, some of them $2,000, and some of them $3,000.

Mr. McCORD: We have a table showing the annuities by age groups but not by amounts.

Mrs. FAIRCLOUGH: You could relate that when you have 22,700 people in that 70-79 group.

Mr. McCORD: We would have to find out how many over 70 are in the 497.

Mrs. FAIRCLOUGH: You have answered a couple of the questions. You told me about the $1,200 and you do not know how many are tax-free on that. There is one very interesting thing which is rather historic and I do not know whether you will have the information, but harking back to some comments made early this morning with respect to the fact that the government is in competition with the insurance companies, is it not the actual fact that the insurance companies entered the field subsequent to the entry of the field by the government annuities?

Mr. McCORD: Yes.

Mrs. FAIRCLOUGH: This is merely a matter of interest and I do not think it has any argument value at this stage of the game, but do you have any figures to show when the insurance companies entered into this field? You have on page 28 how many individual contracts and certificates were issued between the years 1908 and 1913. Do you have any figures to show what annuities were issued by insurance companies in those years in Canada?

Mr. McCORD: I do not have them here, but I think I could get them.

Mrs. FAIRCLOUGH: I think it would be interesting to have that in view of the impression which is abroad that this is a case of the government entering into competition with insurance companies, and due to the fact that obviously the point of view is—

Mr. THATCHER: What is the difference who is in the field first? The fact is that the department is in competition with the insurance companies.

Mrs. FAIRCLOUGH: But the insurance companies never entered the field until they saw how good it was. Now, are you going to abandon the people who wanted this thing?

Mr. THATCHER: No, but they are going to make the people pay for what they are getting.

Mrs. FAIRCLOUGH: There was a demand for a specific type of insurance and the insurance companies were not willing to enter the field because they thought it was too great a risk, then the government entered the field and supplied this thing on a cost basis.

Mr. THATCHER: It is not on a cost basis.

Mrs. FAIRCLOUGH: Absolutely.

Mr. THATCHER: No. It costs the taxpayer a lot of money.

Mrs. FAIRCLOUGH: The point is that when the thing began to look as though it was an attractive field to the insurance companies they entered and they have done pretty good also.

Mr. THATCHER: You do not object to that.

Mrs. FAIRCLOUGH: No. What I object to is the basis of the argument which says the government should get out of this field because the insurance companies are in it.

Mr. THATCHER: We did not say that. What we said is that the policy holders should pay their way.

The CHAIRMAN: I am curious to know if the attitude of Mr. Thatcher and of Mr. Hahn is that they want individuals to contribute to their own

retirement and get no consideration not even the small amount of the administration costs, and no consideration with respect to income tax at all. In other words, is it their attitude that the annuities branch should give up any chance of getting that business? In regard to group insurance they can represent that if a company goes into it it is going to get an income tax concession. Do they say that we object to the individual getting any help from the state to superannuate himself? Do they carry it so far that the people get a group plan—

Mr. THATCHER: You have asked me a lot of questions. I believe that anyone, or any company, that contributes to a pension scheme should be given an income tax deduction. Many people can contribute to a pension scheme and it is not subject to income tax deduction today. I think things should be extended, not increased.

Mr. BYRNE: Where Mr. Thatcher and I differ is that these admirable pension plans which are in existence today could not stand on their own. That is, there is no company that would have continued to make the contributions to the pension plan—

Mr. THATCHER: What do you base that on?

Mr. BYRNE: On facts.

Mr. THATCHER: Give me the facts.

Mr. BYRNE: The pension plans which I am speaking of, which I know very closely, I know would not be in effect today if they were not given tax concessions. It is only simple arithmetic. If not given preferment, half a million dollars would be paid in. In effect we have half a million dollars of income tax and it too, in effect, comes from the federal treasury. I am not opposed to that under any circumstances and I think it is an admirable thing for us to do, but there are those people who cannot get into an organization that does provide on non-contributory pension plans or contributory pension plans. But this is a measure by which they can provide for their own retirement and it is only costing $1 million. I think that for those people who are unable to obtain this, that this thing should be extended for that small fringe group who are unable to get into the larger organizations so that they can build up pension plans. I know in some industries that the fellows are retiring after a lifetime of service without having made practically any contributions on their own part, with a $150 or a $175 pension paid to them. Much of that comes from the federal treasury when they have received a tax free preferment on it. I think that it should be $20 million, so that those people who cannot provide for themselves through a larger organization can build up something of their own.

The CHAIRMAN: What is the little storekeeper or the self-employed man or the farmer going to do? You would say do not give him any help to build up his superannuation.

Mr. THATCHER: That is the attitude which the government takes today.

The CHAIRMAN: If he belongs to an organization which is able to come into one of these schemes he is getting much greater help to get a superannuation than is given in these estimates.

Mrs. FAIRCLOUGH: May I ask a question? I wonder if Mr. McCord could tell us how many of these contracts are presently being paid on a tax free basis? You remember there was a period where, if you purchased an annuity, the annuity was tax free. How many of those are being paid?

Mr. FLETCHER: That is a difficult question to answer.

The CHAIRMAN: I wonder if Mr. Fletcher would come and sit up here.

Mrs. FAIRCLOUGH: Mr. Chairman, as a matter of fact it is obvious that we are not going to finish this tonight. Perhaps these questions could be answered at the next sitting.

Hon. Mr. GREGG: That is very kind of you, Mrs. Fairclough. As this discussion has gone on there have been suggestions and there have been statistics desired. It has been said that some of them would be very difficult to get, but I know my staff will do their utmost to get them.

I think the question was asked when you started, Mr. Thatcher, on what annuity were the contracts during the last two years in the two categories.

Mr. THATCHER: Specifically the last year.

Hon. Mr. GREGG: I will give you the group contracts. I am referring now to a book of my own. This brings it up to January 31 of this year. From 1954 to 1955 the total number of employees brought under group contracts during that year was 18,300.

Mr. THATCHER: Excuse me, sir. Is that the actual individuals or the number of group contracts?

Hon. Mr. GREGG: It is the number of employees, actual individuals, brought under group contracts during the year 1954-55, which was 18,300.

Now, from 1955—that is April 1, 1955—to January 31, 1956, in other words, 10 months, the total number of employees brought under group contracts was 20,101. Now, on the other side, namely the individual contracts for 1954-55, the total number of contracts issued during the year, that is to individuals, was 6,242. From April 1, 1955 to January 31, 1956, or 10 months of this last fiscal year, there were 5,256. That clears up the question which you asked.

The CHAIRMAN: Before we adjourn, I think Mr. Gillis wanted the floor.

Mr. GILLIS: It is now just one minute to 10 o'clock. I want to take part in the discussion if we have more time.

Mr. BELL: Mr. Chairman, may I take that one minute in case I am not here the next time.

I would like to ask Mr. McCord if any consideration has been given to the possible transferring, or coordination of his branch with the Department of Finance, or Department of insurance, or some group that is perhaps more closely related to this type of work? I would appreciate why you are under labour or I appreciate the obvious reasons, but I was wondering whether you ever considered coordination and the resulting efficiency which might be obtained, or do you feel that you are large enough in your own branch that there would not be anything gained.

Hon. Mr. GREGG: The reason why it was transferred to the Department of Labour was the increasing number of group contracts and the feeling that the Department of Labour had closer relations with the trade unions. I think, Mr. Bell, first of all that the Department of Finance as such is no better equipped for setting up an annuities office than any other department; but all the matters relating to the investment of the money arising out of these annuities are looked after by the Department of Finance, coordinated by this branch.

The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 11

TUESDAY, APRIL 24, 1956

DEPARTMENT OF LABOUR

Hon. M. F. Gregg, V.C., Minister of Labour; Mr. A. H. Brown, Deputy Minister of Labour; Messrs. M. M. Maclean and G. V. Haythorne, Assistant Deputy Ministers; Mr. P. C. Parent, Director of Administrative Services; Mr. C. R. McCord, Director, and Mr. J. G. Fletcher, Actuary, both of the Annuities Branch; Mr. J. H. Currie, Executive Assistant to the Deputy Minister; and Mr. H. S. Johnstone, Chief, Fair Wages and Prevailing Rates Section.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

73630—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Barnett
Bell
Blanchette
Byrne
Cannon
Churchill
Deschatelets
Dupuis
Enfield
Fairclough (Mrs.)
Garland
Gauthier (*Nickel Belt*)
Gillis
Gregg
Hahn
Hanna
Henry
McLeod
Murphy (*Westmorland*)
Power (*St. John's West*)
Purdy
Small
Starr
Thatcher
Weselak

E. W. Innes,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, April 24, 1956.
(20)

The Special Committee on Estimates met at 10.40 a.m. this day. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Messrs. Blanchette, Byrne, Churchill, Deschatelets,

In attendance: From the Department of Labour: Mr. A. H. Brown, Deputy Power (*St. John's West*), Purdy, Starr, Thatcher, Tucker and Weselak.

In attendance: From the Department of Labour: Mr. A. H. Brown, Deputy Minister; Mr. G. V. Haythorne and Mr. M. M. Maclean, Assistant Deputy Ministers; Mr. P. C. Parent, Director of Administrative Services; Mr. C. R. McCord, Director and Mr. J. G. Fletcher, Actuary, with the Annuities Branch; Mr. J. H. Currie, Executive Assistant to the Deputy Minister; and Mr. H. S. Johnstone, Chief, Fair Wages and Prevailing Rates Section.

The Committee resumed consideration of the Main Estimates 1956-57 relating to the Department of Labour, the Minister and his officials supplying information thereon.

Item numbered 181—Administration of Annuities Act—was further considered and approved.

Item numbered 182—Fair Wages, Conciliation, Industrial Relations, Industrial Disputes Investigations, including the administration of legislation relating thereto, and for activities *re* promotion of co-operation in industry between Labour and Management—was considered.

At 12.35 the Committee adjourned until 3.00 p.m. this day.

AFTERNOON SITTING

(21)

The Special Committee on Estimates met at 3.00 p.m., the Chairman, Mr. Walter A. Tucker, presiding.

Members present: Messrs. Blanchette, Byrne, Cannon, Churchill, Deschatelets, Dupuis, Enfield, Gillis, Gregg, Hahn, Henry, McLeod, Purdy, Starr, Thatcher and Tucker.

In attendance: same as at morning sitting.

The Committee resumed consideration of the Main Estimates 1956-57 relating to the Department of Labour, the Minister and his officials supplying information thereon.

Item numbered 182 was further considered.

73630—1½

A table showing statististics on Strikes and Lockouts in Canada in the years 1945-55 inclusive was placed on the record (*See Appendix "A" to this day's Proceedings*).

Item numbered 183—Canada Labour Relations Board—was considered and approved.

At 5.05 p.m. the Committee adjourned until 10.30 a.m. Thursday, April 26.

E. W. INNIS,
Clerk of the Committee.

PROCEEDINGS

TUESDAY, April 24, 1956.
10.30 a.m.

The CHAIRMAN: Order, gentlemen. We are still on item 181.

Mr. GILLIS: Mr. Chairman, I think I had the floor at the time of the adjournment of the debate on item 181. I am not going to say very much on the subject of annuities, but I think this should be said. All the members of the committee who took part in the discussion the last time agreed that the principles on which the item is based were correct. There was a suggestion made that there should be no element of subsidy. I think that point should be cleared up. I think it is just as logical to talk about the abolition of the civil service as to speak about the abolition of the administrative end of the Annuities Act.

The gentleman who read to us a memorandum on this subject has, on the third page, of that memorandum outlined the act and what is done very clearly. I think this should be on the record:

> As of March 31, 1955, there were in force and under administration by the annuities branch 159,532 individual contracts and 190,129 certificates under 966 group contracts, a total of 349,661 contracts and certificates; payment of annuity is being made under 68,130 of these contracts and certificates.

What I would like to emphasize there is that the individual contracts that he sets out in his report were set up in contracted form when the insurance companies were not selling that kind of insurance. So, the annuities branch paved and pioneered the way for that type of insurance, and demonstrated to insurance companies and the country that that type of insurance was not only necessary but could be provided at the cost that they were setting out, and that it was a yardstick, in effect, to the insurance companies.

The same is true of the group insurance plans. We remember, in 1939 when the war broke out, there were no group insurance plans in industry. Why did they come in? Simply because the government decided at that time that they would make a tax offset for contributions to insurance plans set up by industry. That was, as Mr. Byrne very rightly pointed out, a form of subsidy by the taxpayer. The important point is that when that type of insurance was provided for in industry it was the annuities branch who did the actuarial work, had the different plans set up and ready to be put into operation, which enabled industry and employees to reap the benefits provided under these group insurance contracts. The cost of administering that particular branch, I think, is pretty small in general. On page 4 he says:

> Overhead expenses, including the compensation of annuity representatives, are paid from general government funds. The percentage of expenditure to receipts is less than 2 per cent.

I think they are doing a very efficient and effective job at a very, very low cost. Instead of criticizing or finding fault with this type of insurance, I am of the opinion that it should be expanded. It was very clearly demonstrated that it is a yardstick for the insurance companies, because when the minister introduced a bill to provide for a cash surrender value and to step the annuities up, there was lobbying from coast to coast by the insurance companies who were all

against this, because it would be competition. I think that if the minister would give some consideration to this matter of the cash surrender value, and particularly with respect to the groups who came in, especially municipal groups, a few years ago, that a lot more municipalities would set up pension plans. A lot of the employees of the municipalities were veterans who had the protection of the War Veterans' Allowance Act and did not want to be included in the contributory plan set up by the municipalities, and they contributed for four or five years. Then the government decided, with the municipalities concerned, that it was not obligatory on the part of the veterans, with the protection of the War Veterans' Allowance Act, to come under these group plans administered by the annuities branch here. These veterans then withdrew; but they had made contributions for four or five years and a lot of them figured that that money should be refunded to them, because in the first place they had not wanted to come in; they already had protection. After they had paid in, it was ironed out, and decided, that they were not required to pay, but there is no provision for refund. I think the act should be amended to provide a return of the funds which were contributed in that way.

Mr. Chairman, that is all I have to say. I do not think there is any argument anyone can put up which would suggest that the administration of the act, and the payment for that administration should not be continued as it is. I think it is one of the most valuable pieces of legislation that we have.

Hon. M. F. GREGG (*Minister of Labour*): The only comment I would make on that is the point which was discussed the other day. If we were to bring in a measure providing for a cash surrender value, then, to keep in the middle of the road on this thing, we would have to do what Mr. Gillis says should not be done, that is make it completely self-supporting as to administration. The aim has been, as has been quite obvious, based upon the discussions which had gone on on this in former years, that we are attempting here to keep in the middle of the road, and not to spend too much money on advertising. At the same time we want to let those who want to use this method of thrift know that it is available for them, and to have someone in their general area who can explain it to them. If they take out an individual contract they can see that the contract is serviced, after they purchase it. I would recommend to the committee, for the period these estimates cover, that we continue much on the same basis as at the present time on this item.

Mr. GILLIS: Do you not think that in respect to the cash surrender feature there should be some administrative latitude, where there are extenuating circumstances? Do you not think that those who administer the act have enough common sense to determine when a contribution should be refunded? Take the case of a veteran. Many of them went in under protest. They were taken in under protest, and already had protection until they were 60 years of age, and they knew it. After collecting from these veterans for 4 or 5 years, the municipalities and the administrators of this act decided to throw them out, that the could withdraw. They withdrew, but their money is held. A lot of these are young veterans getting married, building homes and so on. If they could get the $300 or $500 which is rightly theirs, so that they could use that money now, this is the time when they want it, and not when they are 60 years of age.

Hon. Mr. GREGG: It would be very difficult to do that. In the case of the veterans, they had the right, which was put into effect, of taking a small paid up annuity at that point, when they wanted to stop their payments. We have to bear in mind that a good many of us, at various times in our lives, have taken out such things as 20-year life insurance, the motive behind it being, on the part of a good many people: "I am going to force myself to put that money away and will not have it where I can spend it". Something of that

intention was the idea behind this whole business of government annuities. I am sure there would be a good deal of unnecessary going in and coming out if discretion were left to the head of the branch or to the minister. Pressure would be brought to bear upon him to let a man out and let him have his money back, and consequently there would be a tendency to obscure the original aim of the act, namely, to encourage long-term thrift. In addition is the other factor,—the giving of an advantage or a sales value to a government annuity which might call for further questioning as to our right to ask the taxpayers to pay the administrative costs.

Mr. GILLIS: I am not arguing for a general feature of cash surrender for those who are still contributing. I am asking for special consideration for those who were taken in and who did not want to come in. These plans were made obligatory on the part of the employee. They were taken in and later released, and they are not paid at the present time. The refund in that case, I think, is something which is absolutely reasonable. They are not paying, and they are not in.

Mr. ENFIELD: Mr. Chairman, I would like to add a word to that point, if I may. On one occasion a young man telephoned me and explained that he worked in a place where a group policy under the plan was based on a government annuity, and it was one of the rules that contributions should be made. When he left his employment there he had an equity of about $285. I believe I wrote to the department about this case. He wondered whether he could obtain the return of that money, and the answer was, "No, it must be held until the full period runs out."

It would seem to me that in cases like that, from an administrative point of view it would be cheaper to return those funds at once, when no further contribution is going to be made, than to wait until a man is 60 or 65, or whenever the plan calls for payment.

Hon. Mr. GREGG: With regard to the point Mr. Gillis made, that this should be confined to those who enter the plan without their having wished to do so—was that your point?

Mr. GILLIS: Yes, that is right.

Hon. Mr. GREGG: Those who administer the annuities would not be able to identify this particular group and take them out from the group coverage.

Mr. GILLIS: They will identify themselves. The cases I am talking about have written to the department. They will come in looking for you.

Hon. Mr. GREGG: Those would be the ones who write to members of parliament and make a claim; but there will be a number of others who would be too shy to do that.

Mr. GILLIS: You would not have to worry about them.

Hon. Mr. GREGG: But their need might be greater.

The CHAIRMAN: Order, gentlemen. The deputy minister has a word to say on this.

Mr. A. H. BROWN (*Deputy Minister of Labour*): May I say something on this point? In the general field of retirement pension policy I think it should be the major objective as far as employees in industry are concerned to encourage them when they move from one employment to another to retain their pension rights rather than to cash them in. What you want to do is to build up their pension rights as they move from one industry area to another, and at the same time I think the general tendency should be to encourage earlier employer-vesting of the employers' part of the contribution. One of the big

problems we have today is this question of continuity of pension rights, and I think that is one of the things which we, as far as the Department of Labour is concerned, should encourage.

If you develop a policy of flexible cash surrender value that, in my opinion, is going to work to the detriment of this conception. The temptation to try to meet an individual situation is there. Nevertheless, looking at the matter from an over-all viewpoint, the encouragement of easy cash surrender policy in a government annuity scheme would militate against the over-all objective.

Mr. CHURCHILL: Before we reach a decision on this we should have more information. In the annual report for 1955 on page 30 you show 60,198 vested annuity contracts, and of that number 24,432 are less than $300. Have you figures to indicate to us how many of these contracts are what you might call "inactive"—cases where people have started payments and then discontinued making them? Have you a breakdown by years? Some, possibly, have been discontinued for 10, 15 or 20 years. That might be considered as a cash surrender and taken out of the administrative channels. Is that information available?

Mr. C. R. McCORD: I am sorry, but we do not have a break-down of what you might call inactive accounts. The figures shown on page 30 indicate the annuities now in the course of being paid. Of those annuities just how many started out, let us say, to buy $1,200 and have wound up buying less than $300 it would be pretty hard to tell. We would have to make a careful analysis of each and every one of those contracts. A man may start out and pay for a couple of years, and then to all appearances have stopped paying; but nevertheless particularly the contracts which were in effect prior to 1948, were regarded as open, and they could pay up to the very day that they became due; he could come in at the last moment and pay up his contract. So we could not assume that because a person had not made regular payments the matter was closed. As far as we were concerned it was still an active annuity.

But the more recent contracts have been designed in such a manner that they specify certain payments, and they have a clause in them whereby they could not come along at any time and plank down a lot of money after it had stayed idle. If there had been a change in the rates, if the rates had become more expensive, a person could only begin as far back as two years to pick up his arrears. The reason for that is obvious. In the early years some people used this device when it was considered to be a very excellent form of investment, and did in fact do nothing more than pick up an option, you might say, at a good rate. But when the condition has been removed, it would be pretty difficult to look after accounts still on the books, that is, the annuities which are not yet in the course of payment, and to be certain that they were not going to put in any more money, or that any more money was not going to come in under a particular contract.

Mr. CHURCHILL: Mr. Chairman, I made reference to the wrong page. I gave it as page 29 when I should have been looking at the preferred contracts and certificates. Those are contracts which are not yet in payment; that is at the bottom of page 29.

Mr. McCORD: That is right.

Mr. CHURCHILL: That is the figure I should have been looking at.

Mr. McCORD: Yes.

Mr. CHURCHILL: Did I understand you to say that there are some of those contracts in which you can stop payment and then renew them later?

Mr. McCORD: Oh yes; you can stop payment; you can discontinue payment, and resume it at a later date. But in the more recent contracts they specify that you may only do so within a period of two years; that is, if you pay into

the annuity for two years and then wait another eighteen years before making any more payments, we can say that you cannot go back. We say it is not the same kind of annuity you have contracted for. We put a limitation on it, that if the rates have become more expensive you can go back only two years. But if there has been no change in the rate, you can go right back and pick up all the time and resume your contract.

Mr. CHURCHILL: On that figure of deferred contracts and certificates which is a rather large number, have you any idea of the number which are active, or what percentage are active?

Mr. MCCORD: Perhaps Mr. Fletcher might answer that question.

Mr. J. G. FLETCHER (*Actuary*): We can find out. We do not know specifically because we do not keep a running record.

Mr. BYRNE: Regarding vesting rights as proposed by Mr. Gillis, there is a point I think we are overlooking: that when any annuity plan is drawn up, it must remain actuarially sound. People are expected to put in so much from the inauguration of the plan all through their life-time, and if people are to be dropping out of the plan and withdrawing their contributions, it does have an effect actuarially on the fund itself, and therefore, would reduce the amount which could be paid to people at retirement age. I think they are overlooking a very important point; and I think they should remember also that there are large pension plans existing today in industry where there are no rights vested in the employee until twenty years, or even longer. Then there are company plans, the so-called non-contributory plans, in which large companies make contributions on behalf of the employee, but in reality it is a contribution which is charged against wages and operating costs. There are no vested rights whatsoever, and I think we ought to look at these things on an actuarial basis, otherwise we might disturb a large number of plans.

Moreover there is another question I would like to have clarified. This question might more properly be directed to the taxation division, but I suppose your people have discussed it with the Department of Finance or the Department of National Revenue. Why is it that a government annuity which has no equity, that is, which has no withdrawal equity, is not considered as a pension fund, and therefore taxable for income tax purposes? We know of plans drawn up on a group basis which have been judged to be pension plans due to reasons of preferment. Annuities can be nothing less; but when they have no withdrawal feature or cash surrender value, they must be a pension plan. You can ony obtain it upon reaching a certain age. Should there not be more consideration given to that fact by the Department of National Revenue?

The CHAIRMAN: I am glad you asked that question because I have been wondering about it myself.

Mr. WESELAK: Would it not be a fact that if you exempted from income tax any premiums paid into an annuity, there would be protests received from the commercial insurance people?

Mr. BYRNE: When they are without a cash surrender value?

The CHAIRMAN: Mr. Byrne suggests that when there is no cash surrender value it is a way of pensioning yourself; and if you partake of one of these pension schemes, and if the contributions are income tax exempt, and if a man wants to pension himself—let us say an individual farmer or a small businessman—why should not his contribution to the annuity, which must be a pension of a kind, be exempted? Why should it not be income tax exempted? That is a question I have wondered about myself quite often.

Hon. Mr. GREGG: That question has been submitted to the Minister of Finance and his department. Perhaps Mr. Brown would indicate the depart-

mental views; I mean the difficulties which have been expressed as being in the way.

Mr. A. H. BROWN (*Deputy Minister*): I do not know if I am capable of expressing the views of the Department of Finance. But I do know there have been over the past few years representations made to the Minister of Finance from groups representing self-employed people. For example, medical associations, and so on, have asked for treatment in connection with savings plans similar to that provided in connection with group plans. I think the difficulty of the Finance Department has been to try to find a scheme, a practical method of safeguarding that type of operation. I think that perhaps the Department of Finance perhaps would consider that they could not limit a tax exemption privilege of this nature to an investment in a government annuity; and that if they did so in relation to a government annuity, they would have to do it in connection with other types of savings plans. That is, with respect to insurance plans etc. All I can say is there have been representations made to the Department of Finance, and that they have been studied. I cannot go very much further than that.

Mr. BYRNE: I think that Mr. Brown has undoubtedly made a point. Some professional people may decide that they could pay from $5,000 to $10,000 to $15,000 into a retirement plan, and then retire at an early age on the proceeds of the income tax department. But when we have a limitation of $1,200 as the maximum which a person may obtain, therefore I think we have a very close check on the danger that people may take advantage of these special conditions. Certainly I can see the danger of very large contributions being made. But we certainly should remember that $1,200 is the maximum, so there is not going to be much inducement for people to retire from fifteen to twenty years earlier than they would normally be able to.

Hon. Mr. GREGG: I can assure you, Mr. Chairman, that yours and Mr. Byrne's point will be explored and we shall report back on the result.

The CHAIRMAN: May we carry the item?

Mr. CHURCHILL: To return to inactive contracts, may I ask what follow-up there is when payments cease on the part of a person who has taken out an annuity contract?

Mr. McCORDS You mean when a person takes one out and then stops making his payments?

Mr. CHURCHILL: Is there any follow-up by the department?

Mr. McCORD: We do not send out premium notices. However the representative who made the orignal sale or contract will follow it up for a period of time in order to get the person well established. But beyond that we do not send out premium notices. The whole matter is regarded as a voluntary one and if he discontinues paying, we do not follow up on it.

Mr. CHURCHILL: You said something earlier about servicing the contract. I suppose that means the issuing of receipts when premiums are paid in.

Mr. McCORD: There are two kinds of servicing. We were speaking earlier of services that the representatives in the locality give to contract holders. They will endeavour to serve the person holding a contract regardless of where he bought it. If they happen to come into his office, he will help them. If they wish to elect certain options which they have under their contract, or they wish to advance the maturity date, or need some help, let us say, in supplying proof of age; and also in the event of the death of an annuitant, our representative's are frequently brought into it because the person reporting the death usually comes into the office, or the person representing the estate may have difficulty in providing the necessary documents such as

the death certificate and so on, and help will be given when payments are to be resumed to the beneficiary, so that they may be resumed with the least possible delay. Of course we do that sort of thing at the head office as well; and in addition we issue official receipts for their premiums and we maintain their accounts and so forth.

The CHAIRMAN: Does the item in question carry ?
Item agreed to.

182. General administration—

Fair wages, Conciliation, Industrial Relations, Industrial Disputes Investigations, including the administration of legislation relating thereto, and for activities re promotion of co-operation in industry between Labour and Management, $454,706

and the details of which are to be found on page 252.

Mr. CHURCHILL: Before the minister speaks, I had intended to ask a question. Mr. Gillis was reading from a document at the earlier stages of this discussion.

Hon. Mr. GREGG: That was the document which Mr. McCord presented when this item was first called. It will appear in the record because he presented it. It will be in the printed record which will come out for last week's meeting. I am not going to make any general preliminary remarks on this item except to say that it is of course a most important function of the Department of Labour in the field of industrial relations, in attempting to create a cooperative atmosphere within the federal jurisdiction where industrial differences can arise. I shall ask the deputy minister to outline this item for us himself, or nominate somebody to do it.

Mr. A. H. BROWN (*Deputy Minister*): I think that Mr. Maclean, the assistant deputy minister and director of industrial relations, is ready to make a statement on this matter.

Mr. M. M. MACLEAN (*Assistant Deputy Minister*):

The CHAIRMAN: What are your initials, Mr. Maclean?

Mr. M. M. MACLEAN: M. M. Maclean. The minister calls me "M-3".

Hon. Mr. GREGG: He is the assistant deputy minister and is in charge of this branch.

Mr. M. M. MACLEAN: I am glad that I got here on time, Mr. Chairman. I have made a few notes in connection with the operations of the industrial relations branch, and I think that if perhaps I stick to them I shall cover the ground a little bit more quickly than I otherwise would.

The functions of the industrial relations branch are almost wholly administrative. The officers of the branch co-operate closely with the minister and the deputy minister, and they maintain close contact with other branches of the department and with all departments of the government as well as with representatives of organizations of employers and employees.

The legislation for which the branch has the initial responsibility includes the Industrial Relations and Disputes Investigation Act, and order in council containing the regulations under which conciliation officers and conciliation boards are appointed, and other functions. The provisions of the act are taken care of.

There are also the regulations under the act governing the procedure of the Canada Labour Relations Board, which is established under provisions of the act.

Then we have the Canada Fair Employment Practices Act, which came into effect almost three years ago; the Great Lakes Seamen's Security Regulations, and the Fair Wages and Hours of Labour Act which govern the wages, hours

and overtime payments on government contracts for the construction, remodelling, repairing, or demolition of any work. Then there are regulations under this act which give the Minister of Labour authority to collect the wages, and wage arrears from contractors for payment to their employees.

Then there is an additional and complementary order in council which provides for fair wages, hours and hours of labour governing contracts for the manufacture of supplies and equipment for the government. This order in council also provides for the manner in which the wage schedules governing construction contracts are to be included in the contract between the government and the department concerned, and the successful bidder. It also includes provisions prohibiting discrimination in the employment of bad contracts, including construction contracts as well as those for the manufacture of equipment and supplies. Then there are other labour conditions in the order in council which are minor and to which I need not make reference.

In addition to the administration of these acts of parliament and the orders in council which I have mentioned, the branch assists the government, or all government departments and the Treasury Board, in examining the wage rates of prevailing wage employees of the government, to which we will make more detailed reference later. The labour management co-operation section of the branch is engaged upon joint consultation between labour and management, and, as I said, I shall refer in more detail to these activities when dealing with each section of the branch.

Now, for administrative purposes, the activities of the branch are divided into three operating sections; first of all the administration section, which maintains general contact with other branches of the department, and other departments and agencies of the government. This contact is quite extensive in relation to some departments and agencies of government including the Treasury Board, the Departments of Transport, Public Works, Defence Production, National Defence, Veterans Affairs and Mines and Technical Surveys; and with the following government agencies; Defence Construction Limited, Central Mortgage and Housing Corporation, Atomic Energy Control Board, Canadian Arsenals Limited, Eldorado Mining and Refining Limited, National Harbours Board, and the National Research Council.

As I indicated earlier, it also carries on relations with organized labour and management; it supervises staff at the head office and across Canada, and is responsible for the training of personnel. It has other responsibilities which I shall not endeavour to enumerate.

Regional offices are maintained across Canada, and the staff performs the field work required by the branch and by the department. These offices are located at St. John's Newfoundland; Halifax and Amherst, Nova Scotia; Fredericton, New Brunswick; Montreal, and Three Rivers, Quebec; Toronto, Hamilton and Windsor, Ontario; at Winnipeg for the prairie provinces and western Ontario, and at Vancouver for the provinces of British Columbia and Alberta, and for the Yukon, and Northwest Territories.

If you will refer to the chart which you now have in your possession, you find on page F the various activities to which I have referred. For the purposes of administration, the staff of our branch in addition to administering the Industrial Relations and Disputes Investigation Act also takes care of the Fair Employment Practices Act; the Great Lakes Security Regulations and the work of the Canada Labour Relations Boards. Consequently the conciliation section has the initial responsibility at least in the administration of the Industrial Relations and Disputes Investigations Act, with regulations and procedures; and the Canadian Fair Employment Practices Act. It is the administrative agency for the Canada Labour Relations Board, and with the national employment service of the Unemployment Insurance Commission, it administers the Great Lakes Seamen's Security Regulation.

Now with respect to the Industrial Relations and Disputes Investigation Act, the section provides conciliation officers to settle contract disputes; it processes applications for boards of conciliation and appointment of industrial enquiry commissioners, and it deals with applications for the consent of the minister to prosecution proceedings, with complaints concerning failure to bargain collectively and with allegations of unfair labour practices; it keeps records of statistics relating to the settlement of disputes and the particulars of such settlements, and provides information by letter and otherwise concerning labour standards and disputes.

For the Canada Labour Relations Board, the section performs all administrative and secretarial work, investigates and processes applications for certifications, and for the revocation of certifications, applications for arbitration procedure of final settlement of disputes, and conducts representation votes of employees.

For the branch and for the board the section is also required to do a considerable amount of research work with respect to labour relations legislation in the various provinces of Canada, the United States, and other countries.

In respect to The Canada Fair Employment Practices Act: the section investigates complaints that employers or trade unions are discriminating in employment because of race, national origin, colour or religion. It checks applications for employment forms, provides speakers for conferences of organizations interested in the promotion of human rights, and in conjunction with the information branch of the department it prepares and distributes publicity and educational material to promote the purposes of the act.

With respect to the Great Lakes seamen's security regulations, as I said, this work is carried on in conjunction with the National Employment Service which receive all applications for clearance of seamen.

I might say that the purpose served by these regulations is to ensure, by means of a screening process, that only persons who are trustworthy, as regards national security, are permitted to sail on vessels plying in vital waterways of the Great Lakes areas, on the upper St. Lawrence river. The area effected includes Lake Ontario, Lake Erie, Lake Huron, Georgian Bay, Lakes Michigan and Superior, and other connecting waterways on the St. Lawrence river as far east as the Lachine canal and the Victoria bridge at Montreal.

These regulations were adopted in the light of the existing international situation, and they parallel and complement the security screening provision applicable to U.S. seamen employed on vessels operating in these waters. I come to the Fair Wages and Hours of Labour section of the branch.

This section has two main activities: (1) The administration of the Fair Wages and Hours of Labour Act on government construction contracts and the two orders in council which I have referred to earlier. (2) the responsibility of recommending to government departments and to the treasury board the rates of pay of prevailing rate employees of the government.

With respect to the first matter, that is the administration of the Fair Wages and Hours of Labour Act, and the regulations, and orders in council which I have mentioned, the act governs the payment of wage rates by contractors; it provides for hours of labour; it provides for the extension of these hours by the minister of labour in matters of an emergency; it provides for overtime. The minister may establish overtime for these hours over the statutory hours of eight per day and 44 per week. The regulations provide for the collection of arrears of wages, from the contractor, and the payment to the employees.

A schedule containing classifications, wage rates, hours and other conditions, is prepared for and submitted to contracting departments or agencies at the time they are calling for tenders, and a copy of this schedule is submitted to each prospective bidder.

This schedule is later embodied in the contract between the department or agency and the successful bidders. Now, these contracts are inspected by our field officers as are also the requirements of any overtime permits that may be issued by the minister as the result of any emergency condition existing.

On complaints, or if as a result of an inspection we find that wage arrears may be owed to the workers for any reason, these wage arrears are collected from the contractors and are paid to the workers by the Department of Labour. The order in council, or the regulation under the act gives the minister that authority.

Under the second order in council, applying to contracts for the manufacture of supplies and equipment, it establishes fair and reasonable wage rates for workers, and hours of labour as established by the custom of the trade in the locality.

Since it is not possible to establish wage schedules on these contracts because the occasion of the contract area is not known in advance, as in the case of construction contracts, nevertheless, this schedule is included in each one of these contracts, and it sets out in detail the labour conditions applying thereto.

These contracts, like the government construction contracts are also inspected by the field staff of the branch to the greatest extent possible, and in any event every complaint that is made to the department with respect to these contracts is investigated at once.

In our prevailing rate, the work has become increasingly important in recent years, particularly in post war years because of the large number of workers employed on prevailing wage basis by various departments of the government. This work started in the Department of Labour early in 1944. Because of the complexities of government prevailing rate operations, the National War Labour Board found itself unable to deal with them satisfactorily, and by order in council the Department of Labour was given the responsibility of recommending the wage rates applicable to all classifications employed by government departments on a prevailing rate basis. This order was superceded later by three orders in council which apply to general prevailing wage employees, and to men employed on government ships, and to officers employed on government ships.

Each one of these orders in council contains a provision which brings the Department of Labour into the picture for consultations, and for recommendations of the wage rates, prior to being submitted to the treasury board.

There are about 40,000 of these prevailing rate employees, on the average, at the present time. There are a larger number employed in the summer than in the winter, but I would think that the average of 40,000 per year is just about right at the present time.

These workers are employed in public buildings, parks, forests, canals, airports, government dockyards and other national defence establishments, government vessels, special projects and so on. There are also about 3,700 commissionaires of the Canadian Corps of Commissionaires whose services are utilized by government departments and agencies at various locations across Canada.

Altogether there are approximately 450 different occupational classifications employed for which wage rate recommendations must be made.

Now, Mr. Chairman, on this point, might I be permitted to refer to a question, or a reference made by a member of the committee—I think it was Mrs. Fairclough—who asked why it was that the industrial relations branch needed to make wage surveys when we have surveys also made by the economics research branch of the department, and when the national employment service

have a number of offices across Canada who might undertake to do that work. I will endeavour to give the reasons why the department, or the industrial relations branch, must make its own survey.

As I have already indicated, for these government construction contracts we have to prepare a schedule which is included in each one of these contracts. This schedule contains classifications of employment in the contract; it contains the wage rates that are to be paid to each of these classifications; it sets out the hours and other labour conditions which apply to the contract.

Now, as far as the act is concerned and the definition, section 3(1)(a) of the act says; "All persons in the employ of the contractor, subcontractor, or any other person doing or contracting to do the whole or any part of the work contemplated by the contract shall during the continuance of the work be paid fair wages;".

Now, fair wages are defined in the act as meaning"—wages as are generally accepted as current for competent workmen in the district in which the work is being performed for the character or class of work in which such workmen are respectively engaged; but shall in all cases be such wages as are fair and reasonable;".

As I have already said, these wage rates for these contracts are submitted to prospective bidders, and these bidders make their bid, as far as wages are concerned, on the basis of these wage rates included in the wage schedule which we supplied to the contracting departments. As I said, they must be current wage rates, not wage rates established last year, and they must be fair and reasonable.

For that purpose, I say we have got to have up-to-date wage rate information. We cannot use the wage rates that are obtained on an annual survey basis, which is the basis used by the economics research branch. There is another reason, but first I wanted to say that most collective agreement wages paid in the construction industry are established early in the construction season, around May and June, and at that time we initiate a complete survey of wage rates in the construction industry right across Canada. Following this survey, a wage rate classification in the construction industry is established in a master wage schedule which we keep up-to-date every month by an examination of collective agreements that were obtained through our field officers, and were obtained from the economic research branch, from information we obtain from the provincial departments of labour, and so on. Every month this wage schedule is kept up-to-date, and we receive from contracting departments and agencies something in the vicinity of 20 or more applications for these wage schedules. So that we must have complete and up-to-date information on wage rates continuously.

The second reason why we must make these surveys and keep up-to-date wage information is this: we must, every day, have a complete knowledge of wage rates throughout Canada. We have to recommend to the various departments of government that their prevailing rate employees, that I have already mentioned under the prevailing rate policy of the government, be paid the rates that are current in the district which the government establishment is located. The prevailing rate means the rate that is prevailing for the day, not the rate that was prevailing a month ago or a year ago.

Consequently, when we have 450 different classifications of prevailing rate employees located at various places all over Canada in the various departments I have mentioned, it is absolutely essential that this wage rate information should be kept up-to-date. The only way to do that is to carry on these spot surveys. In any event, our industrial relations officers must know wage rates; and in fact, if they are to do a good job as conciliators,

they must virtually saturate themselves with wage information in their respective territories. They can get this education only by continual contact with employers and trade unions.

As to the extent we are involved in conducting wage surveys, our field officers are in travel status almost continuously, acting as conciliators, investigating applications for certification by trade unions, or inspecting government contracts, and consequently not much additional expense is involved making the necessary wage survey.

Finally, I would like to say at this point, in this and other matters we get helpful services from the economics and research branch, and from the national employment service; they are always helpful and cooperative.

This brings me to the third section of the chart, labour-management cooperation service.

Hon. Mr. GREGG: Mr. Chairman, I would like to interrupt Mr. Maclean just for a moment. As will be noted by his last remarks just a moment ago, these various functions, of course, are closely related. I just wonder whether or not your committee, Mr. Chairman, would like to call a pause at this point and make any comment on this matter he has been discussing, fair wages and hours of labour, or whether the committee would prefer him to go on and cover the others and then come back to this. I am sure that he would want to carry that out in the matter the committee would prefer.

Mr. MACLEAN: I am in the hands of the committee.

The CHAIRMAN: I suppose the committtee might like to ask some questions on this before going on to the other sections.

Mr. CHURCHILL: Mr. Chairman, I was wondering how much longer the report is, because it would be rather useful to have it all together in the published document.

Mr. MACLEAN: Mr. Chairman, I only have the labour-management cooperation section to deal with. It will be very brief. I can finish up in about two more minutes on the labour-management cooperation section, if that is the wish of the committee.

The labour-management cooperation service is an agency devoted to the constructive work of promoting good relations between management and labour. The service encourages joint consultation by labour and management through labour-management committees; assists them in establishing these committees and, when formed, helps the committees with advice, information and research in the field of industrial cooperation.

This work has been carried on by labour-management cooperation service, the industrial relations branch, since May, 1947. Prior to that it was directed by the industrial production cooperation board.

As an aid to the promotional work of its field representatives, the service prepares and distributes publicity material, research data, films and other information. During the fiscal year under review the research and publicity staff supplied information, and answered many inquiries concerning labour-management cooperation. In addition, specific projects are undertaken for the benefit of individual-management committees. A new series of regular discussion topics, designed to provide ideas and suggestions for the use of labour-management committees, has also been introduced.

Among the activities most frequently reported by labour-management committees are the following: measures to promote better understanding between management and labour, improved production efficiency, improved quality, accident prevention, good housekeeping, improved communications, reduced waste, and reduced absenteeism.

I brought along with me, Mr. Chairman, a few copies of pieces of literature which we distribute in connection with our Fair Employment Practices Act. It contains a number of broadcasts by a number of Canadians in the last year or so in connection with non-discrimination in employment, and one or two things in connection with the labour-management cooperation service. I could distribute those to members of the committee if they desire to have copies.

That is all I have for the moment, Mr. Chairman.

The CHAIRMAN: Thank you, Mr. Maclean.

Mr. BYRNE: I should like to ask Mr. Maclean, have there been many cases of violations of the Fair Employment Practices Act?

Mr. Maclean: The complaints of alleged violations from July 1, 1953 when that act came into force to March 31, 1956 were 17. The number settled by correspondence, investigation and concilliation were 13. One of these complaints lapsed, and on March 31, 1956 there were three cases, three complaints under investigation.

Mr. BYRNE: What were these, mostly? Were they racial, or economical, or discrimination?

Mr. MACLEAN: Well, they are mostly racial, or because of national origin.

Mr. BYRNE: How does the complaint originate; is it at the employment level, that is, at the investigation of employment?

Mr. MACLEAN: That is right. Some arise at that point, but most of them arise out of the lack of promotion, in some cases where they were already employed by the company and were not able to find employment in higher rated positions.

Mr. BYRNE: Did the unions, or someone representing the employee, bring in the complaint?

Mr. MACLEAN: No, they were usually made by the individual.

Mr. BYRNE: They were usually made by the individual?

Mr. MACLEAN: As a matter of fact, the complaints must be made to us by the individual.

Mr. BYRNE: Mr. Chairman, I have a question here that I was going to ask, and I still think it is sound, but Mr. Maclean has shown that there is a very efficient procedure of investigating prevailing rates. My question was, why do we not have a more efficient procedure. I have one particular instance in mind: the employees of the Department of Northern Affairs and National Resources who seem to be running behind constantly. That is, their rates are constantly behind the prevailing rates in the particular area, and the department has always said that they have to wait for the Department of Labour to make a survey and determine what is the position, while the employees themselves have said, in the last several years that they have been behind in their rates of pay, and it would seem to me—

Hon. Mr. GREGG: Could you mention the general area?

Mr. BYRNE: Yes, in Kootenay Park and Yoho Park they just do not seems to be able to get that information.

Mr. MACLEAN: There are times when the operating department, for some reason or other, does not come to us and make a request for a review of the rates regularly. Two years might go by, and in some cases even longer, before the employing department comes to the Department of Labour and asks for a review of the wage rates. Now, that has occurred in a number of instances; but so far as the Department of National Defence is concerned, that

is the department that employs the large percentage of the prevailing rate employees in the government that department has made an arrangement with the Department of Labour, to have a regular—that is the Department of Labour is to initiate the wage surveys. We do not have to wait for the other department to come to us, or at least, for the Defence department to come to us and ask us to review the wage rates of prevailing rate employees.

I think it is correct to say that some prevailing rate employees of the government have the idea that, in comparing their wage rates with the wage rates of certain employees in their own area, they are underpaid. I think that that is not an appropriate comparison. There are some industries, like the pulp and paper industry, for example, where there is a very high wage scale. That wage scale has been attained generally across Canada by collective bargaining, and by very good collective bargaining, as a matter of fact, on both sides of the bargaining table. The work that is done in the pulp and paper industry is, in my opinion, not entirely comparable with employees in the prevailing rate employees of the government. It is very seldom we use them in determining the wage to recommend to the operating department for any classification of prevailing rate employees.

We have got to look, not at the wages paid by any one industry, but a number of industries, or a group of industries that have employed classifications comparable with those employed by the government. For exemple, you take a dockyard at Halifax, there the majority of classifications employed are classifications that are ordinarily employed in shipyards. As a consequence, we use the shipyard classification, and the shipyard wages of pay in recommending the rates of pay for those employees. That is an example that governs, generally our policy.

Mr. BYRNE: Yes, one would not expect a park gate attendant to compare his wages with someone running a power saw?

Mr. MACLEAN: That is right.

Mr. BYRNE: I do not expect that; but when they make a comparison of an operator of a bulldozer in the park, or an operator of a grader with someone working for the provincial government, then I think they have a good case.

I am a little beclouded on the question of hours of work. We do not have an actual hours of work act that is applicable all across Canada?

Mr. MACLEAN: That is, to the prevailing rate employees?

Mr. BYRNE: Yes, or with the civil servents; it seems to fluctuate with the area itself.

Mr. MACLEAN: I do not know anything about the civil servants generally. I think it depends on the department concerned. But, so far as prevailing rate employees are concerned in the government, their hours of labour, under conditions of employment, are set out in these regulations that I mentioned earlier, the prevailing rate employees—general regulations.

Mr. BYRNE: Yes, but they are regulations, and they are not bound; they may vary with conditions?

Mr. MACLEAN: Well, I think the regulations permit variation in the hours, depending on the nature of the duty, the responsibility, and the area in which the work is carried on. That is a matter for the treasury board, not for the Department of Labour. Our responsibility there applies only to the wage rates. So far as government contracts for construction are concerned, of course the hours are statutory, eight hours in the day and 44 hours in the week.

Mr. BYRNE: That is all.

The CHAIRMAN: Mr. Gillis?

Mr. GILLIS: I was going to ask Mr. Maclean about these government contracts.

Mr. CHURCHILL: Before Mr. Gillis proceeds, could we take these in an orderly fashion, division by division? There are five of them, and the record is going to be very scattered if we go from one to the other.

The CHAIRMAN: I think probably that is a good suggestion Mr. Churchill.

Mr. GILLIS: If anyone wants to pursue that subject, I am quite agreeable.

The CHAIRMAN: Yes, that is this fair wages, or hours of—

Mr. CHURCHILL: I just wondered if we were—Mr. Byrne started off with fair employment and went to fair wages and hours of labour. We might question on fair wages.

The CHAIRMAN: I thought we actually could take the fair employment practices under item 184. We have not come to it yet, and then we could take fair wages.

Mr. CHURCHILL: If that is the situation, I have one or two questions on the prevailing wage rates arrangement.

I notice the witness said that the wages were determined as being not only fair and reasonable, but current. What is the definition of "current"; what period of time?

Mr. MACLEAN: I will say "current" means, as far as the Fair Wages and Hours of Labour Act is concerned, the time that we get the request from the contracting department, or agency for the wage schedule.

Mr. CHURCHILL: How would that apply, then, for example to the Corps of Commissionaires who are employed by the various departments of the government on prevailing rates of wages?

Mr. MACLEAN: They are prevailing rate employees. They are not employed under the Fair Wages and Hours of Labour Act, because the Fair Wages and Hours of Labour Act applies only to contractors that are doing construction work for the government of Canada. The commissionaires are employed as prevailing rate employees, but their wages are set on the basis of the prevailing rates for that type of employment in the area in which they are employed.

Hon. Mr. GREGG: And the request for them, although their employment is under the special arrangement of voluntary committees and all that, nevertheless, the Department of Veterans Affairs acts as the department to which the Corps of Commissionaires is responsible, and a request for a review of their rates comes to me from the Minister of Veterans Affairs.

Mr. CHURCHILL: Are their rates reviewed every year?

Hon. Mr. GREGG: Their rates are—

Mr. MACLEAN: More frequently than that.

Hon. Mr. GREGG: Yes, I should say more frequently than that, and always if a request is made for a review.

Mr. CHURCHILL: Are they adjusted during the course of the year?

Mr. MACLEAN: Yes, and more frequently than once a year, sometimes. You are referring to the Winnipeg problem?

Mr. CHURCHILL: No. Last year on the Veterans Affairs Estimates we were discussing the Corps of Commissionaires employed all across Canada. We noticed the difference, and it was because of the prevailing wage rates in the various areas.

Mr. MACLEAN: We found it very difficult in Winnipeg to find wage rates in the last two or three years which would permit us on a prevailing rate basis to increase the rates for commissionaires in that area. The wage rate paid to commissionaires by private employers in the Winnipeg area is quite low.

Mr. CHURCHILL: I was not, strangely enough, thinking of the Winnipeg area at the time. I was thinking of the picture across the country, and I was wondering about this matter of adjusting their wages throughout the year. We pass the thing in the estimates, and you make an adjustment in supplementaries; is that the way this is done, if it is done?

Hon. Mr. GREGG: If it is required to provide extra money, that is the way it is normally done, yes.

Mr. MACLEAN: We are making surveys continuously of commissionaires at one place or the other. It is not done for the whole group of commissionaires at one time. They may have a request from the Department of Veterans Affairs for a review of the rates for commissionaires at Halifax today, and one from Winnipeg tomorrow, and one from Vancouver the next day. If we have done got up-to-date information on wage rates in the area concerned, we immediately proceed to make a survey. In our survey we do not just cover commissionaires who are employed by local firms; we also cover classifications such as watchmen in private industry, guards and various classifica- of employees whose work is similar to or comparable with that of the commissionaires.

Mr. CHURCHILL: And what do you actually do when you assemble that information? Is it the average wage that you strike?

Mr. MACLEAN: Well, it is not the average wage. It is what we call the prevailing wage. It is the wage that is paid to the preponderant number of employees in the classification by private employers in the area. It would not be the average wage. It would be somewhere near the top 10 per cent.

Mr. CHURCHILL: How do you apply the test of fair and reasonable?

Mr. MACLEAN: That applies only to government construction contracts. In actual operation we accept the local rates paid by private employers, unless they are so low as to be not fair and reasonable in our judgment.

Mr. CHURCHILL: Or low in relation to what? What is the standard of measurement?

Mr. MACLEAN: If the local prevailing rates are not what we consider fair and reasonable, the standard is that which might be applied in some other area not too far distant.

The CHAIRMAN: Do you wish to ask a question on that, Mr. Gillis?

Mr. GILLIS: Yes, on the Corps of Commissionaires: you have only got $9,600 in your estimates for the Corps of Commissionaires. What authority has the government, or the Department of Labour in regulating wages for the Corps of Commissionaires?

Mr. MACLEAN: What item are you referring to Mr. Gillis?

Mr. GILLIS: It is on page 258.

Mr. BROWN: I think I can say that that is simply the cost of paying commissionaire services for our own department.

Mr. GILLIS: That is right; that is exactly the point I was going to make. The Corps of Commissionaires is a pretty loosely knit organization. There is a lot of criticism of it. It is designed to look after old veterans and provide them with some income. But, that organization is set up in different communities across the country by some private individual. In most cases it is some retired general or colonel.

Hon. Mr. GREGG: Unpaid.

Mr. GILLIS: Not unpaid, because a certain percentage of the pay of the man who has the job, the commissionaire is rebated back to administration, or administrative costs. So he is paying for his job to some extent. Of course,

as Mr. Churchill suggests, there is a wide difference in rates paid right across the country, because they are used for all purposes. If the Government is using them there is a more uniform rate. But, if they are farmed out as doormen, private watchmen jobs and that kind of thing, the rates are quite different.

Has your department ever considered making that organization a national organization and bringing it under the Department of Labour, preferably, and setting some standards for them, not only for wages, but hours and so forth?

Hon. Mr. GREGG: Now, Mr. Gillis, what you said a moment ago about the retired general in the centre acting as the manager: it is usually true that somebody associated with the armed forces, who has time at his disposal, functions on a committee. In a given province or region, a very effective or very large committee serves without any pay whatsoever, and they pay their own travelling expenses. They do have a secretary who is paid—usually a secretary and one or two girls, and that is all.

Some of the money that the commissionaire refunds to that little headquarters does go to pay these expenses, which are not very great. Much of it goes for the benefit of the commissionaire himself, to help pay for his uniform, etc.

Now, were the Department of Veterans Affairs, or the Department of Labour to take over that organization and make it a national body directly responsible to government, I am sure, in either case, it would cost the taxpayer a great deal more, and I am sure it would be as effective as it is now.

You said that those in the employ of the departments of the federal government get the same amount of pay. That is not quite right.

Mr. GILLIS: I said that—

Hon. Mr. GREGG: All that are employed here in Ottawa.

Mr. GILLIS: I said you bring some uniformity into the rates.

Hon. Mr. GREGG: I thought you inferred, at the present time, those employed by the departments get the same pay.

Mr. GILLIS: No.

Hon. Mr. GREGG: No. That is all right.

I have seen a lot of this, and I have seen a lot of the men that are serving in it. Mr. Maclean's organization has taken, to my personal knowledge, a very great interest in this, as it has in its other phases of work. But on this particular item I have seen more of it than I have of the other phases of his work, and I do feel that the Corps of Commissionaires are performing a very useful purpose. From the many I have talked to individually, and asked if they had any complaint, or if everything was going all right, it has been very rarely that I have had a complaint about anything of importance.

Mr. GILLIS: Well, that has not been my experience.

Of course, this is not a new question to me. I have dealt with the Department of Labour for a good many years now, and I had a lot of suggestions made for the Corps of Commissioners to the deputy minister's office. I also get a lot of complaints, not only from my own end of the country but from different sections of the country about the question of the lack of uniformity in the rates of pay.

You know, Mr. Minister, when you look at that group of commissionaires, they are practically all men who offered their lives for their country and have outlived their usefulness as far as industry is concerned. They had no provision for their future. They take this job, as it is today, as a charitable gesture. We say. "We will give you a job, and it is on this basis; but remember, you are lucky you have got a job. You are farmed out wherever we want to farm you out." I think we owe more to that group of men than

that kind of an attitude. I suggest that the commissionaires are performing a useful service, and in the light of their situation, I think they are entitled to some recognition on the part of the government. I firmly believe that the Corps of Commissionaires should be made part of this set-up as a national body, and it should be administrated nationally, and uniformity brought in right across the country. I think it will have to come to that. It is a pretty loose piece of administration, the way it works now.

I get lots of complaints. I get them from Ottawa, here, and I get them from my own end of the country. I talk to a lot of the boys at home when I am home. They are in my own constituency and depend upon people like myself and the minister who are old worn out soldiers.

Hon. Mr. GREGG: You must have a kinder face, Mr. Gillis, because a week ago Sunday I talked to some commissionaires in your home city, and asked them—I did not talk to all of them, but those who were on duty at a function there in uniform and I spoke to them and had no complaint.

Mr. GILLIS: Employed by your department, yes. You meet them around the national selective service office and you meet them around the income tax offices. These boys are all right because they come under your department for administration purposes. They have somebody to come to. But you talk to the fellow that is a doorman at a hotel, or who is on night shift somewhere, or is attached to the R.C.M.P., and they often are around the airports, and you will get plenty of complaints. The boys in the government employ, they are not too badly off.

The CHAIRMAN: Mr. Enfield has been trying to get a question in.

Mr. ENFIELD: Just one point to clarify my thinking on this, Mr. Chairman. Am I right in saying that this Fair Wages and Hours of Labour Act applies only on construction contracts let by any government department?

Mr. MACLEAN: That is right, and agencies of the government. The Department of Defence Construction, Central Mortgage and Housing etcetera.

Mr. ENFIELD: Are you saying that this act applies to all crown corporations?

Mr. MACLEAN: It applies to all crown corporations that are contracting for construction the National Harbours Board, for example.

Mr. ENFIELD: But it is limited to construction?

Mr. MACLEAN: Construction, demolition, repairing, remodelling, and any work, including ships.

Mr. ENFIELD: That is, the act applies to any contracts made by any government department or government agency for the construction of anything?

Mr. MACLEAN: That is right. You would have to exclude the Canadian National Railways.

The CHAIRMAN: And also the manufacture of supplies and equipment, is that not correct?

Mr. MACLEAN: Not the act. It is the order in council that governs the wages and hours on contracts for the manufacture of equipment and supplies.

Mr. ENFIELD: But you are excluding the Canadian National Railways now?

Mr. MACLEAN: Yes. They come under the Railway Act. They have their own regulations.

Mr. ENFIELD: So that there are other overriding acts that can effect the sphere of the activity of this act?

Mr. MACLEAN: Yes. I mentioned in my remarks that in some of the depratments, the largest of them—the largest amount of contracts for construction and so on, comes from the Defence Construction Limited, which does

all the construction work for the Department of National Defence. There are certain types of Central Mortgage and Housing operations where they are directly involved in building, themselves—that is, where the corporation is directly involved in building houses, or any other construction work.

The CHAIRMAN: Just to clear that up, Mr. Maclean, is not the order in council governing wages, and conditions applied to contracts and manufacturing supplies and equipment also passed under the Fair Wages and Hours of Labour Act?

Mr. MACLEAN: No, sir, it is a supplementary order in council; but it has no reference to the Fair Wages and Hours of Labour Act. The only regulation we have under the Fair Wages and Hours of Labour Act is one which gives the minister permission to collect arrears of wages.

Mr. ENFIELD: What is the principle that gave the incentive to the act that covered that particular field of activity, construction work?

Mr. MACLEAN: The history of it is that it was apparently thought appropriate by parliament in 1935 to pass such an act. Why they passed an act instead of an order in council, I am not in a position to say, because I was not in the government service at that time.

Mr. ENFIELD: Was it felt that there needed to be a regulation of the construction industry.

Mr. MACLEAN: I think probably the fact is that there were demands for that from the trade unions, and probably from some other groups. As a result it was felt desirable that the policy of the government should be expressed in an act of parliament rather than an order in council.

Mr. BROWN: It is a common practice. You will find it in the provincial field and you will find it in the United States. They have similar legislation.

Mr. WESELAK: Do you have such corporations, for example, as the National Research Council, and Central Mortgage and Housing who employ quite a number of people—do they come under the Fair Wages and Hours of Labour Act or do they come under the provincial act or do they not come under any act?

Mr. MACLEAN: Well, for collective bargaining purposes they come under the federal industrial relations and Disputes Investigation Act, and I presume that would be true also for their other operations as well. It is possible that there may be some provincial regulation that applies to these crown corporations, but I am not sure. As far as collective bargaining is concerned, these crown corporations do come under the federal act.

Mr. WESELAK: As to the actual minimum wages, who would be the enforcement authority of that?

Mr. MACLEAN: The collective bargaining in all this arises from—well the Polymer collective bargaining, National Harbours Board, atomic energy and so on.

Mr. CHURCHILL: Mr. Chairman, I want to refer to the Corps of Commissionaires, and I support Mr. Gillis in his plea that some regulation of that corps under government auspicies might be attempted. Mr. Gillis suggested the Department of Labour, which I think is wise.

Last year on the Estimates Committee the Department of Veterans Affairs were considering this matter and made a similar plea. I think the Minister of Labour is in a very good position to take the initiative along these lines because of his experience with the Department of Veterans Affairs, and now with this department. The first step is information.

Now, the minister said he thought the cost to the taxpayers would be rather large if the Corps of Commissionaires were to receive the same pay rate across the country. Let us get the facts and figures. Can your research division

give this committee information as to the number of commissionaires in the corps, the grand total, and the number employed by the various government departments, by department, and the prevailing wage rate, and let us have a look at it. That information then would give us some indication as to the cost of any proposal to balance out the wage rates for the commissionaires.

I think this corps, as Mr. Gillis mentioned, has been doing very efficient work. It is now on a permanent basis, I think, and has proved its usefulness. The men who are permitted to enter the Corps of Commissionaires are very carefully selected. They have had service, and their character references have to be adequate. They are given positions of very considerable responsibility, and their reputation, I think, has been established.

Now then, to make the next step, to do something about it, comes within the government departments. The commissionaires are used rather extensively; but no one department is, at the moment, prepared to accept a greater responsibility for them. So, could we make a start with getting that information that I have suggested?

Hon. Mr. GREGG: Mr. Chairman, as I indicated a little while ago, this is work which formally comes under the Department of Veterans Affairs. I extended a little over the borderline because of the points that were raised; but speaking strictly, I suppose our interest in it with respect to the Fair Wages and Hours of Labour Act ought to be exactly the same as with respect to any other workers under other departments that serve federal departments, that came to the attention of the Department of Labour, in conjunction with the Department of Veterans Affairs, or under their estimates. I am sure we can get the information that you want, and I will speak to my colleague about that.

The thing that I think is important about the whole organization, and the one thing that has added to its success, is that it is quite a successful field now for work for older veterans who would not otherwise be able to get work, and in placing them in positions of trust and positions of responsibility, and key positions, setting an example of discipline and responsibility to the young people who are working at harder jobs physically. The councils that govern and guide the work of the commissionaires in each of the provinces, as mentioned, do that on a voluntary basis. It would be impossible for the government department to hire that kind of service. They are the first people who appraise the value of the work to be done. If a private corporation in that province and in that area had to pay the standard rate—I am going to take an example in my own area, for instance, down in the city of Fredericton, New Brunswick. If the Bank of Montreal in Fredericton, New Brunswick, wanted a commissionaire on the job, and had to pay the same rate as in the great city of Toronto, at the national employment office in Toronto, I do not believe that the commissionaire would get the job. I do not think they would hire one. That is a factor. It has been due to the fitting of the wage scale of the commissionaire into the community in which he happens to be, that has enabled the recruitment, and the finding of jobs for them on the part of the councils.

Those governing councils, of course, work hand in glove with our national employment service; and in our national employment service there is always on the staff a veteran, a veteran employee who has, as part of his responsibility, to maintain contact; and when an old chap comes in and cannot be fitted, he picks up the phone and calls up the Corps of Commissionaires' secretary, or the girl. That service is all provided without any charge whatsoever.

If my memory is correct, I think those councils, under their national council, have a set ceiling. They get about $1.15 an hour. Based upon that ceiling, which is worked out in their own way, then, at the request of the Department of Veterans Affairs, Mr. MacLean's department attempts to work out a fair adjustment and recommendation.

Mr. MACLEAN: And it is free.

Mr. CHURCHILL: Mr. Chairman, I appreciate what you say about the employment of commissionaires in some private concerns, but I would like to make the statement that those who are in the government service—and that is where we need the information, as to the number who are employed—the Department of National Defence employs a very large number of commissionaires.

Mr. MACLEAN: There are about 3,700. I gave that figure before.

Mr. CHURCHILL: The total of government employed commissionaires?

Mr. MACLEAN: The total of government employed commissionaires.

Mr. CHURCHILL: Yes, and what is the total in civilian employment?

Mr. MACLEAN: We would not have that. We do not know. The Department of Veterans Affairs would know that; but as far as we are concerned, we know only the number of commissionaires employed by the government, and who come to us for the recommendation of wage rates.

Mr. CHURCHILL: Yes, but my point is, you cannot argue on the basis of civil employees in the Corps of Commissionaires when you cannot, or are unable to make a comparison with those who are in the government employ. What I object to is that, the minister was arguing that a commissionaire employed by a private concern in Winnipeg or Toronto, or Montreal naturally would not get that employment, or might not get that employment unless it was under the prevailing wage rates. There is some merit to that argument, all right; but unless we know the number of commissionaires who are engaged in civilian employment, we cannot, and do not know how much weight to place on that argument.

It may be that 90 per cent of the commissionaires are in the government service. That is the point that I am after.

Hon. Mr. GREGG: It would be easy enough to get that figure. I will certainly get it, but it would not be 90 per cent. I think it would be closer to, as a rough guess, 60 per cent government and 40 per cent private. I think that is about the proportion.

The CHAIRMAN: I suppose, Mr. Minister, there would be no objection to getting any regulations that have been passed under this treasury board order 482506 on February 8, 1955, which set out the rates that are to be paid by the departments of government?

Hon. Mr. GREGG: To commissionaires?

Mr. MACLEAN: There are a great many.

The CHAIRMAN: I was going to say that would be quite an extensive job; but if any member of the committee wanted to have a look at it, he could?

Mr. MACLEAN: There are around 40,000 of these prevailing rate employees, plus 3,700 commissionaires. The only way that information could be obtained right up to date, would be to get it from the departments that are employing, not from the Department of Labour.

The CHAIRMAN: It states here in the annual report, "... and included the provision that amounts payable under agreements between government departments and Canadian Corps of Commissionaires should be based on such rates for each commissionaire supplied by the corps as the treasury board, after consultation with the Department of Labour approves."

Mr. MACLEAN: Oh, yes, we can get that governing order in council. I thought, Mr. Chairman, you were asking that we should supply a list of all the classifications of prevailing rate employees, and the rate of pay that we recommended for them.

The CHAIRMAN: No. The committee is interested in what the departments are doing in regard to this Corps of Commissionaires. It is under the treasury

board order; you are making recommendations under that order, and if you could tell the committee just what your last recommendation was in regard to these rates, you would be giving the committee, I think, what they are really interested in at the moment. I think that is what you wanted, Mr. Churchill?

Mr. CHURCHILL: Yes.

Mr. MACLEAN: I might make it clear, Mr. Chairman, that the last recommendation our department made with regard to prevailing rate employees would not be one which would apply to all prevailing rate employees, because we are making recommendations every day.

Mr. BROWN: This is done under this government order in council, establishing the basis upon which the rates are developed.

The CHAIRMAN: In regard to the Corps of Commissionaires employed by the departments of government?

Mr. MACLEAN: We can get the orders in council on that, if that is all that is required.

The CHAIRMAN: Yes, I think that is what Mr. Churchill wanted to have as a basis for further examination.

Mr. GILLIS: We are finished with that?

The CHAIRMAN: If we are going to move to something else, I think the time has arrived for adjournment.

Mr. GILLIS: I was just going to ask Mr. Maclean about those construction contracts, and it is part of this section.

The CHAIRMAN: Yes. If you were to indicate some of the questions you are going to go into this afternoon, they might be prepared with the answers—if you indicate just what you are going to ask, Mr. Gillis.

Mr. GILLIS: I would like to find out from Mr. Maclean whether, with respect to these construction contracts that you read out, in any community in Canada, there is a provision in such contracts the contractor should contact your local national employment office for employees. Secondly, is there any preference for a veteran in these government construction contracts?

Mr. MACLEAN: There is a provision in the labour conditions inserted in each construction contract, that all workmen employed upon the work to be executed pursuant to the said contract shall be residents of Canada, unless the minister is of the opinion that Canadian labour is not available, or that special circumstances exist which render contrary to public interest the enforcement of this provision.

So far as the regulations, there is no provision which expressly requires the contractor to give consideration to veterans, or to any other particular group, or the compulsory use of the national employment office. That is not in these regulations, but I understand that some of the departments of government have regulations for themselves which require them to consider veterans.

Mr. GILLIS: What I have in mind, Mr. Maclean, is this: I think you are pretty well aware of the case where a contractor comes in from Quebec to some part of Nova Scotia. The technical men, of course, he takes with him, but when he lands in the community, he is totally unfamiliar with it, he does not know where to look for labour. If there is an unemployment problem he is pressured from all sides.

Now, a short-cut, I think, and the logical thing for him to do—and I think it should be part of his contract, when he comes into the community—is to go into your national employment office, where he will find all the data and any type of employee that he wants. He should draw his employees from that office.

I ran into a few cases myself. We got a contractor and some of his staff together, and he said, "Well, when I came in I did not know anybody here; I did not know where to go and I was stormed from all sides, and I was threatened by some people, so I just took what I could get". He would be quite happy, he said, if he had some direction coming in to go through the employment office here. He would have been quite happy, and he thought he would have got a better job done.

The Legion is very hot on the point of veterans preference. With a lot of unemployment, where a contractor comes in, the Legion looks out for their own people.

Hon. Mr. GREGG: Mr. Gillis, I will make a note of it myself that we will take up this matter when we come to the item of national employment service because, while there are not that kind of teeth put in the contract, nevertheless an increasing effort is being made, by consultation and salesmanship if you like, to do the thing that you would like to see done.

That information is all provided to the national employment service immediately. For instance, the Defence Construction people provide them right away with a list of the contractors, and not only the primary contractor but the subcontractors. The information is passed on by Ottawa to the regional local office, and it is the duty—and they are stressing that very strongly of late—of those officials to get in touch with the local management, or representative who has come into the city or who has come into Fredericton, and tell him of the services that are available. They tell me that they are getting increasing cooperation, because, as you indicated, it saves the contractor a lot of work.

When that is put into effect, although not laid down in the same compulsory fashion as it is in the Civil Service Act, namely the veterans' preference, nevertheless I think you will agree that if the contractor asks for his men from the national employment service, due to the continuing presence in that national employment office of a veteran's representative, a veteran's friend, with everything else being equal the qualified veteran gets the preference.

Mr. GILLIS: All the machinery is there.

Hon. Mr. GREGG: It is all there, and it is up to us, the Unemployment Insurance Commission and the national employment service, to sell their services. I believe, and I hope that they are doing that more and more particularly in connection with these contractors that come into strange areas and do not know their sources of workers.

Mr. PURDY: Surely, Mr. Minister, there is no contractor in Canada today who does not know about the employment office? A contractor that is in the contracting business knows all about the unemployment insurance.

Hon. Mr. GREGG: Yes, I think they do, Mr. Purdy; but what often happens, as Mr. Gillis pointed out, is that if the firm sends an advance agent into the territory, immediately he gets into the territory, if there is a bad unemployment situation, he gets representations made to him for jobs, and before he gets a chance to get himself organized he is in a muddle.

Mr. GILLIS: And disorganized.

Hon. Mr. GREGG: Instructions have gone out, and they went out last year, to the regional and local offices. Under those situations, the manager should get in touch with the representative of the contractor and make his services available.

Mr. GILLIS: Now, Mr. Minister, I want to make it clear, there is no fault with your office in that respect.

Hon. Mr. GREGG: Thank you very much.

Mr. GILLIS: No fault at all; but I think if you had a clause in the contract directing the contractor to get in touch with the office when he comes into the community, that would solve the problem.

Hon. Mr. GREGG: And suppose he did not, would you put him in jail?

Mr. GILLIS: No, no, I think they would go in. I know of one case where a contractor had 160-odd people doing a job that was going to last for some time, and it got messed up so badly that finally I got in touch with the manager of your office, we got the contractor and some of these people in, and we sat down and had a discussion one evening about it, and ironed it out. He said that if he had had any indication at all where to go, he would have gone there.

Hon. Mr. GREGG: Mr. Gillis, it is not enough to say that the Department of Labour does not issue such contracts. The other departments do, and the other estimates are still before parliament, but—

Mr. GILLIS: Would you consider writing a clause in those contracts advising the contractor to get in touch with the local employment office?

Hon. Mr. GREGG: As I say, Mr. Gillis, we have no such contracts of our own; we do not build or buy anything.

Mr. GILLIS: But you let those contracts out and you determine the prevailing rates and hours of labour.

Hon. Mr. GREGG: And non-discrimination.

Mr. GILLIS: And non-discrimination that is exactly what I am trying to avoid.

Hon. Mr. GREGG: I think there would be certain objections, but I will say this, that I will take your representations on this point under consideration, and discuss them.

Mr. CHURCHILL: It comes under cooperation of management and labour, does it not?

Hon. Mr. GREGG: It come under cooperation, in a big way.

The CHAIRMAN: We will adjourn until 3 o'clock this afternoon in this room.

AFTERNOON SESSION

APRIL 24, 1956.

The CHAIRMAN: Order, gentlemen, we have a quorum.

Mr. STARR: Mr. Chairman, last week at the first meeting, I think it was, I asked a question about the method used by industry to request their requirements in labour, through the unemployment insurance office, as to the type, and so on, and it was said at that time that that question would be answered, or some information given on that answer when we came to that particular item under which it would naturally come. I was wondering which item was meant, and whether it comes under this item 182?

Hon. Mr. GREGG: That would come under unemployment insurance, Mr. Chairman, 196.

Mr. STARR: Oh, unemployment insurance.

Hon. Mr. GREGG: That is on page 38.

Mr. STARR: Why would it come under that? It is a question of hiring, is it not? My question was in regard to the hiring of labour by an industry.

Hon. Mr. GREGG: Through the national employment service?

Mr. STARR: Yes.

Hon. Mr. GREGG: It will come under the Unemployment Insurance Act, and we will be prepared to deal with that then.

Mr. STARR: Fine.

The CHAIRMAN: Item 182. Are we through with questions on fair wages? The next item is conciliation, and you have not finished your statement on conciliation, had you?

Mr. MACLEAN: Yes, for the time being, Mr. Chairman.

The CHAIRMAN: Are there any questions on that, under that heading "conciliation"?

Mr. CHURCHILL: This, I understand, is the largest part of the work under this particular division of the department, and I was wondering whether the conciliation as outlined in the present act is as satisfactory as might be desired, or are there any plans in the mind of the minister and the department with regard to any change of the present method, or what proposals, if any, have been put forward to alter or to improve the methods of conciliation. How do we stand on this particular matter?

Hon. Mr. GREGG: Well, Mr. Chairman, on the conciliation procedure, generally, in spite of criticisms that have been appearing in the press and across the country with respect to it, we feel, in the department, that it is working very well indeed, in our view. It is not only our opinion, but when the great labour organizations appeared before the government last December, the Trades and Labour Congress said that—and I think these words, or something to this effect were used—the Industrial Relations and Disputes Investigation Act as applied to conciliation was working reasonably well. Something in the same line was indicated by the railway organizations that appeared.

That does not say that it is perfect in any sense of the word, but, like so many laws, this act is only good if there is a spirit behind those who operate under it to make it work, and to make it work effectively.

One of the main criticisms that has been levelled at us in the federal jurisdiction, as well as some provincial jurisdictions, has been with regard to long delays in the procedure of conciliation. There have been delays, but those delays have come about for various reasons. Sometimes it has been due to the government or the department; quite often it has been due to organized labour; quite often it has been due to organized management.

There are plenty of places where delays can take place. There could be delays in getting negotiations under way in the first instance. Then, there may be delays in seeking to ask the department for a conciliator, but usually not very much delay there. We have tried very hard, and I think with some success, to see to it, that as far as we in the department are concerned in the matter of the appointment of conciliators, conciliation officers to go out to the parties and, failing that, in the appointment of conciliation boards, that we should not be guilty of causing delays.

Now, sometimes it is not convenient for the labour side of the negotiating table to meet with the conciliation board. It is also true that the board might not be prepared to act immediately, and the same is sometimes true of the management side. Perhaps sometimes conciliation boards have taken a little too long in preparing their reports but, on the whole, it has, in my opinion, worked quite well.

We have had a study of these matters going forward constantly, not only by the department, but, as included in one of the items that were mentioned, studies of those who are interested in these matters. Universities have been carrying out supplementary studies to see if the machinery could be improved. Out of those studies a variety of ideas has been brought forward.

One school of thought has said you should appoint a conciliation board, and have as its first objective the reaching of an agreement between the two parties, regardless of whether that is a perfect agreement, but as long as it is an agreement, so that the operation can go forward. Others have claimed that the

conciliation board should have more of a judicial character, in that a perfect solution of the dispute ought to be worked out, and after that has been submitted, the two parties should get together on that basis.

Simplifying that, I think, Mr. Churchill, there could be, and I think there should be, a constant review of the act itself. I think more important than that is the kind of approach everybody makes toward it, and carries it out.

I know Mrs. Fairclough raised the point on this the other day, and if this section is completed today, before we finish with the Department of Labour, if she is not back, on the point that she raised regarding it, I will be glad under item 197 to make a statement, or have one of the officials do so.

Mr. CHURCHILL: You are mentioning the delays that occur for various reasons, and I presume that is the major cause for complaint. Could you trace the steps in conciliation in the cases that are referred to conciliation officers, according to your report; how is the conciliation officer put into operation, what is the origin of the complaint, or—

Hon. Mr. GREGG: He is brought into operation by the request of both, or one of the two parties. Let us say the contract between the two parties expires on the first of June. Under their agreement they have the right to enter into negotiations a month earlier, that is on the first of May. We will say that on the first of May the unions have put forward their representations —of what they want put into the new agreement on the first of June.

On that basis we will imagine that the two parties get together and discuss it seriously and earnestly. At that very early stage the dispute is really not a dispute, but an advanced look at the possibilities of a new agreement. That is the time when perhaps the opportunities are missed. Not always has it occurred that serious deep down negotiations have taken place at that stage. However, whether that is true or not, if they reach a stalemate, and if in the opinion of one of the two parties it would be helpful to have a conciliation officer from the Department of Labour come in and see what can be done to bring the points of view together, or bring in some new factors, or new information that would be helpful, then the authorized bargaining agent, or representative of one of the parties, or both, write the Minister of Labour a letter to that effect and say, "Will you send your conciliation officer?"

As soon as that is done, we send them the best man we can find for that particular task. He is available to them for whatever time will be helpful. Of course, if the agreement is reached—well, that is fine, that is the end. It may well happen that in a few cases, and it is a comparatively few cases, he comes back and says, "I have done as much as I can; I think probably you will have a request for a conciliation board". Then, from both parties or from one party, the Minister of Labour may receive a request for a conciliation board. If he does, he has the right, of course, to do it, or not to do it; but normally he, or his department comply with that request. He writes to the two parties and says to them, "I am willing to appoint a conciliation board. Will you make your nomination to that board".

After receiving the nominations from the two parties, it is the standard procedure to request these two representatives to confer together to nominate a chairman who would be satisfactory to those two representatives. That sometimes happens. Sometimes it does not. If they do nominate a chairman, then the Minister of Labour automatically gives his endorsation and appoints the whole board, the chairman and the two representatives constituting the board. The composition of that board would have been completely made up outside of the Minister or the Department of Labour's jurisdiction. If they cannot agree upon a chairman, then it is the duty of the Minister of Labour to appoint a chairman, and then the chairman takes over.

The role of the department, following that, is to provide any assistance, any assistance that may be necessary, or the provision of any material that may be called for, or providing a place for the board to meet.

In due course the board presents its report, if it has not been possible to achieve a settlement while the hearings are taking place, or while the material information is being gained. If the board has been helpful in reaching a settlement, then, of course, it is fine, and it is all over. If they have not, then as early as possible—and there again sometimes there are delays—as early as possible the board should make its report to the Minister of Labour. That is sometimes a unanimous report of all three. It is sometimes two and one, the chairman plus one providing a majority report, with a minority report. Sometimes there are three reports, namely: the chairman, the management report and the labour representative's report.

Upon receipt of that report, or those reports, the minister has to send the reports to the two parties concerned, and each of them in turn replies and tells the Minister of Labour whether it accepts or rejects the report, or any one of the reports. If they both accept, again it is the end of the series. If they do not accept, then it is a question—or, rather, if they both reject, or if one accepts and one rejects, then further negotiations may take place.

Mr. CHURCHILL: Under whose direction there?

Hon. Mr. GREGG: It may be at the request, or the Minister of Labour may appoint a mediator or may ask them to accept a mediator to assist or may do so without their formal request.

After the receipt by the two parties of the conciliation board's report, then following a certain number of days—the union may call a strike.

Mr. MACLEAN: I might just add, Mr. Chairman, that there are time limits imposed in legislation for each one of those steps in the conciliation process.

Mr. CHURCHILL: Yes. What are those time limits?

Mr. MACLEAN: For example, when the conciliation officer is requested, the act says that the minister shall forthwith appoint an officer. That is done immediately, or as quickly as the officer can be obtained, and they are usually available within an hour or two of this request for a conciliation officer.

When he is appointed by the minister, he is required to report, under the act, in 14 days. Otherwise he must get an extension from the minister for a further period. That does occur sometimes because of circumstances that exist, namely: during his assistance to the parties, the parties may ask for further information, or they may have difficulty. The conciliator may have difficulty in arranging the initial conference, or subsequent conferences. Then, if the conciliation officer is unable to achieve a settlement, he discusses with the parties the question of a conciliation board. He then reports on that. Then the board is appointed, and the minister has indicated the steps that are taken there. That board has got to report—when the board is appointed and fully constituted, the act requires that that board report in 14 days. The act also provides that the minister can grant extensions of time to that board for any reasons that appear to him to be reasonable.

I might say, however, that these boards are constituted as quickly as possible. The only delay that occurs in the appointment of a board is the delay caused by the difficulty of the minister in getting a chairman, where the chairman has to be selected by him. That does occur once in a while, but not very frequently.

In connection with the extensions granted to conciliation boards, the policy pursued by the minister is to see that these extensions requested by the board are justified, and it is only infrequently that these extensions are requested when both parties to the dispute are in agreement. In other words,

we want to know from the board whether the parties are in agreement, and whether the board is in agreement that the extension should be granted.

Now, there are not many of these delays. It is true that there are some delays in some cases, but not in all cases. I think they are more infrequent than they are frequent.

Mr. CHURCHILL: About what time would be required to set up a conciliation board, on the average?

Mr. MACLEAN: It depends to some extent on how fast the parties are. There are limitations imposed thereto. For example, if the conciliation officer in his report states that he was unsuccessful in finding a settlement to the dispute, and recommends that a board should be constituted, that he discussed the matter with the two parties and they are in agreement that a board might help, then the board is set up forthwith. We write immediately to the parties, requesting them to nominate their representative to the board. They are permitted, under the act, I think seven days in which to make that nomination. If we do not hear from them within seven days, we check up on them—a telegram is sent to them immediately, and in most cases we find that the parties will have the name of their nominee, sent forward to the minister within the time limits of the act.

As the minister has indicated, we immediately communicate with the parties' representatives nominated by the parties and ask them to confer with each other. They are given a certain number of days, I think it is five days, in which to agree upon a chairman. If in that time they are unable to agree, they report to the minister, and it is up to the minister to try to find a chairman. Sometimes, as I have said, it is very difficult to get a chairman.

Hon. Mr. GREGG: I have just been running over this, Mr. Churchill and in my very short experience in this field, I think on the average the process that Mr. Maclean has outlined, from the time of the application for a board until the day that the board is officially appointed, would be about three weeks.

Mr. MACLEAN: I think that is a fairly reasonable estimate—sometimes it is less, and a few times when it has been a little more. Our main difficulty is, sometimes, in getting a chairman.

Mr. CHURCHILL: Have any suggestions been put forward to get over that very difficult job of appointing a chairman? I can see quite a bit of delay there, where you suggest a chairman to management and they say, "No," and you suggest a chairman to the union, and they say, "Yes" and then it goes back to the management, and they say, "No".

Mr. MACLEAN: No, that does not happen. The minister makes the appointment regardless of the parties.

Hon. Mr. GREGG: The representatives of the two parties have the right to get together and say—

Mr. CHURCHILL: Their nominee might have rejected in the first instance.

Hon. Mr. GREGG: If they can get together as soon as they are nominated, each nominated representative of the two parties, they can pretty well decide at one meeting whether they can agree on a chairman that each of them thinks would be acceptable to each of the represented parties.

Mr. CHURCHILL: Where does your difficulty come in?

Hon. Mr. GREGG: If they can come to that agreement and tell me who it is, then I would appoint that man, but if they cannot agree, then it becomes especially important for the Minister of Labour to try to find somebody who will be able and fair, and with some knowledge of the dispute. To find that individual who is available to step into that picture takes a little time.

Naturally of course, while this procedure has been going on, there has been some thought given to the possibility of having to appoint a chairman,

but it always takes a little time to find a man who is able and available to do the job, if he can take it.

Mr. CHURCHILL: On appointment of the chairman by the minsiter that is the end of that particular matter. The two sides to the dispute have not the right to object to the chairman, have they?

Hon. Mr. GREGG: No.

Mr. CHURCHILL: Have you established at any time a panel of chairmen that would be available on call?

Hon. Mr. GREGG: No, we have not as such. We have not established a formal panel of individuals who could be referred to as a panel of chairmen. We have of course from time to time asked the same person to be chairman of various boards, but it was only because we felt that such a man was the best available and best equipped for that purpose. But he has not been on any kind of formal panel.

That has been discussed as one of the improvements that might be brought about, as to whether it would be sound or not to have a formal panel of chairmen from various industries such as the airways, the seaways or the railways, or what have you in our jurisdiction to be able to concentrate on these things that came especially to them. Some say that if you do that, if you have Mr. "John Jones" standing by as a conciliation board chairman, and nothing else, then why is he any better than our conciliation officer who went out because he carried with him perhaps—and he might be criticised for carrying too much of the governmental point of view in to the dispute. But these things are being considered.

Mr. BYRNE: Could not one measure of success be taken from the fact that out of 80 disputes referred to the conciliation officer, there have been only two legal strikes and one case referred to arbitration. I think that in itself is an indication that there has been a fair measure of success.

Mr. M. M. MACLEAN: Following up what the minister said about this question of choosing chairmen of conciliation boards from panels, the difficulty there is what kind of people to put on these panels. There are very few people in Canada who have achieved the point of eminence in industrial relations and labour relations work who are available every day in the month, or even for a certain period every week, or a certain period every month for this type of work. We have indeed a very substantial list of possible chairmen who may be available if other pursuits permit them to accept appointments, and in that connection we have had very considerable success in securing people from the judiciary to assist in carrying on this work.

We have used people from the universities, and we have used a good many lawyers when we found they were available, and people who have had experience in this work, particularly, and who have had an opportunity and who have the aptitude for carrying on and for doing mediation work. There is not much sense in putting people on these boards who know nothing about the problems, and who have little knowledge of labour relations or of collective bargaining. We have tried to find people who have knowledge of these matters, and I do not think we are in a position here in Canada today to establish panels, either for any particular industry, or general panels of people who are available, because, as I say, there are such people, but there are very few people who are available for that type of work.

Hon. Mr. GREGG: Might I say to the committe that before this committee was notified today I received a call in my office for 3.30 for a meeting which I have to attend. If in my absence, which I will keep as short as possible, anything affecting ministerial or governmental responsibility should come up,

would you mind keeping a note of it, and in the meantime I shall ask my parliamentary assistant to take my chair, if you will be good enough to excuse me.

I think this discussion has been a very helpful one as far as these activities are concerned, and in order not to take up the time of the committee I would suggest a discussion of it with the officials. That is not only because it happens to be a very vital time in this field of conciliation, or a time when we have to see how this particular thing is working out, but my officials have given this a great deal of thought. They have been acting as a focal point for the thinking that has been going on outside. For instance, at McGill, Laval, and the University of Manitoba, as well as in a great many cloistered towers amongst the economists, there are people interested in the humanities and in personnel, and in personnel arrangements who are giving this a lot of thought and the department is keeping in close touch with that "thought", without affecting the act this year, because when we propose to do that work we would like to have six to twelve months ahead of us when we do not have anything which will cause negotiations in that field. Whether or not parliament would be sitting at that time I do not know.

Mr. CHURCHILL: Concerning the question of a possibility of establishing a panel, in the annual report for 1955, at page 9, mention is made that 83 of the disputes were settled by conciliation boards. Can you indicate there how many of the chairmen were drawn from the judiciary, and how many were drawn from universities?

Mr. MACLEAN: I cannot relate it to any fiscal year; but we made a study of that matter and we found that about 50 per cent of the appointments as chairmen of boards of conciliation, were made from the judiciary. The other 50 per cent were made from members of universities or from the legal profession or others who had knowledge in this field, such as laymen who had knowledge in this particular field of effort.

I would like, Mr. Chairman, if I may, to comment on some of the matters to which the minister has referred. He did say that we had very little in the way of requests from any groups for amendments to this legislation. The Trades and Labour Congress said very recently that the basis of our act is reasonably adequate for the purposes for which it is intended. The National Conciliation Committee of the Railway Brotherhood said the same thing only last December. There have been some suggestions put forward by the Canadian Congress of Labour some few years ago for amendments to the legislation, but I think those suggestions were of a general character. They wanted some of the enforcement provisions to be passed over to the Labour Relations Board rather than leaving them to the courts as they are now, and a few things of that sort. But we have not felt that those suggestions up to the present time were such as could be put forward for amendment. As far as employers are concerned, we have received very few suggestions. I think the most important suggestion that employers have made up to the present time is that the legislation should be amended to provide for strike votes to be held under government auspices. But we have not felt that that suggestion was one which was necessary as far as our field was concerned.

Now, Mr. Byrne mentioned some figures to indicate the success of the act, and I shall give the committee some figures which would indicate how effective the act is in doing the work for which it has been established.

The act came into effect on September 1, 1948. It replaced the Wartime Labour Relations Regulations which became effective in 1944. The act contained the same essential features as the regulations. Two important principles, compulsory collective bargaining and compulsory conciliation—I am sorry; the first principle compulsory collective bargaining and the second principle, compulsory conciliation; and we continue them up to the present

time. But since the 1st September 1948 to the end of March of this year we have had 366 disputes referred for conciliation to the department. And out of those 366, 207 were settled by conciliation officers; 99 were settled by conciliation boards; and 10 of these disputes for one reason or another lapsed during that period.

Thirty-one disputes were unsettled during that whole period for one reason or another; and out of those unsettled disputes there were 19 work stoppages. Over a period of as long as eight years that averaged out to 2½ strikes a year.

Mr. CHURCHILL: Are those work stoppages strikes?

Mr. MACLEAN: They could be both strikes or lockouts.

Mr. CHURCHILL: Could you distinguish them?

Mr. MACLEAN: I think that probably most of them were strikes; some of them may have been lockouts; but I could not give you that information at the moment. I think that statistics are available in economics research branch. And I would say that the figures would give a pretty clear indication that it has measured up by the number of unsettled disputes, that from the number of disputes that exceed work stoppages, the act is very effective. I think it is as effective as any legislation of that kind could be made legislatively.

Mr. CHURCHILL: Your figures are good; but I think they would be improved if you would indicate the number of people involved in some of those. Perhaps in the 19 work stoppages there were a larger number involved than in the ones which were settled.

Mr. MACLEAN: I cannot give you that information as far as our field is concerned. We would have to make more calculations than I have at the moment to differentiate the strikes which occurred in the federal field and those which occurred in the provincial field. I could give you the figures for Canada as a whole which I think are rather outstanding as indicating how effective our legislation is—and all the provincial legislation as well, which is based on the same principles as our own legislation and patterned after the federal legislation as a matter of fact. But there is only one province where there is a difference in the legislation, and that is with respect to compulsory conciliation and compulsory collective bargaining.

In the fiscal year 1955 the number of strikes growing out of unsettled disputes through conciliation process amounted to 108. There were 51 disputes which occurred during the lifetime of the collective agreements, and they were what we called, or are usually called, "wild-cat" strikes.

But taking the two combined, the total was 159; and the number of workers directly affected by these 159 strikes was 60,090; and the time lost in man working days as compared to the total hours of work in all industries, was 18 of 1 per cent over 100. That is, the total man days last was 18 of 1 per cent over 100, or 18 of 1 per cent; ·18 per cent.

Mr. MCLEOD: In what branch or types of industry is this conciliation board made available; is it just for crown companies?

Mr. MACLEAN: No sir. It is made available to all industries falling under the jurisdiction as set out in section 53 of our act, namely, largely inter-provincial, international operations, railways, communications, ship navigation, and then of course the crown corporations as well; and it covers all industries in the North West Territories and in the Yukon, and all industries that are works that have been declared for the general advantage of Canada in one or more of the provinces.

Mr. CHURCHILL: Would the figures you gave us for 1955 come under section 53?

Mr. MACLEAN: No, they cover the whole of the economy.

Mr. ENFIELD: You do not have any idea of how much of the every day labour force is involved?

Mr. MACLEAN: Yes, I would say about 500,000.

Mr. ENFIELD: Are civil servants included?

Mr. MACLEAN: Civil servants are not included.

Mr. ENFIELD: That is quite a percentage of the available labour force, is it not?

Mr. A. H. BROWN (*Deputy Minister*): The labour force is about 5,500,000. We keep closely in touch with our opposite members in the provinces in their thinking in this conciliation field and we meet actually once a year with the federal and provincial labour officers organization, when this sort of subject is discussed. We have not found in the thinking which has come to our notice in the provincial field any suggestions for a substantial modification or departure from our existing procedure, the existing procedure to which Mr. MacLean referred. That is not saying that we are standing still and have stopped constructive thinking on this matter; but that is the position up to the present time.

Mr. STARR: It was mentioned that there are about 500,000 in the labour force in Canada who come under the jurisdiction of this act, and that they have this conciliation service available to them. And it was mentioned that in addition there are 300,000 civil servants. Is this service available to civil servants?

Mr. BROWN: No.

Mr. STARR: So only the 500,000 come under it?

Mr. BROWN: That is right.

Mr. HAHN: Has any representation been made by any particular indsutry to come under this act rather than under provincial legislation? I am thinking of the automobile strike in Ontario last year.

Mr. BROWN: We have not had any direct representation so far as I know, or so far as the department is concerned, from any particular industry, or by unions. I think that at earlier stages there have been contained in the representations made to the government by the Labour Congresses suggestions that some industries might be brought under the federal jurisdiction, but that would of course require parliamentary action. I think at one time there was a suggestion of that nature put forward with respect to the meat packing industry.

Mr. HAHN: How many industries actually in the period of the enforcement of this act have made a request that they be included under this particular act? Could you give me that figure? Was it the meat packing industry alone, or would it include the stevedores.

Mr. BROWN: Stevedoring is under our jurisdiction. As a matter of fact, there was a Supreme Court judgment handed down last year in which the question of federal jurisdiction over the stevedoring industry was dealt with.

Mr. HAHN: That raises another question: how frequently has recourse been made to the courts to change the position of the unions with respect to conciliation boards?

Mr. BROWN: I think there have been a few cases in connection with the activities of the provincial or fedral labour relations board, where questions of jurisdiction have arisen—that is, as to whether an industry was under federal or provincial jurisdiction. Now, that case which went to the Supreme Court of Canada was by way of reference and it arose out of a decision of the Ontario Labour Relations Board in which that board had decided presumably on the advice of the Attorney General's Department of Ontario that stevedoring operations in the harbour at Toronto were under provincial jurisdiction. That

was certainly a departure from established practice because the federal department of labour has handled disputes covering stevedores for many years. Well, the reference as I say was to the Supreme Court and it arose out of a decision of the board. At the present time there is an action in the Courts of Ontario arising out of a decision of the Ontario Labour Relations Board as to whether that board has jurisdiction to deal with the certification of unions representing the miners in the uranium mines in Ontario. There are provisions however, in the Atomic Energy Control Act which include a declaration that that type of mining operation is a work for the general advantage of Canada, and that declaration or legislation, if it is effective, brings the employer and the employee relations in that industry under federal jurisdiction.

I think the employers in that case and the mining companies have challenged the order of the Ontario Board, and the matter is now before the courts. I do not know of any other cases where this question of jurisdiction has come into the courts. I know that our Labour Relations Board, of which I have acted as chairman for a number of years, always has had to deal very carefully with the question of jurisdiction.

Mr. HAHN: Is legal procedure the only recourse open to either industry or labour to decide under which jurisdiction the unions should be?

Mr. BROWN: A decision is usually made by the Labour Relations Board and one side or the other has an opportunity to raise the question of jurisdiction when the application comes before the board. Then the board makes its decision, and it is a matter for one of the parties, and if they feel they have a case they can take the board's order to the courts and ask to have the order quashed on the grounds that the board has no jurisdiction to make the order. The act itself, of course, does contain a general description of the industries which fall within the provisions of the act, but there are borderline cases where the application of the provisions of the act is a matter of difficulty—actually the provisions of the British North America Act themselves are the provisions, which are embodied in our act.

Mr. HAHN: Would your details then, that contain workers that are working for, let us say, companies that are considered to be to the general advantage of Canada, under section 9210(c) come technically under the jurisdiction of this conciliation board?

Mr. BROWN: They would be subject to the provisions of our Industrial Relations and Dispute Investigation Act. For example, take the grain elevator system in Canada, they come under our jurisdiction because of a parliamentary declaration declaring them to be works for the general advantage of Canada.

Mr. HAHN: I am thinking now specifically of an act passed last year in respect to the Columbia river. Would any dispute connected with the work that was done on that river heretofore, under provincial jurisdiction, be directed to this industrial board?

Mr. BROWN: I do not know. I would like to look at the provisions of the legislation. I do not know how it would be framed, and I do not know how far you can declare a river a work for the general advantage of Canada.

Mr. HAHN: Where it is a general project, let us say, does the national act supersede the provincial, as far as any disputes are concerned?

Mr. BROWN: All I can say is, there is a provision in the British North America Act which does give the parliament of Canada authority to declare any work or undertaking situate within the provinces to be a work for the general advantage of Canada, or for the advantage of two or more provinces. Where you have an effective declaration of that kind, the industry is subject to regulation by the federal parliament, and the provisions of this act would apply.

The CHAIRMAN: You said that, in connection with uranium mining that it is now going through the courts, the question of whether people working in

the uranium industry are subject to federal labour legislation. I understood you to say that. What stage has it reached?

Mr. BROWN: There has been a motion taken, I think by the corporation, or the company that is involved, or one or more of them, and an application made to the superior court in Ontario to have the order of the board that certified the union quashed on the ground that the board had no jurisdiction.

The CHAIRMAN: And the superior court of Ontario upheld the order?

Mr. BROWN: I do not know. It is still in the initial stages.

The CHAIRMAN: I see.

Mr. BROWN: It is before the court of first instance, before the court of the province of Ontario. Somebody said this case is set down for hearing, I think the first week in May—May 9th.

The CHAIRMAN: And, of course, what you say is subject ultimately to the decision of the court that deals with it. If they uphold the federal jurisdiction, that will be that; if they find it does not give them jurisdiction in labour matters, then that will settle that. But what you say is subject to the decision of the court, in this matter, because, it would apply in other fields too?

Mr. BROWN: That is right. The point that is involved really is the effectiveness of the legislation contained in the Atomic Energy Control Act.

Mr. GILLIS: Mr. Brown, does that apply to all uranium mining in Canada as in the province of Saskatchewan, for example, which is developing a uranium industry. It is developed within the boundaries of the province, and it is a mining operation. Now, does the decision of the Ontario court, if it finds favourably for the board, I mean that uranium is a national undertaking, and will come under the jurisdiction of the national Department of Labour?

Mr. BROWN: If the court upholds the validity of the order of the Ontario board, it may mean that uranium mining remains under provincial jurisdiction.

Mr. GILLIS: You say it arises out of something in the Atomic Energy Act?

Mr. BROWN: Yes, that is right, the Atomic Energy Control Act.

Mr. GILLIS: I would like to see all mining under federal jurisdiction.

Mr. ENFIELD: Of course, subject to an appeal?

Mr. BROWN: They could take it right through.

Mr. BYRNE: There was a case some years ago in British Columbia at the time that they declared a 44-hour week the hours of work. The railways contended that hotels were railways under the act, and we had a decision. Was it the courts' decision that hotels were in fact—

Mr. BROWN: That was a Privy Council decision that finally declared that hotels were not part of a railway operation.

Mr. BYRNE: And they were subject to provincial legislation?

Mr. BROWN: That is right.

Mr. ENFIELD: Mr. Chairman, at what stage is the current negotiation of the railways? At what stage have they arrived in this conciliation procedure we have outlined here?

Mr. BROWN: They have arrived at the stage where the conciliation board report—you were speaking of this non-operating—

Mr. ENFIELD: The non-operating.

Mr. BROWN: Yes. The conciliation board report was received by the minister and sent forward to the parties. The unions have replied saying that they are willing to accept the recommendations of the board as a basis for settlement. No reply as yet has been received from the railways. The matter is still under consideration.

Mr. CHURCHILL: What length of time has elapsed in this conciliation since the presentation of the report?

Mr. MACLEAN: The railway unions, through their joint conference committee, served notice on management in the early part of November, in accordance with the terms of their agreement.

Mr. CHURCHILL: November of 1955?

Mr. MACLEAN: Yes, and following that, the parties got into negotiations without too much delay—I think probably within two or three weeks. They met on a number of occasions in November, but made no progress

Shortly after that, I think probably in the early part of December, they made an application to the minister for the appointment of a conciliation board. They skipped the conciliation officer stage which they, of course, are entitled to do if they want to. Then the Christmas season ensued and the parties were not anxious to proceed until after the beginning of the New Year. The board became fully constituted in the early part of January. We had the nominations from the parties prior to that time. The chairman of the board was not appointed until early in January. He experienced some delay in getting the parties together. Both of them wanted to put some finishing touches on their submissions, on the briefs they were preparing for the board, and he was not able to get them to meet with him and with the other members of the board until the 30th day of January.

From that time until the last of March, the board was in almost continuous session, hearing the parties. The railways particularly had extensive briefs, and submitted a great deal of evidence to the board. The unions had a substantial submission as well.

Following the evidence and submissions of the parties there were summations which took three or four days. The board reported to the minister, I think within three weeks from the time the hearings were concluded, and the report of the board has been in the hands of the parties now since the 23rd of April, this month. Oh, I am sorry, the report of the board has been in the hands of the parties for better than a week.

The CHAIRMAN: Did they agree on the chairman of the board, or was he an appointee of the minister?

Mr. MACLEAN: No, the nominees of the parties were unable to agree on the selection of a chairman, and an appointment was made by the minister.

Mr. ENFIELD: What is the time limit for a receipt of a reply to the report?

Mr. MACLEAN: Oh, there is no time limit in respect of the reply of the parties. We ask them to—we send a copy of the report to them, and we always ask them whether they will accept the report, the recommendations in the report as a basis of settlement, and they usually reply within a week or so. We have had acknowledgment from the railways of the reports that we have sent, but as yet there has been no decision with respect to the recommendations of the board on the part of the railways. The union has accepted the report, as Mr. Brown said.

Mr. CHURCHILL: The only important time element is, after the receipt of the report, no action can be taken by either party for seven days?

Mr. MACLEAN: That is right. The statutory abridgement with respect to a strike or lock-out is concluded seven days after the report is in the hands of the parties.

The CHAIRMAN: The dispute referred to on page 11, having regard to the employees of the elevator companies at Fort William and Port Arthur, is that dispute still going on?

Mr. MACLEAN: No, that dispute was settled very shortly after we appointed Mr. Taylor—he was the chairman in this non-operating railway board, too. We appointed him as mediator to do that job, and he was just out there two or three days, and he got a settlement.

The CHAIRMAN: That was out there at the coast?

Mr. MACLEAN: No, this is the one I am speaking about at the head of the lakes.

The CHAIRMAN: There is another dispute going on in the same field now, is there not?

Mr. MACLEAN: I would imagine there may be bargaining going on between the unions, the union and the elevator companies. We have not been informed about it. We have not been asked for conciliation in any event this year, but their contract expired at the end of December last year, I think. That would be two years, would it not? I think they have a two-year agreement.

The CHAIRMAN: I understood that a conciliation officer had been sent there, but that is not right?

Mr. MACLEAN: I think they have a two-year agreement there, from the beginning of January 1955, so there would not be any negotiations this year.

The CHAIRMAN: I heard that there was, but possibly that is not right.

Mr. MACLEAN: I think that is at Vancouver.

The CHAIRMAN: That is at Vancouver.

Mr. MACLEAN: It may be, yes.

The CHAIRMAN: I see.

Mr. MACLEAN: We really have not had any communication from either place, neither Vancouver nor the head of the lakes, that there is a dispute that involves the appointment of a conciliation officer, up to the present moment.

Mr. STARR: Mr. Chairman, an interesting point was brought up a moment ago—the fact that a decision was rendered by the conciliation board to both parties, the employer and the employee. In the case of this non-operating railway dispute, the unions have accepted the decision of the conciliation board, but the employer, on the other hand has not said whether it would accept it or not.

Mr. BROWN: That is right.

Mr. STARR: And after seven days' lapse from the time when this decision is put into the hands of both parties, it gives the opportunity of strike action if they wish to, is that right?

Mr. BROWN: The statutory period of prohibition has lapsed.

Mr. MACLEAN: But it is not a decision; it is simply a recommendation.

Mr. STARR: Yes. It is a recommendation by the conciliation board for their acceptance?

Mr. MACLEAN: That is right.

Mr. STARR: Instead of having a recommendation of this sort hanging fire for an undetermined length of time, would it not be advisable or practical to have a time limit set whereby both parties must either accept or reject the recommendation of the conciliation board?

Mr. BROWN: I do not think so. All that we have said, is that at that point the statutory procedure for compulsory conciliation has been completed and the parties have the report. At the end of the seven-day period, either party may move, if it wishes to do so. After all, this present dispute is a big dispute, with a lot of money involved, and the railways may wish to take more than seven days to reach a decision of yes or no. It may not be a healthy thing to require them, or any party, to say yes or no immediately. I do not think it

would be conducive to industrial peace to impose a time limit, and say "You must say yes or no within seven days". I do not think it is going to be helpful one way or the other to do so. All you might do is elicit a "no" where, on further reflection, they might say "yes".

Mr. STARR: In other words, the decision of a conciliation board is by no means compulsory?

Mr. MACLEAN: That is right.

Mr. STARR: It is just a rcommendation, or another thought thrown into the discussion, another avenue of agreement?

Mr. MACLEAN: It is really more than that. It is not just another thought. It is the considered judgment of two people after they have heard the evidence and heard the submissions and so on. It is the considered opinion of a board which includes an impartial chairman.

Mr. GILLIS: Mr. Brown, is it not a rule, or at least customary for employees after going through conciliation and before a strike is called to have a strike vote?

Mr. BROWN: Yes, quite.

Mr. GILLIS: It is not mandatory, is it?

Mr. BROWN: No, it is not mandatory, but most of them provide for it in their constitution.

Mr. GILLIS: It is another cooling off period?

Mr. MACLEAN: Yes. Particularly in railways where the railway employees are spread out all over Canada, like they are in our railway industry, they cannot just call a little local meeting and take a strike vote overnight. They have to do it by means of mail. In this non-operative dispute, there are something like 15 unions involved, and each one of those unions must take a strike vote under the provisions of their own constitution, some of which call for a two-thirds majority vote, and some even higher than that.

Mr. MCLEOD: In this particular case, Mr. Chairman, where the employees have acepted the recommendation, and the employers have not, could the employees, for instance call a strike pending a decision of the employers? They could go ahead and call a strike?

Mr. BROWN: After seven days it is open.

Mr. GILLIS: Mr. Brown, to what extent do the conciliation services of the provinces use your department? Do they call on you occasionally?

Mr. BROWN: They do in some areas, and not in others.

Mr. MACLEAN: We had a very close working arrangement during the war and the post war periods, but since then the provinces have established their own conciliation service, pretty largely, and one or two of them now have more conciliation officers than we have.

With the province of Ontario, we have on occasion loaned them the services of our conciliation officers, and I might say we have very good relationships with the officers of the Department of Labour in Ontario. The same is true in the Maritimes. We have been very willing to assist the provinces, and they have been willing to assist us sometimes, when necessary.

Mr. GILLIS: They should make more use of you. You have more experience in the field, and they would save money by using your machinery.

Mr. MACLEAN: Well, that depends upon the extent to which we can make our people available. They are, of course, pretty busy people. They have a good deal of work to do themselves in their own fields, and you cannot expect, of course, that they are available to the provinces all the time; but to the extent that we can, we assist the provinces.

Mr. CANNON: Mr. Chairman, as an example of that cooperation between the conciliation officers of the dominion government and the provinces, it seems to me that in 1952 when they had that disastrous strike at Arvida, Quebec, at the Aluminum Company of Canada, both the federal and provincial offices were represented?

Mr. MACLEAN: At that time, Mr. Cannon, the Industrial Relations and Disputes Investigation Act, the federal act, was still effective, and was still in force in Canada, and under the War Measures Act the aluminum industry was brought under the jurisdiction of the federal act. Any industry that was essential to the war effort was brought under the Industrial Relations and Disputes Investigation Act, by the decision of the government under the War Measures Act.

Mr. CANNON: As a matter of fact, I think the conciliators were both federal conciliators and provincial conciliators?

Mr. MACLEAN: Yes, I think Mr. Miron was up there for the Quebec Department of Labour and our chief conciliation officer of the department—I was not in the department then—the chief conciliation officer, Mr. Campbell who is now dead, was up there.

Mr. CANNON: I was one of the attorneys appearing on the royal commission that looked into that whole thing. That is how I happen to know about it.

Mr. BYRNE: Mr. Hahn raised an interesting point with respect to the international river improvements, and I think he left the question sort of up in the air. I would like to read a section of the international river improvements act which clarifies that, if it meets with your approval. It is section 10 of the act and it says:

> 10. Notwithstanding anything in this Act an international river improvement shall be subject to the same laws to which it would be subject if it were a river improvement within the legislative jurisdiction of the legislature of the province in which it is situated except in so far as such provincial laws are repugnant to this Act or the regulations.

I think that that would pretty well put that question on the ropes as far as the jurisdiction over employees who would be working on a dam or power site, or anything like that.

Mr. HAHN: I am glad Mr. Byrne brought that up again, because I am satisfied that too frequently provincial legislators and others, without any discrimination towards anybody, are too close to the industrialists, and it seems to me that a thing like that should come under federal jurisdiction. If it is a federal act, then it should automatically embody the same responsibilities. It was just a thought that I wanted to put on the record. I do have another question in respect to strike votes. Has any request ever been made by, say the railways, or any others in conducting their strike vote that it be a government supervised strike vote.

Mr. MACLEAN: Not to my knowledge, sir.

Mr. HAHN: Is there a provision within the conciliation board—not the conciliation board, but the industrial relations—whereby we can provide that, if need be?

Mr. MACLEAN: No.

Mr. BROWN: I was going to say that during the wartime period there was a provision that required the taking of a strike vote by the federal department, and we had some experience with it at that time.

Mr. GILLIS: They were voting men that were over in Germany, and some of them dead.

Mr. MACLEAN: Actually, the experience we had indicated that it did not matter very much whether the vote was taken by the government or otherwise, if the employees wanted to strike, they struck, that is all. They indicated their willingness, and it did not change the situation the slightest. It did have this bad effect, that a good many people had the idea that because the Department of Labour supervised the strike vote, the Department of Labour endorsed the strike if the employees voted that way, and it gave a wrong impression entirely.

Mr. BYRNE: I think it is bad legislation to contemplate that.

Mr. BROWN: It takes the responsibility away from the place it should be.

Mr. CANNON: I just wanted to say, Mr. Chairman, in connection with Mr. Hahn's remarks, he has raised a very important constitutional question. Under the British North America Act labour legislation is within the provincial jurisdiction. It is only an exception when matters that are for the general advantage of Canada, or war emergencies, or something like that have to be dealt with, and come within the jurisdiction of the federal government. Is that not right?

Mr. BROWN: Well, on the point of validity, the general validity of our Industrial Relations Disputes Investigation Act, it was virtually settled last year by the Supreme Court of Canada in that regard, because the province of Ontario in their submission, or in the terms of reference, rather, that were agreed on, the Supreme Court was asked to pass on the general validity of the act as well as the specific issues relating to the stevedore companies.

Mr. CHURCHILL: Would you include the name of the case so that it is on the record?

Mr. BROWN: I have not got it here.

Mr. MACLEAN: The Eastern Canada Stevedoring Company Limited vs. the Brotherhood of Railway and Steamship Clerks.

Mr. BROWN: I will have to get that from the reference. I certainly have not got the reference in the reports, but I will get that for you, Mr. Churchill.

Mr. MACLEAN: There were three parties that were involved there.

The CHAIRMAN: Would it be the Lakehead Terminal Elevators Association?

Mr. MACLEAN: No. The three parties involved in this dispute were the Eastern Canada Stevedoring Company, Canada, Limited, and the two unions that were involved were the District 50, the Union of Mine Workers of America, and the local union, the Brotherhood of Railway and Steamship Clerks, freight handlers, shippers and station employees. Those were the two unions; the Ontario Attorney General was also involved.

Mr. BROWN: Yes, but this whole question was removed from the contested action, and it was dealt with by the Supreme Court of Canada on certain questions arising out of that action. I do not know for the moment—

The CHAIRMAN: When you check over the evidence you can insert the exact style of cause.

Mr. BROWN: The reference was: Reference *re* Validity of Industrial Relations and Disputes Investigations Act, [1955], 3 D.L.R. 725.

Mr. CHURCHILL: I have a concluding question, Mr. Chairman, one relating to the stages in the process of conciliation.

In some instances a conciliation officer is not appointed, and you move directly to the conciliation board. Are there any special circumstances connected with that, or is that open in any dispute, to the parties concerned?

Mr. MACLEAN: No, there is no particular standard effective there. In most instances a conciliation officer is appointed in the first instance, and on the request of the union, or the employer. I think where the request is made directly for a conciliation board rather than an officer is where, in previous negotiations between the employer and the trade union, it was found that the

conciliation officer was not effective, that he was unable on previous occasions to do anything in the way of bringing the parties to an agreement, and the union would probably come to the conclusion that this was a waste of time and a delay in the conciliation process.

Mr. CHURCHILL: Mr. Chairman, some time earlier we were discussing the effectiveness of this legislation, and it was illustrated by figures given for 1955 showing the number of strikes that resulted from unsettled disputes, the number of workers involved, the time that was lost, and the percentage of man-working-days for all of Canada.

It is the effectiveness of legislation, and that is the evidence, that a comparative statement showing the last 10 years might be helpful to indicate whether the legislation is achieving its purpose in comparison with other years, or whether it still needs modification. Are those figures available?

Mr. MACLEAN: I gave two sets of figures, one dealing with the disputes in our jurisdiction over a period of close to eight years. That work stoppage amounted to about two and one-half and the other statistics I gave referred to the country as a whole, not just to our jurisdiction. We indicated there that the percentage of days lost was very small in comparison to the total number of days worked. That was taken in the year 1955. We have comparative figures, as a matter of fact for—Mr. Brown has them handy and he may know them better than I do.

Mr. BROWN: There is a table here on strikes and lockouts in Canada for the years 1945 to 1956, which I think will give the relative picture. This is for Canada as a whole.

Mr. CHURCHILL: Yes. If that were included in the report as an appendix, it might be helpful.

Mr. BROWN: We will be glad to furnish that, if you want to put that in.

The CHAIRMAN: This is a table covering the years 1945 to 1955 showing the strikes and lock-outs in Canada in each year. It shows the number of strikes and lock-outs, the number of workers involved, the number of employers, and the working days and the time lost. It is a table, I agree, that would be of real interest. Is it agreed that this be included as an appendix to our report today?

(Agreed). *(See Appendix "A" to this day's Proceedings.)*

Mr. CHURCHILL: Arising out of my question, Mr. Chairman, what about wildcat strikes occurring in 1955; is it a larger number than in other years?

Mr. MACLEAN: I have made no effort to ascertain that. The information was given to me this morning and I have not made any effort to find out how that compared with previous years. I presume that that information can be obtained.

Mr. CHURCHILL: I was wondering if that had any bearing on the effectiveness of our legislation. The wildcast strike obviously bypasses methods of procedure as you outlined in the act?

Mr. MACLEAN: Yes.

Mr. CHURCHILL: Now, if wildcat strikes are on the increase, is that an indication of dissatisfaction with regard to the methods of conciliation? To what causes would you attribute wildcat strikes? Has any survey been made with regard to them?

Mr. MACLEAN: In the federal field I cannot remember any wildcast strikes in recent years. They occur mostly in the provincial jurisdiction. I must say this, that the number of man-days, man-working-days lost because of these wildcat strikes was not very large in 1955. It only amounted to about 50,000 loss against a total of 1,875,000.

I might also say at this time that the figures for strikes shown for 1955 was increased very largely because of the General Motors strike. One million man-hour days loss there in 1955, and some additional in 1956.

Mr. CHURCHILL: Just before the minister left the room, and I do not know whether he is due back or not, he said something about—we were talking about alterations—

The CHAIRMAN: Mr. Churchill was just mentioning that you, Mr. Gregg, said something before you left, and he did not know whether you were returning or not, and then you opened the door.

Mr. CHURCHILL: Just before you left, Mr. Minister, you were talking about whether any changes were required in this labour legislation. You said something about a period of quiet being desired before that type of consideration might be given to the act. Now, you mentioned a period of several months, if quiet prevailed in the field of industry, that might be a suitable time to consider revision, if necessary, to labour legislation. Are you going by past experience? Have there been instances in the past where sufficient peace has prevailed to permit a study of labour legislation, with a possible revision in it, over a period of several months?

Hon. Mr. GREGG: That was, to some extent, inferred from what I said. Most of the contracts in the federal field have been of one year's duration. Sometimes it has been rather difficult to achieve a renewal of the agreement. I will take for example, if you like, a year ago, or just a little over a year ago the railways and non-operating unions worked out an agreement based upon arbitration proceedings. Immediately the agreement was reached in January last year, the committees involved in that sat in Montreal for quite a long time on this very question that we were discussing before I left, namely: could we, for this particular industry, suggest some improvement to the conciliation procedure which might possibly lead to an amendment to the act, and as I said in the house last year, if out of those discussions they carried forward that amendment and they were presented jointly to me, as Minister of Labour, some proposals for the improvement of the act, or improvement of the procedure, we would be very glad to give it our most cordial consideration, and study it; but it never reached that point. The union committee did not reach, as far as I know, any agreement among themselves, and they certainly did not go beyond that.

If it had, however—and we then had, at least last March we had a few months ahead of us with nothing serious on the horizon in that field—then I certainly would have said, "well let us explore this and bring it to parliament", if it required parliamentary action.

This winter it is quite a different thing up to the present time. I would feel that if the Minister of Labour were to inject items of that sort, an amendment to the act, at a time when those who were especially interested in this item, were preoccupied by other things, they could not give it the calm thought that would be required.

Mr. BYRNE: Mr. Chairman, I would like to ask a question regarding the proposed revision of the act. For seven years, now, I have been voting contrary to government policy in favour of the voluntary revocable checkoff and in all that time I have not received a letter from one of my constituents either commending or condemning me for this. I am beginning to wonder if it is not about time I got down to following government policy on this question, If, after all, it is only members of parliament who are interested—

Have there been any very strong representations on the part of any union, small or large, with regard to this matter?

Hon. Mr. GREGG: To answer your question directly, no strong representations either for or against have come to my attention in the last two years.

There was, however, inserted in the written brief which was presented to the government last December a suggestion that the voluntary revocable checkoff be given consideration by the government. Neither of the two congresses stresses the point, and other than this one item in their long briefs it has not come to my attention.

Then again, we have in the main out-distanced that form of checkoff. From the figures which I put on record in *Hansard* last year—they are slightly different, now, but not to any great extent—it is clear that of those workers who come under federal jurisdiction 80 per cent have achieved the checkoff by collective bargaining and that of this 80 per cent only 19 per cent preferred this particular kind sufficiently to ask for it and fight for it. The others got the Rand formula and other things, so in the main the voluntary revocable checkoff within the federal jurisdiction is largely a dead issue.

Mr. BYRNE: Judging from my correspondence it was a dead issue seven years ago.

Hon. Mr. GREGG: I have not had a letter with regard to it for a long, long time.

Mr. MCLEOD: What is the remuneration paid to the members of this conciliation board? I assume that payment is made on a per diem basis?

Mr. MACLEAN: The statutory remuneration is $25 per day for members of the board, except the chairman, and the chairman receives $30 a day. That includes time spent in travelling to and from the places at which the board sits, the time during which they are engaged in board work and any additional time spent after the board hearings are completed in making out the report. But a provision in the legislation authorizes the minister, by order in council, to pay remuneration on a higher scale if he chooses and resort has been had to that provision on at least two occasions.

Mr. MCLEOD: In other words there is no standard remuneration; remuneration is fixed as the situation warrants?

Hon. Mr. GREGG: That is true. If we had to stick to the amount mentioned by Mr. Maclean we would not get a chairman.

Mr. MCLEOD: Would the amount of these payments be included in this sum of $64,206?

Mr. MACLEAN: Yes. I think we provide something like $35,000 in the estimates for payments on a per diem basis plus expenses, to board chairmen.

Mr. MCLEOD: Since we are studying these estimates I thought that was a very pertinent question.

Mr. GILLIS: You are expecting more disputes because I see we are increasing that amount by $8,000.

Mr. MACLEAN: We do not expect more disputes but we are anticipating this will cost more.

Mr. HAHN: The minister indicated he could not get a chairman for the price we are paying—

Hon. Mr. GREGG: What I meant to say was that the minister would be very much embarrassed to approach the kind of potential chairman who would be wanted and have to tell him he should drop whatever he might be doing and take on this job for the amount mentioned in the statute.

Mr. HAHN: Would it not be appropriate, then, to suggest that possibly we should have a figure which the minister would feel more in keeping with the job he expects people to do?

Hon. Mr. GREGG: That, in effect, is provided by the minister making a recommendation to the governor in council. I do this when I feel it is essential to go beyond the amount set out.

Mr. HAHN: Have you found it necessary to resort to this procedure in every instance?

Hon. Mr. GREGG: No, there have been one or two cases where judges, for instance, have not received anything except travelling expenses.

Mr. HAHN: Why are judges not normally available for this type of work?

Hon. Mr. GREGG: Because of pressure of work in the courts.

Mr. HAHN: Would it not be desirable to have more judges appointed so that more would be available to you for this work?

Hon. Mr. GREGG: Some of the unions say that if the right man can be obtained it is better that he should not be a judge. That is not a reflection on judges, in any way. The view is expressed that if a judge is chairman he may regard his task in the field of conciliation as comparable to the task he has on the bench, namely to reach a judgment as close to a perfect judgment as he can get. However, one school of thought feels that the chairman of a conciliation board who is not a judge may be more useful inasmuch as he might have a closer relationship to the prejudices and impulses of people involved in the dispute and try, by persuasion and other means, to help them to reach an agreement which might be the best solution. I am trying to take neither side, but I do not think it should always be judges who should be appointed.

Mr. CANNON: In my province at least the judges are already overloaded with work and it is hardly fair to ask them to do additional work of this kind without extra remuneration.

Mr. HAHN: I am not suggesting that they are not overworked; we would not be appointing two more of them if they were not, but I still think that if we could find legal authorities who could become experts in this field of labour disputes and familiar with the laws governing the same it would be of advantage. The minister has indicated that lawyers are frequently used in conciliation cases because of their knowledge of these matters.

Hon. Mr. GREGG: There are quite a few who have served as chairmen and who have gained a good deal of knowledge through work in that field; so far, if we have really wanted one of them to serve in that capacity I cannot remember any one turning down our request if it were a case of definite need.

Mr. CANNON: That is an interesting suggestion, Mr. Chairman, and the department might give consideration to the question of having full-time judges who would be labour dispute judges, one might say, doing nothing else. That would certainly be fairer than asking other judges to do this work in addition to their own.

Mr. GILLIS: Has the minister given any thought to taking on half a dozen good senators for this work? There are some able ones in that field, and they are not too busy. Perhaps they would do a good job if they were appointed.

Hon. Mr. GREGG: I was going to ask my deputy minister for his opinion on this subject, but I will do that later. We shall take your suggestion in hand.

The CHAIRMAN: Is there anything which we have not covered.

Mr. CHURCHILL: I have just one question which refers to the Labour Management Cooperation Services. This is an advisory and I suppose a voluntary committee which is linked, I take it, with the Canadian Labour Relations Board?

Hon. Mr. GREGG: Not directly. It is an outgrowth of activities during the war when an idea in the United Kingdom was borrowed and applied specifically to increasing production. The federal Department of Labour at that time got in touch with war industries and other industries to encourage management and labour to form these committees, which have no authority whatsoever in collective bargaining. The function of these committees was, as I said, to encourage maximum production.

At the end of the war there were in existence some 315 of these committees across Canada and the department at that time asked themselves: since this is a good idea, why not continue it on a voluntary basis in peacetime? A special division was set up to sponsor this idea and their number has now grown to over 1,034 which represents, to my mind, a very valuable effort. At first the idea was not looked upon with great favour, I am told, by management in some cases, and by unions in others but that phase is already past. In addition to clearing up problems which are restricting production, such as bad light over a lathe or some awkward process in the plant, these committees give the representatives of the unions or workers—not necessarily the unions—the opportunity of talking to each other in a friendly fashion and of settling comparatively minor matters from week to week on a basis of confidence and understanding.

Mr. CHURCHILL: It is quite beyond the scope of the people for whom you are responsible under section 53.

Hon. Mr. GREGG: Certification?

Mr. MACLEAN: It does relate to that—

Mr. CHURCHILL: And there is no objection from the provinces at all?

Hon. Mr. GREGG: No. As a matter of fact they welcome it, and cooperate very closely. I think the number of committees at the end of March was 1,095. I would like to make it clear that this effort is not confined to those who come under federal labour laws. It applies to any industry which is willing to work out that kind of plan.

Mr. CHURCHILL: There is no extra expenditure involved for your department, except for the use of the officials of your department?

Mr. MACLEAN: Except for some small amount of publicity. We print a four page sheet every month for distribution to these committees; we put out a monthly discussion topic in a mimeographed or multilith form which is not very expensive. We do it in our own printing establishment.

Mr. CHURCHILL: Do you conduct anything over the radio equivalent to Farm Forum?

Mr. MACLEAN: We have had a number of radio broadcasts without cost to the department.

Mr. CHURCHILL: Are those programs arranged by this particular service?

Mr. MACLEAN: That is right—with the C.B.C.

Mr. CHURCHILL: The "Canada at Work" series is carried by the private stations across Canada. How many are there? I have forgotten.

Mr. BROWN: Between 65 and 70 stations.

Hon. Mr. GREGG: They carry the broadcasts for these services—for unemployment insurance, winter employment or anything which the department feels is particularly appropriate at a particular time. This service has been included in the series from time to time.

Mr. CHURCHILL: What would expenditure in respect of that come under?

Mr. BROWN: Under administration.

Hon. Mr. GREGG: I should acknowledge that the private stations render that service free of charge as far as our department is concerned.

Item agreed to.

General Administration—

183. Canada Labour Relation Board, $5,875.

The CHAIRMAN: We have already had a number of questions on this subject.

Mr. HAHN: I see that on page 23 there are three duties outlined. Has any consideration been given to adding a fourth—the conciliation of disputes—and having a permanent representative on that?

Mr. BROWN: You mean on the labour relations board?

Mr. HAHN: In the report on page 23 it appears that the board is responsible with regard to certain provisions of the act—the certification of trade unions, and so on. There are three responsibilities outlined, and I was wondering if a fourth could not be added.

A few moments ago I suggested the use of judges on conciliation work and Mr. Gillis, the committee will remember, suggested that senators might be used. Might we not reach a compromise and put the board in there as a permanent board with part of their duties devoted to conciliation?

Mr. MACLEAN: The board referred to is a quasijudicial body and it is a representative body. Also, this is not a permanent board; it is a board which meets once or twice a month, members being paid not on the basis of an annual salary but on a per diem rate plus expenses. It does not in any sense act as a conciliation board or as a conciliation tribunal. It deals entirely with applications for certification and other applications made to the board under the provisions of the act.

The chairman of the board is a member of the legal profession who was formerly, I believe, Minister of Labour in Manitoba.

Mr. HAHN: I can see that what you say is true. I am merely suggesting you might make this a permanent board to do this type of work.

Hon. Mr. GREGG: I would take the view that this board has been set up for a special purpose. There is a chairman who must be neutral, and know something about the law and labour matters, but all nominations to the membership of that board are made either by management or labour, and their whole task is to deal with the applications from unions applying to be certified as authorized bargaining agents. The board holds hearings and come to a decision so that their role is not in a true sense one of conciliation, it is one of certification.

Mr. BROWN: Perhaps I could say that the suggestion just made was tried out in British Columbia for a couple of years, and I think last year or the year before the government found it was not working satisfactorily and they amended their legislation and confined the duties of the board to the duties which our board now performs.

Mr. CHURCHILL: What action follows a report from the Canada Labour Relations Board with regard to a failure to bargain collectively? That is the third duty it has to perform.

Mr. BROWN: If a complaint is made to the board a hearing is held by the board.

Mr. CHURCHILL: It goes to the minister first, does it not?

Mr. BROWN: That is right, it goes to the minister and is then referred by him to the board. The board might hold the view that there is non-compliance, and if the matter is not adjusted in the course of the proceedings they might issue an order directing bargaining to take place. The procedure then is that after that order is served on the party concerned an order is made. If there is still non-compliance an information may be made in the court for non-compliance with the board's order and the party is then subject to a fine.

Mr. GILLIS: There is an appeal against the board's order to the courts?

Mr. BROWN: No, it is not an appeal from the board's order; it is a reference to the court to enforce the board's order.

Item agreed to.

The CHAIRMAN: We had some questions, I believe, under the next item.

General Administration—

184. Administration of the Canada Fair Employment Practices Act, $10,500.

Mr. CHURCHILL: I think we should stop at this point.

The CHAIRMAN: If there are any questions we will adjourn. You think there will be some questions on that, Mr. Churchill?

Mr. CHURCHILL: I think so.

The CHAIRMAN: We have discussed this matter at some length already.

Mr. CHURCHILL: We have been carrying on pretty well today.

The CHAIRMAN: I am not finding any fault whatever. We will adjourn until 10.30 a.m. on Thursday.

The committee adjourned.

APPENDIX "A"

STRIKES AND LOCKOUTS, CANADA, BY YEARS, 1945-1955[1]

Years	Number beginning during the Year	Strikes and lockouts in existence during year						
		All industries						
					Time loss			
		Number of strikes and lockouts	Number of employers	Number of workers involved	In man working days	Average days per non-agricultural paid worker	Average days per worker involved	Per cent of estimated working time
1945	196	197	418	96,068	1,457,420	0·49	15·17	0·17
1946	225	228	1,299	139,474	4,516,393	1·49	32·38	0·50
1947	232	236	1,173	104,120	2,397,340	0·77	23·02	0·26
1948	147	154	674	42,820	885,793	0·27	20·68	0·09
1949	132	137	542	51,437	1,063,667	0·32	20·68	0·11
1950	158	161	345	192,153	1,389,039	0·40	7·23	0·13
1951	257	259	646	102,870	901,739	0·25	8·77	0·08
1952	216	222	518	120,818	2,879,955	0·77	23·84	0·29
1953	167	174	384	55,988	1,324,715	0·34	23·66	0·13
1954	156	174	872	62,250	1,475,200	0·39	23·70	0·15
1955	149	159	386	60,090	1,875,400	0·47	31·21	0·18[2]

[1] Includes all industries under federal and provincial jurisdiction.
[2] Based on 3,996,000 non-agricultural paid workers.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 12

THURSDAY, APRIL 26, 1956

DEPARTMENT OF LABOUR

Hon. M. F. Gregg, V.C., Minister of Labour; Mr. A. H. Brown, Deputy Minister of Labour; Mr. G. V. Haythorne, Assistant Deputy Minister; Mr. P. C. Parent, Director of Administrative Services; Mr. Bernard, Asst. Director, Industrial Relations Branch; Mr. G. R. Carroll and Mr. H. S. Johnstone, Industrial Relations Officers; Mr. J. H. Currie, Executive Assistant to the Deputy Minister; Mr. G. G. Blackburn, Director of Information; Miss Marion Royce, Director of Women's Bureau; Mr. Ian Campbell, Co-ordinator of Civilian Rehabilitation; Mr. W. W. Dawson, Director, and Mr. Francis Hereford, Asst. Director, both of the Special Services Branch; and Mr. H. J. Walker, Chief Editor of the *Labour Gazette*.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Barnett
Bell
Blanchette
Byrne
Cannon
Churchill
Deschatelets
Dupuis
Enfield
Fairclough (*Mrs.*)
Garland
Gauthier (*Nickel Belt*)
Gillis
Gregg
Hahn
Hanna
Henry
McLeod
Murphy (*Westmorland*)
Power (*St. John's West*)
Purdy
Small
Starr
Thatcher
Weselak

E. W. Innes,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

THURSDAY, April 26, 1956.
(22)

The Special Committee on Estimates met at 10.30 a.m. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Mrs. Fairclough and Messrs: Bell, Blanchette, Byrne, Churchill, Gillis, Gregg, Hahn, Hanna, Henry, McLeod, Murphy (*Westmorland*), Purdy, Starr, Thatcher, Tucker and Weselak.

In attendance: From the Department of Labour: Mr. A. H. Brown, Deputy Minister; Mr. G. V. Haythorne, Assistant Deputy Minister; Mr. P. C. Parent, Director of Administrative Services; Mr. Bernard Wilson, Assistant Director, Industrial Relations Branch; Mr. G. R. Carroll and Mr. H. S. Johnstone, both Industrial Relations Officers; Mr. J. H. Currie, Executive Assistant to the Deputy Minister; and Mr. G. G. Blackburn, Director of Information.

The Committee resumed consideration of the main Estimates, 1956-57 relating to the Department of Labour, the Minister and his officials supplying information thereon.

Item numbered 184—Administration of the Canada Fair Employment Practices Act—was approved.

Item numbered 185—International Labour Conferences—was approved.

Agreed,—That the scale of contributions of various countries to the I.L.O. budget be included in the record. (*see Appendix "A" to this day's Proceedings.*)

At 12.30 p.m. the Committee adjourned until 3.00 p.m. this day.

AFTERNOON SITTING

(23)

The Special Committee on Estimates resumed at 3.00 p.m., the Chairman, Mr. Walter A. Tucker, presiding.

Members present: Mrs. Fairclough and Messrs: Bell, Blanchette, Byrne, Churchill, Gillis, Gregg, Hahn, Hanna, McLeod, Murphy (*Westmorland*), Power (*St. John's West*), Purdy, Small, Starr, Thatcher, Tucker and Weselak.

In attendance: From the Department of Labour: Mr. A. H. Brown, Deputy Minister; Mr. G. V. Haythorne, Assistant Deputy Minister; Mr. P. C. Parent, Director of Administrative Services; Miss Marion Royce, Director of Women's Bureau; Mr. J. H. Currie, Executive Assistant to the Deputy Minister; Mr. Ian Campbell, Co-ordinator of Civilian Rehabilitation; Mr. W. W. Dawson, Director, and Mr. Francis Hereford, Assistant Director, both of Special Services Branch; and Mr. Walker, Chief Editor, *Labour Gazette.*

The Committee resumed consideration of the Main Estimates 1956-57 relating to the Department of Labour, the Minister and his officials answering questions.

Item numbered 186—*Labour Gazette,* authorized by Labour Department Act,—was approved.

Item numbered 187—To provide for expenses of the Women's Bureau—was approved.

73632—1½

Item numbered 188—To provide payments to implement a program for rehabilitation of disabled persons as approved by Governor in Council and connected administrative expenses—was approved.

Item numbered 189—To provide for expenditures incurred in connection with manpower, utilization, labour-management relations and related programs as authorized by the Minister—was approved.

Item numbered 190—To provide for expenses of the Special Services Branch including administrative costs connected with federal-provincial farm labour programs, the movement of workers from outside Canada and the program for combating seasonal unemployment—was considered.

At 5.00 p.m. the Committee adjourned until 10.30 a.m. Monday, April 30.

E. W. Innes,
Clerk of the Committee.

PROCEEDINGS

April 26, 1956.
10.30 a.m.

The CHAIRMAN: Order, gentlemen, we have a quorum.

Mr. STARR: Just before we commence with the business, there is one important question I would like to ask. Can the minister advise us how the services for the DEW line are handled, or who is looking after the hiring of the personnel necessary for the construction or maintenance of the DEW line?

Hon. M. F. GREGG *(Minister of Labour):* Yes. It is a cooperative effort. It is not so far out of order. What is the item before the committee now?

The CHAIRMAN: We are on the item of administration of the Canada Fair Employment Practices Act.

Hon. Mr. GREGG: If the committee is willing for me to report to Mr. Starr, I will be very glad to do so.

The CHAIRMAN: Would it not be better to do so on their proper item?

Mr. STARR: I agree, Mr. Chairman, but the reason I asked is that there are a number of inquiries from people interested, and we do not know which way to turn. I think if this information was made available—

Hon. Mr. GREGG: Are any of them of an urgent nature, Mr. Starr?

Mr. STARR: I would think that to anyone looking for a job, that would be interesting, or I should say urgent.

Hon. Mr. GREGG: What I was getting at, when we deal with it and make an expansion of my statement which I made to the house on the matter I would be very glad to have here Mr. M. M. Maclean, the liaison officer on behalf of the department. Mr. Maclean and the head of the employment service are acting jointly in that regard. Mr. Maclean is seeing that fairness is worked out in so far as Canadian employees are concerned, and the employment offices are being used by the contractors in getting Canadians for work in that field.

So, for the moment, if I may put it this way, if one who is seeking work in the DEW line will go to his nearest employment office, that office will either have the information, or can get it for him quickly and give it to him, and inform him to whom he should apply, and where the application should be addressed.

Mr. STARR: I think that is the information I wanted. In other words, Mr. Minister, you say that all regional employment offices are advised of the necessity and the type of labour that is required on the DEW line; they are all advised of that?

Hon. Mr. GREGG: If an outlying local office has not got it, the manager can get it from his regional office. I think the larger offices have that information now.

Mr. STARR: Thank you.

The CHAIRMAN: We are on item 184, gentlemen, the administration of the Canada Fair Employment Practices Act, and the details are on page 254.

General Administration—

184. Administration of the Canada Fair Employment Practices Act, $10,500.

Mrs. FAIRCLOUGH: Is somebody going to tell us what happened last year, Mr. Chairman?

Hon. Mr. GREGG: Yes. There was some discussion of it, but if Mrs. Fairclough wishes, we will be very glad to refer to that.

The CHAIRMAN: You will find reference to the matter in the annual report, page 21.

Hon. Mr. GREGG: According to the deputy minister's suggestion, we are asking Mr. B. Wilson to reply to any questions that deal with the administration of it. In answering your question, Mrs. Fairclough, the alleged violations from July 1, 1953 to March 31, 1956 have been 17. The number settled by correspondence, or investigation, or conciliation are 13. There was one lapsed, and the number that were under investigation as at the 31st of March, 1956 are three.

During the year, as part of a continuing program of education and publicity under the act, to reach the groups we produced pamphlets and other promotional material. We gave large-scale distribution to copies of prepared films for showing to interested groups.

Officers of the department also attended four conferences on discrimination of employers, which were sponsored by trade union organizations and non discrimatory associations. Members of these conferences were in Toronto yesterday attending the congress there.

Mr. BROWN *(Deputy Minister of Labour)*: There are copies of the publicity material that were issued during the year, available to members of the committee if they would like to have them.

Mrs. FAIRCLOUGH: Mr. Chairman, I wonder why it is we did not spend the full amount. I notice there was an allocation of $8,700 for 1955-1956; the estimated total expenditures, as shown in the estimates, were $5,100. Now, that is a quite substantial difference for a small amount like that. It is only about two-thirds, actually, that was expended. Can you break it down to tell us just precisely which items were not expended? I notice that in the estimates for this coming year travelling expenses have been cut down, so I presume that means that you did not use the amount that was allocated for travelling expenses. I notice postage is cut down, telephones and telegrams are cut down, and education and informational material is the same. Newspaper and other publicity is up. Then there is a new item—expenses re special advisory meetings.

I would like one of the officials to tell us, if he would, why it is that the estimate for this year is just double what you expect was expended for last year. I should add, Mr. Chairman, I am not criticizing the fact that it is double, because I think the act is only as good as its administration; and while in my estimation the important phase of the administration is education, so I am not criticizing the amount, I would just like to know what has happened to induce the officials to submit these estimates.

Mr. BROWN: The expenditures on publication and informational material for 1955-1956 amount to approximately $2,100, and the amount which is provided for this year is $2,900. That covers bulletins and pamphlets directing attention to the requirements of the act.

Under newspaper publicity, our expenditures in 1955-1956 were approximately $2,000. We have provided $4,500 in the current year's estimates. This is for newspaper and other publicity, newspaper ads, posters and for radio publicity. That makes up that item of $4,500.

Expenses for special advisory meeting, $2,000. This is a new item. This is designed to provide for expenses incurred in getting together representatives of employer, labour and other groups to develop programs and to discuss activities under the act.

We have had a number of requests from those interested in the promotion of the purposes of that act to bring together these people for some meetings, and we propose to try and do that.

Mrs. FAIRCLOUGH: It is obvious, that you also propose to extend your activities in the publicity departments all the way down the line beyond what they were last year, because you did not use your allocation last year.

Mr. BROWN: That is correct.

Mrs. FAIRCLOUGH: Why was that? Was it because you were waiting for advice as to how to use it, or just feeling your way out on it?

Mr. BROWN: We had undertaken publicity the year before, and quite a bit of it carried through into the last fiscal year. We were also working towards the development of some further educational work. We have had discussions on the question of the development of films. We decided for the coming year, however, to adapt some films that were in use in other jurisdictions for use in Canada. It may be that in another year's time we may wish to ask for money for a Canadian film.

Mrs. FAIRCLOUGH: If those films are available, of course it is considerably less expensive to use copies of them than it would be to produce your own?

Mr. BROWN: That is correct. We are actually adapting a film produced in the United States for use and circulation in Canada at the present time.

Mrs. FAIRCLOUGH: Can you tell me what that costs you? Do you purchase the rights to it and have copies made?

Mr. BROWN: Mr. Blackburn, the Director of Information Services, perhaps can tell us that.

Mr. G. G. BLACKBURN (*Director of Information Services*): In the case of this particular film, it was produced to explain the government contracts, the provision of the government contracts in the United States government. The film is suitable and it is almost a direct explanation of our own situation. We were able to get the first print of that film for nothing, just as a contribution from the United States government, and they have not established the exact price yet. However it will be a nominal cost.

Mrs. FAIRCLOUGH: Would they give you permission to make your own copies of the film, or would they make copies and sell them to you?

Mr. BLACKBURN: No, I am afraid we would have to buy copies, but they would just be printed copies. We have nothing in the way of royalties at all.

Mrs. FAIRCLOUGH: Do you know what the cost would be?

Mr. BLACKBURN: At the moment we have not received the figure. We have asked for it, but in preference to waiting they have provided us with a copy.

Mrs. FAIRCLOUGH: Is it a short of 20 minutes or so?

Mr. BLACKBURN: About 20 minutes.

Mrs. FAIRCLOUGH: Probably it would cost about $15,000 or $20,000 to produce one?

Mr. BLACKBURN: In this particular case it has a lot of sound in it and it would run as much as $30,000 or $40,000.

Hon. Mr. GREGG: Do you plan to have a copy, Mr. Blackburn before this session closes?

Mr. BLACKBURN: We could have, sir. We could show it practically any time.

Hon. Mr. GREGG: Would you be willing to make that available for the committee to see some time between six and eight in the evening, if they wish to do so?

Mr. BLACKBURN: Yes.

Mrs. FAIRCLOUGH: I think that would be most interesting, Mr. Chairman.

Hon. Mr. GREGG: We will look into that.

Mr. BLACKBURN: Mr. Chairman, may I also say there is another film of which 38 prints are now in use in Canada. It is a completely universal film, in theme. It maye be shown anywhere in the English speaking world because it is not on the American idiom basis. It is a universal film, and there are 38 prints of that now in existence across the country, available through the Film Board.

Mr. GILLIS: Mr. Chairman, I have always felt that the title of this act is misleading, the Fair Employment Practices Act. It is not that at all. All this act is designed to do is to prevent discrimination on racial or religious grounds. It is not a Fair Employment Practices Act.

For the 40 years-and-over age group there is practically no employer today who will employ anyone in that age group. That is not a fair employment practice. There is nothing you can do under this Act to prevent that. I think you should change the title of this act to say what it means. It is a "non-discrimination for racial or religious reasons act," and of course it is applicable only to those matters that the federal government has under its control.

Anyone reading the discussion here, or reading the title to that act would assume that this applies to all employment practices in the country. There are some good and bad ones; but we are powerless to do anything about them under this act.

Hon. Mr. GREGG: I remember when the bill was brought in.

Mr. BYRNE: Mr. Chairman, before you answer that, I should not say, Mr. Gillis took the words out of my mouth, but it was the very question that I had in mind regarding the question of fair employment practices. It seems that a white man might well be better off, under this act, if he were black at 39 than if he were white at 40, if there was any discrimination because of colour in this country.

I read not so long ago the number of industries and businesses that have gone out of business in Canada in the last 25 years. I think there are only about 5 per cent of the businesses still in existence in Canada that were in existence, say, 20 or 25 years ago. Now, for that reason there must be a large number of people who were employed in certain industries for 10 or 15 years of their life, and they have now reached 40 or 45 years of age and cannot get employment in the large industries. That is not necessarily only the industries that are organized by labour contracts and so on, but any large industry and, I might say, the civil service, frowns on the hiring of anyone over 35 years of age if he is not skilled, or 40 if he is skilled. Where does that leave the individual who is without steady employment at this time?

Industry will complain vociferously that we are going too far with our social measures, old age pensions and so on, but they refuse to take any responsibility in the hiring of people after they have reached a certain age.

I think as Mr. Gillis said, if this is to be a Fair Employment Practices Act, we should give thorough consideration to this question of people who have reached the age of 40 and are unable to get employment. I know there is the question of pensions and so on, and the actuarial computations of pensions that do not fit in with the hiring of older people; but that is no reason for them to have to sit on the side lines, or starve, or accept employment that is less suited to their training and so on. I think we should give this matter very thorough consideration.

Mr. THATCHER: What would be the methods by which you would change it?

Mr. BYRNE: Well in age—

Mr. STARR: I asked a question along similar lines under this heading of fair employment practices at the beginning of the sitting of this committee on labour estimates, in regard to what Mr. Byrne has said. My question was whether the government was reviewing the situation in some way to try to find a solution of industrial employment practices in requesting labour, for their purposes, with strict specifications as to age, height and weight and other aspects in the male employee, and certain of those aspects in the female employee.

Hon. Mr. GREGG: I would say to Mr. Byrne and Mr. Thatcher that we are all concerned here, with what you have said regarding the difficulties of the employing of older workers. Not only has there been concern expressed, but we have been trying very hard to do something about it—as we will show when we have an opportunity to make a report when we come to other items in the estimates, particularly in the national employment service.

I do not think that the committee agrees, perhaps, that you can cure the problem of the employment of the older workers by legislation, by attempting to force the employer to employ them. However, even if legislation may be helpful, I for one feel that if this particular thing that is sought to be brought under this act is to be added on, it should be under some other dispensation.

As has been said, this act definitely was to overcome discrimination against persons on account of their race, colour, national origin, or creed in respect of employment. That is why it was called the Fair Employment Practices Act rather than the anti-discrimination act.

Another reason was that the name "Fair Employment Practices" was international. On this continent it came to mean that and the name was used more or less to conform with that. The provinces that had already got into this field, had done so using the short title, and rather than referring to it as the federal anti-discrimination act. I do not think the title matters, as long as it is doing the work intended for it.

I do not believe this should be extended to try to cover fields of workers other than those who are the minority groups of the country that have not any method or in some cases anybody to present their case. This is a means of bringing the grievances that are alleged, in the first instance, to the attention of those employers against whom the grievances are charged.

So far, I think the figures are very small, and I do not think they indicate the effect that this act has had in the few years it has been in operation. I think the very fact of the even mild educational content of the Act has been useful in bringing it to the attention of the employers as well as the employees that this legislation touched.

Mr. GILLIS: Mr. Chairman I still contend that "Fair Employment Practices" is very misleading and that the act certainly does not perform the function that the title suggests. The minister has said you cannot legislate for the older worker, and do much about his problem by way of legislation. I do not agree with that.

Because they have pension plans industry has taken the position that they are not hiring anyone over 40 years of age. Many of those plans are very inadequate and to keep them actuarily sound, they say "we are not taking on anyone over a certain age". The answer to that, Mr. Minister, is this; what is needed in this country to cure that problem is a national retiring allowance on a contributory basis, and the scrapping of these industrial pension plans.

If we established an over-all retiring allowance scheme in this country for everyone in this country on the contributory basis, and took this problem of the older worker out of the hands of industry they would carry these people on as long as they were productive because you would be taking away the reason why they are now being discriminated against after age 45. That has to be brought about by legislation.

Hon. Mr. GREGG: It is not true that industries—any more than it is true of the civil service—will not hire a man or a woman over 45 years of age. They are doing it all the time. When we have our national employment service report coming before this committee we will be glad to indicate that. The civil service is now hiring people up to the age of 60 in some cases.

Mr. GILLIS: Provided they have special qualifications.

Hon. Mr. GREGG: That applies also pretty well at age 30; they must have the qualifications to suit the job.

Mr. GILLIS: You just try to get into any industry like the coal and steel industry who have pension plans. It has only been since the inception of the pension plans that this came in.

Mr. HAHN: I think that the minister would agree that pretty nearly every person who has spoken on labour in the house from time to time has felt this same need for legislation and that somebody should look after these people which Mr. Gillis mentioned earlier. The minister did say that that has to do with minority groups only. I contend that this is a minority group which is being discriminated against. I did have a civil service form which indicated that one of the requisites for employment in this field was that no one over the age of 45 years need apply.

Hon. Mr. GREGG: That was for a particular job.

Mr. HAHN: No. The reason why I kept it was because it did not call for a particular job; it was just for work of a menial type. Unfortunately I do not have it with me. I will search for it later. In the specialist jobs, just anyone will do; an electronics expert or anyone who has the knowledge to carry on that work is all right. It is these day-to-day labourers who are being called on to work for a very nominal fee who are definitely being discriminated against. They are finding it most difficult. I have had many instances in my own area of people coming to me and saying, "I could do this job but they say they have another younger fellow with the same qualifications, and they desire the younger man."

Looking at it from the common sense point of view of the industrialist, I am sure that he would be inclined, if he had the offer of a young man offering his services and a man of, say, 50 years of age and in view of a pension scheme, that he would be rather inclined to choose the younger man. That is just common sense. I think that some form of legislation must be brought in under this act, Mr. Chairman, or under some other act to prevent these people from being discriminated against on the basis of age. Very few employers will admit that they are discriminating against people because of age. They can always find a suitable excuse—that is all it is—for not hiring a man who is over 45 years of age if there are younger applicants; that is generally the way it is done so far as they are concerned.

I would suggest that possibly a research committee be set up to thoroughly study this question as to the reasons why men and women over 45 years of age are being denied employment, and if it is found that it is a case of pensions then we may have to revise our pension legislation. If it is a case of qualifications, that is entirely a different matter. I think that we should go further than we have in the matter up to date.

Hon. Mr. GREGG: Mr. Chairman, I do not want to shorten this discussion because it is useful, but it will be continued and I would like it to be continued when we come to the employment service because we have such a committee, Mr. Hahn. We have not spoken about it too much, but we have an inter-departmental committee which has been working on this, and in the city of Toronto, under the sponsorship of that committee, some intensive experimental work has been done on a voluntary basis there. When we come to the above item I will ask that the officials bring forward the results of that.

Mr. HAHN: What is the appropriate item?

The CHAIRMAN: It will come under "B"—Unemployment Insurance Commission, item 196.

Mr. THATCHER: I was not aware that there was, at the moment, any great problem of unemployed workers over age 45. Am I correct in that or am I wrong?

Hon. Mr. GREGG: There are not vast numbers, but there are some. We have, in our large national employment offices, placement officials whose special function it is to use the telephone—and we are using it a lot—to try to find jobs—and that will take the place of this compulsory legislation—and by persuasion to get employers to use the services of these well qualified older men and women. We get, from our regional office every month, a report on the employment in that month under such headings as veterans' placement, youth placement, women placement, and the placement of older workers. That special effort has been going on steadily. But I will grant immediately that it has not been able to place all those within that category. However, the numbers in that category are not, under existing conditions, great.

The CHAIRMAN: Could we leave that subject now until we reach the appropriate item? I did not close the discussion before because Mr. Gillis spoke and I thought that everybody who wished should have a shot at it.

Mr. BYRNE: Could we finish it now?

Mr. GILLIS: Why not change the title of the act?

The CHAIRMAN: As the minister pointed out, this title is used in all the provinces where they have acts like this.

Mr. GILLIS: A dictionary would not define it in that way.

Mr. BYRNE: I think that Mr. Thatcher would find that there are more cases of discrimination in employment because of age in Canada than there are because of race, colour, religion or national origin. I think that we should come to grips with this problem.

Mr. THATCHER: I did not think that there was much unemployment in general at the moment.

Mr. BYRNE: There are all kinds of people qualified to take jobs and to do certain work but who have to do menial and part-time labour because they are only able to find employment in that field.

Hon. Mr. GREGG: In the federal field I believe that our activities in this regard should be, and are, the subject of an aggressive program to find employment for those older workers, to help them find employment, to guide and assist them in working up their courage, if you like, to go out and look for a place that will fit their particular qualifications.

The CHAIRMAN: I might say to Mr. Gillis that there is one justification for keeping these separate, which has come to my mind. Discrimination against people on the ground of race or religion is so reprehensible to our way of thinking in Canada that it might very well be regarded as legislation within the field of criminal law; but if you get into the field of dealing with the question of not hiring people on account of their age, you are getting there beyond the field which the courts would hold to be criminal law, and so you are introducing something which you could not deal with by federal law, and I think that that should be kept separate as, in my mind, the jurisdiction is different from the constitutional standpoint. We have so far not dealt with discrimination on the ground of race or religion under the heading of criminal law, but if we did I think that the courts would uphold it on that ground. If we introduce the element of enacting a law that people could be proceeded against because they did not hire people over a certain age, then I think it would be going beyond the field of criminal law and that the

courts would say you are encroaching upon the provincial field of property and civil rights. So I think that you should keep them separate. However, I think in the meantime that we should do as the minister says and take this up when we get to where the department is dealing with it under item 196.

Mr. CHURCHILL: On page 21 of the annual report of the Department of Labour for the fiscal year ended March 31, 1955, at the bottom of the page it is mentioned that the total number of complaints made under the act is 11. Of those complaints, how many arose as an allegation on the part of the person discriminated against, and how many were on the basis of advertising?

Hon. Mr. GREGG: I will ask Mr. Wilson, the assistant director of industrial relations, to answer that. He is the assistant to Mr. Maclean, who is attending the convention in Toronto today at my request.

Mr. B. WILSON *(Assistant Director of the Industrial Relations Branch)*: Those 11 cases referred to for the last fiscal year, or the fiscal year 1954-55, are cases of complaints from an individual that he had been discriminated against. As to complaints which would concern advertising or employment application forms, we would deal with those on a correspondence basis and would not set up a formal complaint file, because they are disposed of usually quite quickly. We have had complaints that advertisements did violate the legislation and we have gone into them and clarified them to the extent that the advertisements were amended or that it was said that they would not occur again. The ones to which you have referred are just complaints by individuals under section 4 of the act.

Mr. CHURCHILL: What is the extent of the complaints with respect to advertising? Do you have any record of that here?

Mr. WILSON: I would say that there would be only 2 or 3 cases. It is quite difficult, in the case of advertising, to separate our jurisdiction from that of the province. Where we have gone into them and have found that they were advertisements directed towards employment within federal jurisdiction we have gone into them carefully and clarified them and secured an adjustment. There would not be any more than 2 or 3 cases at most. I can only recall one.

Mr. CHURCHILL: With respect to complaints which you mentioned here as put forward by individuals, does the complaint have to be lodged by the individual who alleges discrimination?

Mr. WILSON: The act states that it must be made by the individual. Those individuals can, however, have advisers.

Mrs. FAIRCLOUGH: What steps are taken to guarantee job protection for the complainant?

Hon. Mr. GREGG: That is included in the act. They are protected under the act.

Mrs. FAIRCLOUGH: That is not quite what I meant. Who takes the initiative in that? Does the department, in receiving a complaint, make a special effort to make sure that the complainant is protected?

Mr. WILSON: Yes. When we notify the employer we do not tell him the name of the complainant at all. Of course the conciliation officer knows the name of the complainant and he goes into the situation and deals with it on a general basis first of all. Of course, it is very difficult when dealing with a specific complaint relating to a particular job, to conceal the identity of the person; but we have not had any evidence of discrimination because of the filing of a complaint.

Mrs. FAIRCLOUGH: What I am thinking about is the ill feeling which is apt to be created between the employer and the employee. The employee may

go on working there for six months and then the employer may find a reason for getting rid of the employee although the real reason may be the original complaint.

Mr. WILSON: We have not had any evidence of that.

Item agreed to.

General Administration—

185. International Labour Conferences, $67,720.

Hon. Mr. GREGG: Mr. Chairman, I am, in a moment, going to ask my deputy minister to discuss this because during the past year he has been the chairman of the board of governors of the International Labour Organization. Before opening it up for questions, I would like to say this: that because of the fact that there are on this committee some who were on the Industrial Relations Committee last year, that that committee was kind enough to speed up the work of the committee to enable me to attend the International Labour Organization, and I just wish to express my appreciation to those individuals for that.

To me, of course, it is a bit of a change to attend the International Labour Organization conference. For those who go from year to year, as has my deputy in recent years, it is pretty steady work. I have been there twice. Until then I had read in the North American press about there being a good deal of scepticism as to the value of this organization and that it was one in which radical and left-wing ideas were engendered and transplanted to the North American continent, and because of that one naturally looked with an open mind to see the values which appeared to be inherent in it.

The two visits which I made were interesting in that there appeared to be quite a different atmosphere at Geneva. The one three years ago was a very interesting series of discussion groups taking up questions that were of general interest to workers in all the countries represented there. Take, for instance, that year a very important committee that was appointed—I have forgotten the exact title of it—which in substance was a committee to discover the proper role of a department of labour in a modern democratic state. I said to myself, "well, here is a chance to get points of view". The older established countries that were represented on it, I thought, approached it with a good deal of assurance that their departments of labour were about the best that could be arranged. On that committee were countries like Nigeria and South American countries—small countries. One was a bit surprised to know that those countries were working with a department of labour. There, in that committee, I thought that one saw the usefulness of the I.L.O. as a whole, in that as the discussion proceeded the older established countries were certainly able to contribute a very good deal of value to the younger countries that were groping for guidance and I think they were seeking good arguments which they could take home to their less developed countries to prove to them that this field of activity should be developed. On the other hand, I was equally convinced that the older countries felt that they had, in the final analysis, gotten something out of the fresh approach of the younger countries as they went into the problems which are reflected in our estimates here.

That was only one of the many committees in progress and I will not outline the difference between that assembly in June three years ago, and the one last year, which to my mind, was because of the fact that mainly, in the interim, the Soviet group had decided to voluntarily take advantage of their right to send delegates to the I.L.O. The I.L.O. has always had the light in the window to welcome the tripartite representatives from all the countries who are members of the United Nations. Up until two years ago Russia, and associated countries—most of them—had not taken advantage of that opportunity.

This time they did and the delegates were chosen and came to Geneva classified in the traditional three-way manner in which all countries' delegates were classified, namely government, management and labour. When they arrived some of the representatives of the older countries challenged the right of employers and employees or worker members to sit with respective groups because of the fact that it had been established practice to recognize only representatives in those groups who were free from government dominance in their own homeland.

Like most great conferences, when the question became almost impossible to solve, they said, we will turn it over to the board of governors and they can decide that in the interim period. I will leave it to Mr. Brown to outline as to how they operated.

I am going to divert now and try to indicate in a couple of words what I feel the value of I.L.O. has been to Canada. I feel it has been of great value in the educational field. It is the education that comes to the representatives of management and labour, and of government who have gone there from year to year. Those government representatives have from time to time included observers and other representatives of provincial departments of labour, joining our federal representatives. So, it has been spread across the country as a result of that. Through those discussions and the educational value, arising out of conferences, I am sure employers in Canada have improved their outlook with regard to matters affecting working people in Canada as well as those throughout the world.

I am equally sure that our labour representatives who have gone and who have participated in I.L.O. and also have gone each year to Brussels to the international conference of free trade unions, through those two channels have brought back to the labour organizations an understanding of the needs in other countries. That has caused them to be in the forefront in assisting the countries that have not the opportunities for development that exist in the western world.

To bring it down a little closer to home: I am sure it has been due to that, to a great extent, that organized labour in Canada, since the war, has been generally in favour of immigration into Canada. This was not always the case. I can also say with equal certainty that the experience has been of value to the government representatives in their jobs of administration of government departments.

The representatives of employers have probably been most skeptical as to its value; but I think that in Canada, even the representatives of employers concede that it has value. Whether this is true south of the line, I am not sure. I saw in the press the other day that the former representative, the head of their employer delegation in the last few years, is not going this year. He has indicated in the past years a very definite view, and even expressed skepticism as to the value of I.L.O. to the United States. That will be clarified, I think, during the June sessions.

Unless there are some questions, Mr. Chairman, I turn this discussion over to Mr. Brown, who is more intimately familiar with this question.

Mr. BYRNE: Mr. Chairman, Mr. Gregg said it was found difficult to assimilate the Soviet delegates into the conference, by virtue of the fact that there was a breakdown into the three distinct categories, namely government, employer and employee organizations.

Hon. Mr. GREGG: They broke them down, and they had them identified; but the question in the mind of those—

Mr. BYRNE: I wonder what degree of difference there is between the Russian delegates and those from the national railways in Great Britain, or those in the coal industry, or the difference between the Russian delegates and the representatives of the Canadian National Railways here.

Hon. Mr. GREGG: I think there is quite a difference there. Would you care to comment on that, Mr. Brown?

Mr. BROWN: Yes.

Hon. Mr. GREGG: This is the first opportunity there has been for a discussion on the I.L.O. in this building, and I think we should take advantage of it, Mr. Chairman, if we have the time.

Mr. BROWN: I will perhaps start off on the discussion of this matter as it relates to the item in the estimates, and perhaps then I will proceed to a general description of the type of work I.L.O. is doing.

Canada, of course, is a member of I.L.O. We are also a member of the governing body of I.L.O., the executive council, which is responsible for the direction of its work. The Department of Labour acts as the official liaison agency between I.L.O. and the government of Canada, and the employers and workers organizations in this country. We have set up in the department a branch called our I.L.O. branch. It is responsible for the coordination of I.L.O. work, and liaison with the other departments of government which from time to time are interested in a particular topic under discussion. It also does the liaison work in consultation with provincial governments which are interested in problems dealt with by I.L.O. and are partly or wholly in the provincial field of jurisdiction, in Canada.

The main functions of that branch are: to be responsible for the preparation of briefs and instructions for government delegates to the I.L.O., both to the general sessions, and the committee meetings.

They also make arrangements for the government worker and employer representatives attending the I.L.O. meetings. The branch is also responsible for the preparation of reports that are required by the International Labour Office on matters which are coming up for discussion, or in respect to recommendations, or conventions which have been adopted.

The vote for the branch includes the cost of administration of the branch, plus the cost of provision for the payment of expenses of representatives from Canada going to these various meetings. The International Labour Organization is, as you know, a specialized agency of the United Nations. Actually it was established in 1919 under the treaty of Versailles, and operated under the auspices of the League of Nations until the end of the last war.

At the present time it has a membership of 69 states. I think it has a larger membership, in fact, than the United Nations itself. It deals in the international field with labour and social problems in much the same way as the F.A.O. handles questions relating to world food production and supply, and as the W.H.O. works to improve world health conditions.

It has a unique structure among international organizations because its delegations to conferences and industrial committees consist not only of government representatives, but also of employer and worker representatives. This tripartite structure has, I think, given the organization a great deal of its strength and drive in its work, and has added, I think, a very great deal to its value as a channel of international communication. It is a forum for exchange of views on the matters which come into its sphere of activities.

In its organization it consists of three main organs. There is the Governing body, which is the executive council of the organization, consisting of 40 members. Twenty of the members are government members, 10 are worker members and 10 are employer members. There are 10 of these government seats which are held permanently by the 10 states of chief industrial importance. Canada is one of these.

Then there are 10 elective seats which are held by the other countries, and the elections to these seats are held every three years. The 10 worker and

10 employer representatives are elected also every three years by the worker and employer groups respectively, themselves.

At the present time I am the Canadian government representative on the governing body. Mr. Claude Jodoin is a deputy worker member, and Mr. Harry Taylor of Toronto is a deputy employer member of the governing body.

The governing body, as I said, is responsible for the decisions in making recommendations to the conference on questions of policy, programs and finances.

The second organ is the International Labour Conference, which is actually the supreme authority. It meets yearly, and brings together upwards of 700 delegates, advisers and observers from nearly 80 countries and territories. There are included in the delegations of the countries with dependent territories, some observers or advisers from those areas.

The conference includes in its agenda a number of technical subjects, which have been approved by the governing body. These are dealt with; the subjects are discussed at the conference initially in committees, and the recommendations or conclusions of the committees then go to the plenary session of the conference for consideration.

At the conference, they formulate and adopt various internatioal labour conventions, recommendations and resolutions which help to set world standards in the labour and social securitiy field.

The conference also is responsible for the election, as I have said, of the members of the governing body.

It adopts the annual budget recommended to it by the governing body which in turn, is financed by the contributions of member states. This annual conference provides a very effective world labour-management-government forum in which matters of social policy and labour relations are discussed.

The third organ of the I.L.O. is the International Labour Office which operates under the direction of the director general, who at the present time is Mr. David Morse. He was formerly the under-secretary of labour in the United States. The staff of the office consists of about 700 officials. It acts as secretariat, and conducts programs of international action to raise living and working standards. It undertakes a great deal of research work, and prepares reports for discussion at the I.L.O. conferences and meetings. It also selects and directs the work of experts who are sent out under the I.L.O. technical assistance program. It is also responsible for the publication of periodicals, reports, studies and statistics which the I.L.O. undertakes.

When we come to the scope of the work of the organization, of course one of the important phases of the work is the formulation and adoption by the International Conference of international standards or targets in the form of conventions and recommendations in the field of working conditions, industrial safety, social security, and industrial relations. There have been about 100 conventions, and a similar number of recommendations adopted so far in the course of the existence of the I.L.O. and these form what is known as the International Labour Code. Of course, one of the purposes of the establishment of these standards is to discourage unfair competition in international trade, based on substandard conditions of employment, and to provide a standard or a basis from which national legislation may be worked out.

The I.L.O. also participates in the United Nations expanded technical assistance program. The major emphasis under this program of the I.L.O. has been in the field of vocational training, rehabilitation of the handicapped, employment service organizations, social security, labour inspection and labour-management relations. It also aids in the promotion of cooperatives, trainee exchanges and that sort of thing.

There are a number of committees and commissions which meet from time to time and play quite an important part in the I.L.O. program.

These include the committee on freedom of association, which handles complaints of alleged enfringements of freedom of association involving states of the I.L.O. There is an ad hoc committee on forced labour, a fact finding body which reports on the complaints of the existence of forced labour practices.

There are a number of tripartite committees established in a number of industries. These committees meet at intervals and discuss problems of common interest in industry, including safety measures, production problems and labour management relations.

There are a number of committees of experts of various kinds which are also convened from time to time on matters of current or continuing interest. I do not think there is any period in the history of the I.L.O. when its work has been of greater importance than at the present time. In the period prior to World War II, I think it might be said that the interests and the influence of European countries tended to be predominant in the I.L.O.

In the current post-war period, the emergence of the new states in the near, middle and far east from colonial status to independence and self-government means that this large area of the world has actually become one of vital interest and immensely increased importance in the work and activities of the organization.

As you know, these countries, new countries, are facing many pressing problems in their efforts to establish government services, develop their industries, and regulate their national economy. They are extremely interested in these matters, matters in the field of labour-management relations, social welfare and vocational training, which are in the I.L.O. sphere of activities, and they are anxious to participate in I.L.O. activities in these areas of interest.

I feel that Canada and the other western democracies have a vital interest in helping these countries develop their policies and programs along sound democratic lines, and in helping in the improvement of their living and working conditions. It is necessary for the western democratic countries not only to convince these people in these less developed countries of the advantages of our economic form of life, but also to show that we accomplish these things in a manner which makes it possible for us to do so in an atmosphere of freedom, and assurance of freedom of the individual. That I think is extremely important today, when we have the other conception, that of the communist country economics, who are endavouring to promote their own theories in these countries.

To this end the I.L.O. conference and its tripartite committees have served as an exceptional international forum for the presentation of discussion of the western conceptions of individual freedom of action, expression of opinion and freedom of association. These meetings and discussions have provided an opportunity to put forward concrete evidence of the ability of free enterprise, of management and free unions, and governments to work together in a responsible and productive relationship.

The 1956 budget of the organization amounted to $7,400,000. Canada contributes 3·63 per cent of the annual budget, which means an amount of $235,000. The largest contributor to the I.L.O. budget is, of course, the United States, which contributes approximately 25 per cent at the present time.

Mr. HENRY: Mr. Brown, how do you make these percentages up? What is the basis of calculation?

Mr. BROWN: The scale of allocation is one which has been developed over a period of years. It is developed really on a primary basis of ability to pay, actually. There is a minimum contribution which every country is required

to pay. I think that is ·12 per cent of the budget. There is also a ceiling, a maximum which is fixed in so far as the United States is concerned, at 25 per cent. I might say that that is the maximum amount, and the percentage which the United States government itself has agreed to contribute. The Canadian government has made an effort, and is continuing to make an effort to induce the United States government to agree to bring its contribution up to 33⅓ per cent of the actual budget, but there has not been very much response to that.

Mr. HENRY: Is that just an arbitrary figure?

Mr. BROWN: That is an arbitrary figure which has been accepted in the United Nations itself. That is the United States contribution to the United Nations budget. At one time I think it ran up to 50 per cent, and has gradually been reduced until it is fixed now at a figure of 33⅓ per cent. I think that is generally accepted as the maximum figure.

Mr. HENRY: Are you indicating, Mr. Brown, that there is any relationship between the scale of contributions for the purposes of the United Nations, and for the purposes of the I.L.O.?

Mr. BROWN: Well, it has been the policy of the Canadian government to try to bring the scale of contribution, in all the United Nations specialized agencies, to more or less a uniform scale of allocations. There is progress being made in that connection.

Mr. HENRY: Is it correct to say that the contribution of Canada to the I.L.O. is based on the productive capacity of the country?

Mr. BROWN: There are a number of factors that come into the picture, and that is part of it. Part of it is the question of population. The criteria which are used in establishing the scale are reviewed every three years by a committee of experts. When it comes to the review, or revision in the scale of allocations, that is dealt with by the committee of the governing body. There is a certain amount of discussion and negotiation involved in the scale, particularly in relation, as I say, to this question of ceilings and so on.

Mr. HAHN: Mr. Chairman, on a point of order. I checked through the accounts here and do not find that $230,000. Does that not come under another department?

Mr. BROWN: That is included in the Department of External Affairs vote, so we are strictly out of order if you want to discuss this.

Mr. HENRY: Just before you leave the subject, since it has been raised, have you got the contributions made by the United Kingdom and by Russia towards the I.L.O.?

Mr. BROWN: I have not got them here. I can give them to you. I think the United Kingdom's contribution is somewhere in the neighbourhood of 10·60 per cent. I think the U.S.S.R. is in the neighbourhood of 10 per cent, but I am not sure. I have not got the figures here with me.

Mr. BYRNE: What would the Canadian contribution amount to percentagewise?

Mr. BROWN: 3·63 per cent.

Mrs. FAIRCLOUGH: Mr. Chairman, I notice that Mr. Brown said Canada's contribution was 3·6 per cent, or approximately $230,000, but on page 63 of the report of the Department of Labour, it says 3·98 per cent, or $251,000. Does it vary from year to year?

Mr. BROWN: Yes. There have been a number of new countries enter the I.L.O. since 1954, and that has the effect of reducing our percentage.

Mrs. FAIRCLOUGH: This is for 1956, because the report claims that the 3·98 per cent was for 1955; so your 3·63 is for 1956?

Mr. BROWN: That is right.

Mrs. FAIRCLOUGH: Is it for the period of a calendar year?

Mr. BROWN: Yes, a calendar year. I might say there is a budgeting discussion to fix the amount of the annual budget of the I.L.O. held at the March meeting of the governing body each year. At that time the budget for the following calendar year is considered. There is a finance committee of the Governing Body which meets a week in advance of the Governing Body itself, and it goes over in detail the estimates which the Director General submits. The final budget that the committee agrees to support goes on to the Governing Body for adoption. If it is adopted by the Governing Body, then it is put forward to the annual conference for approval.

Mr. THATCHER: Mr. Chairman, on page 60 of the report it says the I.L.O. assists member states by furnishing experts, manpower, training and technical assistance. I wonder if the Minister or Mr. Brown, would say whether Canada received any such assistance in the past year?

Mr. BROWN: No, we provide—

Mr. THATCHER: We do most of the providing?

Mr. BROWN: I should say that in addition to this annual budget, the I.L.O. receives funds from the United Nations technical assistance program to finance its work in technical assistance. For example, in 1956, the I.L.O.'s share of the moneys from the United Nations technical assistance program amounted to $2,933,000, approximately 10·7 per cent of the fund, and the amount in 1955 which the I.L.O. received from that fund was $2,624,000.

Mr. THATCHER: Mr. Chairman, as far as the I.L.O. is concerned, we did not receive any experts on manpower in Canada during the past year from their office?

Mr. BROWN: We did not ask for any.

Mr. THATCHER: We just give assistance then, is that the idea?

Mr. BROWN: The I.L.O. receives requests for assistance in some field. It might be manpower, it might be vocational training. It is then the duty of the Office to look around and try to select the experts from any area, or any country that they think this assistance could be drawn from.

Mr. THATCHER: Mr. Brown, would you be specific and state what technical assistance Canada gave last year?

Mr. BROWN: We do not give any technical assistance directly, as far as I.L.O. is concerned. There are Canadians who are selected by the International Labour office to serve as experts under their technical assistance program.

Mr. THATCHER: I see.

Hon. Mr. GREGG: And we contribute to this program.

Mr. BROWN: Of course Canada contributes to the general United Nations technical assistance program and, as I have said, a share of that general fund is allocated by the United Nations organization to the I.L.O. to carry out its part of the program.

Mr. CHURCHILL: Mr. Chairman, could Mr. Brown tell us what has been the direct effect on Canada in its participation in the I.L.O. with regard to changes in legislation, or working conditions, or other relationships in industry?

Mr. BROWN: It is very hard to make a specific appraisal of that. There has been in the maritime field, though. A number of I.L.O. conventions which have been adopted and incorporated in the Canadian legislation—in the Canada Shipping Act—and areas of that nature.

Mr. CHURCHILL: Resulting in any major change in Canadian legislation?

Mr. BROWN: I think, as far as the maritime conventions are concerned, the Canadian legislation has been brought in line with the provisions of those conventions. A great many of the conventions and recommendations cover matters which are substantially in the provincial field. They have been used, not necessarily in whole, but in part as a basis for legislation or as suggestions, or as recommendations for legislation in Canada.

Mr. CHURCHILL: Can you give any outstanding example of a change in the conditions in Canada as a result of information received from the I.L.O.

Mr. BROWN: I think I could, but I have not got the information in front of me at the moment.

Mrs. FAIRCLOUGH: Mr. Chairman, I wonder if Mr. Brown would tell us who the various representatives were during the past year who went to I.L.O., apart from those he has already mentioned, to participate in conferences of any kind under the jurisdiction of I.L.O.

Mr. BROWN: I have not got a list of the representatives here, but I can get that for you.

Mrs. FAIRCLOUGH: Will you provide that for us later?

Mr. BROWN: Yes.

Mrs. FAIRCLOUGH: That is, the names of anyone who went to any of the I.L.O. committees, employer and employee representatives, and also government representatives.

Hon. Mr. GREGG: During the year 1955-1956?

Mrs. FAIRCLOUGH: That is right.

Hon. Mr. GREGG: Just to complete that, someone asked about the $234,875 which is in the estimates, the contribution to International Labour Organization. That will be found on page 19 of the estimates under External Affairs, included in item 103, and the breakdown of 103 is on page 185. It is indicated there in the middle of the page.

Mr. BROWN: I can give you a list of the representatives in the Canadian delegation to the 1955 conference. I will be glad to read it out to you now.

The Canadian government delegation consisted of myself as the head of the delegation. The other government delegate was Mr. Paul Goulet, who is the director of our International Labour Organization branch. The alternate government delegate was Mr. Hector Allard, who is the Canadian permanent representative to the European office of the United Nations, with headquarters at Geneva. The advisors to the government delegates were Mr. Ian Campbell, national coordinator of our civilian rehabilitation branch and member of the federal Department of Labour; Mr. C. R. Ford, assistant director of Canadian vocational training branch, and a member of the federal Department of Labour, and Dr. J. W. Willard, director of the research division of the Department of National Health and Welfare.

I might say that the advisors are selected on the basis of their competency to deal with technical subjects that are under discussion at the conference. Last year we discussed civilian rehabilitation, we discussed vocational training in agriculture, and we discussed welfare facilities in industry.

The worker delegate last year was Mr. A. V. Cooper, an executive board member of the United Brotherhood of Carpenters and Joiners of America. He was the nominee, of course, of the Trades and Labour Congress, and the Canadian Congress of Labour. The advisors to the worker delegate were Mr. John Brady, United Automobile Workers International Union from Oshawa, Ontario; Mr. S. M. Hodgson, vice-president, District No. 1 of the International Woodworkers of America, Vancouver; and Mr. J. G. McLean, vice-president of the Brotherhood of Locomotive Firemen and Enginemen, Ottawa; Mr. Jean

Marchand, general secretary of the Canadian and Catholic Confederation of Labour, Quebec City; and Mr. Albert Mayer, president of the Saskatchewan Civil Service Association, Regina. Some of those representatives were nominated by the Trades and Labour Congress and the Canadian Congress of Labour.

Then there was a separate nomination of a representative of the Canadian and Catholic Confederation of Labour, and a separate nomination of the representative of the International railway brotherhoods. Mr. McLean was that representative.

Now the employer delegate was Mr. W. A. Campbell, vice president and secretary of Canadian Westinghouse Limited, Hamilton. He was nominated by the Canadian Manufacturers Association.

The advisers to the employer delegate consisted of: Mr. G. C. Bernard, manager of the Ontario division of the Canadian Manufacturers Association, Toronto; Mr. J. A. Brass, general secretary of the Railway Association of Canada, Montreal; Mr. S. M. Gossage, assistant manager of personnel, Canadian Pacific Railway Company; Mr. J. Arthur Lapres, assistant to the president of the H. J. O'Connell Company Limited, Montreal, and Mr. W. J. McNally, manager of the policy department for the Canadian Chamber of Commerce, Montreal.

These employer representatives, as I say, were nominees of the Canadian Manufacturers Association. They also include nominees from the Canadian Chamber of Commerce, and from the Canadian Construction Association. We had also one provincial representative that accompanied the delegation as an observer, the Honourable A. E. Skaling, Minister of Labour in the province of New Brunswick.

Mr. BYRNE: Mr. Chairman, perhaps my first question was a facetious one regarding the membership of the Union of the Soviet Socialist Republics, about their remaining aloof up until this time, or was it simply because they disdained to join such an organization?

Mr. BROWN: When the I.L.O. became a specialized agency of the United Nations in 1946, there was an agreement entered into between the I.L.O. and the United Nations under which the I.L.O. undertook to accept as members any state that was a member of the United Nations. That agreement was subsequently given effect by an amendment to the I.L.O. constitution itself. The I.L.O. constitution was amended in 1946. That amendment, I might say, at that time had the unanimous support of all the government, worker, and employer delegates at the 1946 conference. That amendment provided that any member of the United Nations could become a member of the I.L.O. upon making application and undertaking to comply with the provisions in the constitution.

I think as I recall it, there was some approach made by the U.S.S.R. in the 1930's for membership in the I.L.O., but that was not pressed, or it was not proceeded with. In the post-war period the U.S.S.R. made no effort to enter the I.L.O., until 1954. There were, however, members of the other iron curtain countries who have been members over a period of years. Poland, Czechoslovakia, and I think Bulgaria. Poland played an active part in the I.L.O. until 1951, or in 1952. I do not think they actually withdrew, but they did not send representatives to the conferences after that. In 1954 the U.S.S.R., as a matter of policy, decided to take membership in the I.L.O., and upon making application they were entitled to membership and became a member at that time.

The question of the status of the worker and employer delegates from the iron curtain countries was raised at the 1954 convention by the worker and employer groups at the conference. It is not a simple issue, or one which is capable of any easy solution. Under the I.L.O. constitution, delegates to the

conference representing workers and employers are designated by the government of the member state. The constitution goes on to provide that these delegates shall be chosen by the government in agreement with the most representative workers and employers organizations, where such representative organizations exist. In other words, if they do not exist, that responsibility rests on the government.

This provision has operated in a practical and satisfactory manner over a great many years. A number of iron curtain countries, as I said, have been members of the I.L.O. throughout the post-war period. They have sent full delegations to the conferences without any serious questions having been raised, or difficulties having arisen.

You have, of course, in the membership of the I.L.O., states with very different types of economies ranging from the fully socialized economy in the communist states, on the one extreme, to the states with the predominantly private enterprise economy at the other extreme. We also have as members, states ranging from dictatorship forms of government at the one extreme to free democracies at the other. That is true of the memberships of all our international organizations today.

Any formula which might be developed or designed to deprive the U.S.S.R. employer and worker delegates of their status would, of course, apply with equal force to other iron curtain countries.

One of the questions that arises is, do you want to find a formula of that nature which may help to tie in more closely, or at least to help to maintain these ties which bind these satellite countries to the U.S.S.R.; and you have to consider whether a reasonable formula can be developed for application to employer representatives from the iron curtain countries which would not operate also to eliminate the employer representatives from other member states with a predominantly socialist or partly socialist type of economy. That is the point that you raised, Mr. Byrne.

Then you have to consider, is it possible to develop a formula for application to the worker representatives from the iron curtain countries, in the manner which is desired by some of the representatives of the worker group, and which would not also operate to eliminate worker representatives from a substantial number of other countries where, in the opinion of some members of the conference, there are no free trade union organizations.

Now, these are all questions which are not capable of easy answer. Actually the whole issue has been overemphasized, I think. What we have to consider is whether the effectiveness, or the usefulness of the I.L.O. would be increased, and whether its purpose would be better served by the adoption of a course of action which might lead to the withdrawal of a substantial number of countries, or the reduction in the membership in the I.L.O. to a select group of states with predominantly private enterprise economies. These are matters that come up for consideration.

The governing body last spring, when they were considering the matter which was thrown in there by the conference, decided to get a factual report on the relationship between governments of member states of the I.L.O. and their employer and worker organizations. They appointed a fact-finding committee headed by Lord McNair, who recently retired as the chairman of the World Court of Justice. That committee has produced quite a voluminous report, with many addenda. It is quite interesting, and emphasizes the wide differences which do exist in the relationships between the government and the worker and employer organizations in the various countries, and the divergence in the types of economies and in the extent of freedom of association.

The discussion on that report, which was received at the March meeting of the governing body, has been deferred until the fall session of the governing body.

This year there will be further discussion. The governing body will endeavour to reach some conclusions in relation to this issue.

Mr. BYRNE: The minister has said that there were two or three suggestions which they were able to fit into this triumvirate of government, employers and workers organizations. I was wondering what their counterpart in the manufacturer's associations would be. How did they actually break themselves down?

Mr. A. H. BROWN (*Deputy Minister*): Well, what we call the employer representatives are really the representatives of management in the U.S.S.R., and their delegations are apparently drawn from the management of some of the industrial enterprises which are operated by the government in the Soviet economy. Similarly, the worker delegates were selected from persons who were trade union officials in Russia, but when they came to vote, the whole delegation voted as one; they all got up and said yes, or no; and it was quite an aggregation.

As far as having any effect on the decision of the conference is concerned, it really made very little difference as far as I could determine, because of the very limited number of votes involved. But it is somewhat of an anomaly in a tripartite system.

The CHAIRMAN: Mr. Thatcher.

Mr. THATCHER: I would like to have a precise answer from the deputy minister on one point which has been worrying me. I have listened to this discussion. It may be that I do not know enough about labour matters; but I am not exactly certain as to what this expenditure of $300,000 odd is doing for the workers of my riding. Mr. Brown said he could not give any example of a change in legislation which has been brought about by it.

Mr. BROWN: I did not say that. I merely referred to the conventions in the maritime field which had been incorporated into Canadian legislation.

Mr. THATCHER: Well, I accept that correction; but did I not understand you to say that Canada does not get any labour experts from other countries to help us, or that we have never required them? What does this I.L.O. mean to the workers of Canada, in a nutshell?

Mr. BROWN: Speaking from a purely selfish point of view in so far as we can help to raise the working and living standards of the workers in the rest of the world, and help to increase their purchasing power, it assists the workers in the Canadian economy because, in the field of international trade, it helps to get away from competition which is based upon inferior working and living standards. That is the case if you are looking at it from the point of view of what does Canada itself get out of it.

Mr. THATCHER: By and large it is a means of assisting under-privileged countries?

Mr. BROWN: Oh yes, using the term "under-privileged countries" in a broad way; and it provides a very valuable form of international exchange of opinions and views in the area in which the I.L.O. operates. It has the same value in that respect as those areas which the other specialized international agencies of the United Nations occupy; and if you believe in the value of international organization in these specialized agencies, then the I.L.O. has a value to Canada in the same manner that these other agencies have.

The CHAIRMAN: Mr. Starr.

Mr. STARR: My understanding of I.L.O. has been that it was an agency of the United Nations and that its function was to go into countries where there is to some extent a need to industrialize, and to organize labour in such countries in order to bring about a higher standard of living. By doing so the products manufactured by this labour would not compete in countries such as Canada where there is a high standard of wage in existence. Its chief aim is

to bring these countries up as closely as possible to the present scale of wages which we now enjoy, in order that the products which they manufacture may not be a threat to the industries in Canada and in other countries similar to us.

Hon. Mr. GREGG: I think you have explained it. It is very difficult to put a finger, from a purely selfish point of view, on the good—on the concrete items of good that it does to your constituents and to mine. If we were to say: what value does this have to the people living in the countryside, or in the small towns, or cities, that is one thing; but from the point of view of the workers in Canadian industry and their standards of living here—I think Mr. Starr and Mr. Brown have indicated that over the long pull, if such standards are improved, or if the standards in Hong Kong were better, we would not have the great problem, for example, of the rubber footwear industry being flooded out at the present time—as the expression goes—and there are a lot of cases in between.

But one thing that it does do—and this is another means of putting into effect the very strong urge which exists among our workers—and you and I are glad that it is there—it creates a strong urge to do something—quite apart from selfish motives—which will help workers in other parts of the world to achieve higher standards. The discussions which took place in Geneva on our various resolutions, with information being taken back by representatives of the three groups, employers, workers and governments, I think, does a good deal of good, and it is not only on the workers side.

I was for a little while in Israel, and I saw away up on a mountain overlooking the Sea of Galilee, where there was a hotel at which I spent the night. In the lobby of that hotel, when we arrived, I noticed about thirty well-to-do looking gentlemen sitting in that lobby. A young man, vigorous and active, had a big blackboard there, and with his chalk he was giving them a lecture and leading a discussion group. I watched it going on through a glass window, and after it was over I approached the young man and asked him about it. He said: "This is a lecture discussion on productivity".

He had already told me his own background. He was an American who had attended Columbia University where he had taken a business administration course and had filled it out with experience in England as well as in western Europe. He was still a young lad under 30, and I said: "How did you get here?" And he said: "The government of Israel asked I.L.O., and I am here under the auspices of I.L.O.". So when he came there he was utilizing some of the money paid by the Canadian tax-payer. I said: "What is going on inside? What is the party?", and he said: "Those gentlemen are managers of industries in Israel, some of them", and I said: "Are they just managers or are they owners?" And he said: "Some are owners, but fifty-fifty would be controlling their own plants. Those from the industries, the remainder, are paid managers." And I said to him—this was on a Saturday; and I said: "Are you here for a long week-end?", and he said: "Oh no; we are here for three weeks." I thought that was a long time for management to be away, and as I said, it was a delightful looking location on the top of a hill; and I said: "Did they bring their wives?", and he said: "No. We discouraged them, because it would make for too much preoccupation!"

They were young men under I.L.O., the heads of these industries which are very new, and in which management is seeking to introduce new ideas and to keep up to date by carrying out three weeks' courses. I told him afterwards that I was quite sure that the Department of Labour in Canada would never presume to organize such courses even if they could get an expert. I think that answers your question of why we do not get experts.

For example, the Canadian Construction Association and our various employer associations are quite sure that they have among themselves as

good experts as they could draw from I.L.O. So I think we have to admit that this is part of the out-going effort that Canada is putting forth towards a better free world.

Mr. CHURCHILL: It was Mr. Thatcher who asked the question about experts, not I.

Hon. Mr. GREGG: Yes. I am sorry.

The CHAIRMAN: Does the item carry?

Mrs. FAIRCLOUGH: Were the names which Mr. Brown gave us, the names of those on the governing committee?

Mr. BROWN: No; the 1955 annual conference.

Mrs. FAIRCLOUGH: Was there a meeting of the chemical committee too?

Mr. BROWN: Yes.

Mrs. FAIRCLOUGH: Would you mind letting us have those names? I do not think we need to take up the time of the committee by having you read them.

Mr. BROWN: I would be glad to do that, and if I have the permission of the committee I would like to revise the figures which I gave on the allocations paid in by the various countries and give you the exact figures.

Mr. CHURCHILL: Are you going to give them for all the countries?

Mr. BROWN: I thought I would give them for the countries which I mentioned here. I just wanted to make sure that they were correct figures, and I shall be glad to file the scale.

Hon. Mr. GREGG: For the eight.

Mr. BROWN: For all the countries if it is desired.

Mr. CHURCHILL: You might as well put them all in because we would then be able to make comparisons. Could you tell us if the countries which had received their allocations have paid up or if there are any defaulters?

Mr. BROWN: There is a very good record of payment as far as the allocations are concerned, but perhaps the biggest defaulter is Nationalist China, that is, Formosa.

The CHAIRMAN: We can put that in as an appendix and save the time of reading it all over.

(See appendix "A")

Mr. BYRNE: Could we have the three leading ones?

Mr. BROWN: The United Kingdom's contribution is 10·60 per cent; that of the U.S.S.R. is 10 per cent; and that of the United States of America is 25 per cent.

Mr. CHURCHILL: I would think that the U.S.S.R. should have a higher percentage than that because of their population and the industrial strength of which they boast.

The CHAIRMAN: I think you will find that it is about the same proportion that they pay to the United Nations. They talk differently when they talk about the share of cost of the United Nations as compared to what they say they are willing to pay when in London.

May we carry this item subject to the statement being filed as asked?

Item agreed to.

We shall adjourn now to meet this afternoon at 3 p.m. in this room.

AFTERNOON SESSION

APRIL 26, 1956
3.00 P.M.

The CHAIRMAN: If the committee will come to order we will proceed. The next item is 186.

General Administration—

186. Labour Gazette, authorized by Labour Department Act, $122,635.

Mrs. FAIRCLOUGH: Mr. Chairman, some of the questions I had intended to ask on this item are answered in the report, but I wonder if you would tell us what the financial results of publishing the Labour Gazette are. Do you lose money on it, or do you make money on it, or what happens?

Mr. BROWN: We lose money on it. The cost I understand runs to about $50,000 a year.

Mrs. FAIRCLOUGH: You lose that?

Mr. BROWN: Yes.

Mrs. FAIRCLOUGH: Where do we find the appropriation for that item?

Mr. BROWN: It is item 186 in your estimates there.

Mrs. FAIRCLOUGH: You said $50,000. I presume that is less subscriptions, or is it the total cost of publishing it?

Mr. P. C. PARENT (*Director of Administrative Services*): Yes. I might say, Mrs. Fairclough, this is the cost to the department of publishing the Gazette. The revenue is actually received by the Queen's printer, and it does not appear in our figures at all. They are not actually making money, because the provision we make for it is actually the net cost to the department. They get the revenue and we get the loss incurred. We have to pay for any loss incurred in printing this publication.

Mrs. FAIRCLOUGH: This charge to you, is it the difference between the actual cost of printing the publication and the subscriptions received?

Mr. PARENT: I will put it this way: we get half the selling price credited to our printing cost by the Queen's printer.

Mrs. FAIRCLOUGH: If the Queen's printer in turn charges you for the cost of printing the publication, why would they also take half of the subscription?

Mr. PARENT: The Queen's printer, under the provisions of the Public Printing and Stationery Act, is responsible for the sale of all government publications, and the provision in the estimates that the department has to make is for the loss incurred of printing these publications.

Mrs. FAIRCLOUGH: Yes, but in order to arrive at the loss, if I understood you correctly, the Queen's printer credits the department with one-half the subscriptions?

Mr. PARENT: One-half of the selling price, yes, the reason for that being that the department itself sets the selling price. In other words, if the Labour Gazette costs 68 cents an issue, and the department wants to sell is at 25 cents an issue, we have to bear the loss between the 25 cents and the 68 cents per issue.

Mrs. FAIRCLOUGH: I think we are talking at cross purposes. You have the loss which is charged to you for the printing of the publication, and you have one-half of the subscription?

Mr. PARENT: That is right.

Mrs. FAIRCLOUGH: I am afraid I do not quite understand why that would be. Why would they not do one of two things, either credit you with the total amount of the subscriptions and charge you with the net loss, or—

Mr. PARENT: That is what they charge for handling our subscription list.

Mrs. FAIRCLOUGH: You have not any way of knowing how—

Mr. PARENT: How it is compiled?

Mrs. FAIRCLOUGH: Yes.

Mr. PARENT: No, I am sorry, I have not got that. It is the standard policy that is established for all government departments in all publications.

Mrs. FAIRCLOUGH: We would have to go into the estimates of the Queen's Printer in order to find out whether the Queen's printer was operating at a profit or not?

Mr. PARENT: That is right.

Mrs. FAIRCLOUGH: It seems awkward to me.

The CHAIRMAN: Carried?

Mrs. FAIRCLOUGH: Just a minute. I notice that the appropriation is less for this year. Do you think you will have less of a loss in publishing the Labour Gazette this year than you had last year? Have you cut down on the number of copies?

Mr. PARENT: No, that saving was realized as a result of an economy measure. We cut down on the number of tables in the back of the Gazette.

Mrs. FAIRCLOUGH: Was that a matter of typesetting?

Mr. PARENT: Yes, largely.

The CHAIRMAN: Carried?

Some Hon. MEMBERS: Carried.

Item agreed to.

The CHAIRMAN: Item 187.

General Administration—

187. To provide for expenses of the Women's Bureau, $26,958.

Hon. Mr. GREGG: I would just like to say a word, first of all, and then if there are any questions on this operation, Mr. Chairman, Miss Royce, as head of the Women's Bureau, can answer them.

This bureau has been in operation for a very short time, as members of the committee will know. When it was created there were no specific terms of reference laid down as to what its role should be. A great deal depended upon the points of view that were brought to light after it began to function. It was set up in 1954, and the general intention, as I have outlined in the House on one or two occasions, was to promote a wider understanding of the problems pecular to women workers, and of the employment of women so as to advance the opportunities of women in employment, and enable them to make a more effective contribution to the development of the country.

The field of activities might be described in this way: to examine data and studies concerning the conditions of employment of women workers and to stimulate additional research by the appropriate branch of the department, or other research bodies; to assemble information interesting to women and, through speeches and published material, to make it available in such a way as to foster an intelligent approach to women's problems; to develop regular channels between the department and other public and private agencies, including women's groups and employer and labour organizations, in order to ensure the continuing interchange of information concerning women employees; to advise the department and the minister on any of its programs affecting women workers and to be available for consultation with provincial government agencies or other bodies concerned with employed women, as requested.

That is a very broad outline, and as you will see in the estimates, it is a very small bureau or branch in so far as the money is concerned.

It has been the intention, and it is working out, that the Women's Bureau, and the head of the Women's Bureau should have on call all other agencies, sub-agencies within the department, or the unemployment insurance commission, to forward the efforts which I have indicated here, across the country. The employment insurance offices are in all the large towns and small towns; and through the regional offices the head of the Women's Bureau has access to the information about its special problems that can be gained from that local office. Likewise in Mr. Duffett's branch, economics and research and particularly research affecting its problems. Rather than set up a special research wing of the Women's Bureau branch, Mr. Duffett's branch serves that purpose on the request of the head of the Women's Bureau.

Those were the general considerations in establishing this bureau. Now, if there are any points as to its short period of operation, I am sure that Miss Royce would be delighted to make some comments.

Mrs. FAIRCLOUGH: I wonder if Miss Royce would like to give us a brief resume of the activities of the bureau to date? I notice there are just three employees and as the minister has said, the facilities of the various other divisions are at the disposal of the Women's Bureau.

I might say, I think that is an excellent way to operate, and I agree whole-heartedly with it. Some time ago I was in Washington, and for a time the Women's Bureau there did not operate that way. They found it very unsatisfactory in the long run. I was told they had a separate division for research, and so on, and the official to whom I spoke expressed the opinion that if she could get their Women's Bureau operating more closely with the general department of labour, using the facilities of its research branches, it would be much better. I was pleased to see that our Women's Bureau was working along those lines. It does occur to me, however, that this does not present quite a fair picture, nor a complete picture of the activities that should be carried on in the Bureau, and for that reason I think we would all be interested in hearing what Miss Royce has to say.

Miss Marion ROYCE (*Director, Women's Bureau*): Mr. Chairman, in making a report to the committee, I shall give the five main areas of work of the past year and a half, since the bureau has been in existence.

One of the first things we needed to do, of course, was to collect all the studies and statistical data available. That was one of the functions the minister mentioned. Of course, if you are going to do a job in a Women's Bureau set up for our purposes, you must know your women's labour force. So, one of the first things that we have done is to collect, for our own use, information on the number of women in the labour force, age distribution and occupational distribution, the marital distribution, earnings picture, and legislation affecting women workers throughout the country.

We have not actually published any of this material, except a small brochure which was really publicity material. I do not know whether the committee is familiar with this or not, but I brought some of them along in case some of you might like to have them.

Our sources of material, to indicate something of the process of integration, I think is interesting. For instance, there is the current monthly report of the labour force issued by the Dominion Bureau of Statistics. We always take off month by month the figures affecting women, so we have these at our fingertips.

We also use the national employment monthly reports which are worked out by regions, with which I am sure you are familiar. They are useful to us, because they show shortages and over-supply. We are able through those figures to get at the reasons underlying, particularly, the unplaced applicants, figures.

At the present time, with the help of the members of the staff of the economics and research branch, we are preparing what we have so far called a facts book on the women's labour force. That is not finished yet. It is rather a big job, but we are breaking it down under those headings that I mentioned and the figures are being gathered together, with charts, along with some comment. We hope to publish that within the next six months or so.

We have also, with the help of the wages section of the economics and research branch, and other sources that are available, particularly professional groups of women, collected some information on women's earnings. This is difficult, but we hope to have a section in our facts book on that. In fact, it is more than a "hope"; we certainly will, even though the data may not be as complete as we would like them to be.

In addition we have had as a second area of work, the assembling of information to meet requests. Since the Women's Bureau has come into existence, we have had a mounting number of requests from individuals, from organizations, women's organizations, labour groups and sometimes from journals, magazines and so on.

I think the subjects on which we have had requests are rather interesting; employment opportunities for women in Canada, their wages and their salaries; the participation of women in the labour force according to age, marital status, wages and salaries; occupational health and other areas of employment standards affecting women; special problems of older women, questions relating to married women in employment, and vocational training, including professional training for women.

We are keeping a very careful account of these requests because it would appear that the emphases in these requests tends to indicate some of the lines of needed development in the work of the Women's Bureau, as we proceed.

One main area of work in which we spend a good deal of time is that of field work. Both Miss Davies, my assistant, and I have done a good deal of travelling keeping in touch with women's groups, and also with the regional and local officers of the National Employment Service, and in speeches and carrying on discussions with interested groups in various communities. Most of these are women's groups but I have been invited to speak to men's service clubs which is interesting, because I think the attitude of men towards woman's place in the labour market is pretty important.

I have found in my contacts with men's groups, that the things they want to talk about include what their daughters are doing, and I think that is a hopeful sign for the future. We have two rather large surveys under way. The first one is a survey of married women in employment; and if you look at the figures of the labour force, one of the things which strikes you is the phenomenal increase in the number of married women who are in employment in Canada. We know very little about the types of jobs they are doing, beyond the fact that they actually are working, and we know from what economic groups they come, and so on.

We pre-tested a questionnaire with the help of some voluntary organizations, and now with the help of the social research divisions of nine of the universities in Canada, we have been conducting a rather extensive survey throughout the country. The material from that survey is coming in at the present time.

In this survey we have had very considerable help from the economic research branch, and we shall be counting on their help in analyzing the material before the compiling of our report. The Dominion Bureau of Statistics also have helped us by drawing a sample in each community; that is selecting the blocks and the areas of the city where the people were to be interviewed. I think this study is rather important to the Department of Labour, because it shows us what jobs married women are doing; what amount of vocational

training they have had; whether they are doing jobs which are at all commensurate with the training they have had; and also the findings should have very important social implications. As we look through the material as it comes in, we find it extremely revealing.

The other survey is a more limited one. One of our concerns has been the discouraging range of occupational distribution of women and the tendency to undervalue the importance of vocational and professional training for women. I am thinking of the university women graduates of the country as a group who perhaps have had the most opportunity to make choices and to think about the choice of work. We have with the help of the Canadian Federation of University Women circulated a questionnaire to its members to find out about their vocational and professional experience. We have asked them what factors influenced them in their choice of occupation. Again the material has been coming in and it has been very illuminating. I may say that it has not been all analysed yet but I hope that we shall be able to issue a report on this survey.

I was originally interested in it particularly from the point of view of what help it can give us in approaching the teen-age girls in the schools of Canada at the stage when they are beginning to select the kind of work that they want to do—not that that is a matter that the federal government can enter into by legislation—but where it seems to me that the material from the Women's Bureau might, by stimulating the vocational guidance officers in the schools, make a contribution to the total problem.

The Women's Bureau has also assisted in the work of some of the other branches of the department, a fact that is important in relation to its integration within the department. I have kept in close touch with vocational training developments and discussions of man-power as they affect women, and the question of vocational guidance. We are in constant touch with the legislative branch of course. I am a member of the interdepartmental committee on older workers.

I think I have given you a general picture of the main area of my work.

The CHAIRMAN: Thank you.

Mrs. FAIRCLOUGH: I wonder if Miss Royce might answer a question.

The CHAIRMAN: I am sure that all the members of the committee would like me to express a word of welcome and appreciation at the presence and interest of a former parliamentary assistant to the Minister of Labour, and a former very much esteemed colleague of ours who is now a judge in the Province of Quebec. I refer to the Honourable Mr. Paul E. Cote, and I welcome him here on behalf of all the members of the committee.

(Applause!)

Mrs. FAIRCLOUGH: The question I was trying to ask Miss Royce has to do with the last page of this pamphlet where I notice the proportionate increase of women in the labour force by age group. The first of it is interesting because of the differences in the various provinces in regard to educational requirements. I notice that in the age group from 14 to 19 years the percentage increase is 30 per cent. In Ontario young people are not allowed to leave school, except under exceptional circumstances, until they are 16 years of age. In what way is this group affected by a similar requirement throughout Canada, and is there any one part of Canada in which the 14 to 16 year group shows a marked increase?

Miss ROYCE: No, there is not really any marked increase. Of course, even in Ontario under special circumstances a girl of 14 may be given permission to enter the labour force. All labour force statistics—as you have probably noticed include workers from 14 years of age and up.

Actually the percentage of increase at the present time of this age group is comparatively small because of the very low birth rate of the 1930's. The

comparative increase in the higher age groups is the more striking thing. Of course there is also the very high rate of marriage at the lower age for girls. This is making some difference, although most of them are continuing in the labour force.

Mrs. FAIRCLOUGH: This shows the difference between 1941 and 1951?

Miss ROYCE: That is right.

Mr. CHURCHILL: The figures show the percentage of increase in these age groups. Have we figures indicating a breakdown of the 1,235,000 in those age groups?

Miss ROYCE: Yes, I think I have that for you. This figure is not 1,235,000; there is a more current figure than that. That was an earlier figure. This is for the month of February this year; the grand total in February is 1,276,000. There were 209,000 in the age group from 14 to 19; 260,000 in the age group from 20 to 24; 528,000 in the age group from 25 to 44; 255,000 in the age group from 45 to 64; and 24,000 in the age group of 65 and over.

Mr. CHURCHILL: Over what figure did you say?

Miss ROYCE: 65 years and over.

Mr. CHURCHILL: I am afraid I am away behind you.

Miss ROYCE: I am sorry. I could let you have this copy.

Mr. HAHN: Miss Royce, in this 27·7 per cent of "occupation clerical", what part of the clerical force of Canada does that figure represent?

Miss ROYCE: From the census of 1951 the figure of 58·1 per cent is given as the proportion of persons engaged in clerical work who are women. My feeling is that it should be somewhat higher than that at the present time.

Mr. HAHN: One can say that about 60 per cent of the clerical staff today are women?

Miss ROYCE: That is right; and nearly 28 per cent of the women in the labour force are in clerical types of work; that is a very broad classification; it includes all types of work in offices such as stenographers, typists, and clerks in the more technical sense.

Mr. HAHN: You would not be prepared to give us the possible reasons or to analyse what the reason for that may be at this time without having studied the number completely?

Miss ROYCE: One reason, of course, is that we do a great deal more paper work than they used to do. While the women's labour force increased five times between 1901 and 1951 the number of women in clerical occupations multiplied 25 times. Women have greater facility with the typewriter than have men. Also, sociologically it is a fact that as women tend to move into an occupation men tend to move out of it.

Mr. HAHN: Your figures would indicate that the new applicants who are registered for employment in the past month in that particular area have transferred from other sections of Canada. I am thinking of those going to the Pacific coast. Since there have been more during the month of January, is that because of seasonal employment, or how would it be explained?

Miss ROYCE: Purely because of the higher wages on the west coast, which is a very attractive place to go, if you are trained as a stenographer; either to British Columbia or Alberta; Alberta particularly.

Mr. HAHN: I think our salaries are higher in British Columbia than they are in Alberta.

Mr. MURPHY (*Westmorland*): With respect to the percentage of women in occupations, have you a further breakdown of them? I am asking particularly about the eastern provinces, and about women in the labour force in the maritime provinces. Have you a breakdown there? Are there less women—as

I think there are—working in the labour force in Nova Scotia, New Brunswick, and Prince Edward Island than there are in the rest of Canada?

Miss ROYCE: Yes. The percentage would be slightly smaller; but I am sorry that I do not have those figures.

The CHAIRMAN: Mr. Murphy, you think that the men of the maritimes tend to support their womenfolk to a greater extent than the people in the rest of Canada; is that it?

Mr. MURPHY (*Westmorland*): The maritimes constitute one of the few men's countries left!

Miss ROYCE: I cannot give you the percentage figures, but I can give you, on the basis of the February labour force estimates, this statement that Prince Edward Island, Nova Scotia and New Brunswick altogether had in February 85,000 women in the labour force out of a total labour force of 407,000; that is about 20 per cent. I have not got them as separate provinces; those three provinces are lumped altogether. On the other hand, in Newfoundland there were 18,000 women out of 99,000. I think perhaps there are fewer job opportunities for women in the maritimes.

Mr. MURPHY (*Westmorland*): Having regard to what you have just told us about the west coast, would you say that the reverse was true with respect to the east coast, and that the wages were lower there?

Miss ROYCE: Yes.

Mr. BELL: May I ask Miss Royce to elaborate further on the need for vocational education for women, and if you have knowledge of the types of training, the various areas, and more particularly their future needs, or your future thoughts with regard to a continuation of vocational training generally for women?

Miss ROYCE: I think you will be getting an effective report on the situation when Mr. Crawford comes here to speak on the vocational training branch because women are included therein. There are no legal restrictions against women taking any kind of vocational training in Canada; but most of them do continue to work in the traditional fields. I am thinking of vocational training courses such as hairdressing, sewing machine operation, practical nursing, stenography, and commercial courses. Those are the four fields in which women predominate. It is very seldom that you find women in a machinist's course and the same is true in the professional field at universities.

With all our shortage of engineers, for instance, the number of women registered in engineering at the universities at the present time is lower than it was a few years ago. We seem to have drifted back after the war into the traditional pattern.

Mr. BELL: Assuming that this is a matter largely of public opinion, what is the attitude of parents and teachers and their influence on adults?

Miss ROYCE: Of course, when it comes to long professional training for a girl, a family often hesitates if there is a son in the family, for instance, because they think that a girl will be getting married anyway and will not be practising her profession. I think that very often women are inhibited in this way. At the same time we have this very marked increase in the proportion of married women who work. The latest figure shows that almost 15 per cent of the married women in Canada are at the present time working outside their homes.

Mr. BELL: Most of the so-called clerical women workers would be those who received their training through vocational education?

Miss ROYCE: A very large number, I would say, would have taken commercial courses or training. At least we are finding in the material which is

coming back from our study of married women—certainly that most of them have had that kind of training. Some of them after high school have gone to business college, but the majority have taken a commercial course in high school.

Mr. BELL: Would you say that there was a great need for further expansion in connection with this program for vocational education for women.

Miss ROYCE: I think we have the machinery for vocational education pretty well in existence actually, but we need a fresh attitude towards it, if you see what I mean.

Mrs. FAIRCLOUGH: You spoke of the percentage of women who are located in the body of employment. Would you have that broken down as between the rural and the urban population?

Miss ROYCE: No, I have not. That 15 per cent figure was the total for all ages. Apart from the census figures there is no breakdown of marital status by age groups. I think I am right about that. I find that I have not a breakdown between agriculture and non-agriculture. It would be very easy to get it, except that it is not broken down by marital status, I mean by ages.

Mr. CHURCHILL: I think in the early part of your report, Miss Royce, you used the word "discouraging" in connection with the range of employment of women. If I recall it correctly, you did use that word?

Miss ROYCE: Yes, and I am afraid I made use of an emotional adjective which was something I should not have done. I meant occupational distribution. If you look at that table in our little pamphlet you will see that less than 15 per cent of Canadian women are in the professions, and of those who are in the professions, three-quarters are nurses and teachers.

Mr. CHURCHILL: Were you thinking that they were not being employed to their full abilities? Was that what was in your mind?

Miss ROYCE: I would like to see women adventuring into some of the newer fields. As proof of what can be done, they are to be found occasionally in these newer fields, but it is rather rare, and it takes a lot of courage because such a one is usually different from other girls and it is not easy for one girl in a big class of men taking engineering. Such a girl has to be pretty sure that she wants to go into this field. Then when they graduate, the opportunities for employment are pretty limited. Take chemistry, which is a very good field for women; yet the employment policy of many firms in Canada tends to discriminate against women although there are some firms who place them on an equal basis with men. But it takes them a while to find such opportunity.

In other words, I think it is due to the general attitude of the populace as a whole, and of business; and naturally girls themselves will absorb some of this thinking. Girls will usually want to get married, which is quite normal, natural and right!

Mr. HAHN: Having regard to the marked increase in married women in employment, I was wondering if Miss Royce—she mentioned that a study was taking place but the report has not been made public and will not be ready for some time; but in that respect is there any correlation in the statistical study of the work of married women, that is, outside the household, that is taking place, and at the same time is there any correlation with the Department of Health and Welfare and any other branch? What I am getting at is this: What effect does the fact that so many married women are getting jobs today have on the family life of Canada?

Miss ROYCE: I think that is a difficult question to answer. We have asked what provision is being made for the care of children while the mother is employed, and we have also asked how she is managing her own household

while working, because in fact when a woman embarks on a job outside her home she is filling a dual role. But we shall have to wait for the result of the survey to find out what the actual effect is. I think we ought to have data which will be useful.

The Department of Health and Welfare is very interested in our study, and representatives from that department sat around the table when we met with the university people who have taken on the direction of the survey in local centres. We are very closely in touch with them on the subject; so we shall certainly discuss the results together and share them.

Mr. HAHN: Does that study refer specifically to what is being done with the children also? Does it also include the marital breakup in families?

Miss ROYCE: We have not gone into the personal relations of people, but we do find from the material that comes in that it all depends really on whether the thing has worked out happily as between husband and wife. Wherever there is other source of discord it comes through, and sometimes if a wife is earning as much as or more than her husband, it rather makes for unpleasantness.

Mr. HAHN: I am not trying to get your own analysis, Miss Royce, of what is taking place, because it is not fair until the report is made public to have you analyse at this time what you think may be happening. But I am rather interested in the fact that we have a tremendous increase in the number of divorces in this country today, and I wonder which body is trying to analyse these things, if labour is doing part of it, and health and welfare, or are other studies being initiated by various departments?

Miss ROYCE: I am not an authority on divorce.

Mr. PURDY: May I ask Miss Royce if she has attempted to work out a percentage of the married women presently employed who are employed through actual financial necessity as compared with those who are employed in order to add to an already good living being made by their husbands?

Miss ROYCE: Yes, we will have very good data on that because we have asked the woman who is working to put down her own and her husband's salary in round numbers. We have not been absolutely specific, but we do have reason to think that the response has been accurate.

Mr. PURDY: You will have figures of that eventually?

Miss ROYCE: Yes. Out of our sample we shall have good figures.

Mr. CHURCHILL: I have one final question. Perhaps this is a little beyond your field, but I wonder whether Canada's experience in the employment of women is similar to that of the United States or that of Great Britain? Are we following the same pattern?

Miss ROYCE: Yes, I think we are following it very closely. I think we have quite similar problems. I attended a conference on the effective use of women power in Washington about a year ago and I was struck with the similarity of the problems that we face in Canada. Of course there are more jobs and more women and therefore on the surface it often looks as if the pictures were different; but when you look at them statistically and study the kind of problems that occur, you will find they are very similar and also in England, I think.

I am in close touch with similar studies that are being made by the London School of Economics and I am amazed at the similarity of their findings to the things that we are discovering.

The CHAIRMAN: Carried?

Some Hon. MEMBERS: Carried.

Item agreed to.

The CHAIRMAN: Item 188.

General Administration—

188. To provide for payments to implement a program for the rehabilitation of disabled persons, in accordance with terms and conditions approved by the Governor in Council, and administrative expense connected therewith, $196,700.

Hon. Mr. GREGG: Mr. Chairman I would like to say a few words at this point. The reason I am standing up is because I want to be sure I say it quickly as I have to go in a few minutes. If there are any questions that I should try to answer, I will be very glad to answer them. If you could go on to the next item, I would be very glad to take it up on Monday, or in the general item which is still open, whichever you wish.

This one is very interesting, as the others have been, and the coordinator for it comes under the Department of Labour. I wanted to point out that Mr. Ian Campbell, who is here and prepared to answer questions or give details, has also in his role as coordinator, kept in touch, particularly with the other departments, and especially the Department of Health and Welfare, and the Department of Veterans Affairs because of their great interest in this field. With regard to the provinces, they each have coordinators, as he will tell you, and he also kept in touch with the private agencies across the country. I would like to make it perfectly clear at the beginning, Mr. Chairman, that the amount shown in the Department of Labour, as far as dollars and cents are concerned, is only a very small proportion of the total amount that is spent in the federal field and in the provincial field, and also in the private agency field covering activities with which the national coordinator is in quite close touch. I will recall to the members of this committee, that when Mr. Martin's estimates came before it, there was a medical rehabilitation grant included, in the amount of $1 million. I imagine that was fully explained then.

Although they come in different departments, I want to make it perfectly clear that that feature of coordination has been gone into fairly completely. If there are any questions on the oncoming items, Mr. Chairman, between now and the time we rise, would you please remind me of them on Monday morning.

Mrs. FAIRCLOUGH: There were one or two things I wanted to inquiry about with regard to this item. Have you got a minute or two?

Hon. Mr. GREGG: Yes.

Mrs. FAIRCLOUGH: You will recall that questions were asked in the House, and I gather the minister was reluctant to publish the report which was made by Dr. McNally's committee with reference to rehabilitation, and the national advisory committee on the rehabilitation of disabled persons. I understand there are about 250,000 disabled persons in Canada of working age, and because of that large number, it seems to me that this matter of rehabilitation is a matter of some public consequence. My sole reason for wanting to see the report published is that I think it will stir some interest among the people with a view to trying to solve at least a portion of the problem.

Hon. Mr. GREGG: It was that point I had in mind when I suggested there might be some things arising out of this item. Just to clarify the point that Mrs. Fairclough has made just now, I have no objection, and I would be very glad to discuss points arising out of the report. I will give you the exact personnel of that national advisory committee on the rehabilitation of disabled persons. It is something over 30. There were 30 from universities, trade unions and management, and also representatives there from the 10 provinces of Canada. Those representatives are not only representatives in an advisory capacity, but are also representatives who carry back to the provinces certain agreed upon policy recommendations that are very useful. It did appear to

me and to the chairman of the committee, to Mr. Martin and Mr. Lapointe, that if we were to give publication from time to time to the recommendations that the council made to us, as federal ministers, who are after all only part of the combined effort, that it would cramp the style of the provincial officials who sit in on that committee. However, the recommendations which were made have been carefully gone over by my own department and by Mr. Martin's department, and our comment is going forward to Dr. McNally and he will be taking that up with the council itself. If there are any questions of policy which you would like me to comment on, I will be glad to do so.

Mrs. FAIRCLOUGH: I am surprised at the minister's remarks, because it was my understanding that that committee itself, whose members the minister refers to as being cramped by publication of the report, had recommended that the report be published.

Hon. Mr. GREGG: There were one or two members of the committee who recommended that it be published, but when Dr. McNally sent down the report to the federal ministers he did not recommend at that time, on behalf of his whole council, that it be published.

Mrs. FAIRCLOUGH: Do I understand that there was some difference of opinion among the members of the committee as to whether the report should be made public?

Hon. Mr. GREGG: Yes. If I have the right to make a comment on that, I would say I do know that they were not all unanimous in that respect.

Mrs. FAIRCLOUGH: I am a little surprised because I was given to understand that there was general unanimity that some benefit would accrue from publishing the report, in so far as the employees and disabled personnel were concerned.

Hon. Mr. GREGG: I will be happy to give a copy to each member of this committee for personal study. I am certain that every level of organization that is interested in this has had an opportunity to study it, and that their points of view on the recommendations there will be available in addition to the comments which Mr. Martin and I, have made. There was no occasion for Mr. Lapointe to make any comment because the Department of Veterans Affairs has not been called upon to spend any money for this; it has been called upon to give the benefit of its experience and some facilities to make it more successful.

Mrs. FAIRCLOUGH: If the report has been made available to all these organizations, it amounts, in effect, to publication of the report.

Hon. Mr. GREGG: Well, we have had on this council in the national field every organization in Canada, every voluntary organization that is active in this field. I am advised that a copy of the report has been given only to the members of the committee.

Mrs. FAIRCLOUGH: Of the committee itself?

Hon. Mr. GREGG: Of the advisory committee itself, which numbers some 30-odd.

Mrs. FAIRCLOUGH: In that case then, Mr. Minister, do you want to renege on your former offer of a copy for the members of this committee. You said that you would be glad to make copies available to members of this committee.

Hon. Mr. GREGG: If any members wish it and if they will consider it as a private document for their private file and for general discussion of this problem here, I will be glad to supply a copy.

Mrs. FAIRCLOUGH: I am still confused. Why is it available for various organizations and not available for publication? I find it very difficult to understand that. It is obviously a document which was not designed to embarrass anyone. It is document of information which should be known.

Hon. Mr. GREGG: I know, but the fact of the tabling of it in the house and publishing it could well cause those very devoted people who are working on the committee to feel somewhat restrained when they have to make further recommendation. However, I will carry out the promise next week.

Mrs. FAIRCLOUGH: I would appreciate it if the minister would inquire into it further. He may find that there is not the reluctance which he thinks there is on the part of these people to make it public.

Hon. Mr. GREGG: I do not want to accept the responsibility for it until such time as the chairman of the committee has had an opportunity to discuss it with his members.

Mrs. FAIRCLOUGH: Apparently there is an item of some $5,000 for educational and special services. That is something new.

Mr. Ian CAMPBELL *(Coordinator of Civil Rehabilitation)*: This is a program which concerns three federal departments. Within the funds available, through the Department of National Health and Welfare, there is ample money for training of staff required for the medical side of the program, but there was no money available to train the non-medical staff. To train the non-medical people necessary is rather difficult because there is no prescribed course which they can take. The purpose of this is to enable us to arrange training in various parts of the country and to get together with the provincial coordinators and people from the voluntary agencies.

The CHAIRMAN: I think that you are going a little fast for the reporter.

Mr. CAMPBELL: This money will be used to have area seminars, for the purpose of increasing knowledge of work in this field. In Halifax, for instance, we plan to get together with all the provincial coordinators from the Atlantic provinces, people from the national employment service, D.V.A. The voluntary and welfare groups, and we will have a week's session where we will be discussing and teaching these people certain things with respect to rehabilitation. That money is required to enable us, when necessary, to bring in outside people who will have expenses in connection with such an effort.

Mrs. FAIRCLOUGH: Then, Mr. Campbell, could you tell me if there is one specific item that accounts for the reduction of $10,000 in the estimates for radio, film and other publications?

Mr. CAMPBELL: No. Actually there was money in last year's estimates that was used to commence a film and this is carried over to enable the film to be finished. That is the explanation.

Mrs. FAIRCLOUGH: The total estimated expenditure is some $40,000 less than the apportionment for this year. Could you say in what particular instance you failed to use the amount that had been budgeted for?

Mr. CAMPBELL: This is a new program. Actually it was only in 1954 that most of the provinces were able to find the people whom they wanted to head up their programs. Since that time they have been gradually adding to their staff as they found people whom they consider to be suitable. For instance, Ontario only came into the agreement respecting coordination in the fall of last year and they have only made one small claim against this amount. Next year that will increase. The provinces have just started and are building up staff.

Mrs. FAIRCLOUGH: Those expenditures then would all be under this item 20?

Mr. CAMPBELL: Yes.

Mrs. FAIRCLOUGH: Anything that was not expended would be included in that item?

Mr. CAMPBELL: That is right.

Item agreed to.

General Administration

189. To provide for expenditures incurred in connection with man power utilization, labour-management relations and related programs as may be authorized by the Minister of Labour, $30,000.

Mrs. FAIRCLOUGH: Is this the item which deals with the activities of the special manpower commission?

Mr. BROWN: That is included in there. This is an item to provide for expenditures incurred to introduce and promote any special program that may be required from time to time in the labour or manpower field. It is a general item. We expect to provide, with that fund, for the costs of this survey which we are undertaking this year under the auspices of the Vocational Training Advisory Council in connection with skilled manpower and vocational training. We also expect to provide, out of this fund, for further surveys in connection with the activities of the women's bureau. We also expect to utilize funds out of this fund for further promotional work in the older workers' field. It is a general fund for general utility.

Mrs. FAIRCLOUGH: I understood you to say that this was connected with the vocational training program?

Mr. BROWN: Only in so far as we require funds for this survey in connection with the skilled manpower that Mr. Duffett discussed during the course of our vote on the economic branch. Perhaps Mr. Haythorne can enlarge on that.

Mr. George V. HAYTHORNE (*Assistant deputy minister*): Mr. Chairman, we have asked, by the Vocational Training Advisory Council, to undertake a study this summer on manpower training needs in Canada. The emphasis, it has been suggested, in this survey should be kept for the moment on the vocational and technical aspects of manpower training. We purpose to look, in cooperation with the provincial people, management and labour groups, at some of the important changes in industrial technology and related matters that are having an important impact on occupational skills. In a number of industries significant changes are taking place with respect to the kinds of occupations which people need to be trained for today and over the next 5 or 10 years. We need to know what occupational skills are going out and others which are becoming important. We plan to enquire into the availability of people who are needing training. We also plan through the Vocational Training Branch of the department to review, in cooperation with the provincial people, the existing facilities for training which we have across the country, both in educational institutions and agencies in industry.

Mrs. FAIRCLOUGH: Mr. Chairman, Dr. Haythorne has not exactly said so, but I presume what he means in part is the training of people in other occupational skills because of the developments through automation and the displacement of persons because of the increasing automation?

Mr. HAYTHORNE: In part it will cover what you have in mind. There are other important developments taking place in industry including organizational changes. The study will enable us, we hope, to cover not only young people who are requiring training, but also those in the adult ages who require re-training.

Mrs. FAIRCLOUGH: You will remember back to the discussion we had at the end of last week about professional requirements? Is there anything in this item which has to do with assessing the possible requirements at the professional level; that is, the engineering and scientific level in particular? Would any surveys which are made in that regard come under this item, or would those come under Mr. Duffett's department?

Mr. HAYTHORNE: They could very well come under this. There would be some work going on also, of a continuing nature, in the Economics and Research Branch. In this particular survey we plan to examine, for example, as one aspect of it, the extent to which people trained as more advanced technicians in industry may be able to replace people with professional training.

Mrs. FAIRCLOUGH: Have you thought also that some of these people who are skilled technicians, provided they had the basic educational requirements, might be encouraged to enter the professional field?

Mr. HAYTHORNE: Yes; that is one aspect of the matter. We shall want to go into this rather carefully with the provincial and other educational people; it is related to the expected pressure on some of their facilities.

Mrs. FAIRCLOUGH: It seems to me that those people would be admirably suited to take advantage of existing courses such as those offered by universities on an extension basis; or where they would be local people, directly at the university through night classes and so on. Possibly all they need is a little encouragement.

Mr. HAYTHORNE: Yes. In some universities now there are classes provided in the extension departments for such people. These classes enable them to obtain certificates from professional societies. I understand there are classes being given, for example, at McGill for people who may later become professional engineers in the province of Quebec.

Mrs. FAIRCLOUGH: I notice this item of $10,000 is the one you have referred to, and is that what you estimate the cost of a survey will be? Will it be finished this year or do you expect it to go on?

Mr. HAYTHORNE: It is essentially the latter.

Mrs. FAIRCLOUGH: How long do you think it would take you to complete a survey such as you have described?

Mr. HAYTHORNE: I would not want to venture a guess at this time. We hope it will be well under way by fall.

Mrs. FAIRCLOUGH: I am wondering if there is any possibility that this information which you are acquiring might become outdated before you have your report ready?

Mr. HAYTHORNE: We are thinking of the survey being done in two stages. First we plan to concentrate on short run objectives. We hope by fall to have a good deal of information that will help us, the provinces, management, labour and educational agencies interested in the field, to come to some decisions as to what might be a sound approach over the next few years. Second, there are other aspects of the survey which we think can only be properly dealt over a little longer period of time.

Mrs. FAIRCLOUGH: I would hope that something would be done as quickly as possible to plan for the future, because I am afraid that we will be left in the lurch when it comes to competing with other countries who have taken quicker action than we seem to be prepared to take.

Mr. CHURCHILL: I am not sure why this is not grouped under economics and research. It seems to deal with that type of activity. When you read the

corresponding headings under economics and research they are like this except for special conferences. Economics and research does survey work and it publishes informational material. Why is this separate?

Mr. HAYTHORNE: The essential point is that this vote provides for flexibility in the kind of surveys which may be required from time to time, as Mr. Brown suggested, depending upon economic or other circumstances. If this were put into the Economics and Research Branch vote it would have to be spelled out in more precise terms. We felt it would be better to have a vote which would give us more flexibility to move ahead on our survey operations as and when they are required and in the various of fields in which they may be needed without specifying them in any precise way as we would be called upon to do if they were part of the Economics and Research Branch vote. I might add that a good deal, in fact most of the survey work which will be done under this vote wil be done in close cooperation with the Economics and Research Branch. The Branch will be helping and in some cases will be directing the actual operations.

Mr. CHURCHILL: Who is charged with responsibility of dealing with this particular section? You do not show any personnel anywhere near it.

Mr. BROWN: The deputy minister.

Mr. CHURCHILL: The deputy minister himself?

Mr. BROWN: The deputy minister himself will be responsible for the expenditure of the money under the heading, and will coordinate the activities of the various branches of the department which utilize the funds. The Women's Bureau may utilize funds from this fund; or it may be used in connection with the older workers. We have an interdepartmental committee of older workers who have been engaged in some planning work and we hope to do more educational and promotional work this year which will be provided for out of the funds provided under this item. As I say, it is a general fund.

We have found, by experience, as we develop our programs, that it is not always easy to plan too far ahead. Last year, for example, when we were working on the program of the Women's Bureau, as the work of the bureau developed we decided to get started on this survey of married women in employment. We did not have any funds actually earmarked for that purpose. This item provides a small amount of money which we can use for the promotion of these several programs. Last winter we used funds from this fund for winter employment promotion. This year we have developed this program further and the funds for winter employment for this year are provided for in the next item for special services.

Mrs. FAIRCLOUGH: I was going to ask in what way you used funds from this item for winter employment, do you mean you search out places for additional programs, or what?

Mr. BROWN: It provides for expenditures for promotional, advertising, and educational activities.

Mrs. FAIRCLOUGH: You mean all the pamphlets?

Mr. BROWN: That and others.

Mr. CHURCHILL: Can you give us any examples of the newspaper and radio publicity information for which you have an estimate of $10,000?

Mr. BROWN: Last year we used money from that fund for our seasonal employment program. We provided radio material and newspaper advertising, and we would expect to provide under this item for the coming year for educational and promotional work in connection with the employment of older workers.

Mr. CHURCHILL: You have achieved flexibility, but I think there is a lack of precision.

Mr. BROWN: We asked for flexibility because of our experience with too much precision.

Item agreed to.

Special Services—

190. To provide for expenses of the special services branch including administrative costs connected with federal-provincial farm labour programs, the movement of workers from outside Canada and the program for combating seasonal unemployment, $175,798.

The CHAIRMAN: This is dealt with on page K of the chart which has been given to us. Mr. W. W. Dawson is the director of this particular branch.

Mrs. FAIRCLOUGH: This is the fund which Mr. Brown said would now include the provision for seasonal employment?

Mr. BROWN: Yes.

Mrs. FAIRCLOUGH: I notice that the amount is increased considerably. Does this cover newspaper and radio advertisements, posters, film clips and that sort of thing to encourage the broadening of the periods of seasonal employment. Is that the reason that there is a $70,000 increase in this item on publicity alone?

Mr. BROWN: That includes the production of a film which is planned on seasonal employment. It is one of the major items.

Mrs. FAIRCLOUGH: How much will the film cost?

Mr. BROWN: $25,000 is the estimate. The allotment here for $76,000 is intended to provide for the following programs: a program of publicity by way of radio, newspapers and posters in Canada during the fall and winter months. We have estimated such expenditure at $45,000. There is $25,000 for the production of a film to be used as an instrument to promote employment during the winter months; then there is an item of $6,000 for publicity for recruiting manpower in agricultural and related industries. That is done by radio, by newspapers and by direct contact through circular letters and postcards.

Mrs. FAIRCLOUGH: Do I understand that the $70,000 is made up of $25,000 for films and $45,000 for general publicity?

Mr. BROWN: That is correct; for the promotion of winter employment.

Mrs. FAIRCLOUGH: But without some plan of how you will break it down as between television, newspapers, radio and so on.

Mr. BROWN: Mr. Haythorne has been doing a great deal of work in this as the chairman of our interdepartmental committee on seasonal unemployment last winter. In considering the reports received from the local employment advisory committees, and other services on the promotional campaign for the past winter, it was felt that an increased expenditure on this program would be warranted in view of the encouraging results of this winter's work. It was also felt that we should provide more money at the local levels—a little more money—to help promote these programs. Most of the money will be spent in newspaper and radio publicity.

Mrs. FAIRCLOUGH: But do you not have a definite figure?

Mr. BROWN: This is an estimate.

Mr. GILLIS: Mr. Chairman, in looking over the details of this item on page 258, it is rather confusing and would look as if you were operating hotels and hospitals and everything else. For example, on page 258 you will see

chef, cook first class, cook second class, housemaid, kitchen helper, hospitalization and medical aid. It is quite an item of $150,000. Now, this fund, as I understand it, is to provide for the movement of workers from outside of Canada. It is immigration, in fact. Do you bring them in and establish a pool somewhere in the center of the country?

The CHAIRMAN: You are dealing with item 192, and we are on item 190.

Mr. BROWN: Item 192 would cover that. Item 190 actually covers the administrative costs of the branch, covering our provincial farm labour program and your program for combating seasonal unemployment.

Mr. GILLIS: That is 190, and 191 runs over on to page 258.

The CHAIRMAN: The chart covers three votes, 190, 191 and 192. I am suggesting that you limit your questions for the time being to 190 and we will ultimately call the item you have in mind, item 192.

Mr. BROWN: I realize that there may be some confusion in the minds of the members of the committee. Perhaps the committee would like Mr. Dawson, the director of the branch to give a general outline of the activities of the branch, and perhaps that will help to clarify the matter.

The CHAIRMAN: Mr. Dawson.

Mr. W. W. DAWSON: The functions of the special services branch include the administration of the federal-provincial farm labour program, the reception and distribution of certain groups of immigrants, and some work in connection with the program of combating seasonal unemployment.

Farm labour agreements were first entered into with the provinces of Canada in 1942. These agreements are in effect in all of the provinces excepting Newfoundland, and have been renewed annually at the request of the provinces. While there is no agreement with the province of Newfoundland, that province does provide some workers for agricultural employment in other areas of Canada.

The agreements provide for the setting up of a committee on which both the federal government and the province are represented. This committee develops plans to meet farm labour shortages as they occur.

The programs developed under these agreements are supplementary to services normally provided by the National Employment Service, although that organization is represented on the committees in each province and takes an active part in movements of workers under the agreements.

In most of the provinces the chairman of the committee is the Deputy Minister of Agriculture for the province. The field staffs of the provincial departments of agriculture assist in carrying out activities under the agreement.

Arrangements for movement of workers within a province, interprovincial movements with the cooperation of the supply province, and in some cases movements of workers from the United States, are amongst the important activities carried out under these federal-provincial agreements.

When the local supply of farm workers has proven inadequate, orders are placed with the Immigration Department for immigrant farm workers for distribution through provincial Farm Labour Committees.

An annual conference is held at Ottawa which is attended by representatives of all provinces with which there are agreements. This meeting is also attended by representatives of the federal Department of Agriculture, the Immigration Department, National Employment Service, Railroad Companies, Growers Associations, United States Federal Department of Labor, and others. Plans for meeting farm labour problems are worked out at this meeting.

Expenses incurred under the farm labour agreements are shared on a 50/50 basis with the provinces.

In addition to activities in connection with immigrant agricultural workers, this branch has also, in co-operation with the Department of Citizenship and Immigration, assisted in the recruitment and distribution of certain other groups of immigrants, and in this connection a staff is maintained in London. A reception centre is operated near Montreal, Quebec. Constant liaison is maintained with the Department of Citizenship and Immigration.

This branch also administers federal-provincial immigrant medical agreements which are in effect in Newfoundland, Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia, and the North-West Territories.

To ensure that the government's policy of creating maximum winter employment is vigorously applied it is necessary to provide for the maintenance of contact beween federal government departments and crown companies; the setting up and maintenance of liaison with provincial departments; for the organization and encouragement of industry sub-groups and for the collection and distribution of information regarding the activities of all groups concerned with reducing seasonal unemployment. It is also necessary to carry out promotional work including publicity and discussions with regional and local employment committees, municipal officials, national associations and labour organizations.

That is, there are three separate sections of this one branch, Farm Labour Association, immigration and the seasonal unemployment field.

Mr. GILLIS: Do you have agreements with all the provinces?

Mr. DAWSON: Farm labour agreements, sir?

Mr. GILLIS: Yes.

Mr. DAWSON: All excepting Newfoundland. There is no farm labour problem there, but they do help us out occasionally to meet the problems of the other provinces. However we have no agreement with them.

Mr. GILLIS: This money is used only to look after the immigrants you are bringing in who are farm workers?

Mr. DAWSON: No, sir, there is some confusion there. Under the farm labour agreement, the first objective is to utilize the domestic labour. The immigrant labour comes into it, but most of our activities under the farm labour agreement are in relation to the use of the domestic supply of labour. That is to provide workers for the western grain harvest and for the tobacco harvest in Ontario, sugar beets and other agricultural commodities where the local supply of labour is insufficient. We get in touch with the province that seems to have a surplus, and we work out a movement to the area that needs the workers.

Mr. GILLIS: The centre you maintain in Montreal, that is a reception centre for immigrants, is it not?

Mr. DAWSON: Definitely.

Mr. GILLIS: When you have a number of immigrants in the center who are not placed, how are they allocated? Are they allocated through the National Employment office, or can an employer write in and have a certain number of immigrants from that center sent to him without a reference to the National Employment office?

Mr. DAWSON: It has been a very considerable period since we had any pile up of immigrants in our hostel—as a matter of fact, not for the last three or four years. There was an occasion some years ago when there were some people in our hostels for whom there was no immediate employment. That has not been the case in recent years, and it is hardly anticipated for this fiscal year, at least.

The activities at our hostel are in relation mainly to female workers and family groups where you have got to make sure that there is adequate housing

provision for them before they are sent out to their employment. Their stay in the hostel now depends upon the workings of the services taking them to their ultimate destinations. It runs from two to three days as a rule. I might say, sir, when we do have people in there, we do not encourage employers to go to the hostel.

Mr. GILLIS: It was done, though?

Mr. DAWSON: We could not keep them all away, but we would have preferred that they kept away.

Mr. GILLIS: Now, the agreement with the provinces with respect to medical expenses, there is quite a large item there.

Mr. DAWSON: Yes.

Mr. GILLIS: Do you spend the amount voted each year for that purpose?

Mr. DAWSON: I think we did last year. You were talking about the agreement with the provinces?

Mr. GILLIS: Yes.

Mr. DAWSON: We had $135,000 appropriated for this purpose in the last fiscal year, and we spent $127,000.

Mr. GILLIS: That would indicate that your hostel was operating at pretty near capacity, was it not?

Mr. DAWSON: No, this is medical expense shared with the provinces after they have been placed in employment, and in their future homes.

Mr. GILLIS: After they have been placed?

Mr. DAWSON: Yes, this has nothing to do with the medical attention at the hostel.

Mr. GILLIS: Why would you have to pay medical expenses after they are placed in employment?

Mr. DAWSON: This provides for assistance to indigent immigrants in their first year of residence in Canada, before they have established themselves as residents in the municipal and provincial terms.

Mr. GILLIS: That is national health insurance for immigrants.

Mr. DAWSON: In their first year of residence.

Mr. BROWN: We developed this agreement some years ago, when we found that the local municipalities were unwilling to extend the normal services which are available to indigent local citizens to these immigrants. There was an agreement worked out with the provincial people, whereby we shared in the hospital and medical cost of indigent immigrants in the first year of residence in Canada.

Mr. GILLIS: Mr. Brown, would not the fact that you spent $155,000 last year for medical expenses for indigent immigrants across the country suggest a pretty bad placement record?

Mr. BROWN: No.

Mr. GILLIS: They certainly were not fitted into the right groups if they were sent into the provinces and then became a charge on the community within a year of getting into the country.

Mr. BROWN: A lot of these people come out to this country with few resources behind them, and they are trying to establish themselves. They get into employment and they fall sick. It does not take very long, or very much of a lay-off as a result of sickness to exhaust any resources that they may have had.

Mr. GILLIS: I am not objecting to that, Mr. Brown; I am thinking about our own people. That type of thing is not provided for our own unemployed, now amounting to a couple of hundred thousand.

Mr. BROWN: They fall under the provisions that the province or municipality has for indigent persons.

Mr. GILLIS: Of course, if you are a pauper you are a charitable case and the municipality will look after you, but if you are just an ordinary unemployed person and have no resources, and you take sick, you are just sick and out in the cold.

Mr. BROWN: This parallels the indigent provisions in the provinces and in the local municipalities for hospitalization for indigent persons.

Mr. GILLIS: Well, I suggest that is a good precedent and a good argument for national health insurance. I am just mentioning the difference between the treatment of our own unemployed and the people we take in as immigrants. I think it suggests that you have got to take a better look at the people you place in communities, because if they are going to become a charge on the community within a year of coming into the country, there is something wrong with the placement of that person; he has been farmed out to the wrong locality.

The CHAIRMAN: Has not most of this been repaid?

Mr. DAWSON: No, none of it has been recovered.

The CHAIRMAN: There is a provision for collecting money where it is laid out for immigrants like this under some scheme of repayment, is there not?

Mr. BYRNE: May I ask a question of Mr. Brown, Mr. Chairman, along the same line as you have mentioned. Would these immigrants we are speaking of be mainly ones that come out under the assistance loan passage scheme?

Mr. BROWN: Not necessarily, no. It is not limited to that group. It applies to immigrants who have come out and require hospitalization or medical treatment during the first year of their residence in Canada and who cannot pay for it.

Mr. BYRNE: What is the actual number? It would not take very many to run up that bill. What is the percentage?

Mr. BROWN: I have the breakdown here. There were 185 t.b. cases, between 14 and 15 other hospitalized cases, and medical aid in 202 cases, so it does not take too many people to run up that sum of money.

Mr. BYRNE: You have not the figure of the actual immigrants in one year, so that we can make a comparison?

Mr. DAWSON: There were 154,000 people came into Canada in the year that these figures apply, so it is less that $1 an immigrant per year.

Mr. MCLEOD: Mr. Chairman, in considering this item, it would appear that there are three seperate departments that are involved in this. We have in our national set-up the Department of National Health and Welfare, we have the Department of Citizenship and Immigration, and now we have the Department of Labour usurping the duties of the Department of Health and Welfare in regard to these immigrants who are brought in by the Department of Citizenship and Immigration. Does it not look as though there was a lot of overlapping?

Mr. BROWN: No, I do not think so.

Mr. CHURCHILL: Mr. Chairman, could I add to that question this fact, that the Department of Citizenship and Immigration has a vote of $450,000 for assisting in passages, including care en route and while awaiting employment; is that not something that you are doing?

Mr. BROWN: No. That latter item includes provision for people who come into their immigration halls and require medical attention before they are moved into employment at all.

Mr. CHURCHILL: The ones you look after are the people who have been employed and cannot look after themselves?

Mr. BROWN: Yes. These agreements, as I say, were first negotiated in 1946. There were complaints at that time from the provinces that these people were immigrants, who had come in and had not established local residence qualifications and were not eligible for municipal assistance in connection with hospitalization. It was the contention of the provinces that they should be a federal charge until they had established that resident qualification. Now, the earlier agreements which were negotiated by the Department of Labour with the provinces were subsequently revised. The agreements now in effect are agreements which were entered into between the Minister of Citizenship and Immigration and the provincial authorities, but the Department of Citizenship and Immigration has asked our department to continue to administer these agreements. Actually in connection with the administration, there is a pretty close contact between the provincial heath departments, who administer these agreements, and the National Employment Service in determining the eligibility of these immigrants for assistance under these agreements.

Mr. CHURCHILL: At what stage does the resident go from the Department of Citizenship and Immigration to the Department of Labour—that is, with respect to an immigrant?

Mr. BROWN: After they have been placed in employment.

Mr. CHURCHILL: And after they have been placed in employment and they require medical or hospital attention, that is looked after by the Department of Labour?

Mr. BROWN: Well, the provincial authorities actually are the people who are responsible for the admission of these people to hospital, and they are actually responsible to the hospital authorities for the payment of their accounts. They then bill us for our share of the expenditure incurred with respect to the immigrants under the terms of these agreements.

The services of the National Employment Service offices are necessary to help us check their eligibility.

The CHAIRMAN: Mr. Brown, it is the date they land in Canada, is it not, from which the Department of Labour is responsible? That is, up to the date of entry into Canada the Department of Citizenship and Immigration are responsible, and from the date of entry into Canada the Department of Labour is responsible?

Mr. BROWN: No. There are certain groups of workers whom we take over at the time they are brought into Canada, from the time they land in Canada; but there are other groups that are handled directly by the Department of Citizenship and Immigration until they enter their first employment.

The CHAIRMAN: I have a copy of the Auditor General's report here, Mr. Brown, and it deals with this vote, and it says, "Costs involved in the movements of immigrants to the port of entry in Canada are provided through votes of the Department of Citizenship and Immigration". This vote is under, "Various orders in council extending back to 1947 authorized the minister to make provision for the reception in Canada of immigrants from displaced persons camps and from the United Kingdom and other European countries. This included provision for the establishment and operation of hostels and for costs incidental to the distribution of immigrants throughout Canada. These costs included transportation from the point of entry to the place of employment, living expenses en route and necessary medical and hospital expenses. The minister was also authorized to enter into agreements

with the provincial governments whereby they are reimbursed under certain conditions for one-half of the expenditures incurred for medical and hospital services for immigrants." I take it that that reference has to do with the expenditures in the fiscal year March 31, 1955.

Mr. DAWSON: We have a smaller appropriation for that purpose. That is the separate appropriation for expenditures under these agreements with the provinces.

The CHAIRMAN: But this deals with the vote, "To provide for expenses that may be incurred and the arranging for and the movement of workers from outside Canada to work on farms and other essential industries in Canada when Canadian labour is not available to meet the need, including costs connected with the supervision and welfare of persons already emigrated to Canada, administrative expenses connected therewith and to provide for expenditures under agreements with the provinces authorized by the governor in council." Now, is that not this same vote?

Mr. BROWN: That is the vote we are talking about, I think.

Mr. DAWSON: It is an extension of that, actually.

The CHAIRMAN: It is an extension of this particular vote?

Mr. BROWN: That is correct.

Mr. CHURCHILL: At that stage, Mr. Chairman, these residents shift from the Department of Labour and the province, under those agreements, to the municipality, in respect of the indigent immigrant?

Mr. BROWN: At the end of 12 months the federal government no longer share in costs of those cases.

Mr. DAWSON: That puts the immigrant on the same basis as the local resident in relation to the assistance from the municipality.

Mr. BYRNE: Is that not a rather high incidence of t.b. in view of the fact that a person having had t.b., or with t.b. comes under the prohibited class?

Mr. BROWN: This figure is 185.

Mr. BYRNE: 185.

Mr. BROWN: 185.

Mr. BYRNE: About 1·2 per thousand. It just seems like these are people who must have contracted t.b. after they arrived here, or they have been missed in the medical examinations.

The CHAIRMAN: That is strange, because a person with t.b. cannot get into Canada at all.

Mr. BYRNE: That is what I mean, even the people suspected of having t.b. are prohibited from travel.

Mr. CHURCHILL: That figure of 185, for what year is that?

Mr. BROWN: That is the last fiscal year.

Now, some of these cases may be recurring cases. Out of the 185 there may be some people in and out of the sanitarium twice in one year, and there may be some cases carried forward from the previous year, as far as t.b. is concerned. In other words, if they were hospitalized in the previous year we would continue to carry the responsibility for the balance of the treatment.

The CHAIRMAN: You will remember the Minister of National Health and Welfare said, where t.b. did develop in certain cases, they did not deport them because it was felt that it would be inhuman to do so. That t.b. might have been in existence at the time they immigrated, but they did not deport them because it would be inhuman to do so in certain cases. I fancy that covers some of this item?

Mr. CHURCHILL: Do we know the total number of immigrant indigents that were looked after by your department in the last fiscal year?

Mr. BROWN: I have not got the total, but I think it approximates 1800 persons.

Mr. CHURCHILL: Eighteen hundred?

Mr. BROWN: No, as I say, there may have been some repeaters in that group.

Mr. BYRNE: Mr. Chairman, would this be a good place for a few remarks regarding the cooperation generally that exists between the Department of Labour and the Department of Citizenship and Immigration?

The CHAIRMAN: We have considered these three items together, and I was going to say that Mr. Gillis' question might be answered, because we have been considering the three together.

We have sat two hours, and I think if we are not going to carry these items, as I suppose we are not, when we get the answer to Mr. Gillis' question, that is the one about why we had cooks and kitchen maids and so on, we could adjourn and take up what you have mentioned on Monday morning.

Mr. BYRNE: That is quite all right, Mr. Chairman, because I thought that Mr. Gillis pointed out with his remarks the fact that we should have an explanation regarding the cooperation.

The CHAIRMAN: Perhaps we could take the whole concise explanation of the relationship between the Department of Labour and the Department of Citizenship and Immigration and an explanation of that, which apparently the committee has in mind, and have it prepared for our meeting on Monday, and then deal with these three items. Probably we would save time by not even going into Mr. Gillis' question.

Mr. DAWSON: That is a very short answer, Mr. Chairman.

The answer is, the cooks and housemaids are in the operation of our hostel at St. Paul.

The CHAIRMAN: Then we will not consider any of these three items carried in case someone wants to ask further questions on them, and in case there is something that needs to be cleared up. We are still on item 190, and we will take it up at 10.30 Monday next.

The committee adjourned.

APPENDIX "A"

INTERNATIONAL LABOUR ORGANIZATION
PROPOSED PERCENTAGE ALLOCATION OF EXPENSES AMONG STATES MEMBERS IN 1956

(As Recommended by the Governing Body at its 127th Session (November 1954), on the Proposal of the Allocations Committee, for Adoption by the Conference)

	State (French alphabetical order)	Proposed percentage
1.	Afghanistan	0·12
2.	Albania	0·12
3.	Federal Republic of Germany	4·35
4.	Argentina	1·64
5.	Australia	1·94
6.	Austria	0·35
7.	Belgium	1·43
8.	Byelorussian S.S.R.	0·45
9.	Burma	0·16
10.	Bolivia	0·12
11.	Brazil	1·64
12.	Bulgaria	0·21
13.	Canada	3·63
14.	Ceylon	0·13
15.	Chile	0·37
16.	China	3·04
17.	Colombia	0·41
18.	Costa Rica	0·12
19.	Cuba	0·32
20.	Denmark	0·81
21.	Dominican Republic	0·12
22.	Egypt	0·50
23.	Ecuador	0·12
24.	United States	25·00
25.	Ethiopia	0·12
26.	Finland	0·30
27.	France	6·21
28.	Greece	0·21
29.	Guatemala	0·12
30.	Haiti	0·12
31.	Hungary	0·50
32.	India	3·41
33.	Indonesia	0·43
34.	Iraq	0·13
35.	Iran	0·31
36.	Ireland	0·31
37.	Iceland	0·12
38.	Israel	0·12

39.	Italy	2·50
40.	Japan	2·00
41.	Lebanon	0·12
42.	Liberia	0·12
43.	Libya	0·12
44.	Luxembourg	0·12
45.	Mexico	0·80
46.	Norway	0·53
47.	New Zealand	0·51
48.	Pakistan	0·74
49.	Panama	0·12
50.	Netherlands	1·25
51.	Peru	0·21
52.	Philippines	0·37
53.	Poland	1·24
54.	Portugal	0·33
55.	United Kingdom	10·60
56.	El Salvador	0·12
57.	Sweden	1·80
58.	Switzerland	1·50
59.	Syria	0·12
60.	Czechoslovakia	0·96
61.	Thailand	0·22
62.	Turkey	0·80
63.	Ukrainian S.S.R.	1·00
64.	U.S.S.R.	10·00
65.	Union of South Africa	0·97
66.	Uruguay	0·19
67.	Venezuela	0·35
68.	Viet-Nam	0·21
69.	Yugoslavia	0·45
70.	Reserve for new member State	0·12
		100·00

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 13

MONDAY, APRIL 30, 1956
TUESDAY, MAY 1, 1956

DEPARTMENT OF LABOUR

Hon. M. F. Gregg, V.C., Minister of Labour; Mr. A. H. Brown, Deputy Minister; Mr. G. V. Haythorne, Assistant Deputy Minister; Mr. P. C. Parent, Director of Administrative Services; Mr. W. W. Dawson, Director, and Mr. Francis Hereford, Asst. Director, both of Special Services Branch; Mr. J. H. Currie, Executive Assistant to the Deputy Minister; Mr. A. W. Crawford, Director, Vocational Training Branch; and Mr. G. G. Greene, Director, Government Employees Compensation Branch.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

73634—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Barnett	Fairclough (Mrs.)	Murphy (*Westmorland*)
Bell	Garland	Power (*St. John's West*)
Blanchette	Gauthier (*Nickel Belt*)	Purdy
Byrne	Gillis	Small
Cannon	Gregg	Starr
Churchill	Hahn	Thatcher
Deschatelets	Hanna	Weselak
Dupuis	Henry	
Enfield	McLeod	

E. W. Innes,
Clerk of the Committee.

ERRATA

PROCEDINGS No. 11 Tuesday, April 24, 1956.

Minutes of Proceedings (Morning Sitting)

Page 445—Delete lines 3, 4 and 5, and for *Members present* substitute the following—

Members present: "Messrs. Blanchette, Byrne, Churchill, Deschatelets, Enfield, Garland, Gauthier (*Nickel Belt*), Gillis, Gregg, Hanna, Henry, McLeod, Power (*St. John's West*), Purdy, Starr, Thatcher, Tucker and Weselak."

Minutes of Proceedings (Afternoon Sitting)

Page 446—Insert between lines 3 and 4 the following—

"Item numbered 182 was approved."

MINUTES OF PROCEEDINGS

MONDAY, April 30, 1956
(24)

The Special Committee on Estimates met at 10.30 a.m. The Chairman, Mr. W. A. Tucker, was unavoidably absent.

Members present: Mrs. Fairclough and Messrs. Barnett, Bell, Blanchette, Byrne, Churchill, Enfield, Gillis, Gregg, Hahn, McLeod, Power (*St. John's West*), and Purdy.

In attendance: From the Department of Labour: Mr. A. H. Brown, Deputy Minister; Mr. G. V. Haythorne, Assistant Deputy Minister; Mr. P. C. Parent, Director of Administrative Services; Mr. W. W. Dawson, Director, and Mr. Francis Hereford, Assistant Director, both of Special Services Branch; Mr. J. H. Currie, Executive Assistant to the Deputy Minister; and Mr. A. W. Crawford, Director, Vocational Training Branch.

Mr. Purdy moved, seconded by Mr. Enfield,

That,—Mr. Byrne be the Chairman of the Committee for this day.

There being no further nominations, Mr. Byrne took the chair and thanked the Committee for his appointment.

On a question of privilege, Mr. Gregg referred to a news item appearing in the Ottawa *Journal* of Friday, April 27, 1956, which had reported in error that this Committee had lacked a quorum on Thursday last.

The Committee resumed consideration of the Main Estimates 1956-57 relating to the Department of Labour.

Items numbered 190, 191 and 192, relating to Special Services were further considered and approved.

Items numbered 193 and 194, relating to Vocational Training were considered.

At 12.30 p.m. the Committee adjourned until 10.30 a.m. Tuesday, May 1, 1956.

TUESDAY, May 1, 1956.
(25)

The Special Commitee on Estimates met at 10.40 a.m. this day. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Mrs. Fairclough and Messrs. Barnett, Bell, Blanchette, Byrne, Cannon, Churchill, Enfield, Gillis, Gregg, Hahn, McLeod, Purdy, Starr, Thatcher, Tucker and Weselak.

In attendance: *From the Department of Labour*: Mr. A. H. Brown, Deputy Minister; Mr. G. V. Haythorne, Assistant Deputy Minister; Mr. P. C. Parent, Director of Administrative Services; Mr. A. W. Crawford, Director, Vocational Training Branch; Mr. G. G. Greene, Director, Government Employees Compensation Branch.

73634—1½

The Committee resumed consideration of the Main Estimates 1956-57 relating to the Department of Labour, the Minister and his official supplying information thereon.

Items numbered 193 and 194 were further considered and approved.

Item numbered 195—Government Employees Compensation—was considered and adopted.

Item numbered 179—Departmental Administration—was further considered and adopted.

Agreed,—That a list of the Canadian Members of the various Committees of the International Labour Organization be placed on the record. (*See Appendix "A" to this day's Proceedings*).

Item numbered 197—To provide for the transfer of labour to and from places where employment is available and expenses incidental thereto, in accordance with regulations of the Governor in Council—was adopted.

Agreed,—That further consideration of the Estimates of the Department of Labour relating to Unemployment insurance be postponed until after May 15.

At 12.30 p.m. the Committee adjourned until 10.30 a.m., Thursday May, 3, 1956.

E. W. Innes,
Clerk of the Committee.

PROCEEDINGS

MONDAY, April 30, 1956.
10.30 A.M.

The Clerk of the COMMITTEE: The Chairman is unavoidably absent.

Mr. Purdy proposed and Mr. Enfield seconded that Mr. Byrne act as Chairman for the day.

The Acting CHAIRMAN (Mr. Byrne): We have a quorum. We are considering item No. 190, page 36 of the Estimate Books.

Hon. MILTON F. GREGG (Minister of Labour): Before we commence, there is a point I should like to mention, on a question of privilege, on behalf of the chairman, Mr. Tucker. I noticed an item in the Ottawa *Journal* on Friday which deals with the I.L.O. discussion. I think I was here for that discussion, as we went on to another item before I left. The newspaper item says, on the I.L.O. discussion:

> The 26-member committee at one point was reduced to seven in attendance but Walter Tucker, Liberal, Rosthern, the chairman, allowed the meeting to continue assuming that the absence of three members was only temporary.

I think the reporter there quite naturally made the mistake of not counting the chairman and the parliamentary assistant and the minister, as to my careful count, there was a quorum present up to the time I left. I just want to put the records straight in that respect.

Mr. GILLIS: Are we not taking items 190, 191 and 192 together, as they all deal with the same substance?

The ACTING CHAIRMAN: Yes, that is the understanding.

Mr. HAHN: How is the farm labour situation as far as supply is concerned at the present time?

Hon. Mr. GREGG: Mr. Dawson will answer that.

Mr. W. W. Dawson (Director, Special Services Branch): It is very tight indeed, as tight as it has been in any year in recent years, though the backward spring has perhaps reduced the demand a little bit.

Mr. HAHN: Is there not an understanding that most of the immigrants have to enter the farm labour field for a period of a year?

Mr. DAWSON: That is not the case. There are some who come in under those conditions, but very few nowadays.

Mr. HAHN: The reason I mention it is that a Dutch immigrant happened to stop at my place of business last year and in the course of our conversation I asked him where he was working and I found he was working in a garage though he was supposed to be working on a farm for a year. Apparently, however, he had so little farm training on the continent that he thought there would be more suitable employment after he arrived here. Are there any regulations in respect to that?

Mr. DAWSON: Some years ago, when we were dealing with displaced persons, people did come out under actual contract to enter agricultural employment for a year but we have got into a more normal basis of immigration now.

Most of them are free and practically none have come with a definite undertaking to remain in agricultural employment. There is one exception, where some few people get an assistedp assage through the Department of Immigration and they do give an undertaking, but the number is not very large in comparison with the total immigration.

Mr. HAHN: You speak of the position as tight. Is there any part of the agricultural industry where that is more so than in others?

Mr. DAWSON: At the moment, the most acute situation is in Ontario. We have not had too many demands from other areas but there are demands from Ontario now.

Mr. HAHN: Which part of the agricultural industry is suffering?

Mr. DAWSON: General agriculture. We are likely to have a severe shortage in specialized "free-wheelers" in the case of sugarbeet and tobacco.

Mr. HAHN: On page 51, the Department of Labour report says:

> Federal-Provincial Farm Labour Program. Under these agreements, the federal government and the provinces shared expenses incurred in organizing the more efficient use of manpower in agriculture and in recruiting, transporting and placing workers on farms and in related industries.

Without taking up the time of the committee, I wonder if we could have appended to the report how many there are in each province which came under this portion of the report and how they are allocated.

Hon. Mr. GREGG: Last year or up to date?

Mr. HAHN: If we could have it in the report, it would do. You have the amounts allocated but you do not give the number of people actually allocated?

Mr. A. H. BROWN (*Deputy Minister of Labour*): You mean the movements under the farm labour program?

Mr. DAWSON: At the bottom of page 31, there is a report on the internal movments.

Mr. HAHN: Does this refer specifically to the internal movements?

Mr. DAWSON: These are domestic movements within Canada.

Mr. HAHN: Then it is taken care of.

Mr. GILLIS: Is there money voted for the purpose of moving workers inside Canada from province to province, where an area is depressed and there is unemployment which you cannot cure? I have an example in mind. The agent from one of the British Columbia lumber industries came to Ottawa and eventually got through to Nova Scotia where 100 choker men for the British Columbia lumber industry was recruited in Cape Breton. The question came up of paying the transportation and the position the department took was that no transportation would be paid, that the company would be responsible for moving that 100 men. However, the 100 men were not moved, as it was brought out that there still was unemployment in British Columbia which could be utilized, rather than take the 100 men from Cape Breton to the West. The point I have in mind is that you assist transportation for workers coming from outside Canada—is there any similar legislation to take care of workers who need to be moved inside Canada from province to province?

Hon. Mr. GREGG: That item is on page 38, vote 197, under the Unemployment Insurance Commission. I would be very glad to make a statement on that point when we come to it. It will be noted there that, in accordance with regulations of the Governor in Council, the amount voted is utilized for those areas where for the time being employment is difficult to obtain and would be difficult for some time. We have had your area in that category. We are watching the situation carefully and if opportunities for employment can be found elsewhere

and if the worker desires to take up that employment and cannot finance himself, then I have authority to assist in his transportation. I will give a full report on that when we come to it.

Mr. GILLIS: Thank you very much.

Hon. Mr. GREGG: It is not the same point as this one, which is primarily to protect Canada's crops and at the same time utilize floating manpower to the full.

Mr. HAHN: May I revert to the earlier question in respect of immigration? On page 32, the report says:

> During the calendar year 1954, more than 11,000 immigrants of working age classified as agricultural workers were admitted to Canada.

What is the department doing now, in view of the fact that we have such a shortage of agricultural workers—dairy men and so on—to get more immigrants in to do this type of work?

Hon. Mr. GREGG: I expect that there may have been an outline of that at the conference which is held under the auspices of the Department of Labour and at which Mr. Dawson presides every year. At this meeting there are present along with the provincial representatives, representatives of immigration, of the Unemployment Insurance Commission, and of the employment services, and they attempt with the help of the provincial departments of agriculture—they are present—to make an estimate as to the help that will be needed during the year. Would you mind giving us an elaboration of that, Mr. Dawson?

Mr. W. W. DAWSON: Yes, that is a fair statement of the situation. However, under the farm labour agreement we only deal with a portion of the total, the 11,000 representing the total of agricultural immigration during the year, and they come in under several agencies. Our problem is to determine the number which we think will be needed and which we think will not be met by other agencies. We place an order with the Immigration Department for a specific number of agricultural workers with the request that they recruit them and deliver them to us under this agreement.

Mr. HAHN: My understanding is that they are particularly short of dairy men.

Mr. DAWSON: That is true.

Mr. HAHN: Following what Mr. Gillis said a moment ago, I see in this report that there is a certain shift of agricultural workers from one part of Canada to the other. Has there been any sufficient urgency in the matter to cause an expression of desirability of bringing dairy men from other parts of Canada into that area?

Mr. DAWSON: I am afraid that there is a shortage of workers in that class including the maritimes, and we are not taking them out of the maritimes and putting them into this area.

Mr. HAHN: What suggestions have been made in respect to bringing in that particular type or group? Has it reached the point now where we need more immigrants that are capable of doing dairying particularly?

Mr. DAWSON: I have never known of a time when there was an adequate supply of dairy workers. The Immigration Department has concentrated on the recruitment of them. But for my money I would say they are difficult to get today.

Mr. HAHN: What causes this continual shortage of dairy men? Is it low wages?

Mr. DAWSON: Long hours, together with other factors, including perhaps wages that are not quite comparable to those of industry. Consequently there is a drift away from the dairy farms.

Mr. HAHN: Would you say there are any other stimulating factors?

Hon. Mr. GREGG: I think it is due to long hours, the lack of unemployment insurance, the lack of opportunity, usually, for married men to take their families with them, as well as other disadvantages which dairy farmers in the east at least, have not been able to overcome. I think that British Columbia ought to be able to set the pace though pretty soon.

Mr. DAWSON: They do set the pace in wages.

Hon. Mr. GREGG: As a matter of interest, was that shortage in British Columbia forecast by the representatives when they met with you?

Mr. DAWSON: Yes, it was.

Hon. Mr. GREGG: And it was passed on to the Department of Immigration. I am quite sure that you could not recruit any skilled dairy workers in the maritime provinces at the present time.

Mr. HAHN: We do not want to deplete the maritimes of their population.

Mr. GILLIS: Maritimers will not work for low wages!

The ACTING CHAIRMAN: Is item 190 agreed to?

Mrs. FAIRCLOUGH: I thought we were taking the three items as one?

The ACTING CHAIRMAN: Yes, but we have to start voting on them individually.

Mrs. FAIRCLOUGH: Before we pass item 190, that is the only item in which there is any reference to combatting seasonal unemployment. It is sort of added on to the tag-end of the description of that vote. Now, when we were speaking on the general item the other day there was some discussion on the publicity which is being increased by some $70,000; and if I remember correctly, that increase was almost entirely devoted to the campaign with reference to seasonal unemployment. Is that correct?

Mr. DAWSON: That is correct.

Mrs. FAIRCLOUGH: Practically the whole $70,000, with $45,000 to newspapers and radio.

Mr. DAWSON: That is right.

Mrs. FAIRCLOUGH: And then we pass on to vote 191, and we have in round figures $250,000 which is being spent—some of it, with reference to the federal-provincial agreements. It looks as if most of it was used up last year; but there is a phrase in the description of item 20 of the expenditure which looks as if the whole expenditure does not appear under that item, and it includes the undischarged commitments of the previous year. Would you say just what that describes, please?

Mr. P. C. PARENT (*Director of Administrative Services*): Yes; that term is used to provide for claims which are received from the provinces the previous year but which cannot be charged to the current year's appropriation. For example, they may have an expenditure at the end of March in regard to the terms of the agreement, yet that expenditure cannot be received until May when the fiscal year books are closed; so it has to come out of the charge to the next year's appropriation.

Mrs. FAIRCLOUGH: So the word "Years" means the previous year's portion?

Mr. PARENT: That is right.

Mrs. FAIRCLOUGH: That is actually a carry-over and it would occur every year, would it not? Just what work is done under that vote? I realize that the description is fairly comprehensive, but does this provide at all for the movement of workers from province to province?

Mr. DAWSON: Yes. To illustrate it, at the moment we are bringing some workers from the maritime provinces down to Ontario. That movement is under way at this moment. We work out the relationship with the various provinces in respect to agricultural labour to make it mobile and in order to take care of peak labour periods.

Mrs. FAIRCLOUGH: That is, you bring them into Ontario for a period of employment, and you take them back to their own homes afterwards?

Mr. DAWSON: Yes.

Hon. Mr. GREGG: Would you mind explaining how it works in detail?

Mr. DAWSON: Yes. These movements are co-operative movements in which the cost of transportation is really a four-way split. At the moment we are recruiting them in Cape Breton and in Newfoundland for employment in Ontario. The worker pays a portion of the cost; the province and the federal government share a portion, and the railroads give them a special transportation rate. So the cost to anyone is not too much. We do not contribute to the return movement. The workers get a very low rate, and that is the railroad's contribution to the movement.

Mrs. FAIRCLOUGH: Well in that regard, that brings up something of which I have heard and on which I have no specific information. For example, what happens to such a worker if he is brought into an area of employment, but when the amount of employment he receives in that area is not for a sufficient period of time to enable him to save the money to pay his transportation back home again? What happens in that case?

Mr. DAWSON: That is a question which I cannot answer because we have not had such a case. There are one or two cases where there has been illness or injury which has created such a situation, and in that case, under the agreement there is provision for paying that man's way back; but it is at a very much reduced rate.

Hon. Mr. GREGG: Could you give an example of that?

Mr. DAWSON: $11.50 is paid to enable him to get back to his home from any part of Canada.

Mrs. FAIRCLOUGH: What about compensation with regard to those people who are taken out of their usual district and are injured? Does compensation apply to them? Do you have any over-all scheme for that? I know that with the farmers under workmen's compensation in Ontario—which is the only province of which I can speak with any certainty—it is purely on a voluntary basis, on the whim of the employer, if he decides to apply for compensation for his men. Do you do anything about the insurance of these men who come from a distance? Would they be covered in the event of injury?

Mr. DAWSON: No, we have not reached the point where any province has been agreeable to making Workmen's Compensation coverage compulsory. We have done all we can to encourage farmers along these lines. Under our farm labour agreements we have provision for meeting the medical costs of those injured, but there is no provision for loss of wages.

Mrs. FAIRCLOUGH: These workers are protected to that extent, then?

Mr. DAWSON: That is right.

Mrs. FAIRCLOUGH: Supposing a man suffered severe injury through loss of a limb, I take it his medical expenses would be taken care of.

Mr. DAWSON: That is right—after he had returned to his home. But I am afraid if it were a long-range injury he would find himself in difficulty.

Mrs. FAIRCLOUGH: How many of the provinces have made provision under the act for the coverage of farm labour?

Mr. DAWSON: Five or six, but all on a voluntary basis. There is no compulsory coverage.

Mrs. FAIRCLOUGH: I notice, with regard to these three items, that though there may be some variation in amount, or in responsibility, from item to item, that taken together there is very little difference between the appropriation for last year and this year. There is, as I say, some difference in the individual votes but the total amount of the appropriation is approximately the same—only some $2,500 difference. I notice also that there is a considerable decrease in the number of employees; the number is reduced from 55 to 46, which is a reduction of about one sixth of the original number. Why is that? Have you ceased to do some specific work which you did before?

Mr. DAWSON: Yes, we have reduced our activities to some extent. We used to maintain a staff on the continent of Europe, but we no longer do so.

Mrs. FAIRCLOUGH: How large was that staff?

Mr. DAWSON: At one time, I think, we had seven. In later years it was three or four. In the final analysis only two were affected. We made some reductions in other areas. Our hostel has not been quite as active as it was in earlier years and we have been able to make some reductions there. Then again, as soon as we discontinued the work contract which applied to displaced persons we were able considerably to reduce record keeping at head office, and that is where a good deal of the reduction has occurred.

Mrs. FAIRCLOUGH: That is reasonable. I notice that this vote 190 is a new vote, practically—

Mr. DAWSON: An amalgamation.

Mrs. FAIRCLOUGH: Expenditure under vote 192 dropped from an expenditure of $490,000 in 1954-1955 to an estimated $275,000 this year, and the amount expended is actually less than the appropriation for this year—considerably less than that appropriated last year.

Mr. DAWSON: Seasonal unemployment increased, so some of the reduction is not reflected in the total.

Mrs. FAIRCLOUGH: I thought that probably was the answer. This new vote, Item 190, takes up some of the slack in the other?

Mr. DAWSON: That is right.

Mr. MCLEOD: In connection with this matter of the shortage of dairy worker, the minister commented that one of the contributory reasons was the lack of unemployment insurance. I believe this is something for which there has been quite a clamour in the past. Is any interest being taken in an attempt to get the act widened?

Hon. Mr. GREGG: I should probably have mentioned Workmen's Compensation in the same breath, but I did not do so because that comes under the jurisdiction of the provinces.

The direct answer to your question is: yes. Studies are in progress along those lines, but we are giving priority in this special field to the case of fishermen and we are making every effort to find a workable solution. If we can find such a workable solution, as I hope we may, some of the factors which enter into it might be applicable to those who are working on the farms. The two employments have something in common—the wide distribution of employers for example.

I cannot hold out any hope that agricultural workers will, however, be brought under unemployment insurance in the immediate future. Furthermore, I might mention that the question of the farm employees differs from that of the fishermen inasmuch as there has been no strong indication on the part of the industry itself or it employees that it desires to enter into such a plan. Perhaps this is not surprising.

Before discussion on these three items comes to a close I would like to say to the committee that it has been very helpful to have the degree of flexibility which the committee will notice in these votes. It has greatly helped the administration, and by comparison with the money involved I can assure the committee that the department, to my mind, has obtained good value for every dollar spent, not only with regard to the agriculture industry but also in regard to those who are employed in the mobile labour force and who can move from one part of Canada to another by this means.

Votes 190, 191 and 192 agreed to.

Vocational Training Co-Ordination
193—Administration, $80,745.

Hon. Mr. GREGG: Mr. Chairman, this is the item which covers cooperation between the administration of the vocational training program and the provinces. It is a very important subject, and if the committee wishes it I am sure that Mr. Crawford who is in charge of this work would be prepared to place before you an outline of these activities. Perhaps the members of the committee would like to have copies of this statement in their hands?

The ACTING CHAIRMAN: Would the committee like Mr. Crawford to give an outline of his work?

Hon. Mr. GREGG: Mr. Crawford, as many of you know, was in charge of vocational training work for the Department of Veterans Affairs before he came to the Department of Labour. He has been in charge of this branch here since he was transferred.

The ACTING CHAIRMAN: Does everyone have a copy?

I understand that Mr. Crawford will read this report.

Mr. A. W. CRAWFORD (*Director, Vocational Training Branch*): The organization of the vocational training branch of the Department of Labour is set forth in chart "L" which, I understand, is on your desks. This chart also depicts, in highly abbreviated form, the types of training programs which receive federal assistance under the provisions of the Vocational Training Co-ordination Act of 1942.

The functions of the vocational training branch are to administer the provisions of the Vocational Training Co-ordination Act and to cooperate with provincial government officials, employers' organizations, organized labour and other federal government departments (including crown companies and the armed forces) in promoting, organizing, and developing all types of training programs designed to fit persons for employment as skilled workers or technicians or to upgrade such workers in their present occupations.

The responsibility for providing training programs of this nature, in so far as governments are concerned, rests with the provincial and municipal authorities, except with respect to the education and training of Indians and Eskimos and specialized training programs required by federal departments and agencies for their own employees, including members of the armed forces and war veterans.

The education and training of Indians and Eskimos as such is provided by the Department of Northern Affairs and National Resources and the Department of Citizenship and Immigration. The armed forces and some departments of the federal government have their own training programs, but in certain cases the vocational training branch acts as agent for such departments in arranging with the provinces for special training programs, usually of a temporary nature.

The established procedure in such cases is to arrange with the appropriate provincial authority, through a regional director or liaison officer in each province, to organize and operate the classes and to pay the costs which are later

repaid by way of refunds to the province of all provincial government expenditures on such programs and projects. In all other cases, the costs are shared by way of refunds on approved programs and projects, up to 50 per cent of provincial government expenditures if sufficient money is available in the vote for such purpose.

The provisions of the Vocational Training Co-ordination Act, which is the legislative authority for this type of federal aid, may be summarized as follows.

The act authorizes the Minister of Labour to undertake and pay for training programs which are required—

(*a*) to fit persons for employment contributing to the defence of Canada whether in industry or in the armed forces;

(*b*) to fit for gainful employment war veterans eligible for such training under the Department of Veterans Affairs;

(*c*) to fit unemployed persons for gainful employment;

(*d*) to conserve natural resources vested in the crown in the right of Canada;

(*e*) to fit persons for employment for any purpose in the national interest which is within the legislative authority of the parliament of Canada.

The act also authorizes the minister to undertake and direct research work and to disseminate information in the field of vocational training.

It further provides that the minister may enter into an agreement with any province, for any period, to provide financial assistance up to an amount equal to that expended by the provincial government on

(i) any of the foregoing types of training;
(ii) any training project previously carried on under the Youth Training Act;
(iii) apprentice training;
(iv) training of supervisors in industry;
(v) rehabilitation training for disabled civilians;
(vi) training to increase the skill and efficiency of workers in agriculture, forestry, mining, fishing, and other primary industries, including home making;
(vii) the development and operation of vocational and technical schools and courses at secondary level.

No provision is made under the Act for assistance to universities but under the vocational training agreement, provision is made to share with the provincial governments in the costs of providing bursaries in the form of grants, loans, or a combination of both to worthy needy students entering universities or who require such assistance to continue in degree-granting courses, except theology. There is also authority under the rehabilitation training schedule for sharing in costs of professional training where deemed necessary for the suitable rehabilitation of disabled persons.

The conditions and regulations governing federal financial assistance to these various types of training are set forth in four federal-provincial agreements as indicated on the organization chart.

The vocational schools' assistance agreement, which covered a ten year period ending March 31, 1955, has since been renewed on a year to year basis. The original agreement provided a total of thirty million dollars, to be allotted to the provinces on the basis of population in the age group 15 to 19 years inclusive. Twenty million dollars was provided for sharing in operational costs of schools and ten million dollars for sharing in capital costs. Additional amounts were provided for Newfoundland and later for the Northwest Territories and the Yukon. The allotment for capital expenditures was limited to

projects approved and completed by 1949. Provision was made, however, whereby the provinces could elect to use part of the allotment for operation expenditures on capital account. Quebec has consistently used 50 per cent of its annual allotment for such purpose. All provinces participated in this agreement and seven provinces have already signed the renewed agreement for the fiscal year 1956-57, for which $2,070,000 has been provided in the estimates.

The vocational training agreement, which originally covered the two-year period 1948-1950 was renewed for three years, then for one year, and in 1954 was renewed for a further five-year period in all provinces except Quebec. The provision for student bursaries is renewable each year. Seven provinces have already signed the renewing agreement for the current fiscal year. The types of training projects assisted under this agreement and the percentage of the costs paid by the government of Canada are indicated in the second block of the organization chart.

The apprenticeship training agreement was originally signed in 1944 for a ten-year period and was renewed in 1954, for a further period of ten years. It is signed by all provinces except Quebec and Prince Edward Island. The latter province has no system of apprenticeship operated by the provincial government and the Quebec system is operated through parity committees and apprenticeship committees operating under the Collective Agreement Act. Under this agreement, the costs to provincial governments for the operation of special apprenticeship training programs and field supervision are shared on a matching basis subject to the limitation of the annual appropriation by parliament for such purpose.

Under vocational correspondence courses agreement, which originally covered the five-year period 1950 to 1955, and has since been renewed on an annual basis, the sum of $125,000 was set aside for sharing in the costs of preparing correspondence courses. Only about $34,000 has been used to date and the renewing agreement merely extends the period during which the balance of the original appropriation may be used for such purpose. Approximately 100 such courses are now available to students in any part of Canada for nominal fees of from $10 to $25.

An indicated on the chart, the Minister of Labour is assisted in the administration of the act, by two advisory bodies—the vocational training advisory council which consists of a chairman and 19 members with an equal number of alternates and the apprenticeship training advisory committee which consists of 11 members including the chairman. These bodies represent provincial governments, management, organized labour, and other national bodies and organizations interested in the promotion and development of training programs. They usually meet semi-annually and are helpful in working out mutually acceptable solutions to problems of administration and joint activities.

The staff, as indicated on the chart, consists of eight members, four administrative officers, two clerks and two stenographers. Three senior officers spend considerable time visiting the provinces to keep in touch with developments and to consult with provincial officials and others concerned regarding new developments and common problems.

Research activities and special studies which can best be undertaken by a central authority are undertaken by the branch in co-operation with the provincial authorities and with the help of other branches of the Department of Labour particularly the administrative services branch, the information branch, and the economics and research branch. All such activities are approved in advance by one or both of the advisory bodies and in a few cases the work is assigned to representative committees or to individuals outside the department who possess special qualifications for the assignment.

One such joint project, which indicates the desirability and value of co-operative action, is the analysis of skilled trades to determine the essential skills and knowledge required for competency in such occupations and to assist the provincial authorities in preparing standard basic courses for the training of apprentices and skilled workers.

Plans are now being made for an extended study of existing facilities and courses for the training of skilled workers and technicians in publicly-operated schools, in private schools, in industrial establishments and in various departments and agencies of the federal government, including the armed forces. This study is being undertaken as part of a departmental research project to determine the need for new and improved methods of training skilled workers and technicians to meet the changing requirements of Canadian industry.

One of the most urgent needs of apprenticeship has been the training of instructors for the organized classroom and shop instruction of indentured apprentices who are required to attend classes during stipulated periods of the training program. Last year, the branch arranged for a special teacher training course at the Ontario College of Education. Several provinces which did not have suitable training programs of their own sent instructors. Each branch of the armed forces also sent trade instructors. Another class has been arranged for this year.

Other activities of the branch include the preparation of special reports and bulletins on various branches or aspects of vocational training, the convening of or participation in national and interprovincial conferences, and the spreading of information which will help to promote various forms of training.

Mr. Chairman, are there any questions?

Mr. ENFIELD: Mr. Chairman, there is a statement in the annual report on page 72 which concerns me very much. Under the heading of "Apprenticeship" and towards the bottom of the page it says, "Apprenticeship training programs have been active during the year but directors of apprenticeship and others concerned feel that a much larger number of apprentices should be indentured to maintain the skilled work-force of Canada." Then further down, "Certainly there is no margin for increasing needs resulting from the expansion of Canada's economy."

Now, in this statement we appear to have a fairly comprehensive apprenticeship training agreement to provide for apprentices, yet in the opinion of the director we are certainly not providing enough apprentices to keep pace with the exansion in Canadian industry. I wonder, Mr. Chairman, what the minister or Mr. Crawford might have to say about that, and whether they think anything further can be done to rectify the situation. I wonder also if they have any actual figures on the number of apprentices and the special needs to point up this particular problem?

Hon. Mr. GREGG: I will ask Mr. Crawford to answer in detail; but I can say that this matter of apprenticeship training is being gven a great deal of consideration, and we feel that it is especially important for the reasons already set out. I feel that both industry and the government, and other governments, are cooperating in this effort to an increasing degree.

Mr. CRAWFORD: You will see, on page 84 of the annual report, the number of apprentices in every province listed by trades.

Hon. Mr. GREGG: Pardon me. I wonder if you have a preview of the year for which we do not yet have a report? Say for the six months period.

Mr. CRAWFORD: I can review the situation as a whole perhaps. First of all, we have to remember that the number of apprentices reported in our report represents only those who are indentured and registered with a provincial department of labour under the provincial Apprenticeship Act. Therefore, we

have no figures for the province of Quebec. There are approximately 15,000 registered indentured apprentices in all provinces. Quebec has, through its department of labour, a record of about 10,000 apprentices in the province and we estimate that there are at least another 10,000 apprentices in industry who are enrolled in private plans although no indentures and no registration takes place. So we have a total, as far as we can gauge, of approximately 35,000 apprentices in Canada, but even that number comes very short of meeting the needs of Canadian industry if we assume that there is to be approximately one apprentice for every five or ten skilled workers in each trade.

Mr. CHURCHILL: What would that total be on that estimate?

Mr. CRAWFORD: It is difficult to say because we have no reliable figures as to the number of skilled workers in the various trades. But it would be at least 100,000.

Mr. CHURCHILL: So that we are short about ⅓ of our requirements?

Mr. CRAWFORD: You cannot say that. In some industries, where we have made previous studies, we find that less than ¼ of the desirable number are being trained; in others, over half the indicated number seem to be getting training.

Mr. ENFIELD: I have a feeling, Mr. Chairman, that proper apprenticeship programs are not always carried out, and that very many slightly skilled or unskilled workers are put on work in which normally apprenticeship would be carried out. Would that be true? Do you think that industry is using a lot of semi-skilled or unskilled labour for work that would normally be specialized work?

Mr. CRAWFORD: It would depend upon what the need of industry is. In some occupations, whereas formerly they used mechanics who learned the trade through apprenticeship, they have now broken down the skills to the point where a worker can be trained in a matter of a few hours or a matter of a few months. They become skilled workers, and are in one sense engaged in a skilled trade. I think it is true to say that the need in Canada today is for more all-round competent mechanics in certain industries. The trend towards specialization has resulted in specialized training programs. Therefore it is more difficult to get the all-round training which is required if we are to have more skilled toolmakers who can fit into industry with the background of scientific knowledge and technical and trade skills required for the building maintenance and operation of some of the new machinery. We are in a period of transition from the old apprenticeship period into a new system of traning; but I think there is no one who can give you a final answer. I do not think that industry itself knows what the ultimate solution will be. There are those in industry who feel that apprenticeship is dead and should not be revived; there are others in industry who claim that a modern system of apprenticeship is essential if we are to keep pace with modern developments.

Mr. HAHN: Which are the provinces which have not signed this agreement? I take it that Quebec and Prince Edward Island have not, but which is the other one—you have said that seven have signed.

Mr. CRAWFORD: I am sorry. The apprenticeship agreement is signed; it is in effect now. It has been signed by all provinces except Quebec and Prince Edward Island. Other agreements have been in negotiation.

Mr. HAHN: You indicated in your report on page 3—

Mr. CRAWFORD: That is the vocational training agreement.

Mr. HAHN: Yes.

Mr. CRAWFORD: That agreement has been signed by Prince Edward Island, Nova Scotia, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia, and the Yukon Territory. It is still to be signed by New Brunswick, Quebec and the Northwest Territories.

Mr. BELL: He means the vocational schools assistance agreement.

Mr. CRAWFORD: The same applies there; the same provinces.

Mr. HAHN: Which are the three which have not signed?

Mr. CRAWFORD: New Brunswick, Quebec and the Northwest Territories.

Mr. HAHN: That does not correspond with your statement here. You say all provinces participated in this agreement and that seven provinces have already signed the renewed agreement.

Mr. CRAWFORD: Yes. The seven provinces are, as I said, Prince Edward Island, Manitoba, Ontario, Nova Scotia, Saskatchewan, Alberta and British Columbia. I am afraid that I was not counting the Northwest Territories and the Yukon Territory as provinces.

Mr. HAHN: I was not either. Newfoundland is not in it.

Mr. CRAWFORD: Newfoundland has not yet signed—I am sorry.

Hon. Mr. GREGG: I think that I should give a word of explanation here. There is no question about it that the provinces who have not signed will do so. When the agreements ended, that is the ten-year agreements, the federal government and the provincial governments had entered upon the discussions leading to the federal-provincial fiscal arrangements. As those discussions moved forward last year, particularly until, as members of the committee know, representations were made at the conferences on the whole matter of the projects which were shared between the federal and provincial governments, it was felt in view of those discussions that the matter of the preparation of a longer term agreement for the vocational training and vocational assistance should be deferred until the federal-provincial fiscal arrangements were completed which will be some time before March 31, 1957. Therefore, in the interim, agreements were entered into on an annual basis. We expect to have them back any time now.

Mr. CRAWFORD: They are coming in daily.

Mr. BELL: May I ask the reasons why New Brunswick and other provinces hesitate? They were hopeful the plan would be renewed from year to year?

Hon. Mr. GREGG: I would not say that, Mr. Bell. I know that all provinces have properly made representations that the agreement should be on a long term basis, but after the position was explained to them, as I have explained to you, then the agreements were sent out. Therefore it is just a matter of routine as far as New Brunswick is concerned. The plan is already in operation and the agreement is to be signed.

Mr. CRAWFORD: The classes are in operation.

Hon. Mr. GREGG: It is a matter of the agreement being signed and brought back.

Mr. BELL: Do I understand that the committee also recommended that these grants, particularly for vocational educational assistance, be on a ten year basis?

Hon. Mr. GREGG: Yes.

Mr. BELL: What kind of report did they make? Is it a lengthy report?

Hon. Mr. GREGG: You could give an outline of that, Mr. Crawford.

Mr. BELL: I do not want the details. I am concerned only with the long term aspect of it.

Hon. Mr. GREGG: I could give a summary. The vocational training advisory council has recommended the renewal of these agreements with an allotment

of $5 million annually for a ten year period. The provinces report that many more vocational schools are required in Canada and they have planned an expansion program which will run well over $50 million during the next five year period.

Mr. BELL: May I ask if this committee and also the provinces have not suggested that this assistance be kept separate from the annual tax agreements?

Hon. Mr. GREGG: This will not be a part of the federal-provincial financial agreements, whatever they may be, when they are worked out finally. Any new short or long term agreement which we may have after March 31, 1957, will be a continuation—and, I hope, an expansion—of this program which has been going forward. It has so happened that, since this was one of the semi-independent types of arrangement which affected the two levels of government, rather than inject a ten year agreement while these discussions were going on, we thought it might be deferred until the discussions on the main fiscal relationship were completed and then the way would be open to initiate new agreements.

Mr. BELL: Then it is fair to say that perhaps for the future we can hope for a continuation of a separate agreement and also hope that it will be a little better than for one or two years.

Hon. Mr. GREGG: I can say it will be a separate agreement as at the present time, a continuation of these separate agreements, and I also express the hope that it will continue for longer than two or three years.

Mr. BELL: I hope that will be so. As the minister knows, in New Brunswick this has been a tremendous boost to the education system, particularly where we have a rural area and also where our revenues are not so great. We definitely are counting on it. We spend more money on education per capita than any province in Canada. We want this on a long term basis and we want it separate from any tax agreement. I know the minister has had letters with respect to that.

Hon. Mr. GREGG: Yes. I have had letters also from other provinces.

Mr. BELL: Along similar lines?

Hon. Mr. GREGG: As well as from members of parliament. As a matter of fact, I talked about this subject at the great city of Sydney the other Sunday, when I went over to assist in the closing of the People's College.

Mr. PURDY: Keep good government in Ottawa and they will get a fair deal in New Brunswick.

Mr. GILLIS: I would like to ask Mr. Crawford how closely you work with the armed forces. They have a trade training program in the army, navy and air force. It is a pretty good one and they are to a large extent spreading into industry. It gives a lot of boys a good military training and they also get a trade. They go into industry so the work being done in that field, if you are looking at it just from the standpoint of civilian industry, is largely misleading because of the armed forces which are doing a big job. I would like to know how closely you work with them, what supervision there is and what methods of cooperation there are with the armed forces in that field.

Mr. CRAWFORD: We have no supervision whatever in regard to training within the forces. However, we cooperate very closely in two fields. In some cases the training facilities of the armed forces are not sufficient to take care of the demand for skilled workers, then we go to the provinces and arrange for special classes to be operated at federal government expense. The army and the air force send their trainees to these classes and take them back on completion of training.

Mr. GILLIS: The total cost is paid by the federal government?

Mr. CRAWFORD: It is paid through the vote we are considering now. In addition, in certain schools operated by the armed forces for training of apprentices, they have difficulty in getting a sufficient number of civilian teachers and we are arranging by cooperation with the provinces to hire and pay civilian teachers for that purpose. These teachers are mainly for mathematics, languages and other such subjects, usually non-technical. We are also cooperating with the armed forces in advice on trades and on anything else we can do, but that is in a general way.

Mr. GILLIS: Mr. Gregg remarked a few moments ago that he was down in Cape Breton and discussed while down there the question of the establishment of a big vocational school. You already have a trade school at North Sydney which is doing an excellent job but there is still demand for a vocational high school in the Sydney area. Did you make any progress when you were down there?

Hon. Mr. GREGG: I wish I had my notes here to assist me, but I think I can remember what I said down there, when I was "put in a corner". The kind of schools which are to be set up in vocational training must rest with the provinces. This matter certainly has been very much to the fore in Cape Breton, as Mr. Gillis knows. In addition to long discussions which have taken place there, it just happened that there were two gentlemen there representing the provincial Department of Education in Nova Scotia. One of them was Mr. Ford. Our agreements are with the Department of Education. These gentlemen were making an on the spot intensive survey to get public opinion and find out the need, and to review all the discussions which had taken place. What I told those who were responsible for working out a decision was that, after they had reached a decision on the kind of school they wanted, if that kind of school fitted into our agreement—as I was quite sure it would and could—then the federal government would give favourable consideration to sharing with the province of Nova Scotia 50 per cent of whatever portion the province found itself ready to pay in the capital cost.

Mr. GILLIS: I am glad to hear that, as that subject of a vocational school on that island is about 25 years old. It has been a good promise at each provincial government election. I would like to say to the minister at this time that the rehabilitation of that school means that North Sydney, which was dormant for some time, is now doing an excellent job. Several classes are operating and there are about 15 persons to a class. They have graduated quite a number since it was put back into operation. I visited it on one occasion and I think it is doing an excellent job and is filling a need, until they get around to establishing the other school, and I hope that it will continue. I think the school at North Sydney has done a very good job. And as to your responsibility, it started wtih this school in North Sydney, and it is the responsibility of the provincial government and the municipality.

Hon. Mr. GREGG: That is correct.

Mr. GILLIS: And when they are ready, you will do your share?

Hon. Mr. GREGG: That is correct.

Mr. ENFIELD: Does this school come within the secondary school system of the province? Is that the type of school?

Hon. Mr. GREGG: Yes. But the school at North Sydney which Mr. Gillis speaks of is something of a temporary one to help train unemployed under Schedule "M". It is going forward now, and it will go forward for as long as there is any number of unemployed men to be trained. This proposed school will be a secondary sciool but one in which the accent will be placed, among other things, on skilled training for young people.

Mr. ENFIELD: And the grant is to be 50 per cent?

Hon. Mr. GREGG: The grant will be 50 per cent of the province's part. Suppose the province should make arrangements with the municipality on a 60-40 basis, the province to pay 60 per cent, and the municipality to pay 40 per cent. Then the federal government would pay 30 per cent, or half of the portion which the province is called upon to pay.

Mr. GILLIS: And what about the capital cost?

Hon. Mr. GREGG: This is the capital cost!

Mr. ENFIELD: This is available to any province?

Hon. Mr. GREGG: We are hoping that it will be under the new agreements when they come up next year. This is the one in Nova Scotia, at Cape Breton; and it was done by virtue of the fact that it was in the coal-mining area, where new markets for coal were disappearing and diesel engines were taking their place. So it was approved in principle under the old agreement, whereby if they got into such a position there, it would be taken care of at any time. As we move into the new agreements next year, I hope and expect that arrangements will be made for capital assistance in any of the provinces. But I would not be able to say for this year, even to Halifax, such words with the promptness with which I said them to Mr. Gillis, because the school be referred to was one special single case.

Mr. ENFIELD: This form of grant has been offered under the old agreement?

Hon. Mr. GREGG: Yes.

Mr. ENFIELD: May I ask how much money has been given to the municipalities or to the provinces?

Mr. A. H. BROWN (*Deputy Minister*): Under the ten year agreement, for capital and operating expenses $30,000,000, approximately.

The ACTING CHAIRMAN: I think the committee will agree that we have been discussing items 193 and 194.

Hon. Mr. GREGG: Vocational schools assistance, capital allotment payments; the allotments are not exactly the same as the amount used. The total payments from April 1, 1945 to March 31, 1955 for the provinces under this plan were $9,803,000; while the total allotment was $10 million; so it is pretty well all used.

Now, if you would like to put a value on that, the amount for capital assistance plus the total payments for operation—adding the two together for the same period, April 1, 1945 to March 31, 1955, the total amount—

Mr. A. H. BROWN: It is a separate item!

Hon. Mr. GREGG: I am sorry. May I correct that! The payment for vocational schools assistance, that is for operation—it is a separate item—is $19,029,265; so that the total of the two is just around $29 million.

Mr. ENFIELD: So that over the last ten years we have actually made direct grants for education in the provinces, of around $30 million?

The ACTING CHAIRMAN: Not including the university grants.

Mr. ENFIELD: No, just for secondary school technical training.

Mr. BELL: May I ask in connection with something which I do not think the figures in the labour report bring out: is it fair to say that this vocational education assistance means more to certain areas and certain sections of the country than it does to others?

Mr. A. W. CRAWFORD (*Director of Training*): You mean what is needed?

Hon. Mr. GREGG: I think that what Mr. Bell means is this: take the highly industrialized part of Canada as compared with towns or the semi-rural parts.

Mr. CRAWFORD: Most of the money earned by the provinces today under the agreements has been for their promotion of what might be termed an industrial type of training. Naturally that is required mostly in the highly industrialized areas. But financial assistance under other agreements is another matter.

Hon. Mr. GREGG: Would you mind making a comment on what our experience in training has been for example with fishermen along the coast, and in other non-industrial or non-manufacturing lines?

Mr. CRAWFORD: The programs, as you know, are assisted under other forms of agreement; the one agreement to which you referred, the vocational schools assistance program, is assisted by way of capital and operational grants, by refunding to the provincial government on capital and operation costs for secondary vocational schools; the apprenticeship agreement is for the training of apprentices. The vocational training agreement covers a wide variety of short term specialized courses for the training of any type of worker who requires such training including fishermen, agricultural workers, women, unemployed persons, disabled persons, and youths. It also includes provision for financial assistance to worthy needy students attending university.

Mr. BELL: Yes. I just wanted to point up the particular need of the smaller area, whether it be Marysville, Sydney or what have you, and for fishermen, or for some other remote occupation. It should always be kept in mind, as I think it is, that where industry is concentrated in this country, we should not take the more economical and easy road to these things. In other words, it does seem that we are putting it on a per capita matching grant basis, and that it is hard to get away from it.

Mr. CRAWFORD: That is true only in connection with the vocational schools assistance agreement. There is a certain amount of money which is voted by parliament, and that money is allotted to the provinces in accordance with a formula. Under the other agreements, the provinces determine what their programs are to be and then notify us in advance. When their projects are approved, we endeavour to get the money to match the provincial governments' expenditure on each program.

Mr. CHURCHILL: In regard to vocational schools, not all the provinces have used up the total federal allotment.

Mr. CRAWFORD: No. There was a time limit within which the money voted for capital expenditure had to be claimed. Practically all the money was used within that period. There was a little over $400,000 which remained unclaimed in the total of $30 million.

Mr. CHURCHILL: Does the initiative rest with the province as to whether it is made use of or not?

Mr. CRAWFORD: Yes, the initiative is always with the province as to what use is made of it and the type of program.

Mr. CHURCHILL: As far as the federal government is concerned, it simply provides the incentive by these grants?

Mr. CRAWFORD: Yes, and in certain types of work the federal government encourages the development of classes for specific purposes in the national interest, but not with respect to the regular school system.

Hon. Mr. GREGG: If a province would welcome it, as Mr. Crawford says, one of his officials would visit that province to help in any way possible in connection with their plans.

Mr. BELL: May I ask if all the provinces under the Vocational Schools Assistance Act asked for an increase for this future plan?

Hon. Mr. GREGG: Well, the provinces, by virtue of the fact that all provinces are represented on the Vocational Advisory Council, have asked through that channel.

Mr. BELL: In other words, practically everybody has indicated generally that they would like an increase in the grant under this system?

Hon. Mr. GREGG: I see that Mr. Fairey is laughing. I think that is perfectly true, is it not?

Mr. CRAWFORD: Yes.

Mr. GILLIS: Has not the limiting factor in the application of the act in the provinces been that the municipalities are not paying their share? I think the act should at least be made flexible enough, where the need is there. It may be that one municipality or three or four are not able to come across; and if they could not get the school, I think the act should be flexible enough to permit the federal government to help the municipality in meeting its share of the cost.

Hon. Mr. GREGG: We do not enter into the relationships between the province and the municipality; but if the province makes an arrangement with the municipality, we will share in the cost to the provincial government. Some schools, of course, are operated by the provincial governments themselves.

Mr. HAHN: Is this grant made available only to vocational schools which are registered as such or is it made available to secondary high schools where courses in vocational training are offered?

Mr. CRAWFORD: It is available to assist any course of study the purpose of which is to provide trainees for employment. In some cases, therefore, it covers part of the work in a school which has academic and vocational classes operating in the same building, as well as establishments which are purely vocational schools or technical schools.

Mr. HAHN: What percentage of those taking vocational courses actually graduate? Have you that figure?

Mr. CRAWFORD: I am sorry, but we have no figures with regard to that. There is approximately the same "drop-out" in the vocational schools as in the regular secondary schools, and the figure varies considerably across Canada.

Mr. HAHN: Is there a greater demand for this kind of instruction by those who are reaching the adult stage? I know that very often those who drop out of high school grades often go back for further instruction when they reach the adult stage. Is that sort of thing more common among vocational graduates than among others?

Mr. CRAWFORD: I do not know. The provinces may have some figures, but I could not answer.

Mr. BARNETT: Mr. Chairman I would like to ask a question or two in respect to the legislatural jurisdiction affecting industries participating the apprenticeship training program. Perhaps I should explain in a word or two my reason for asking this question. Most members of the committee are probably aware that in British Columbia we have a large scale industry located in various isolated communities, and I am interested in knowing just where the jurisdiction lies in regard to the participation of this type of industry in the apprenticeship training program. Is there any federal jurisdiction with regard to participation.

Mr. BROWN: That is a matter within the educational field, and the federal government has no jurisdiction. If you are thinking of a proposition of imposing assessments on employers for training programs, that is something which lies within the jurisdiction of the provincial authorities. We do, federally, through the training branch, work with the provinces in trying to encourage employers to initiate and put into operation their training programs and to take a larger share of responsibility in training young men for industry.

Mr. BARNETT: I have in mind the kind of situation where sons and daughters of employees in some of these large scale but isolated industries find that they wish to acquire training in some skilled trade. Under any normal form of apprenticeship training they would be obliged to leave home in order to attend classes and that, of course, increases considerably the cost of acquiring the training, because these young people have to pay for their board and so on. I would like it to be made clear whether this particular aspect of the work is entirely within provincial jurisdiction.

Mr. BROWN: That is correct.

Mr. BARNETT: I have one further question to ask. If apprenticeship courses were made available in the kind of places to which I have referred, would you say that these vocational correspondence courses would be suitable and sufficient to supplement the practical training that might be secured "on the job" in such localities? In other words, if people in this position were to enroll for these correspondence courses, supplementing their studies by practical training in the shops, would they be able to acquire a suitable degree of training?

Mr. CRAWFORD: It might help to answer your question if I said that, in British Columbia, young men and women who enter certain trades as apprentices are required by law to attend special classes at which technical or trade training supplements training "on the job". In other words, use is made of existing technical training facilities by the arrangement of special evening classes.

In your province and elsewhere students may attend classes at their own expense before entering on apprenticeship, in which case they receive credit for the training they have received in such technical or trade schools. Thus the system is very flexible and depends entirely on the committee or board operating the apprenticeship training program. If an individual plant or industry establishes an apprenticeship training plan of its own, the local school is encouraged to do all it can to provide supplementary training for the apprentices either through instruction at evening classes or, better still, by way of part-time day classes. Correspondence courses are also made use of, but in most cases only when suitable facilities are not available in day or evening classes, and such courses are usually on an individual basis where there are only one or two apprentices in a community and they do not have the opportunity to attend classes—cases where no provision can be made for sending apprentices to classes in a central community.

Mr. BARNETT: Mention was made earlier in the discussion, I recall, of the fact that the use made of vocational correspondence courses had not equalled the funds which have been made available for this purpose, and I was wondering whether any real program had been undertaken to interest industry in these correspondence courses and to impress upon them the value of utilizing them, especially in places where the community was relatively small in size and where there would not be a fully equipped technical high school.

Mr. CRAWFORD: That, again, would be entirely a provincial responsibility. As far as I know there has been no program in Canada designed to encourage employers to make use of correspondence courses as a means of training their apprentices. In fact the reverse is true and employers are encouraged to send their trainees to part-time classes or to evening classes where organized instruction can be given. Where this is impossible, the correspondence courses are made available.

Mrs. FAIRCLOUGH: These correspondence courses come from the vocational schools, do they?

Mr. CRAWFORD: No, the correspondence courses available under the vocational correspondence courses agreement are all prepared by the provincial departments of education and are distributed by the departments of education and made available on the same terms to students enrolled in any part of Canada.

Mr. BLANCHETTE: Perhaps the minister or Mr. Crawford could provide me with certain explanations in connection with what appears in the annual report at page 79. There is a list of tables there, and I note that table one shows disbursements to the provinces in respect of training to the unemployed as totalling $321,000, of which Quebec availed itself of $721 only.

Then, if we refer to table four, Youth Training including Students, out of a total disbursement made by the vocational training department of $318,000 I note that Quebec has availed itself of the amount of $529 only.

Then again, if the committee refers to table seven—Training for the Armed Forces—of a total disbursement of $92,834 there was paid to Quebec $8,212.

Table eight—the Training of Workers for Defence Industries—shows that of a total of $66,711, only $203 was paid to Quebec.

Lastly, if we add all these accounts together, we arrive at a total disbursement by the Vocational Training Department of almost $2 million of which Quebec has availed itself of $2,115 only, or about one per cent of the total disbursements. Is there any explanation for this?

Mr. CRAWFORD: With one exception the expenditures to which you refer are made under the terms of the vocational training agreement, and Quebec has not signed that agreement in the past two years. Actually, therefore, the expenditures were made to reimburse Quebec for money earned in the previous year, not in the current year of the report. The exception is with regard to training for the armed forces. With respect to this the federal government bears the total cost of the work done in Quebec, regardless of the fact that there was no agreement in operation.

Mr. BLANCHETTE: Leaving aside the amount paid in respect of training for the armed forces, the total amount received by Quebec would be about $1,300.

Mr. CRAWFORD: Yes. That is take care of accounts which were unpaid during the previous year.

Mr. BARNETT: Other than that, Quebec has not received anything under the four plans to which you have referred?

Mr. CRAWFORD: The vocational training agreement has not been signed by Quebec—

Hon. Mr. GREGG: Excuse me, that is on page 57 of the report.

Mr. CRAWFORD: The apprentice training agreement was not signed by Quebec because they have their own apprenticeship arrangements organized in an entirely different manner.

Mr. BELL: And other than that, Quebec has not received anything under the four systems, or the four plans that you are referring to?

Mr. CRAWFORD: The vocational school assistance agreement has been signed by Quebec regularly.

Hon. Mr. GREGG: On page 87 of the report you will see the table.

Mr. CRAWFORD: This year, of course, the agreement has not yet been signed. The vocational training agreement was not signed by Quebec for the previous year. An apprenticeship agreement has never been signed by Quebec, because they finance their own apprenticeship system.

Mrs. FAIRCLOUGH: In respect of these correspondence courses, these are prepared under the provincial Departments of Education, and students are enrolled directly with the provincial departments, I take it?

Mr. CRAWFORD: That is right.

Mrs. FAIRCLOUGH: Then they do not have any contact at all with any individual school?

Mr. CRAWFORD: No. We have an interprovincial committee consisting of the officials in charge of vocational correspondence courses in each province. That committee determines what new courses are needed, and which province will undertake the preparation of the course. The condition with regard to the federal department sharing in the cost is that; the course when printed and ready for distribution must be made available to students anywhere in Canada without discrimination.

Mrs. FAIRCLOUGH: Then each province does not make available courses in all lines of vocational training? For instance, a person desiring vocational training in one skill might reside in Alberta and get the training from the Manitoba Department of Education?

Mr. CRAWFORD: Yes, depending on which courses are available in the province where the individual resides.

Mrs. FAIRCLOUGH: I see. This committee decides among its members precisely what training courses are made available by each Department of Education, is that right?

Mr. CRAWFORD: Yes, by agreement.

Mrs. FAIRCLOUGH: That is interesting.

On this matter of training for disabled persons, I wonder how this table 3, which is shown on page 80 of the report, works into the estimates? For instance, does that refer to moneys expended under votes 193 and 194 or does it refer to moneys expended under vote 188?

Mr. CRAWFORD: No, it is the money expended under the second vote, 194.

Mrs. FAIRCLOUGH: Then how does that enter the "rehab" program?

Hon. Mr. GREGG: It is another part. I said the other day you would find it elsewhere. This is a part of the item we discussed the other day.

Mr. CRAWFORD: Under the coordinated rehabilitation program one service is vocational training for disabled persons. That service, when required for purposes of rehabilitation, is rendered through this particular agreement.

Mrs. FAIRCLOUGH: I see. There is no vocational training, as such, under the "rehab" program, or I should say under vote 188?

Mr. CRAWFORD: No.

Mrs. FAIRCLOUGH: It does not include anything in that at all?

Mr. CRAWFORD: Not for training.

Hon. Mr. GREGG: This is included under schedule "R" of your general agreement.

Mrs. FAIRCLOUGH: Under "R" now, but under "M" previously?

Hon. Mr. GREGG: Yes.

Mrs. FAIRCLOUGH: With regard to this amount for training of disabled persons, your vote is $250,000 and the amount shown as having been expended is $70,000. Is that right; am I reading that table correctly?

Mr. BROWN: That is correct.

Mrs. FAIRCLOUGH: Then of the $250,000 allotment last year you just used $70,000?

Hon. Mr. GREGG: Last year was really the first year this got under way, Mrs. Fairclough.

Mrs. FAIRCLOUGH: You really used only $21,000 of course.

Mr. PARENT: We have the actual allotment made to the provinces as $114,500.

Mrs. FAIRCLOUGH: You mean for last year or for this coming year?

Mr. PARENT: 1955-1956.

Mrs. FAIRCLOUGH: Can you relate that to this item on page 80, this table 3?

Mr. PARENT: This is the previous year. We actually paid in the previous year only $21,992.

Hon. Mr. GREGG: That was just the start of the work.

Mrs. FAIRCLOUGH: That is up to April 30, 1955?

Mr. PARENT: Actually March 31, 1955 is the terms of the schedule.

Mrs. FAIRCLOUGH: Then this last year you paid how much?

Mr. PARENT: In 1955-1956 the provinces were allotted under the agreement $114,500. The actual payments on claims received up to February 29, 1956 amounted to only $36,100. We have not got the final claims in yet.

Mrs. FAIRCLOUGH: And that was the second year of operations actually?

Mr. PARENT: Yes.

Mrs. FAIRCLOUGH: You did not use anywhere near your $250,000, did you?

Mr. CRAWFORD: The province of Ontario is still using money for that purpose under schedule "M". Arrangements have been made under schedule "R", but it is not yet in operation. In some other provinces the work is just getting under way.

Mrs. FAIRCLOUGH: But the fact still remains that that allotment of $250,000 —I have not the figures of the apportionment for 1954-1955, but you have in 1955-1956 $250,000 earmarked for this work, and you actually expended up to February 28, $36,000 and, I suppose you have your March payment to go in there. It is still a very small portion of the $250,000 allotted, is it not?

Mr. PARENT: You will find Mrs. Fairclough, that despite the fact that this is a February 29 figure, it does not actually indicate that it covers payments to the provinces for February 29. Their accounts are usually delayed. We find during the month of March that the accounts are rushed in.

Our estimate of the expenditures against that allotment of $114,500 will be in the neighbourhood of $75,000.

Mrs. FAIRCLOUGH: I am still a little puzzled as to why you put an amount of $250,000 in the estimates when all you actually allot is $114,500.

Mr. PARENT: Largely because the province of Ontario was still undertaking its training under schedule "M". It is a very large portion. Mr. Crawford can perhaps indicate the amount.

Mr. CRAWFORD: $40,000.

Mrs. FAIRCLOUGH: Why would it not show here somewhere? This table 3 gives the explanation that in these provinces these handicapped persons were given training under schedule "M". I take it that these amounts shown in this table are actually the amounts that were shown under schedule "R", is that correct?

Mr. PARENT: Yes.

Mrs. FAIRCLOUGH: Where do we find the amounts expended under schedule "M"?

Mr. PARENT: You will find it in another table under "M".

Hon. Mr. GREGG: But you will not find this earmarked.

Mr. CRAWFORD: No, they are not earmarked for disabled persons.

May I explain this: in the province of Ontario they estimated that they would require $50,000 for the year just closed. We voted the money and then transferred that money from schedule "R" to schedule "M". They will have used over $40,000 under schedule "M" which in fact was money for schedule "R".

Mrs. FAIRCLOUGH: My whole point is not whether the money was used or not, but the fact that it is almost impossible to relate the $250,000 which is shown in the estimates to the actual tables which are produced in the report. I suppose you do not know, yourselves, just precisely how much of the money paid out under schedule "M" was actually for disabled persons, or do you?

Mr. CRAWFORD: We know that in Ontario the whole of the money under schedule "M" was used for disabled persons, because they have not yet established a program for other persons, except just recently, and that is for specific purposes. That has not yet been paid for.

In the other provinces there could be a number of disabled persons who were trained under "M", but they would be trained as unemployed persons and not as disabled trainees entitled to training under schedule "R".

Mrs. FAIRCLOUGH: In spite of that, the payments which the federal department makes to the provinces on their behalf are still included in this $250,000, are they not?

Mr. BROWN: No. In the previous fiscal year some of those payments have been made under the provisions for training unemployed persons as distinct from the appropriation under schedule "R" for disabled persons. That situation is now becoming clarified as the provinces appoint their coordinators and move into a more distinct training program for disabled persons. I think for the current fiscal year we will be able to relate more completely and more clearly the actual expenditures for training disabled persons to the $250,000.

Mrs. FAIRCLOUGH: Where in the estimates is the item under which it was paid previously?

Mr. PARENT: It will be under the same vote; in vote 259 in the printed estimates.

Hon. Mr. GREGG: Page 259.

Mr. PARENT: It is vote 194, but the details are broken down at page 250. We have an item there for training of unemployed workers for the last fiscal year of $360,000 which was the amount of the estimates.

Mrs. FAIRCLOUGH: Then the amounts paid to Ontario, and I presume to some of these others such as Nova Scotia, Manitoba, Saskatchewan and British Columbia, are included in the $360,000 for training of unemployed workers?

Mr. BROWN: There may have been some amount paid which came out of the $360,000 rather than out of the $250,000 item.

Mrs. FAIRCLOUGH: If those amounts are included in another item then this $250,000 is too high. I thought probably there were amounts not shown in table 3.

Mr. BROWN: For the purposes of the estimates of the current fiscal year, which we are now considering, the whole training program for disabled persons we anticipate will be carried on under schedule "R" and will be paid for out of that $250,000. That $250,000 is made up really from the information we can get from the provinces as to the establishment of their programs.

Mrs. FAIRCLOUGH: Out of the $250,000 you will have spent, even if you use your total provincial allotment of $114,000, less than half; and you have maintained the same amount in the estimates for this year and have increased the amount allotted for training of unemployed workers by another $57,000. I have to relate these items to the total expenditure on this vote?

Mr. BROWN: Yes.

Mrs. FAIRCLOUGH: Now, you allocated last year $4,320,000 on this vote and your estimated expenditure is $4,098,000, so you actually expended some $230,000 less than you appropriated last year. I am just wondering if the reason for that is that allocation was made under this separate heading which is for similar services, and this year your appropriation is even higher, $4½ million, despite the fact that all you spent last year was $4,100,000. Can you say why when you spent less than your last year's allotment, the one for the current year is higher still?

Mr. CRAWFORD: The program is new and developing and the provinces have expected each year to spend more than they actually claimed. Now that Ontario will be in operation we know that they will be spending at least $50,000 during this current year and probably more; also the other provinces will be close to their estimates. We had hoped last year that the program would have been that far advanced.

Hon. Mr. GREGG: We consider all these estimates with our blue pencil. With respect to the two items which you mentioned, and first of all to the training of disabled persons, I am expecting from the reports which have been received that the programs this coming year will be much more widespread and costly than they have been because the period so far has really been a period of getting into business. We expect that advantage will be taken of this vote under the agreements with the provinces. To come back to the other point which you made that the amount for unemployed persons is too high, the reason for that was that we would then be in a position to have the money if we needed to use it. I hoped that we would not need to use it, but if we did I wanted it to be there. That was the reason for the increase in that amount.

Mr. BROWN: Actually there is a larger program of training for unemployed persons being developed in the maritime provinces this year than last year—in Nova Scotia.

Hon. Mr. GREGG: The one which Mr. Gillis referred to was not in the cost figure last year.

Mrs. FAIRCLOUGH: These are on a matching basis with the provinces?

Hon. Mr. GREGG: Yes.

Mrs. FAIRCLOUGH: I have a suggestion then, that if the situation continues another year, even though you do not anticipate it will, do you not think for purposes of clarity that it might be well to include in table 3, or even in a footnote, the amounts actually expended under schedule "M" which are not expended under schedule "R".

Mr. CRAWFORD: The only place in which we know that occurs is in Ontario and you can take the total spent under schedule "M" for Ontario and charge it against "R", but in the other provinces, we have no way of knowing whether the individual was a disabled person or an unemployed person.

Mrs. FAIRCLOUGH: Would the provincial officers have that?

Mr. CRAWFORD: Not necessarily.

Hon. Mr. GREGG: In other words, it might be that the person disabled and unemployed has no money and the question would be whether he was being trained because he was disabled or because he was unemployed.

Mr. CRAWFORD: Yes. If the individual is being trained under the rehabilitation program then this is charged against schedule "R". Then if the disabled person went into ordinary training under schedule "M" as an unemployed person we would not know that. When we were starting, we provided that all disabled persons requiring training would be referred to as unemployed persons under schedule "M" and we did ask the provinces to keep a record of those

who they would ordinarily have referred under schedule "R", had it been in operation. They did that for about two years indicating how many there were and we were able to divide on the basis of that information. But, since schedule "R" is in operation, we have no longer made that division. We assume that those trained as disabled persons will be trained under the provision of schedule "R".

Mrs. FAIRCLOUGH: The whole provision of "M" has been broadened even in the last two or three years. I recall when assistance under schedule "M" was available only to persons from the armed services, was that it?

Mr. CRAWFORD: No.

Mr. BROWN: Only to persons referred to it by the unemployment insurance commission for training.

Hon. Mr. GREGG: I assure you we will, for the next year, attempt to have as clear-cut a segregation of the moneys spent for disabled persons as we can get, because I agree that it would be interesting and useful to have that.

Mrs. FAIRCLOUGH: That table as related to the actual amount in the estimates is very misleading.

The Acting CHAIRMAN: Can we carry that item?

Mr. CHURCHILL: No. I have been quiet here for a long time. I have one or two scattered questions. In respect to the youth training tables on pages 80 and 81, I see that table 4 on page 80 includes student aid in the totals given there. I would think that it would have been better to have put them separately because I do not see how you can relate the totals in table 4 to the total enrolments in table 5, if there is any relation between them. I presume the system of payments to the provinces for youth training is equitable, but it does not look that way at the moment. For example, in table 5 the total enrolment for youth training in British Columbia is 131, and yet table 4 shows the total payment for British Columbia as $53,238.50; Saskatchewan shows an enrolment of 707 in youth training, and a payment of $48,294.83. Why is there that difference?

Mr. CRAWFORD: In making our allotment at the beginning of the year for the provinces it is divided into two parts; one for student aid, and one for claims under the youth training program. The expenditures would have to be related to the allotment for student aid if you were to try to figure the cost of student aid.

Mr. CHURCHILL: That is why I thought that it should be on a separate table so that it would relate to table 6.

Mr. CRAWFORD: I can give you the figures for the year just closed but unfortunately I cannot give you the enrolments because the figures are not in.

Mr. GILLIS: What machinery have you to apply that student aid item? To whom does a deserving student make application?

Mr. CRAWFORD: There is a selection committee in each province. That selection committee is composed of from three to five persons; a representative of the universities, a representative from the Department of Education, someone representing the federal government and perhaps others. Each province determines the number and the representation on its own selection committee.

The applications for assistance usually are made through the principal of the secondary school from which the applicant has been graduated or through the dean of the faculty in which the applicant is enrolled in any university. If that is not convenient, the applicant may make application direct to the selection committee.

Mr. CHURCHILL: There are some other questions I should like to ask.

Hon. Mr. GREGG: Is there some information on this, which you would like, which we could get before the next meeting and whiich is not shown here?

Mr. CHURCHILL: I would like to have the figures for table 6, the amount of money expended from province to province. I would like to get an answer about the difference in the figures in tables 4 and 5. You show $3,500 to British Columbia for 131 students and only $48,000 to Saskatchewan for 707 students.

Hon. Mr. GREGG: You require the difference in the amount per capita. There are several factors, but I am sure Mr. Crawford can get the answer to that one.

The committee adjourned.

MAY 1, 1956.
10.30 A.M.

The CHAIRMAN: Order, gentlemen.

I understand that we are on items 193 and 194 which are being taken together.

Mr. CHURCHILL: Mr. Chairman, I put forward one or two questions just at the conclusion of yesterday's meeting. Are the answers available?

Hon. Mr. GREGG: Mr. Crawford took note of Mr. Churchill's request yesterday. If Mr. Crawford may reply, he can supply the answers.

Mr. A. W. CRAWFORD (Director, Vocational Training Branch): The figures which Mr. Churchill used yesterday were from the vote for youth training which included money for student aid. I can now give you the payments to the provinces for student aid.

Mr. CHURCHILL: This is with reference to the tables on page 80 and 81 of the annual report?

Mr. CRAWFORD: Yes. You were referring to the enrolments on page 81, and you wished the payments covering those enrolments?

Mr. CHURCHILL: Yes.

Mr. CRAWFORD: I can give you those figures for each province.

Newfoundland	$ 8,000	
Prince Edward Island	$ 5,500	
Nova Scotia	$ 10,000	
New Brunswick	$ 15,000	
Ontario	$100,000	
Manitoba	$ 5,859	for student aid
	$ 1,500	for nurses in training
Saskatchewan	$ 28,000	for student aid
	$ 1,605	for nurses in training
Alberta	$ 8,500	for university students
	$ 1,500	for nurses in training
British Columbia	$ 28,000	for student aid
	$ 738	for nurses in training

Mr. CHURCHILL: You say those figures relate to table 4 on page 80. Are these the student aid figures that you have given?

Mr. CRAWFORD: Student aid figures only, and they are included in the table on page 80.

Mr. CHURCHILL: I see. Does that student aid work out at about the same per student across the country?

Mr. CRAWFORD: No. I think you will find considerable variation. The individual payments to students varies from about $25 to a high of around $400 per year. Those payments are determined on the need of the individual applicant.

Mr. CHURCHILL: Of course that is all decided by the provinces?

Mr. CRAWFORD: By the selection committee in each province.

Mr. CHURCHILL: I was then interested in the next table no page 82,—student aid enrolments. There again, it is provincial initiative that determines the assistance that students get. Apparently some provinces are giving much more assistance than other provinces are doing?

Mr. CRAWFORD: That is correct.

Mr. CHURCHILL: And the federal authorities simply match the grants. They do not influence this in any way?

Mr. CRAWFORD: There is no direct influence. The sharing on the part of the federal government is limited to the amount of money made available by vote each year.

Mr. CHURCHILL: This means that some of the provinces are not drawing their full allotment from the federal grant?

Mr. CRAWFORD: Yes. In the year referred to, I think every province drew its full amount, and some provinces, like Quebec and Ontario, exceeded the amounts available by many times.

Mr. CHURCHILL: That is, their own contribution is in excess of the federal contribution?

Mr. CRAWFORD: Yes. In most provinces the contribution by the provincial government exceeds the contribution by the federal government.

Mrs. FAIRCLOUGH: Why do they show the amounts for nurses in training separately?

Mr. CRAWFORD: The grants for nurses in training are of course different types of grants for different purposes. It is a fixed amount to assist the nurses in training in the purchase of their uniforms and other incidental expenses. The grant to the university student is based on the need of the student for financial assistance to enable him or her to continue in the chosen courses.

Mr. CHURCHILL: Pursuing this a bit further, and I am referring again to page 82, I notice that the total number of students receiving aid in Manitoba is given as 84, and in Saskatchewan as 178. The difference in those figures results merely from some provincial decision and has nothing to do with any federal decision.

Mr. CRAWFORD: Nothing whatever to do with the federal government.

Mr. CHURCHILL: Does that indicate that Saskatchewan has gone up to its quota, or perhaps exceeded its quota of grant from the federal authorities, and that Manitoba has not drawn all that it might have?

Mr. CRAWFORD: No. The allotment to Manitoba was $7,500. The allotment to Saskatchewan was $30,000. The allotments are determined first of all by the amount of money available from the federal treasury. The over-all amount is allotted to the provinces in proportion to their demands, or stated requirements for the ensuing year.

Mrs. FAIRCLOUGH: Why would it be so much more per capita, then? Saskatchewan has twice the number of students and gets about four times the amount of money.

Mr. CRAWFORD: That is a matter for the provinces to determine.

Mr. CHURCHILL: I thought you said that the federal grant is allotted according to—I am not sure how you worded it.

Mr. CRAWFORD: Each year the amount is voted by parliament for the purpose of assisting the provinces in this matter.

The CHAIRMAN: There is a difference in the way it is done, is there not? In Saskatchewan they are all loans, whereas in some provinces they are partly loans and partly out-and-out grants, is that not true?

Mr. CRAWFORD: That is true, but Manitoba also makes loans.

Hon. Mr. GREGG: And so does New Brunswick.

Mr. CRAWFORD: Yes.

The CHAIRMAN: Does Manitoba confine itself to loans, as Saskatchewan does? As I understand it, in Saskatchewan there are no out-and-out grants; they are all loans. They have set up a sort of revolving fund, and the same amount of money covers more students because it is all repayable. That is not true in all the provinces, is it?

Mr. CRAWFORD: I hesitate to name a particular province, but in British Columbia and Alberta it is part loan and part outright grant. In Saskatchewan it is all loan. In Manitoba I believe it is loan, and in Ontario it is outright grant only. In Quebec, where we are not now sharing, it is fifty-fifty. In New Brunswick I think it is all loan, also in Nova Scotia.

Mr. CHURCHILL: These loans are repaid. Does some of the money come back to the federal government?

Mr. CRAWFORD: Yes. One-half of the collections are repaid to the federal government if we share in the original loan.

Mr. CHURCHILL: With regard to these provinces—and I select those for comparison because the population is fairly close—would $30,000 have been available to Manitoba if it had requested that amount of money?

Mr. CRAWFORD: Not during the past two or three years. The over-all vote has been fixed at a certain amount, and there has been no flexibility during the past two or three years.

Mr. CHURCHILL: I do not see how you apportion it among the provinces.

Mr. CRAWFORD: In the beginning we had no way of determining the amount required, except by previous notice from each province as to what it would require in the ensuing year. On the basis of that we asked for money to match the provincial government expenditures, and we were able to do so in practically all cases.

The amounts have been increasing all along, and three years ago it was decided to keep the amount available from the federal treasury for this purpose at a fixed amount. That amount has been allotted on the same basis each year since.

Mr. CHURCHILL: What is the fixed amount?

Mr. CRAWFORD: It is about $319,000 for student aid, including nurses.

Mr. CHURCHILL: And is it the same for this coming year?

Mr. CRAWFORD: It is the same in the estimates for the coming year.

Mr. CHURCHILL: Yet you say that the payments for student aid are on the increase.

Mr. GILLIS: Mr. Crawford, why are they all loans in Saskatchewan and all grants in Ontario?

Hon. Mr. GREGG: That is the way the provincial governments wanted it.

Mr. GILLIS: It is at the request of the provincial governments?

Hon. Mr. GREGG: Yes.

Mr. GILLIS: Are those grants matched by the provinces?

Mr. CRAWFORD: In so far as the money is available to do so, yes. Ontario gets $100,000, and Ontario spends over $400,000 for this purpose.

Mr. GILLIS: Then the Saskatchewan government is not spending anything. They are all loans to be repaid?

The CHAIRMAN: And they are collecting them back very successfully.

Mr. GILLIS: That is good business.

The CHAIRMAN: It is rather surprising that it should be happening in Saskatchewan. That is what I can not understand—that they do not make any advances to students that are not repayable.

Mr. CHURCHILL: Could we have the figures showing the allotment of the federal total of $319,000, province by province?

Mr. CRAWFORD: Those were the figures I gave you, sir.

Mr. CHURCHILL: That is the allotment for this coming year?

Mr. CRAWFORD: That is what they earned in the last year's quota.

Mr. ENFIELD: If it is merely a question of what they earn, how do we set a limit on what we can give?

Hon. Mr. GREGG: A limit as to what is given to each of the provinces, you mean?

Mr. ENFIELD: Yes. If it is merely a question of what the province can earn on its own initiative, how do we set a limit?

Hon. Mr. GREGG: As Mr. Crawford said, it grew up at the beginning on a sharing of what the provinces said they could use in this matter of assisting worthy students. About two years ago many of us felt with regard to this item in the Department of Labour's estimates that steps should be taken to correlate it with a great many of the other asistance grants that are given to university students by other departments of government, the National Research Council, and other plans that were forecast in the Massey report; and we froze the amounts of the federal total in this item. During the last two years it has been on the same basis and the same pro rata amount per province as it was three years ago. That is the way it is this year.

When we open up the longer term agreements with the provinces, that we discussed yesterday, this matter will be brought forward, and we will have to decide whether this item should be continued in this form or in some other form. As indicated by the variations in the methods adopted by the provinces in their use of the grants, it has been an item that has grown up during the years without uniformity but which has fulfilled a very useful purpose. I had an opportunity in the province of New Brunswick to see it at the receiving end. I was on the selection committee with the representative of the federal Department of Labour and a representative of the provincial Department of Education in selecting the students. Two factors were taken into account; one, the academic standing of the student, and two, the need of the student.

Mr. WESELAK: Is the allocation by the provinces frozen for the time being?

Hon. Mr. GREGG: For [illegible]r; not for all time.

Mr. CHURCHILL: I think that this is a very useful service being performed and my hope is that it will be expanded. If the provinces understand this system of allocation, naturally they might have different ideas to put forward at your next conference concerning this proposal. However, it seems to me that some of them are not taking full advantage of this opportunity. It looks, at the moment, as if the province of Manitoba is not taking advantage of it to the same extent as are the neighbouring provinces.

Hon. Mr. GREGG: That is at their discretion. It may be that it may not be as well known.

Mr. CHURCHILL: That is what I mean. It may not be clearly understood.

Mr. GILLIS: It is another indication of the fact that some provinces with low incomes are not able to match the moneys available. I notice that in Nova Scotia the allotment was $46,000, but actually there was only $20,000 paid out of it.

Mr. CRAWFORD: I think you are reading the figures for youth training. The allotment Nova Scotia had for student aid was $10,000. Those were the figures which I reported this morning.

Mr. GILLIS: The mechanics of taking advantage of this are not generally understood. I have had several letters on it, and I must confess that I was not clear on it until I made inquiries. There are a lot of students who would take advantage of this if they knew about it. My people will know about this, from now on, because I will make it plain.

Hon. Mr. GREGG: The universities would know.

Mr. GILLIS: I have had students write to me from the universities.

Mr. CHURCHILL: Is it not true that there is a considerable shortage of dentists in Canada?

Hon. Mr. GREGG: Yes. The total number of dentist students for Canada receiving this aid is shown as 58. Now, this loan or grant has been used to assist the students to undertake courses in dentistry. The universities have this information and can produce it. The provincial departments of education also have it.

Mr. BELL: In that instance I think that the handicap is that the availability of the facilities is not there. I know in the province of Ontario they can only admit 80 students a year—that is first year students—because they do not have the facilities to take in more. Where they have about 150 applicants, actually they can only take on 80.

Hon. Mr. GREGG: All those factors are within the provincial jurisdiction, and as this committee can see since we have set a top limit on it, at the moment, it is not for us to advertise it. We are, within the amount of the vote, working in conjunction with the provincial authorities in the best way we can. Within these limits it is performing a useful purpose. This item also is discussed fully with the vocational advisory committee when it meets; on that committee are the representatives of the provinces who are usually, although not always, a representative of the Department of Education.

Mr. WESELAK: To what extent are you aware that this information is made available in high schools? I am thinking of the student in high school contemplating going to university who may have a financial problem. That would be the time when he would have to decide whether or not he was going to university.

Hon. Mr. GREGG: In the provinces, where I know anything about it, most of the selection committees try to husband the funds for students, who have at least finished their first year of university. They say that any student with any gumption can get through his first year by working in the summer. The selection committee can get an indication as to the academic possibilities of the student and are able to assess him better at the end of the first year, than they can immediately he comes out of high school. I think the selection committees would prefer, in the main, to make their grants, or loans, to students after they had gone into the university rather than as something to help them start in.

The CHAIRMAN: Is this referred to in that pamphlet which has been put out? Are these loans or grants referred to in the pamphlet which is put out?

Mr. CRAWFORD: Do you mean in the pamphlet put out by the Dominion Bureau of Statistics?

The CHAIRMAN: Yes.

Mr. CRAWFORD: Yes.

The CHAIRMAN: How are they referred to in that? This, gentlemen, is the pamphlet which we mentioned the other day giving the list of the bursaries and so on and information as to the distribution made.

Mr. HAYTHORNE: I am not quite sure, Mr. Chairman, that there is specific reference to these federal aids in this bulletin because it is limited to scholarships and bursaries; but on the point which you are raising, we have referred in our occupational monographs, which are prepared in the Department of Labour, particularly for those careers where university training is involved, to the student aid program. On the specific point which was raised earlier we have been in touch with the Dominion Bureau of Statistics as to the distribution of the booklet entitled "Under graduate scholarships and bursaries open to students in Canadian universities". You will recall at an earlier meeting of the committee under the economics and research branch vote that reference was made to this compilation of the bursaries which are available. We stated that this had been prepared in cooperation with the National Federation of University Students and that the Dominion Bureau of Statistics is publishing it. Someone asked what had been the distribution. We have since been in touch with the bureau and have learned that the initial distribution was 225 to the subscribers of the reference papers. Later they sold 1,841 copies including 850 to the vocational guidance centre. This centre distributes its literature right across Canada, so that that would be one way in which it would come into the hands of the educational authorities on the high school level, and particularly the counsellors. There were 500 copies bought by the Canadian Committee on Counselling in Engineering and Science for distribution through local branches of the National Federation of Canadian University Students. In addition, copies have been sent to all full depository libraries across Canada. We have also learned that the Dominion Bureau of Statistics plans to have another edition of this reference paper available in about two weeks' time. There will be a 1956 issue, and they plan to issue this every second year alternately with one they have been issuing since 1951 on post-graduate scholarships and bursaries. Finally, we have learned from the education division of the Dominion Bureau of Statistics that they plan to distribute the 1956 edition much more widely and will be sending more copies to the provincial departments of education.

The CHAIRMAN: My own thought about this is that the program of training veterans in various ways, particularly in the universities, ultimately will not cost the country anything because their increased earnings, on which they pay income tax, will soon repay the entire amount expended on them. I think a similar expenditure on worthy young people would work out the same way. I think that this is an activity which should be made known to all young people who would like to have a university education.

Mr. CHURCHILL: I agree with you. I notice on this table on page 82 under "Education, Teacher Training" that there are only 206 students receiving aid under this program, and yet there is no professional occupation in Canada which is so short of people entering it as is the teaching profession. I suppose this applies only to training within universities.

Mr. CRAWFORD: The grants and loans under this program are limited to students entering university degree courses. They are not available to teachers being trained in teacher training courses or in normal schools.

Mrs. FAIRCLOUGH: Would not some of these persons listed here under straight art courses probably become teachers in time?

Mr. CRAWFORD: They may. Yes.

Mr. CHURCHILL: Through what other means does the teaching profession receive assistance? Is this the only federal grant in aid of teacher training?

Mr. CRAWFORD: We share with the province in the training of vocational teachers.

Mr. CHURCHILL: Much has been made of the fact that in some provinces it is a loan and in others it is an outright grant. Those loans are repaid. How much money has been received from the federal government from that source of loans repaid?

Mr. CRAWFORD: I have no figures on that.

Mr. PARENT: I have some figures. To March 31, 1956, the total is $243,090. That is from the beginning of the program.

Mr. HAHN: Mr. Chairman, the minister earlier indicated that it was more desirable to have the loan or grant made available to people after they have taken the first year of university. I would take issue with that for this reason: if he felt that any pupil who was worth his salt might get sufficient money in hand over the summer holidays and so on to go to university the first year, I would take issue with that because the summer months are such a short period from the time the lad leaves high school until he commences university that he might not be able to do that. He might, however, be able to do that if he knew, while in his high school grades, that at the end of the first year of university there might be an opportunity, and that if he proved himself capable and able, he might qualify for this particular grant or loan. I would suggest that the place where this should be given some advertising is in the secondary schools in this country. I know, as a former teacher, I was not even aware that this kind of information was available, or that a man, if he proved himself capable after the first year of university would then become eligible for a grant or a loan. I would say that perhaps a pupil might save, if he was as careful as he could be. When I stop and compare that with what we are doing for teachers who can teach for three or four or five years and then go to university, they do not need it in comparison with the pupil leaving high school. That is the point. We want to take the young men and women and take them on through university.

Hon. Mr. GREGG: Perhaps I was too sweeping in my original statement. I certainly agree that the high schools should know all about it in case there are some brilliant students who should be taking advantage of this. I do not think that any of the provinces make it a rule not to give this information to high school students who might wish to go to universities, but with the limited amount available, in the main that they would like to utilize this money for the assistance of students after they have proved themselves within the university. If they had larger funds available I am sure what you say would be true, that more should be made available for the high school graduate.

Mr. HAHN: I do not want to leave the thought that I think all high school students who would want to go on to university should do so. I am thinking of those who prove their capability and are in need. I am satisfied that many of those young men and women, if they knew in grade XII or XIII, whatever it may be, that by being frugal they would have a chance, if they proved themselves able, to be eligible for a loan, would make every effort to carry on. Once they got to University there is every likelihood in the world that they would not require the loan the following year because the extended summer season which the university students have is such that they could possibly save sufficient for the following year. I know that that has happened in the case of many university students. I am satisfied that this information should be circularized to the high schools and that there is the possibility that pupils might not feel that they have to work their whole way through college, if they prove that they are capable and able but need assistance if they know there is a possibility that some help is forthcoming.

Hon. Mr. GREGG: I think that circularization to the high schools should be done by the provincial authorities.

Mr. BARNETT: Do we have any information available here as to just what steps the provinces are now taking to circularize this information to the secondary schools? It is all very well to have the information issued through the publications put out by the Dominion Bureau of Statistics, but there is also, among other things, the question of whether or not that information is being utilized by the provinces. Before we have a complete picture of what information is available to high school students we have to know what the various provinces are doing in that particular field. Have we any information available here as to what any of the provinces are doing?

The CHAIRMAN: This pamphlet which has been referred to is a complete list of scholarships and bursaries. Another issue will be out in two weeks' time. The Dominion Bureau of Statistics say that they are making more available to the departments of education for circularization to the high schools in the various provinces. It is a very complete outline I think. I have looked at it. Members of the committee can look at it if they wish to do so. I would hope that, if the department of education in any province wishes to send this to each one of their high schools, the Queen's Printer would make enough copies available so that any department of education would be able to send one to each high school.

Mr. BARNETT: Has there been any prior consultation with the various departments of education on that publication? Is it put out with their knowledge and consent as something suitable for their purposes?

Mr. HAYTHORNE: No. It is a straight form listing all the scholarships that are available. This was done largely as a result of a good deal of research by members of the National Federation of Canadian University Students in co-operation with our people in the economic and research branch.

The CHAIRMAN: I hope that in the new brochure which is being put out that this particular possible help is included. Do you know whether or not it is going to be included?

Mr. HAYTHORNE: We will check that, Mr. Chairman.

Mr. BELL: Mr. Chairman, could I make the point that perhaps the principle here is the same as the one which some of us were trying to bring up with respect to vocational assistance. We said, at that time, that here was some sort of a matching grant with responsibility on the provinces and it was not necessarily on a per capita basis and consequently I think if the results are the same there might be a tendency to take the easy path and to say that the facilities were made available more readily or would be taken up more readily by the centralized provinces where there is a concentration of schooling. A point that we mentioned before was that we should be careful to see that the provinces which are smaller and are outside are encouraged in every way to increase their interest in these various fields, because we will not only have an industrial concentration in Canada but we will have more skills gradually. I am not sure whether there is a breakdown here which would show that Ontario has been the province which has benefited very much more. Perhaps that would raise the question that they are taking the initiative, but nevertheless if it is left as the responsibility of the provinces we should see that some effort is made there rather than just pass it off entirely.

Hon. Mr. GREGG: This is a matter of education and if you want to be technical it is within the strict jurisdiction of the province. I think that our role, or of those who might look after such things as this in the future on behalf of the federal government, should always be to work in conjunction with the province. However, I am satisfied that every college, university, and high school principal in your province knows about this grant.

Mr. BELL: I think you are right there.

Hon. Mr. GREGG: I think, Mr. Bennett, in spite of that high school student who wrote to Mr. Gillis, that a determined high school graduate who wants to go to university should be willing to inquire as to assistance through all possible channels and certainly he would discuss this matter with the principal of his high school, or with the university of his choice or with the department of education. However, we will take all steps which can be taken to make it known without advertising broadly because I do not think we should do that particularly in view of the fact that we have set a present limit upon the total amount.

Mr. BELL: Mr. Chairman, I just want to say that the point I was making generally is that here you have a matching grant and that that matching grant is not even on a per capita basis.

Mr. CHURCHILL: I have two questions on apprenticeship training. On page 84, table 9, I see there "repair men, 4,331". What does that cover?

Mr. CRAWFORD: Radio maintenance and repairs—you have the heading radio maintenance and repairs?

Mr. CHURCHILL: That is not what I was looking at.

Mr. CRAWFORD: I was looking at repair men—4331.

The term repair men occurs in three places. The second item refers to auto body repair men, and a little over half way down the page you will see motor vehicle repair men.

Mr. CHURCHILL: I see. It should have been set in, in the printing.

Mr. GILLIS: We are once again, on page 85 and in passing I note that the total number of apprentices for the four western provinces amounts to 6,727, a number which exceeds the total number of apprentices in Ontario which is considered to be a highly industrialized area. My question refers to table 10 and I note there that the total payment to Manitoba is $67,902 and to Alberta $207,936. Is that again an instance of provincial initiative in qualifying for federal assistance?

Mr. CRAWFORD: It is.

Mr. GILLIS: There is certainly a great difference between the provinces with regard to receiving this federal grant. Have they all received the same information as to the availability of these funds?

Mr. CRAWFORD: Yes, every province knows, and periodically we have conferences, in Ottawa, of provincial directors of apprenticeship and Deputy Ministers of Labour at which we discuss the problems of apprenticeship.

Item agreed to.

Item 195—Administration of Government Employees Compensation Act, $72,600.

Hon. Mr. GREGG: Mr. Chairman, we recently carried out some amendments to this act in the house and at that time there was some discussion with regard to it.

Mr. George Greene, director of the Branch, is coming forward and will be prepared to answer any questions.

By way of explanation, this vote provides for payment of compensation to employees of Her Majesty in the service of the Government of Canada who are killed or severely injured while in the performance of their duties, as authorized by the Government Employees Compensation Act chapter 18, 1947.

As a matter of convenience and economy compensation claims arising in connection with the various departments of the Dominion Government service throughout Canada are dealt with by the employees compensation branch of

the Department of Labour, which deals with such claims on the basis of local legislation provided by each of the provinces. The claims are adjudicated and dealt with by the Workmen's Compensation Board in each province and the provincial boards are reimbursed by the Department of Labour from funds provided under this statute.

The act also covers employees performing duties outside Canada and in the Yukon and Northwest Territories and provides, also, for employees of crown corporations which include Polymer Corporation Limited, Canada Research Limited, Central Mortgage and Housing Corporation and so on.

The increase in the vote is to bring the appropriation more in line with actual disbursements. In 1945-1955 the net expenditure was $1,362,174 and in 1955-1956 it is estimated it will approach $1,400,000.

The amount of this vote in reality—other than sums spent on administration—is determined by the number of employees of the federal government who are killed or injured. Mr. Greene's branch is doing everything it can to cooperate with other departments in the federal government in an educational program to cut down these accidents and injuries, not only with a view to saving money, though that is important, but also from the humanitarian point of view.

Mr. BARNETT: Mr. Chairman, in view of the fact that a number of members of this committee were also members of the committee which sat last year to consider the changes to the act, it appears to me that it might be of interest if we could hear a brief report on how the changes which were made at that time are working out in practice. We might be told, first, how the new arrangement which involves the province is working out and secondly how the arrangement which covers employees of the government abroad is working out, and how many people have been brought under coverage as a result of these changes.

Hon. Mr. GREGG: Whether Mr. Greene goes into this fully now or in a subsequent report I think he is prepared to cover the question—as long as we do not enter that old vicious argument as to how to get into the northwest; whether you should go via Alberta or via British Columbia.

Mr. George G. GREENE (*Director, Government Employees Compensation Branch*): With regard to the question about the coverage of locally engaged employees abroad, the answer is that about 1,430 are covered.

We have had only one case of injury to deal with—that of a locally engaged employee on the staff of the Canadian mission at Buenos Aires. I may say that a large number of these employees are covered under state schemes. All the locally engaged employees of the Canadian agencies in the United Kingdom are covered under the National Industrial Injuries Act through the payment of premiums to a fund, and the same is true with regard to employees in France, Australia and New Zealand. We do not enter state schemes in a number of other countries because the assessment is exorbitant; it is extraordinarily high because the countries concerned do not "break down" workmen's compensation schemes such as exist in Poland, Argentina and some other countries would cover unemployment insurance, ordinary sickness benefits and other benefits. As I said, there is no way of breaking it down, and the Department of External Affairs, which in the past looked after these locally engaged employees, never entered these schemes. But, as I have told the committee, so far we have only had one claim and that was a small claim in connection with a girl injured in Buenos Aires. What we intend in cases where no contributions are made to state schemes is to take the rates of compensation of contiguous areas, so that in any particular area the rate of compensation paid will be a fair one based, of course, on earnings.

As far as other changes are concerned, one of the major changes in the act was that instead of paying compensation according to the rates in force

in the province in which a person was injured it is now based on the rate of compensation in the province where he was employed. That system is working all right, and we are having no difficulty. In any event, as I said last year, less than 1 per cent of the total number of people involved in accidents would be affected. This will, in the main, affect only those who are travelling regularly for the government.

Mr. STARR: The compensation paid is equivalent to that paid in the province in which the employee is situated?

Mr. GREENE: In the province in which the employee is usually employed. The rates vary from one province to another; they are becoming more uniform now, but there are variations still. A man might travel from a "high rate" province to a province where a lower rate prevails, and receive an injury there. The feeling is that it would be hardly fair to him if he were paid compensation at the lower rate.

Mr. CHURCHILL: I notice that on page 56 and at the top of page 57 of the report that it is proposed to include persons not paid directly or solely by the government and also persons whose full-time services are borrowed by government departments, and so on. Has that proposal been carried out?

Mr. BROWN: That was one of the amendments which was dealt with.

Mr. CHURCHILL: What is the status of members of parliament? Supposing we are injured here on the premises? Supposing we take part in one of those expeditions such as the Department of National Defence puts on from time to time to visit defence installations? Or we might, for example, be travelling as members of a committee.

Mr. BYRNE: NATO.

Mr. CHURCHILL: Yes. To NATO or to visit, let us say an atomic research development. Is there any protection for members of parliament who are making these, or any other journeys?

Mr. BROWN (*Deputy Minister of Labour*): I do not think we have ever had occasion to consider this question in relation to our own act but I do not believe the present provision would be broad enough to cover it. I do not know whether or not there is any other specific provision. A case of the kind you have suggested, Mr. Churchill, would, I assume, have to be taken care of by a special vote. I would be glad to make enquiries and let you know more definitely. Certainly, there is a case here.

Mr. CHURCHILL: I do not know whether the issue has ever been raised before but it has occurred to me with regard to some of these journeys which members of parliament undertake at the instance of government departments or at the invitation of a minister, that some risk is involved, and I think the ordinary life insurance policy does not afford protection—I am speaking now of travel by air—when the aircraft is making an unscheduled flight.

Mr. BROWN: Certainly that has not been covered by our own legislation. As I said, I will be glad to enquire and see whether the situation has ever arisen before and how it might be dealt with. I would think there is a case to be considered.

Mrs. FAIRCLOUGH: I think there is a point there. We are all inclined to be a trifle amused about it because it affects us personally but I must admit that until this moment I had not been aware how singularly helpless one is in the light of this information that the insurance policy does not provide coverage. Should an accident occur on a scheduled flight the airline itself offers some protection and, in addition, personal insurance is not necessarily voided by the occurrence but if you are travelling on a departmental plane on an unscheduled flight you have no protection at all.

Mr. BROWN: Perhaps the answer would be the taking out of a special accident insurance policy and some provision whereby it would be understood that the premiums involved would be an allowable expense.

Mrs. FAIRCLOUGH: I do not know of any insurance company that would offer insurance—oh yes they do, because I remember I bought insurance myself last year when we went overseas. I bought special insurance. I had forgotten about that.

Mr. BYRNE: I can remember very well, because I paid about $5 for $25,000 coverage and my plane was grounded. So I was "out" on five dollars. I did not go but I lived recklessly over the week-end.

Mrs. FAIRCLOUGH: You probably had more fun.

Mr. Chairman, if we have disposed of that particular question, there are a number of matters about which I would like to inquire. I notice that in the first column of the schedule on page 55, at the top of the page, is shown the number of pensions paid and in the last column, apart from the column giving the totals, is shown the number of fatalities. With regard to the fatalities I wonder if any pensions have been paid to the survivors—widows pensions, let us say, in the case of workmen—and whether they are included in the pensions paid in the first column. In the case of Newfoundland one would assume they were not.

Mr. GREENE: In two of the four cases we are considering there were no dependents.

Mrs. FAIRCLOUGH: In Newfoundland?

Mr. GREENE: Yes, and one other case had not been decided at the end of the fiscal year.

Mrs. FAIRCLOUGH: So that the pension mentioned in the first column was to a survivor, or to a person suffering a disability.

Mr. GREENE: That was to a widow.

Mrs. FAIRCLOUGH: I see. If the pensions are paid to survivors on account of fatalities they are included in the pensions figure shown in the first column.

Mr. GREENE: That is right.

Mrs. FAIRCLOUGH: Mr. Chairman, there is a matter which I should like to refer to at this point, and it is a matter about which I have been thinking for some time. It occurs to me that this is probably the place at which to mention it, although the subject also relates to unemployment insurance. I had a resolution on the order paper with regard to this matter, but it lapsed and was not discussed, though I intended to discuss it at that time.

I am concerned about a workman who is injured on the job and who suffers a total temporary disability and who then, upon recovery, when he is once more available for work, returns to work to find that the seasonal work upon which he was employed is no longer available. Because of that—and I am thinking particularly of men in the construction trades—he finds that he is disqualified for unemployment insurance on account of the long period of unemployment during his disability. What I am about to suggest would have to come under the Workmen's Compensation Act or under the Unemployment Insurance Act—probably the latter and it would undoubtedly require co-operation between the two authorities, but I wonder if it would be possible for the administrators of the Workmen's Compensation Act to certify an employee for the period of total temporary disability and to have that period of time recorded in his favour for unemployment insurance contributions. I suspect it would be impossible to make payments to the Unemployment Insurance fund on his behalf, but it might be possible to certify the period of unemployment on his insurance record so that he would not suffer loss of contribution for the period during which he was incapacitated. Then, when the injured man returns

to work he would at least be regarded as having been employed. To some extent, of course, he was because under the Workmen's Compensation Act he would be paid a proportion of his wages, the actual amount of the proportion depending on the particular province. In the province of Ontario it would be 75 per cent. I think it is too much of a handicap for a man to be injured, lose 25 per cent of his wages and to lose his unemployment insurance benefits in addition. In almost every case—though not in all cases—the accident would not be brought about by the carelessness of the man himself. Very often a man is performing his duties in a perfectly ordinary way when he is injured. A man may be laid up for four or five months. He gets his medical expenses taken care of and he gets a portion of his wages. But afterwards, when he goes back to work, he is thrown on his own resources and has no recourse to unemployment insurance benefits.

Hon. Mr. GREGG: I think that would be a matter for the Unemployment Insurance Commission even though, as you say, they might find it would be useful to use the service of the provincial workmen's compensation machinery and cooperate with Mr. Greene's department. These particular items are, however, confined wholly to government employees, their assessments and so on.

Have you a memorandum, or any notes which you might have made for your speech on this point?

Mrs. FAIRCLOUGH: I think I have.

Hon. Mr. GREGG: Perhaps you will let me have them?

Mrs. FAIRCLOUGH: Yes, I will.

Hon. Mr. GREGG: I will be glad to submit them to the commission for study.

Mrs. FAIRCLOUGH: That could easily be done on the last payment that is made to a man on total temporary disability. He could at that time be issued a certificate showing the period during which he received compensation, and that in turn would serve to record that period with the unemployment insurance fund.

Hon. Mr. GREGG: You would confine it to accidents only, would you?

Mrs. FAIRCLOUGH: That is all the workmen's compensation is concerned with.

Hon. Mr. GREGG: Yes. If he fell off the roof while working, as compared with his heart giving out on the way home from work.

Mrs. FAIRCLOUGH: I think the whole thing would have to come under the rules of the Workmen's Compensation Board. If it were a compensable injury he should qualify for contributions to the Unemployment Insurance Commission.

Hon. Mr. GREGG: And if the ten boards varied, what then?

Mrs. FAIRCLOUGH: I do not think you could do anything about that, because you have to take the rules of the various provinces with regard to workmen's compensation, even with regard to your government employees.

Hon. Mr. GREGG: I would be glad to have your notes submitted to the commission before or after your speech.

Mr. CHURCHILL: Mr. Chairman, I have a question. It is not with regard to this particular item, but one which relates to division "A". I was waiting until all questions were finished on this particular item.

The CHAIRMAN: It does not have to do with this particular item?

Mr. CHURCHILL: It has to do with division "A" with regard to the total amount of money involved.

The CHAIRMAN: Then we can carry this item and come back to the general administration item.

Is this carried?

Item agreed to.

The CHAIRMAN: We come back to the general item 179. Mr. Churchill you can ask your question now.

Mr. CHURCHILL: I was looking at the totals for division "A". I note that the estimate for 1955-1956 in round figures is $6,500,000, and the estimate for 1956-1957, again in round figures, is $6,800,000, an increase of $300,000. When you look at the actual expenditure for the preceding year you find that it is only $6,200,000, so that the total increased estimate for the department for 1956-1957 is almost $600,000. That seems to be a very large margin of safety, and I was wondering why.

The CHAIRMAN: I do not follow your figures, Mr. Churchill. You are referring to "A" in the Labour estimates, and you are referring to the total estimates as $6 million. Where do you get that figure? The total amount under "A" would appear to be $10 million, on page 38. I may not be following you.

Mr. CHURCHILL: I will have to apologize to the committee. I must have left out an item. I was taking the actual from the details of services, and I have not got it complete; so I will have to pass up that point, unless the actual figures are available.

The CHAIRMAN: You were concerned, as I understand it Mr. Churchill, with the difference between the actual estimate and the expenditure last year under "A"?

Mr. CHURCHILL: That is right, yes.

The CHAIRMAN: I suppose the minister could give that.

Mr. CHURCHILL: My figure would have to be corrected then. The estimate is $10 million in round figures. What was the actual?

The CHAIRMAN: Under "A".

Mr. BROWN: We have not got up to this point the expenditures for the last fiscal year. The amounts are payable to the end of April for the last fiscal year.

Mr. CHURCHILL: Yes, but you show an estimate for the balance of the year. That is all we can go on.

Mr. PARENT: Mr. Churchill, in 1955-56 to March 31 our actual expenditures were $7,358,000.

Mrs. FAIRCLOUGH: Does that include everything, or—

Mr. PARENT: No, it would not include accounts received during the 30-day grace period during the month of April.

Mrs. FAIRCLOUGH: Would that include your statutory authorizations?

Mr. PARENT: Yes. As a comparison we have figures here for 1954-55; the gross outlay was $9,444,800.

Mr. CHURCHILL: My omission then would be the statutory things, so I would not be thrown out in my calculation, would I? Supposing instead of my making the calculation I ask the minister or the deputy minister what the difference between the actual payments for last year and the estimate for next year is.

Mr. BROWN: We have not got our actual expenditures for the fiscal year 1955-56. We have not got our totals yet.

Mrs. FAIRCLOUGH: You have got an estimate under each vote. You have your actual expenditures to December 1, 1955, and you have your estimated balance for the year, and you have your estimated total for 1955-56.

Mr. BROWN: Yes.

Mrs. FAIRCLOUGH: That obviously is going to come fairly close to the actual in most cases. That is what Mr. Churchill was calculating on.

Mr. BROWN: That is, the question of discrepancy,—how do we account for the discrepancy?

Mrs. FAIRCLOUGH: No, we just want a comparison between the estimated expenditure for 1955-56 and the total in the estimates for 1956-57.

Mr. PARENT: I am afraid we have not got the total of estimated figures given in the individual votes there, so it is impossible for me to give you an explanation of where the difference occurred.

The CHAIRMAN: You said there was a difference, as I understood it, between the actual amount that is expended, without taking into account payments that would have to be made and would come in in the last year, and there was a difference of about $3 million. Did I understand that correctly?

Mr. CHURCHILL: My calculation indicates that there is a difference between the actual expenditures for the last fiscal year and the estimates for 1956-57 of between $500,000 and $600,000.

Mr. PARENT: Most of that would be in regard to our Canadian vocational training.

Mr. CHURCHILL: I judged that that was the case, but in the payments to the provinces,—and I will use the figures in the details,—the actual was $4 million, almost $4,100,000, and your estimate is another $400,000 over and above that. What is the basis for that estimate? If you compare the actual for the preceding year, that is 1954-55 and the actual for 1955-56, the difference is about $250,000. On what grounds are you estimating that you are going to make payments to the provinces of $400,000 in this next year, whereas on the basis of two years experience the increase was only $250,000?

Mr. BROWN: One reason for it would be that the actual allotments made to the provinces for vocational training during 1955-56 were higher than they were during 1954-55.

Mr. CHURCHILL: The only trouble with an estimate like this is that, it gives the Minister of Finance another $500,000 to play around with in the surplus.

Mr. BROWN: There is quite an expansion in the cost of the apprentice training program in the provinces this year, and there is more money being required for that. There is also more money being required for the training of unemployed persons.

Mr. CHURCHILL: Going before the treasury board must be a much easier operation than I have been told by some of the ministers. I have been given to understand that it is a difficult process to get estimates past the eagle attention of the treasury board, but here you have gone ahead and got another $500,000.

Hon. Mr. GREGG: It is not easy on matters of administration, Mr. Churchill. On items of expansion, which Mr. Parent mentioned and our requiring more money for this coming year—for the field of vocational training and for rehabilitation, and those things that have to do with these constructive and very useful operations of the department, the treasury board said: well, if you find that you can use that, you will have it. I am sure the Minister of Finance cannot use it for anything else if we don't, but I can see the point you have made.

Mr. BROWN: There is another increase there, sir in the government employee's compensation payments of $100,000 over the disbursements for last year.

Mr. CHURCHILL: I know there are certain increases there, but would it not be better if the estimate of expenditures came much closer to your actual expenditures for the preceding year, because you do bring forward supplementary estimates, Mr. Minister, from time to time?

Hon. Mr. GREGG: Yes, but I think we will have criticism if we go too far in that direction.

Mr. CHURCHILL: Yes, we try to get you both ways.

Hon. Mr. GREGG: Somewhere in between there is a right line.

Mr. CHURCHILL: I think $500,000 is a rather large over-estimate beyond the actual. Can you tell us why there is a discrepancy of almost half a million dollars between the amount spent last year and the amount asked in the estimates for the coming year?

Hon. Mr. GREGG: Much of that is due to the fact that Quebec, which claimed its allotments last year—that is, the year before last—but did not do so in connection with 1955-56, may do so in 1956-1957.

Mr. WESELAK: Is it possible that they still may claim it?

Hon. Mr. GREGG: Yes, they still may.

The CHAIRMAN: They have the right to.

Mrs. FAIRCLOUGH: In the course of these meetings, there have been a few promises made with regard to information that would be forthcoming. I do not believe any of it has appeared yet. There was some information coming from the annunities branch, and I noticed in going over the evidence yesterday that there was to be a table of all the names of representatives to all of the committees of the I.L.O.

Mr. BROWN: That was to be furnished to you, and will be available.

Mrs. FAIRCLOUGH: I think it might go in the record.

Hon. Mr. GREGG: Would you like that published in the record?

Mrs. FAIRCLOUGH: Yes.

Mr. BROWN: It is just about ready.

The CHAIRMAN: When will that be available?

Mr. BROWN: It will be available by tomorrow morning or this afternoon.

The CHAIRMAN: Would it be available this afternoon, Mr. Brown?

Mr. BROWN: Yes, I could have it available this afternoon.

The CHAIRMAN: Would it be agreeable that it be published as an appendix to the record today?

Agreed.

(See Appendix A to today's Proceedings)

Mrs. FAIRCLOUGH: I am a little confused as to what was finally agreed upon with reference to the Dr. McNally committee's report on rehabilitation.

Hon. Mr. GREGG: I ran out very quickly at that point, I think.

Mr. BROWN: Copies of that were to be given to members of this committee.

Hon. Mr. GREGG: I would be glad to give a copy to any member of this commitee who wants one.

Mrs. FAIRCLOUGH: It seems to me that at the time you left, Mr. Minister, you were attaching some conditions to that.

Hon. Mr. GREGG: No.

Mrs. FAIRCLOUGH: Is it not intended that if we receive these copies we must necessarily treat them in confidence?

Hon. Mr. GREGG: I think I suggested that they be kept in your personal documents.

The only point I am concerned about is the importance of not establishing a precedent on the matter of wide publication in the house or elsewhere of an advisory document made by a number of conscientious people, including provincial government civil servants and senior officials. As the Minister of Labour I do not wish to take the responsibility of making it public in a way that I feel sure might cause many of those on the advisory committee to feel not as free in the future as they have in the past. If members of this committee wish to have a copy of this report on their files to discuss privately with those who are most interested in this topic, I will be very happy to make it available.

Mrs. FAIRCLOUGH: Mr. Minister, I think there is a big difference between having the personal comments of individual members and having a copy of a considered report. After all, when a committee meets, comes to conclusion and makes a report, it can scarcely be considered a privileged document, I would think. They make their recommendations advisedly, and I do not think there would be anything of a private nature about them.

Hon. Mr. GREGG: I may be splitting hairs with respect to it, but I certainly would not feel completely free to do that without first discussing it with the members of that committee and getting their points of view. In the meantime, I will be willing to take the course I have indicated.

I might say this is not a report to the government of Canada. It is a report received by three members of the government of Canada, who have, since this effort started, constituted themselves as a subcommittee, and have reported to the government on matters of policy from time to time with respect to rehabilitation. Those three members are: the Minitser of National Health and Welfare, the Minister of Veterans Affairs, and myself, and it is on their behalf I have acted.

Mr. Humphrey Mitchell initiated this idea before he died and I inherited the file before the conference was held at Toronto. There, in Toronto, in 1951 we had a massive conference of provincial government representatives and of voluntary agencies interested. Out of that Toronto conference came the demands of the co-ordinator, who has reported to you, for this kind of an advisory committee that would have people from provincial, governments, who were not only there formally representing the provincial governments, but could bring to the advisory committee something of the thinking that is going on within the various departments of provincial governments, and in turn carry back to them, confidentially if you like, the opinions that were expressed by other groups represented on the advisory committee. The advisory committee has been a very valuable body. It have given this problem a tremendous amount of thought and study. I do not want to make a long-winded issue of it, but I would like, Mrs. Fairclough, to follow the course I have mentioned in making this report available to members of this committee only at this time.

I have already taken it up with Dr. McNally, but I have not seen him personally since we discussed it in the house. There will be a meeting of the advisory committee before very long, and at that meeting he will have to present a response to the various points that my colleague, Mr. Martin, and I have made.

There were no recommendations of a special nature, to the Department of Veterans Affairs in this report.

Mrs. FAIRCLOUGH: Mr. Minister, I do not want to develop this into a major controversy. I do not think it merits it; but I just fail to understand the need for secrecy with a document of this sort. It seems to me that it is a public document, and I fail to understand the thinking surrounding it.

Hon. Mr. GREGG: I can say this, that if I were certain, which I am not, that that was the thinking of the majority of the advisory committee, that they wanted it published, I would not hesitate—

Mrs. FAIRCLOUGH: Ask them.

Hon. Mr. GREGG: I will, but I have not had an opportunity to do so yet.

Mr. HAHN: We are on item 179 now, are we?

The CHAIRMAN: Yes, the general item of administration.

Mr. HAHN: Are we going to deal with 196 later?

The CHAIRMAN: Unless we get the general questions disposed of, with the exception of those having to do with unemployment insurance, then the minister was going to make a suggestion to the committee. Are there any other questions on 179, other than those having to do with the unemployment insurance commission?

Mr. CHURCHILL: With regard to a question that was asked earlier by myself in respect of the Corps of Commissionaires, I think the department was going to provide information as to the number of commissionaires employed across the country, broken down in accordance with those in government employ and those employed by private agencies.

Hon Mr. GREGG: It is a matter that is completely under the Department of Veterans Affairs, but I will consult with my colleague, since the Department of Veterans Affairs is not before this committee this year, and I am sure he would be willing to get that information. I will ask the Minister of Veterans Affairs for it, and bring it in at a future meeting.

The CHAIRMAN: Anything else that the committee wishes to mention?

Hon. Mr. GREGG: Excuse me just a moment. Mr. Churchill, you wanted the total number of commissionaires by provinces?

Mr. CHURCHILL: Yes. As I recall the question, I wanted to know the total number of commissionaires in the corps.

Hon. Mr. GREGG: The total number in the corps.

Mr. CHURCHILL: By provinces.

Hon. Mr. GREGG: By provinces.

Mr. CHURCHILL: Broken down into the number employed in government services, and the number employed by private firms.

Hon. Mr. GREGG: By provinces?

Mr. CHURCHILL: Yes, by provinces. I estimated that perhaps 90 per cent of the Corps of Commissionaires might be employed in government departments, and I think you said 60 per cent.

Hon. Mr. GREGG: That was a guess.

The CHAIRMAN: Anything further?

—(Discussion ensued off the record.)

Item 197 agreed to.

The CHAIRMAN: Gentlemen, we were going to meet this afternoon but we will not meet now because we will have to take another department.

Mrs. FAIRCLOUGH: That was my point. Are we going to go ahead and consider item 196 or are we not?

The CHAIRMAN: It seems to me that a great deal of the discussion will be affected by the statement of the minister. I suggest we let it stand now and carry on the discussion after the 15th.

Hon. Mr. GREGG: I would like to make sure that it is the wish of the committee.

The CHAIRMAN: If it is satisfactory to you, I think it is satisfactory to the committee.

Mr. BARNETT: Mr. Chairman, I am perfectly agreeable with the questioning in respect to section 42 (2) being deferred. However, I would like to raise the point, in respect to the timetable, if we were to defer this now and come back after another department is finished. I would not want to feel that we would have to rush through other matters in reference to the Unemployment Insurance Act. There are several other matters which have no relationship to the questions evolving around section 42 (2). On the other hand, none of those items are of such urgency that they have to be dealt with now.

The CHAIRMAN: It is hard to keep them separate. The whole thing will be affected by the minister's statement.

Mrs. FAIRCLOUGH: These, then, will not be considered until after May 15?

The CHAIRMAN: Yes. The whole of Item 196 will be dealt with when we take it up later.

Hon. Mr. GREGG: Mr. Chairman, I am sorry if I have not followed you. My thought was that the things which I have to do on the 15th are confined to two or three points at most. Now, as Mr. Barnett says, there are other things which members of this committee, I am sure, will want to discuss quite fully.

Mr. GILLIS: They are all tied in. If you change the basis of qualification it would affect every other section.

Mrs. FAIRCLOUGH: I just remembered one other thing which was promised to us. Someone was going to bring down this film on fair employment practices. I think all of us are interested in it and would like to see it.

Hon. Mr. GREGG: That procedure is agreeable to us.

The CHAIRMAN: Then the committee will meet on Thursday to deal with another department, if there is no objection.

Mr. MCLEOD: Do you know which department it will be? There may be changes in personnel.

The CHAIRMAN: I will find out immediately.

Mrs. FAIRCLOUGH: On behalf of our group, Mr. Chairman, it will probably come as quite a surprise as I think everyone thought we would conclude the unemployment insurance.

The CHAIRMAN: We will call the meeting for Thursday morning at 10.30 and that should give ample time.

Hon. Mr. GREGG: Could I ask, on that basis, if this committee as now constituted, in thinking over the next phase of its work, if they see in advance some special things which may require some research on, would they let me know in advance so that I might have the officials prepare it.

Mr. CANNON: I made a suggestion that the qualifying period be extended to 18 months. I think someone said that a report would have to be obtained from the actuary.

Hon. Mr. GREGG: The actuaries are working on it now.

Mr. CANNON: That would be one thing I would like to have.

Hon. Mr. GREGG: They are working on it now and before the 15th we will have some comment from them.

Mr. BELL: The other figures which we would like to have on section 42 (2) would be all the ones who have not been able to qualify together, or in the same group and in the same area.

Hon. Mr. GREGG: We will have more complete figures than those which I gave in the house.

Mr. CHURCHILL: Has there been any progress made with respect to the speeding up of the printing of the reports of this Estimates Committee?

The CHAIRMAN: I spoke to the clerk and he said that he was doing everything possible to speed it up. We are doing our best in that respect, but there are so many committees meeting that it is difficult.

We will adjourn now until 10.30 on Thursday.

The committee adjourned.

APPENDIX "A"

Names of Canadian Delegates and Advisers Appointed by or in Agreement with the Government of Canada, Who Attended I.L.O. Conferences and Committee Meetings held in the Fiscal Year 1955-1956

1. *Fifth session, I.L.O. Petroleum Committee, Caracas, Venezuela, April 25, to May 7, 1955*

Government:

Mr. Bernard Wilson, Assistant Director, Industrial Relations Branch, Department of Labour, Confederation Building, Ottawa, Ontario.

Mr. R. H. Hooper, Industrial Relations Officer, Federal Department of Labour, Room 617, Royal Bank Building, 504 Main Street, Winnipeg, Manitoba.

Employers:

Mr. A. C. Harrop, Manager of Employee Relations, Imperial Oil Co. Limited, 56 Church Street, Toronto, Ontario.

Mr. Harold E. Saunders, Manager, Industrial Relations Department, McColl-Frontenac Oil Company Limited, Royal Bank Building, Montreal 1, P.Q.

Adviser:

Mr. R. F. Hinton, Personnel Manager, Shell Oil Co. of Canada Limited, 25 Adelaide Street East, Toronto, Ontario.

(*Note:* The I.L.O. paid all the expenses of the employer delegates, while the government of Canada paid the expenses of the government delegates.)

2. *129th session, ILO Governing Body, Geneva, May 23 to 28 and June 24, 1955*

Mr. A. H. Brown, Deputy Minister, Department of Labour, Ottawa, Ontario.

Mr. Hector Allard, Canadian Permanent Representative to the European Office of the United Nations, Geneva, Switzerland.

Mr. R. Reynolds, of the Canadian Permanent Delegation to the European Office of the United Nations, Geneva, Switzerland.

3. *38th session of the International Labour Conference, Geneva, June 1 to 28, 1955*

Minister attending the Conference:

The Honourable Milton F. Gregg, V.C., C.B.E., M.C., M.P., Minister of Labour for Canada, Ottawa, Ontario.

Head of the delegation and government delegate:

Mr. A. H. Brown, Deputy Minister, Federal Department of Labour, Ottawa, Ontario.

Government delegate:

Mr. Paul Goulet, Assistant to the Deputy Minister, and Director, International Labour Organization Branch, Federal Department of Labour, Ottawa Ontario.

Alternate government delegate:

Mr. Hector Allard, Canadian Permanent Representative to the European Office of the United Nations, Geneva, Switzerland.

Advisers to the government delegates:

Mr. Ian Campbell, National Co-ordinator, Civilian Rehabilitation Branch, Federal Department of Labour, Ottawa, Ontario.

Mr. C. R. Ford, Assistant Director, Canadian Vocational Training Branch, Federal Department of Labour, Ottawa, Ontario.
Dr. J. W. Willard, Director, Research Division, Department of National Health and Welfare, Ottawa, Ontario.

Worker delegate:

Mr. Andrew V. Cooper, Executive Board Member, United Brotherhood of Carpenters and Joiners of America, Toronto, Ontario. (Jointly nominated by the Trades and Labor Congress of Canada and the Canadian Congress of Labour).

Advisers to the worker delegate:

Mr. John Brady, United Automobile Workers' International Union, Oshawa, Ontario. (Jointly nominated by the Trades and Labour Congress of Canada and the Canadian Congress of Labour).

Mr. S. M. Hodgson, Vice-President, District No. 1, International Woodworkers of America, Vancouver, B.C. (Jointly nominated by the Trades and Labour Congress of Canada and the Canadian Congress of Labour).

Mr. J. G. McLean, Vice President, Brotherhood of Locomotive Firemen and Enginemen, Ottawa, Ontario. (Nominated by the National Legislative Committee (Canada) International Railway Brotherhoods).

Mr. Jean Marchand, General Secretary, Canadian and Catholic Confederation of Labour, Quebec, P.Q. (Nominated by the Canadian and Catholic Confederation of Labour).

Mr. Albert Mayer, President, Saskatchewan Civil Service Association, Regina, Saskatchewan. (Jointly nominated by the Trades and Labor Congress of Canada and the Canadian Congress of Labour).

Employer delegate:

Mr. W. A. Campbell, Vice-President and Secretary, Canadian Westinghouse Co. Limited, Hamilton, Ontario. (Nominated by the Canadian Manufacturers Association).

Advisers to the employer delegate:

Mr. G. C. Bernard, Manager of the Ontario Division, Canadian Manufacturers Association, Toronto, Ontario. (Nominated by the Canadian Manufacturers Association).

Mr. J. A. Brass, General Secretary, Railway Association of Canada, Montreal, P.Q. (Nominated by the Railway Association of Canada).

Mr. S. M. Gossage, Assistant Manager Personnel, Canadian Pacific Railway Company, Montreal, P.Q. (Nominated by the Canadian Chamber of Commerce).

Mr. J. Arthur Laprès, Assistant to the President, H. J. O'Connell Co. Ltd., Montreal, P.Q. (Nominated by the Canadian Construction Association).

Mr. W. J. McNally, Manager, Policy Department, Canadian Chamber of Commerce, Montreal, P.Q. (Nominated by the Employer's Committee on the ILO).

Secretary to the delegation:

Mr. F. J. McKendy, Economics and Research Branch, Federal Department of Labour, Ottawa, Ontario.

Provincial representative accompanying the Canadian delegation as observer:

Honourable A. E. Skaling, Minister of Labour, Province of New Brunswick, Fredericton, N.B.

4. *Fifth session, ILO Textiles Committee, Geneva, September 26 to October 8, 1955*

Government:

Mr. H. R. Pettigrove, Industrial Relations Officer, Federal Department of Labour, Post Office Building, Queen Street, Fredericton, N.B.

Mr. J. T. Montague, Labour Management Research Division, Economics and Research Branch, Department of Labour, No. 5, Temporary Building, Ottawa, Ontario.

Employers:

Mr. Herbert F. Irwin, Director of Industrial Relations, Primary Textiles Institute, 50 King Street West, Toronto, Ontario.

Mr. Fred Hutchings, Director of Industrial Relations, Dominion Woolen & Worsteds Ltd., Hespeler, Ontario.

Workers:

Mr. J. R. W. Whitehouse, Canadian Research and Education Director, Textile Workers Union of America, 137 Bond Street, Toronto, Ontario.

Mr. Julien Dubé, Business Agent, Syndicat National Catholique du Textile de Montmorency, 2225 Terrasse Cadieux, Quebec 5, P.Q.

(NOTE: The I.L.O. paid all the expenses of the employer and worker delegates, while the government of Canada paid the expenses of the government delegates.)

5. *130th session, ILO Governing Body, Geneva, November 9 to 19, 1955*

Mr. A. H. Brown, Deputy Minister, Department of Labour, OTTAWA, Ontario.

Mr. Hecter Allard, Canadian Permanent Representative to the European Office of the United Nations, GENEVA, Switzerland.

Mr. Paul Goulet, Assistant to the Deputy Minister and Director of the I.L.O. Branch, Department of Labour, OTTAWA, Ontario.

Mr. J. E. G. Hardy, Canadian Embassy, ROME, Italy.

Mr. A. Hockin, Department of Finance, Ottawa, Ontario.

6. *American Regional Technical Meeting on Co-operation, Mexico City, December 7 to 17, 1955*

Delegates:

Mr. A. H. Turner, Secretary Manager, Agricultural Prices Support Board, Department of Agriculture, Ottawa Ontario.

Mr. P. G. Muller, Economist, Co-operative Marketing Section, Economics Division Marketing Service, Department of Agriculture, Ottawa, Ontario.

Technical Adviser:

Mr. R. Staples, President, Co-operative Union of Canada, Ottawa, Ontario.

Observer:

Mr. J. M. G. Déry, Canadian Embassy, Mexico City, Mexico.

7. *131st session, ILO Governing Body, Geneva, February 24 to March 10, 1956*

Mr. A. H. Brown, Deputy Minister, Department of Labour, Ottawa, Ontario.

Mr. Hector Allard, Canadian Permanent Representative to the European Office of the United Nations, Geneva, Switzerland.

Mr. Paul Goulet, Assistant to the Deputy Minister, and Director of the I.L.O. Branch, Department of Labour, Ottawa, Ontario.

Mr. J. E. G. Hardy, Canadian Embassy, Rome, Italy.

NAMES OF PERSONS FROM CANADA ATTENDING OTHER ILO EXPERT AND ADVISORY COMMITTEES MEETING IN THE FISCAL YEAR 1955-1956

1. *Permanent Agricultural Committee* (a Committee of experts in the field of agriculture), Fifth Session, Paris, September 1 to 10, 1955.

   Mr. R. A. Stewart, Director, Canadian Federation of Agriculture, Almonte, Ontario. (Nominated by the Canadian Federation of Agriculture and appointed by the I.L.O. as a member of the Committee—attended the meeting at I.L.O. expense.)

2. *Joint Maritime Commission* (a bipartite advisory body of shipowners and seafarers) 18th Session, Paris, October 24 to 29, 1955.

   (*a*) *Mr. A. McCallum,* nominated by the Shipping Federation of Canada and appointed by the shipowners' group of the Maritime Conference.
   (*b*) *Mr. H. Banks,* nominated by the Seafarers International Union of North America (Canadian District), and appointed by the seafarers' group of the Maritime Conference.
   (*c*) Expenses of the members of the Joint Maritime Commission attending the session were borne by the I.L.O.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 14

TUESDAY, MAY 8, 1956

POST OFFICE DEPARTMENT

Hon. Hugues Lapointe, Postmaster General; Mr. G. A. Boyle, Chief Executive Officer; Mr. J. N. Craig, Director of Operations; Mr. L. J. Mills, Director of Financial Services; Mr. S. Chartrand, Director of Transportation; Mr. R. D. Boyd, Director of Personnel; Mr. A. de G. Tache, Chief Investigator; and Mr. W. M. Griffiths, Superintendent—Budgets, Costs and Estimates Division.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

73636—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,
and Messrs.

Byrne
Churchill
Deschatelets
Dupuis
Ellis
Enfield
Garland
Gauthier (*Nickel Belt*)
Hamilton (*Notre-Dame-de Grace*)
Hanna
Henry
Hodgson
Kirk (*Shelburne-Yarmouth-Clare*)
Lapointe
Macnaughton
McLeod
Power (*St. John's West*)
Purdy
Rea
Regier
Robichaud
Small
Thatcher
Viau
Yuill

E. W. Innes,
Clerk of the Committee.

ORDERS OF REFERENCE

TUESDAY, MAY 2, 1956.

Ordered,—That the name of Mr. Regier be substituted for that of Mr. Gillis; and

That the name of Mr. Ellis be substituted for that of Mr. Barnett; and

That the name of Mr. Hamilton (*Notre-Dame-de-Grâce*) be substituted for that of Mr. Bell; and

That the name of Mr. Hodgson be substituted for that of Mrs. Fairclough; and

That the name of Mr. Rea be substituted for that of Mr. Starr on the said Committee.

MONDAY, MAY 7, 1956.

Ordered,—That the name of Mr. Lapointe be substituted for that of Mr. Gregg; and

That the name of Mr. Kirk (*Shelburne-Yarmouth-Clare*), be substituted for that of Mr. Blanchette; and

That the name of Mr. Macnaughton be substituted for that of Mr. Cannon; and

That the name of Mr. Robichaud be substituted for that of Mr. Murphy (*Westmorland*); and

That the name of Mr. Viau be substituted for that of Mr. Weselak, on the said Committee.

TUESDAY, MAY 8, 1956.

Ordered,—That the name of Mr. Yuill be substituted for that of Mr. Hahn on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

73636—1½

MINUTES OF PROCEEDINGS

TUESDAY, MAY 8, 1956.
(26)

The Special Committee on Estimates met at 4.00 p.m. this day. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Messrs. Byrne, Churchill, Deschatelets, Dupuis, Enfield, Hamilton (*Notre-Dame-de-Grâce*), Hanna, Henry, Hodgson, Kirk (*Shelburne-Yarmouth-Clare*), Lapointe, Macnaughton, McLeod, Purdy, Rea, Small, Tucker and Yuill.

In attendance: From the Post Office Department: Mr. G. A. Boyle, Chief Executive Officer; Mr. J. N. Craig, Director of Operations; Mr. L. J. Mills, Director of Financial Services; Mr. S. Chartrand, Director of Transportation; Mr. R. D. Boyd, Director of Personnel; Mr. A. de G. Taché, Chief Investigator; Mr. W. M. Griffiths, Superintendent—Budgets, Costs and Estimates Division.

The Committee proceeded to the consideration of the Main Estimates 1956-57 relating to the Post Office Department.

Item numbered 324—Departmental Administration—was considered.

Charts showing the administration of Headquarters and field operations were distributed to Committee members.

Mr. Lapointe, the Postmaster General, made a preliminary statement on the operations of the department and, assisted by his officials, supplied additional information.

At 5.30 p.m. the Committee adjourned until 8.15 p.m. this day.

EVENING SITTING

(27)

The Special Committee on Estimates resumed at 8.15 p.m., the Chairman, Mr. Walter A. Tucker, presiding.

Members present: Messrs. Byrne, Churchill, Deschatelets, Enfield, Hamilton (*Notre-Dame-de-Grâce*), Hanna, Henry, Kirk (*Shelburne-Yarmouth-Clare*), Hodgson, Lapointe, McLeod, Macnaughton, Purdy, Rea, Regier, Robichaud, Small, Tucker and Yuill.

In attendance: Same as at afternoon sitting.

The Committee resumed consideration of the Main Estimates 1956-57 relating to the Post Office Department, the Minister and his officials supplying information thereon.

Item numbered 324 was further considered and allowed to stand.

Item numbered 325—Operations—Including salaries and other expenses of staff Post Offices, District Offices, Railway Mail Service Staff, and supplies, equipment and other items for Revenue Post Offices, also including Administration—was considered.

At 10.00 p.m. the Committee adjourned until 3.00 p.m. Wednesday, May 9.

E. W. Innes,
Clerk of the Committee.

PROCEEDINGS

MAY 8, 1956.
4.00 P.M.

The CHAIRMAN: Order, gentlemen, we have a quorum. The Post Office estimates are before us today. The first item is 324.

Post Office—
324—Departmental Administration, $1.596,132.

The CHAIRMAN: The Minister has a short statement to make at the outset.

Hon. HUGUES LAPOINTE (*Postmaster General*): Mr. Chairman, in presenting for examination of this committee the estimates of the department for 1956 and 1957 I am conscious of one fact, and that is that while the activities of all departments of government are of direct concern to all members, they do not always affect directly the regions which they represent in the house, and are not, therefore, sometimes of major interest to them. However, I think it is true to say that all members of the committee, and all members of the house are interested in the operations of the Post Office Department. Because of their own observations and experiences, I am sure that all members of the committee have an understanding of the various phases of our operations. I am sure also that they have an understanding of the problems which the Post Office, in common with every other large service organization, is being continually faced with and have to solve in order to provide efficient service under present day conditions. I think everyone appreciates how the exceptional growth and development which has characterized the Canadian economy since the last war has increased the pressure on postal facilities. For instance, the total revenue of the department in 1939 was $42 million. In 1945 it had increased to $79 million, and in 1955 it had reached $151 million. These figures reflect, I believe, the huge increase in the volume of mail handled, and it indicates also the extent to which the facilities of the Post Office department have had to be adapted, changed, and enlarged to meet these rapidly changing conditions.

Some time after the war it became apparent that because of this expansion and the multiplicity of management problems, brought about by the growth of the service, the then existing organization was not capable of handling to the best advantage the work to be done, and that a complete reorganization was desirable. You will recall that in 1951 the services of a management consulting firm, Woods and Gordon, were retained to assist the department. After a complete survey of our activities they submitted a report in 1952. This report embodied a comprehensive series of recommendations for improvements in organization structure of the department.

I think the basic recommendation was a decentralization of many of headquarters responsibilities—those particularly of a functional nature—decentralization to the field, in order to bring decision and action as close as possible to the public. This reorganization in its main essentials has been completed today. I have had prepared a chart of the organization of the department headquarters here in Ottawa, and also of the organization in the field, which I hope will assist members of the committee in understanding the work of the department, and the responsibilities at the various levels.

If this could be distributed, Mr. Chairman, I would appreciate it.

As I say, the reorganization in its main essentials has been completed. First, that headquarters senior management staff be relieved of the performance

of a wide variety of routine operational functions which were delegated to the field. The Woods and Gordon report recommended, as you recall, concentration at headquarters on planning and control, with the staffs strengthened and reorganized to achieve maximum results. The following changes have been made: first, a new branch "personnel" was created bringing to five the number of directors at headquarters, plus, as you will see on the chart, the directors of administration, finance, operations, personnel and transportation.

Second, a new management level was created between branch directors and divisional superintendents with the appointment of nine chief superintendents. Third, the readjustment of duties and responsibilities among existing divisions, as well as the setting up of several new divisions to recognize the increased importance of a number of functions.

As regards the organization in the field, under the former policy of centralized administrative control at headquarters, the first level of management in the field rested in the position of the district office inspector, one in each of the 14 postal districts across the country, responsible to him for investigational work and a number of service functions there was a group made up of post office inspectors.

With decentralization and the delegation of much of the increased responsibilities to the field, the position of district post office inspector was upgraded. These gentlemen became district directors of postal services, while the inspector class was absorbed into a secondary management level of area superintendents. This not only placed an official in direct management control of a district, but it provided for effective exercise of this control through a responsible official in well defined areas.

An important requirement of the area superintendent is that he must actually reside at a strategic point in his area, a condition that ensures close day-to-day supervision of the work of the postmasters. Further extension of the direct management principle was the setting up of a supervisory class of postmasters. Nearly a thousand postmasters now are carrying out supervisory duties covering routine inspections and inquiries within a radius of 25 miles of their own offices.

The number of districts has remained the same, that is 14, supplemented by the four major post offices at Montreal, Toronto, Winnipeg and Vancouver, whose postmasters have the status of district directors.

I think a noteworthy feature of the new field organization is the substantial increased ratio of supervisory personnel to rank and file. This, it was felt, was essential to more efficient operation.

One of the problems associated with this decentralization policy was that of providing proper financial control. The comptroller under the Director of Administration is responsible for this phase of reorganization, working through two main channels: first budgeting; and second, cost control and cost ascertainment.

As regards budgeting, starting with the larger Post Office, postmasters are being required to forecast their expenditures and to furnish explanations of the actual amount spent, if the estimates are exceeded. This program which is being extended steadily is designed to encourage postmasters to become more cost conscious.

As regards cost ascertainment, this is an important tool of management control both from the point of view of keeping track of cost factors in various areas, as well as having available for parliament and public information as a whole the expenditures and the charges placed on the various services. This data is based on service tests conducted in the field every three years.

The increasing size and complexity of the postal business has necessitated specialized attention on methods and procedures. To carry out this very important work the financial branch has a procedure control division; the

operations branch has a procedures and examinations division; the transportation branch has a chief superintendent in charge of research who is assisted by five research officers located at regional centres.

To supplement this education in each branch, the department has developed a course in work simplification which is being given to supervisors at headquarters and in the field.

Effective communication between management at different levels and between headquarters and the field has been regarded as vitally important to the success of the policy of decentralization right from the start. Each functional branch at headquarters clarifies major policy and procedure through directives supplemented by circulars; and in addition, conferences are held regularly as follows: directors' conference annually attended by branch heads, regional directors and district directors; district directors' conferences for area superintendents at periodic intervals; also regional directors' conferences for postmasters of different grades at periodic intervals; and there is a conference at headquarters for area superintendents and field officers.

I might say that an important channel of communication also is through the various employee associations. Departmental representatives are usually present and take part in conferences held by these various associations both in the field and at headquarters.

The rapid expansion of the postal services has necessarily created a personnel problem particularly at the senior management level. However, I am pleased to state that considerable progress has been achieved in this phase of personnel development work which is not easy, as it must be remembered that the solution does not lie simply in bringing from outside into the organization bright, well-educated young men; and it must be remembered that the only way to learn postal techniques is through actual postal work and training programs which are part of this work.

Mr. Chairman, I thought it might be useful to make these few remarks in order to supplement the charts which have been distributed to the members of the committee. May I add that I welcome the opportunity to answer any enquiries, or to make available any information which members of the committee may desire respecting any phase of post office business or activity.

I hope that the examination of these estimates will show that while we are, by no means, perfect, and we make no claim to it, the staff of the department has laboured faithfully to meet the challenge of changing conditions, and that every effort is made to cope with any difficulties or shortcomings as they may appear from time to time.

It might be appropriate, Mr. Chairman, if I told the members of the committee who the gentlemen are who are with me here today. The Deputy Minister, Mr. Turnbull, is away at Berne, Switzerland, meeting with the Bureaux of the Universal Postal Union—so he is replaced by Mr. Boyle who is Chief Executive Officer of the Post Office and who is sitting on my right. Next to him is Mr. William Griffiths, who is responsible for budgeting and cost control. Then we have Mr. J. N. Craig, who is in charge of operations; Mr. S. Chartrand, Director of Transportation; Mr. L. J. Mills, of Finance; Mr. A. G. Taché, in charge of investigation; and Mr. Rex Boyd, in charge of the new personnel branch to which I referred in my remarks.

The CHAIRMAN: Thank you.

Hon. Mr. LAPOINTE: I do not think I need to introduce to you my parliamentary assistant, Mr. Kirk.

The CHAIRMAN: Are there any questions?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I think the first thing I should do is express appreciation for the minister's outline of his department with the changes which have been made, and the details which he has given us. I

think that information will be of substantial benefit to us all in the consideration to be given in this committee to his department.

Now, the minister in closing his remarks said that he realized the department was by no means perfect. I think it should be said at the very beginning that I am not sure whether any operation of the magnitude of the post office can be absolutely perfect, or, to borrow a phrase which is very appropriate here, can be "letter perfect".

Mr. MACNAUGHTON: Is that an admission or a statement?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): No; it is something I shall draw on in just a moment. The department is handling millions upon millions of letters every day. I think in the course of a year the figure runs into the billions. They have all the problems of people who mail these letters. Some of them, in a moment of weakness, may put a wrong address or may not write as clearly as they should. They have many problems, not all of which are of their own making.

I, for one, wish to make it very clear that any questioning which is done or any consideration which is given to the department, is not an attempt to single out an individual case and from that to assume or to argue that everything is wrong in the department. When we take up any individual case, either outside this committee with the department in the course of the year or in this committee, we are trying to find out readily whether it is an example of a general weakness which exists or whether it is a defensible isolated instance. I make those remarks at the very beginning, because I think we are all very sympathetic to the problems of the Post Office Department. I must say that I hear criticism of the post office from time to time from people around the country but I must say in fairness that I have also heard commendation. I have read articles which ripped the post office apart, but I have read articles which point out its difficulties and come to the conclusion that it does a pretty good job.

There is one thing above all which has been apparent to me since coming into the house and listening to people and studying the post office; it is the dedication of those who work for the post office to the principle of giving the best possible service. The department has close to 50,000 employees and by definition occasionally one of them will be found at fault. However, I do not think that in such a case we should hold that against the post office service as a whole. We must think of the way these people come to work, a good deal earlier in the morning than most of us, in order to get the mail sorted. Then, in so far as the letter carriers are concerned, who are the representatives of the post office to the people, we must think how they go out and slog through, whether or not there is snow, rain, heat or anything else, day in and day out. I think that is a tremendous tribute to them.

In that connection, I was most interested just recently to hear of a man who had been the subject of very considerable controversy in Hamilton as a postal delivery man and who I think was removed from the route which he had followed for a number of years. He was held in such high esteem by the people on the route and they liked him so much that they got together and made a collection and gave him a going away present. That indicates the attitude of the people generally towards their postmen.

There is one more point in general on which the minister did not touch and on which perhaps he should have touched. It is the fact that the estimates now before us show a proposed reduction in expenditures rather than an increase. That should be a source of considerable satisfaction to the department. We can say quite frankly that it is a source of considerable satisfaction to those of us who have examined, from this point, the estimates of the post office over the last two or three years and who said again and again that we

felt reductions in post office expenditures were possible and were very likely to come about as a result of any increased efficiencies introduced into its operation.

Of course, at that time, we coupled with that the question of whether or not the increase in the postage rates was a good idea.

We must remember that the expenditures for this current year are substantially less than were estimated and that the estimates for next year are substantially less—or at least $1 million less—than the estimates for this year. These two things give us some interest in the postage rates themselves. Having said that, I would be glad if someone could tell us, in regard to the increased revenue of the post office—some $21 million this year—how much of that is directly due to the increase in postage rates and how much to other causes.

Hon. Mr. LAPOINTE: It is very difficult to give an accurate estimate. Any figure that may be given would only be an estimate. We have no means of knowing accurately the exact number of pieces of first class mail to which this increase applied. Our estimates, by the volume of mail handled, would show that $15 million would have been attributed to the increase in postal rates. That is the estimate that we made but as I say it is impossible for us to give an accurate figure.

Mr. HAMILTON *(Notre-Dame de-Grâce):* That brings me back to a question arising from your own remarks. How then is the work of the cost ascertaining division done? I had the impression that one of the particular things which that division was supposed to do was to make a very careful examination of the volume of mail and of the classes of mail and to assign costs to those various classes.

Hon. Mr. LAPOINTE: I did mention that cost ascertainment was done by a survey made every three years, but at the present time we are going through one, so that there will be a report ready in September of that particular work. Does that answer your question? I did not get the end of the question.

Mr. HAMILTON *(Notre-Dame-de-Grâce):* The cost ascertainment work as yet has shown no specific results in this field. We are awaiting the result of the survey?

Hon. Mr. LAPOINTE: Yes. We expect that work to be finished by September.

Mr. HAMILTON *(Notre-Dame-de-Grâce):* When we have that, we will be in a position to know the volume of the mail going through and the effect of these various postal increases? At the moment, we can only guess at it.

Hon. Mr. LAPOINTE: That is correct.

Mr. SMALL: You have done away with one office, that of adviser and consultant $10,000. Is that a change of title or has the office been discontinued?

Hon. Mr. LAPOINTE: I will ask Mr. Boyle to answer that one.

Mr. G. A. BOYLE (*Chief Executive Officer*): That position was occupied by a senior official whose services were retained after he had reached 65, for a few years, to assist us with the Gordon reorganization. He retired due to age.

Mr. SMALL: The office was discontinued?

Mr. BOYLE: We discontinued it, but he was retained specially to get us over that period.

Mr. ENFIELD: To return to the general question of the expansion of the post office activities, I would find it very interesting to know, if possible, the number of new points of delivery—that is, house to house or business to business delivery—which were added to the post office, say, during the course of a year, just to illustrate the expansion in the postal services.

Hon. Mr. LAPOINTE: The dates I might use for the purpose of comparison would be July, 1954 and July, 1955. Letter carrier points of call in July, 1954 numbered 2,168,000, and in July, 1955 they amounted to 2,276,000, an increase of 108,000.

In the case of rural route calls there were 508,600 in July, 1954 and 531,500 in July, 1955, or an increase of 23,100. The combined total was 131,000 which represents an increase of about 5 per cent.

Mr. RAE: I was wondering whether the Post Office has a formula which it uses when it is considering putting in a new postal route to meet the needs of our expanding cities. Do you, for example, require that there must be a certain number of residents in a new area, or a certain number of sidewalks before a service is introduced? It would be interesting to know how the post office decides this because people would then have some idea of what must be done before they could expect to get a postal service. As it is all they can say is: "We hope to get it sometime or other."

Hon. Mr. LAPOINTE: Yes, the plan followed to date is that there should be 2,500 points of call before a letter carrier route is established. If it concerns a municipality which has never had any such services—one which has grown up in the last few years—we usually consider establishing a letter carrier service when that municipality has attained a population of 50,000. There may, of course, be cases where a new development is easily "grafted on"—if I may use that expression—to an area where delivery letter carrier service already exists and where a new service could be added relatively easily; it might not be necessary, for example, to put in a new point of distribution.

Mr. RAE: You might have trucks there.

Hon. Mr. LAPOINTE: But what I have stated is the general policy.

Mr. RAE: Talking about deliveries—this does not very often happen but it does happen—let us take Easter Monday, for example. You are closed on Good Friday, open on Saturday and closed on Monday because that is a holiday for banks. But businesses are not closed on that day and most of them are closed on Saturday. This means that in our case—in Toronto—we do not get Thursday's mail until Tuesday. I realize that if postmen worked on Monday it would mean extra pay, and they would be entitled to it, but at the present time even if you have a box in the post office the mail is not sorted until Monday. Could the Post Office give consideration to remedying that situation?

Hon. Mr. LAPOINTE: As a rule the locked box lobbies are open on Monday; the wicket service would be closed.

Mr. RAE: There would be no letter carrier service.

Hon. Mr. LAPOINT: There is no letter carrier service on any of these statutory holidays.

Mr. RAE: I was thinking of Toronto. Most businesses are closed on Saturday.

Hon. Mr. LAPOINTE: In Toronto—you are referring to Easter Monday?

Mr. RAE: Yes.

Hon. Mr. LAPOINTE: There is one letter delivery service in the morning to business and mixed walks and a complete delivery to residential walks. They keep wickets open in the post office for four hours for money order and savings bank business. Postal stations open for a maximum of four hours and locked box lobbies open till 6 p.m.

Mr. RAE: What about towns where you make no delivery and where people all go to the post office? Would you sort any mail on Monday?

Hon. Mr. LAPOINTE: There would be four hours of service.

Mr. RAE: Does that include sorting?

Hon. Mr. LAPOINTE: Yes.

Mr. RAE: On that holiday they would sort the mail that came in Saturday morning?

Hon. Mr. LAPOINTE: Yes.

Mr. RAE: That is all I wanted to know.

The CHAIRMAN: Are there any further questions on this particular item? If not we could leave it open and go on to item 325 leaving this open in case there is some general question which might occur as we go through the items.

Mr. CHURCHILL: I suppose the question of the building of post offices would come under that item. I notice that the introductory letter to the report for 1955—that is, the introductory letter by the Deputy Postmaster General—indicates on the second page that 28 new buildings were completed in that year and 47 were under construction. Could that information be brought up to date?

Hon. Mr. LAPOINTE: Mr. Churchill, I do not mind discussing that question on this item but I think the proper item would be the next one—Operations. It is immaterial to me.

The CHAIRMAN: We shall pass on to the next item then—

Mr. DUPUIS: Can anyone tell me what entitles a business district to get two mail deliveries a day? I have a request from a particular ward of mine asking for two deliveries a day, and I wonder if I might have that information.

Hon. Mr. LAPOINTE: When 50 per cent of the calls are business calls the ward concerned becomes a business ward and gets two deliveries a day.

Mr. DUPUIS: Does that mean 50 per cent of a street?

Hon. Mr. LAPOINTE: When 50 per cent of the points of call are business houses.

Mr. SMALL: Have you anything to report on the way in which the policy of one delivery a day has been working throughout the country? Has it been accepted or have there been complaints about it?

Hon. Mr. LAPOINTE: By home owners? No. There were some complaints when the change was made; there always are when a change is made, but generally speaking, so far as home owners are concerned, no.

Might I add to my reply to the question asked by Mr. Dupuis? In cases where between 25 and 50 per cent of the calls are business calls, two deliveries a day can be effected.

Mr. DUPUIS: That is, between 25 and 50 per cent?

Hon. Mr. LAPOINTE: Yes. Where the figure exceeds 50 per cent two deliveries are always provided.

Mr. BYRNE: The minister mentioned the Woods-Gordon report, and I would like to ask him whether in this report there was a recommendation that the Post Office obtain the services of management consultants, or experts on business management who would study methods, job simplification and other matters of that kind?

Hon. Mr. LAPOINTE: No, they did not recommend that we retain the service of such an agency, but they did recommend that we should hire personnel to do that work ourselves, and that has been implemented.

Mr. BYRNE: Has it been successful?

Hon. Mr. LAPOINTE: Yes, so far it has been very successful.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I think it is a good idea to leave the first item open while we go ahead, but before we leave that first item I would like to ask whether serious and careful consideration has been given

to the possibility of instituting twice daily deliveries on all routes on a basis of five days a week.

Mr. DUPUIS: Including homes?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): To homes and other places, Mr. Dupuis, on a five day a week basis.

Mr. DUPUIS: That is going back to the situation that existed previously.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): No—there were six.

Mr. DUPUIS: Of course.

Hon. Mr. LAPOINTE: Well, our experience has been—as far as we have been able to ascertain the situation—that although in some areas there has been criticism because there is only one delivery a day to householders, the suppression of deliveries on Saturday mornings would be likely to bring more criticism.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Did you say that that has been your experience?

Hon. Mr. LAPOINTE: From the information which we have been able to gather as far as the home owner is concerned he wants to have his mail on Saturday morning.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): That is an interesting point. What is that experience based on or where does that conclusion come from?

Hon. Mr. LAPOINTE: From discussing it with the people in the field, from the various superintendents, directors and postmasters down in the field who are in immediate contact with the public.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Has there been any actual survey made?

Hon. Mr. LAPOINTE: We have not made a Gallup poll, if that is what you mean; but these men out in the field, particularly in the smaller areas, are in constant contact with the public and they are kept pretty well aware of the feeling of the public as regards the activities of the post office. If there is anything which goes wrong it quickly comes to them, or if there is any suggestion for improvement which it is thought should be implemented in an area they quickly hear about it. It is on their opinion that we say we doubt that it would be accepted by the public generally.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I think we must all respect the opinion and the views of the men who are actually engaged in administering the post office, but I think we have all known of cases where a person's point of view may be coloured by his own views on the subject or where he may come to a conclusion which is based on limited information; where, if you really do the thing properly, you come to another conclusion.

Hon. Mr. LAPOINTE: I quite agree, but I think you will agree with me it is a matter of opinion, and it may as a matter of fact, I think, vary with different localities. In some areas, for instance in certain cities, where the general pattern has been for years that all business is closed on Saturday, the population in many cases have got in the habit of not being home on Saturday and those people are not particularly interested in getting mail on Saturday. In other areas that does not exist. Then a thing which has to be considered is the extra load which the mail carriers would have—or the load work they would have—on Monday if there was no delivery on Saturday at all. It would mean all mail coming in on the week-end from Friday night until Monday morning would have to be delivered on Monday.

Mr. MACNAUGHTON: If you have two deliveries a day, that would be ten trips a week, and at the present time I think that you have six trips per week in the residential areas. So the difference is exactly four trips and it does not

seem very much. Six versus ten. At the present time you have one delivery a day for six days.

Hon. Mr. LAPOINTE: One delivery per day in residential districts.

Mr. MACNAUGHTON: Six deliveries a week.

Hon. Mr. LAPOINTE: Yes.

Mr. MACNAUGHTON: Under this proposed system you would have two a day on a five-day week which is ten trips. So we are talking about four extra trips.

Hon. Mr. LAPOINTE: Yes.

Mr. BYRNE: I think that before there is any suggestion that we revert to ten deliveries a week for the privileged people living in the larger cities, we should give consideration to delivering to those living in cities such as you have described with 2,500 calls or a post office revenue of $50,000. I have several cities almost or just within that range, small towns or cities. There seems to be no possibility of obtaining delivery service for those areas. I think that any suggestion that we go back to two deliveries a day in the cities would meet with considerable dissatisfaction in those areas.

Hon. Mr. LAPOINTE: If you do have any cases of municipalities within the range I mentioned, I would certainly be glad to have the department look into the matter. I do agree with you that I think the first priority which should be given should be to extending the present one delivery a day service to areas where it does not exist before we consider going back to two delivery service.

Mr. BYRNE: My suggestion is that we lower these requirements and take in areas of a smaller population before we give this privilege to those who live in large cities.

Mr. SMALL: I would not call it a privilege.

Mr. CHURCHILL: Large cities have to a great extent two deliveries a day now.

Mr. HODGSON: Another thing which you have to consider is the people living in the country with three boxes per mile who probably do not get any delivery at all. I understand that it is four boxes per mile, although you do not live up to it entirely all the time.

Mr. DUPUIS: Mr. Chairman, the post office in Montreal, which is the only post office about which I know, is hiring casual workers at night, mostly women, for the sorting of mail. Will you tell me how many hours those people are supposed to work every night?

Hon. Mr. LAPOINTE: Not more than four hours.

Mr. DUPUIS: I wish to raise this point because I consider that it would be preferable, in my humble point of view, to hire less people and give them more hours' work than having people work four hours a night who are not gaining enough to support their children, which is the reason they are working. That is, four hours' work a night for a widow, for instance, who is forced to go and work at night, will not mean very much in her home. It will not bring in enough revenue to look after her children or her needs. I would think that it would be preferable to decrease the number of people doing such work and give them more hours. I think that is something which should be given same attention in your department.

Hon. Mr. LAPOINTE: I see your point. But the jobs performed by these casual employees are not designed to be on a regular eight-hour shift. We need the extra help for a period of four hours to expedite the business and then these people have nothing else to do.

Mr. DUPUIS: I though that perhaps by having the people work only four hours you were employing more people and giving more patronage to the

members, or something like that. I think that they should be given more hours. I may not express myself very well.

Hon. Mr. LAPOINTE: The one accusation I have from the members is that I have not done enough of that.

Mr. DUPUIS: Would there be any attention given to the suggestion I am raising, for the reasons which I have given, of giving these people more hours?

Hon. Mr. LAPOINTE: My point is that they are busy for one period which is made up of four hours. We need that number of people for that period of time, but there is not enough work to keep all of them busy for any longer than that. That is why they are casual employees.

Mr. DUPUIS: But what happens when there might happen to be six hours' work; would you keep those people two hours extra?

Hon. Mr. LAPOINTE: I beg your pardon.

Mr. DUPUIS: Supposing there is work for two more hours?

Hon. Mr. LAPOINTE: They are doing sortation work and so on so as to get the mail ready to catch one particular train or one particular plane leaving at such a time, and then it is over with.

Mr. DUPUIS: I mean to say, on particular nights, would you keep them for two hours more, to look after any extra work, or would they be going home just because they have worked their four hours?

Hon. Mr. LAPOINTE: If it was a regular need, then there would be regular employees doing that work.

Mr. DUPUIS: How many hours were they working six months ago? I think they were working more than four hours?

Hon. Mr. LAPOINTE: Possibly. It would vary depending on the work being done.

Mr. DUPUIS: I understand that the volume of work is increasing in the Post Office Department so I do not see why the hours should be reduced.

Hon. Mr. LAPOINTE: I think Mr. Craig has an explanation which he might give you.

Mr. CRAIG (*Director of Operations*): It is a case of fighting the clock in the terminals to get the mail out in time for the evening planes and trains. It is true that they were exceeding four hours; but by the same token, not getting the mail out in four hours, and the mail not catching the early trains and planes, we had to increase the number of people to attack that mail in a shorter period of time. Where it did take them five, five and a half and even six hours, they now do it in four hours or less.

Hon. Mr. LAPOINTE: You have more people on the job?

Mr. CRAIG: Yes.

Mr. DUPUIS: Now I know.

Mr. HODGSON: I would like to ask now, would there be any chance of the department amending this rule of four boxes to the mile to three boxes to the mile?

Hon. Mr. LAPOINTE: The rule concerned has not been changed radically, but I think you will find that the department has been taking a more generous attitude and giving a more generous interpretation to the rule in the last few months; and in many of these cases the four calls are not necessary.

Mr. HODGSON: In other words, it might pay me to go back and see Mr. Chartrand.

Hon. Mr. LAPOINTE: You know the route to his office pretty well.

Mr. CHURCHILL: On this point of letter carrier groups, the minister said that 2,500 points of call had to be established before a letter carrier route was instituted. What is a "point of call"?

Hon. Mr. LAPOINTE: A householder.

Mr. CHURCHILL: One building?

Hon. Mr. LAPOINTE: A householder.

Mr. CHURCHILL: One householder?

Hon. Mr. LAPOINTE: Yes. Each house, I might call it, or if it is a duplex, it counts two. Actually, it is the number of householders.

Mr. CHURCHILL: How many letter carriers are provided when the 2,500 points of call are established?

Hon Mr. LAPOINTE: It would average about five, but it will vary, depending on the terrain and the volume of mail; also the distance to be serviced. In some areas the houses are some distance from one another and there is more distance to be covered.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, I would like to turn for a moment to the point I was discussing before, and that was the two-a-day mail delivery. Mr. Byrne brought up a point which I think should be taken into consideration, and that was that there are other areas besides the cities to be thought of, many of which may desire mail delivery at this time. Perhaps we should not expand our mail delivery in the cities until these other smaller points have been taken care of. That was the purpose of my original question. As I remember it, the question went something along these lines: "Has the department given any careful study to the costs and other factors which would be involved in a two-a-day, five-day week mail delivery?" Now, the reason I asked the question in that way, Mr. Chairman, was that it is conceivable that a two-a-day mail delivery, five times a week would be little or no more expensive than the present system. For example, you would save a considerable amount on overtime which we drift into now on Saturdays and on holidays; you would not require twice the number of mail carriers; you are now on the five-day week basis anyway, so you have a lot of supervisory letter carriers who would be given regular routes under this system. While a man would not be expected to cover the same route twice a day as he now does once a day, he could cover something more than half the length of that route. Those are factors to be taken into consideration. I suggest, Mr. Chairman, that if we were to find, as a result of an analysis of the situation, that there would be no additional cost involved in going back to the two-a-day service, or very little additional cost, then perhaps Mr. Byrne's objection would be taken care of. They would be taking nothing from the smaller communities, and we could then make a very careful examination of the reaction of the people generally.

Hon. Mr. LAPOINTE: We have made an estimate of the cost of changing from the present system to double deliveries, five days a week, and I can provide the committee with those figures tomorrow.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Good, that will clear that up. Are we proceeding to operations, Mr. Chairman?

Mr. PURDY: Mr. Chairman, before we leave this, I would like to ask the minister if it was not the intention of the increase in postal rates to enable this department to maintain their services? That was the object of the increase in the rates?

Hon. Mr. LAPOINTE: It was certainly one of the main factors in coming to that decision.

Mr. PURDY: You take a businessman—well, I will say a resident in an important section: a very short time ago you provided him with two mail

deliveries a day, one in the morning and one in the early afternoon. Under this new system with your 40-hour week and your increased postage you only give him one mail delivery a day, and that mail delivery is just about the time you are going home to have your supper, as we call it down our way. Do you think that that is maintaining the efficiency of your department?

Hon. Mr. LAPOINTE: It depends where your place of business is.

Mr. PURDY: I am speaking of a residence.

Hon. Mr. LAPOINTE: Oh, a residence.

Mr. PURDY: I amended that to the residential service.

Hon. Mr. LAPOINTE: The two things that were necessary in order to keep the department from operating in the red were the increase in rates and the diminishing from two to one delivery a day, at the same time as we implemented the 40-hour week.

Mr. PURDY: Right; but I am saying that prior to that you gave certain areas two deliveries a day, one in the morning and one shortly after lunch.

Hon. Mr. LAPOINTE: Yes.

Mr. PURDY: Now your delivery is just a short time before supper time. Do you think that is being fair to the people in that area, consistent with the increase in postage?

Mr. SMALL: I do not think the Woods and Gordon report intended that the post office services should be curtailed. They made a lot of suggested improvements and savings, but at no time was the department in the red before it raised the rates. It was just in anticipation of the fact that you were going to go into the red that the postal rates were raised. At no time was there any suggestion made that you were in the red. You just anticipated that you were going into the red and you raised the rates.

Mr. PURDY: I wonder if I could get clarification of this point?

Hon. Mr. LAPOINTE: The one delivery a day came in before the increase in rates and before the 40-hour week.

Mr. PURDY: Only a short time before.

I am asking the Postmaster General personally, what would he think if he were an ordinary individual and not the Postmaster General, if he were given a reduced service, and a delayed service, and at the same time the postage rates were increased? In other words, they had formerly two deliveries a day, one in the morning and one shortly after lunch, and now we have one delivery just about the time for supper, as we call it down our way. Do you think that that is an improved service, consistent with the increase in the cost of postage?

Hon. Mr. LAPOINTE: Sir, I do not think I am called upon to give my personal opinions.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I might say to the Postmaster General that I am at the very tail end of the afternoon delivery on my particular route. My mail arrives around 3.30 in the afternoon and I am personally very happy to have it that way and for one reason: because when many people come to me, as they have, and complain about the results of this one-a-day late delivery, I can say to them: "I enjoy no favouritism; I understand exactly how you feel."

Hon. Mr. LAPOINTE: Is that an expression of gratitude?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I certainly would not want the route changed for me unless it was changed for everybody!

Mr. PURDY: I suggest that the hon. member for Notre-Dame-de-Grâce never gave any indication that he should receive any favouritism. But I suggest that ordinary persons are entitled to receive as good mail deliveries as they did before the increase in postage.

The CHAIRMAN: Tomorrow the minister will present figures showing an estimate of the increased cost for that, and you may wish to say something more at that time about it. Shall we pass to item 325 now?

Mr. HOGDSON: I believe in giving credit where credit is due, although I do not always agree with the officials of the Post Office department—or maybe they do not agree with me; but two things happened in my riding in the last year or so. There was a postmistress whom I thought was an exceptionally good postmistress. She kept a lovely little post office and it was always in first class condition. She was a widow and I might say also a Liberal.

Hon. Mr. LAPOINTE: I like to hear that coming from you.

Mr. HODGSON: However she fell in love again and as soon as she remarried some people in the village, who incidentally were also Liberals, decided that she should not have the post office any longer. So they evidently started through the usual routine of patronage, I suppose, to have the post office changed. Somebody in your department wrote to her and asked her to send in her resignation and I suppose she did. But afterwards she asked to have it back. However, an inspector came out there and when he looked over the situation and saw where they proposed to place the post office—in a private home which was not too well kept—I suppose it was on his report that the post office was not changed. So I feel that your officials should have some credit in that particular case.

Another one was with respect to the post office at Glen Arm. Some happy-go-lucky fellow decided that, although there had been a post office there for some 30 years, they should have that post office closed. It so happened when they closed the post office in the area affected there were only about ten Liberals to every two Conservatives.

Hon. Mr. LAPOINTE: That makes 11 in the riding.

Mr. HODGSON: However, it would be better for me if I were the candidate in the next election. In any event your inspector looked over the situation and whether it was upon his report or your report or that of the officials—I wrote to you at the time myself—but you saw fit to leave the post office alone. It was smart business on your part and I thought it was the right thing to do under the circumstances. In fact, I intended to go across the house some day and tell you about it, but I did not get the opportunity to do so and I would rather do it here than when your estimates come up in the House of Commons.

Mr. ENFIELD: Before you leave this item I also would like to say something to the credit of the post office. This question of increasing cost enters the picture in a rapidly expanding economy. I think I have one of the fastest growing areas in Canada. We have increased the size of the home deliveries tremendously over the last three or four years; I do not know how many thousands—it certainly would amount to perhaps 20,000 to 30,000—but I will get the actual figures from the department. But it seems to me that the cost of providing that delivery and of the machinery necessary for it is going to go up in greater proportion than the increase in revenue receipts coming in. It is because of this terrific expansion that it is required. Financially you are going to have difficulty in keeping up two deliveries per day, and you just cannot make ends meet.

Hon. Mr. LAPOINTE: In some areas like yours the personnel problem arises. Where you are in a tight labour market you cannot get the personnel.

Mr. ENFIELD: It seems to me that is at the basis of the explanation which Mr. Purdy elicited.

Mr. PURDY: I think the labour market is all right. What we want is a little more help from the Postmaster General to give us one more courier out there, then we will solve the problem which we have.

Mr. BYRNE: I do not see anything unusual about the situation which Mr. Hodgson brings forward. I have found in almost every case that if there is a complaint about the post office in these small places where sometimes the parochial question does come up, that they send in inspectors and get to the bottom of it and usually come up with the right answer.

I do not think they do it on the basis of what political affiliation the particular Postmaster may have. I do not think that enters into it. But I would like to tell the department of an incident concerning the delivery of mail which I considered "par excellence", even though we do not have delivery service door to door. It was occasioned when I was going west at Eastertime and when I mailed a letter at Regina. I dropped it in a letter box. I was held over and was in town so I dropped my letter in a street letter box at about 10 or 11 o'clock in the evening. I understood upon reading the schedule on the box that the mail was to be picked up at 8 o'clock in the morning. I do not think there was any night pick-up. Whether there is or there is not, I really think the next pick-up was to be at 8 o'clock in the morning.

That letter came to Ottawa. There were two pages which required typing. It was picked up Monday morning and it came to Ottawa and was returned to me in the central part of British Columbia where the mail has to be transferred from T.C.A. to C.P.A., and I got it at 2 o'clock on Tuesday afternoon.

At the same time I read of an incident at Edmonton. Most of the complaints are about mail having taken from ten days to two weeks to go to Edmonton, and they complain, naturally. I would like to point out that we do get some very excellent service, and in the main these incidents where mail does take eight or ten days arise through some reason. A letter may become lodged in one of the courier bags or some such thing.

Mr. MACNAUGHTON: In connection with all the nice things which have been said so far about the post office, I feel I should not let the opportunity go by without expressing my personal thanks, and the thanks of a great many citizens in our mutual areas, for the new post offices which you have recently built, one in Snowden, in Notre-Dame-de Grace, about which some of us had something to do, and one in the town of Mount Royal which was very much needed and is very much appreciated.

Also, in Snowdon your departmental officials wanted to close up one or two postal sub stations, not without reason, according to your regulations; perhaps they should be closed; but according to the facts and circumstances as presented by myself and others your department agreed to permit them to remain open to give service to the public. It is very much appreciated both on account of traffic conditions as well as the density of population in the area.

There is one area I would like to mention, the area called Park Extension, which is a northern section of Montreal. It has grown from 10,000 to over 25,000 people. At the present time they have only two sub-stations. I know one cannot build a new post office every second year but we have been pressing for this for a long time. It is impossible to give good service to 25,000 people in two small sub-stations or two small stores. I know the department officials are studying the matter and if I could prevail upon you and use the good influence of this committee to give better service if possible to this large and rapidly expanding district in the city of Montreal, that certainly would be appreciated.

Mr. HODGSON: There is one matter I should like to mention. I do not know if the department knows about it or not, but it just came to my mind. There is a very rapidly expanding mail service in the Haliburton county since you put it on the truck system. It has been a great improvement. The

mail service comes up now to Minden and gets in there about 1.30 pm. The rural mail going out of that office could be delivered that afternoon. It is a fast growing tourist area and now the neighbourhood is being extended further to, I think, No. 35 highway. There is a place called Hawk lake, with which you cannot be expected to be familiar; and I think the mail could be delivered there in the afternoon and if that could be done it certainly would be appreciated by everyone concerned. As it is now, the mail is not delivered until the next day. That mail route could leave after the mail arrives in the afternoon, as it takes only about 3 or 3½ hours to deliver the mail. I do not think there would be any trouble with the mail delivery man or carrier, in having that mail delivered in the afternoon rather than the next day.

Another point is regarding Haliburton village post office. We have had a very congested spot there. It may have been hard to get the mail sorted soon enough to get it out on the rural delivery but I understand you are putting in a new post office and I do not see any reason why that mail route No. 1 Haliburton could not be delivered the same day as the mail arrives. That would give 24 hours' better service for all the people on that roural route and I think it could be arranged without any difficulty.

Hon. Mr. LAPOINTE: We will look into that.

Mr. HENRY (*Toronto Rosedale*): I should like to make a few remarks about Postal matters in Toronto (Rosedale). The thanks of my constituency go to the minister and his officials for having installed postal station "Q" at Saint Clair Ave. and Yonge Street in Toronto. That will do very much to improve the service and the mail facilites there. We are grateful for a planned new building and also for substantial improvements in service in the neighbourhood of Yonge and Bloor Streets, which have been asked for and obtained as a result of the representations made by Yonge-Bloor-Bay businessmen in the area.

We are grateful for the extra carriers placed on Yonge Street to alleviate in part the situation arising out of the existing postal facilities and other causes.

However, I would draw attention of the department to the mail delivery on Beaumont Road in the North Rosedale area and on Rose Park Crescent in the Moore Park area. In these areas there are certain semi-retired business people who conduct certain business operations from their homes and who find it rather difficult to conduct them when they receive their mail in the afternoon rather than in the morning. I think some correction of walks in this area might improve the position. I have passed these representations on to the department and I trust something can be done about it.

Turning to that part of Rosedale riding at the corner of Sherbourne and Bloor Streets, there has been a lack of a sub-station for some time, due to the lack of appropriate premises. I have written to the department suggesting several possible premises, if obtainable. I trust the officials will look into that and see if they can put a sub-station in that area. It is a fast growing area and is in need of attention.

On the whole, I must say I have had great cooperation from the minister and his officials and particularly from the Deputy Postmaster General. However, inasmuch as the Deputy Minister is not here, I would not want him to think I had relaxed my efforts on behalf of my constituents and therefore these remarks are made.

Mr. CHURCHILL: I must say that everybody is being most polite to the Postmaster General and his officials. There is a danger of this becoming a mutual admiration society and getting away from the main purpose of our enquiry. We had better take it for granted that we are all fairly well pleased with the postal services but I think there is something wrong in the administration of the Post Office Department if members of parliament have to be interesting themselves in some of these problems which should be absolutely

obvious to the officials whose business it is to see that the public is served efficiently by the postal services. However, I would like to ask this question. It is in connection with the postal services at summer resorts of substantial size. I am thinking particularly of the Riding Mountain National Park in Manitoba which is visited by thousands and thousands of people every year. I make no criticism of the Postmaster there at all, but I would like to know who determines the size of the post office and the number of employees to be on duty there during the summer holiday season. The reason I ask the question is that my experience over the years has been that, although the postal service is fair and I am not condemning it, it could be better. The number of employees is limited, the office is closed at certain periods during the day, there is an interminable lineup waiting for mail after the bus brings it in and there is also an interminable line of people waiting sometimes for money orders and so on. Who determines the number of employees for a situation such as that? It must prevail in all the national parks and various summer resorts across the country.

Hon. Mr. LAPOINTE: Generally speaking, these summer post offices are organized and staffed in accordance with recommendations made at head office by the district people there. The recommendation is supposed to be based on the actual need which exists, on the volume of business likely to be transacted. I am not familiar with the particular situation which Mr. Churchill has mentioned. In this case, it may be that the recommendation has not been adequate and that the matter should be looked into again. That we do continuously. When we get complaints that the service is not adequate for the number of people to be served and the volume of business to be handled, we send somebody down there and rectify the situation.

Mr. CHURCHILL: You should not have to wait for complaints. In places like that, you know the number of people who live in residence and who enter these parks from year to year and you have records of the postal business in other years which would indicate the size of the business involved. There should be some departmental policy in that connection. I know it is taken for granted that just because you are on holiday you can stand around and wait for hours to get a letter out of a post office but I think that is far from being modern and we would like things done more swiftly nowadays.

Hon. Mr. LAPOINTE: I am told that the local officials are constantly assessing these situations and are supposed to make recommendations to us for any changes which they feel would be necessary to improve the service, if it needs improvement. That particular type of investigation is done at field level and not up here; we implement the decisions recommended to us.

Mr. SMALL: I notice that at headquarters you have a director of operations, and when an expansion comes about of the sort I have in mind and as other members pointed out, you should be able to devise some method of servicing the new demand; you have to service that extra business and expand your operations. You have a department set-up to carry out the work—a superintendent of postal operations—and you have staff engaged in time studies, the supervision of buildings and so on. Do you not think that it should be part of their job to study places such as Scarboro where we all know expansion is taking place, and take into consideration the size of the building likely to be needed and other points of that kind?

Hon. Mr. LAPOINTE: This particular function of the branch is represented in the field, by field men on the spot.

Mr. SMALL: You would not be running into trouble if when you put in a post office you saw to it that provision was made for expansion. There should obviously be some such provision in the case of a growing district such as Scarboro; you know it is expanding, and that people are moving out there.

Take, for example, a department store—they do not say: "There have to be so many people there before we operate a good service".

Hon. Mr. LAPOINTE: We do endeavour to keep up with the increasing demand as far as we are able. On the other hand I think there would be quite serious criticism of the department if we went ahead in the way you suggest—like a businessman, going out for business with all his stock, equipment and so on, but no clients as yet.

Mr. SMALL: But they are there.

Hon. Mr. LAPOINTE: That is why I say we are endeavouring to keep up with the development.

Mr. MACNAUGHTON: I take it the actual building is done by the Department of Public Works?

Hon. Mr. LAPOINTE: Yes, the actual building itself and, of course, any alterations which are required. If, for instance, it is decided to build a new post office in a particular area we endeavour to get all the facts possible with regard to the need which is likely to develop there in the next 5 or 10 years. However, we cannot be always correct in our forecast. Afterwards we simply pass on to the Department of Public Works our request for a public building giving us the facilities.

Mr. SMALL: You have a wonderful set-up here to do that job. With all the officials and departments which you have outlined here on the chart, I do not see how you could miss.

Hon. Mr. LAPOINTE: That is the human factor.

I am informed by the director of operations that the Department of Public Works now builds some of these new postal stations so that one wall can be knocked out should the need for expansion arise, and Scarboro is one of the stations which has been built in this way.

Mr. BYRNE: That is what the Department of Public Works calls advance planning.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): There are some gentlemen who come around periodically late at night with a pick and a sledge hammer and knock the wall out on their own account, unfortunately!

I am trying to arrive at the basic departmental policy here as regards provision of new post office facilities in an area or district. The Postmaster General, answering Mr. Small, indicated that the department tried to forecast what the requirement would be in 5 or 10 years time, and that provision would be made for this in the original building, is that correct?

Hon. Mr. LAPOINTE: Yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): In carrying out that plan, say, in Hamilton, Winnipeg, Toronto, Halifax, Montreal and other cities—

An hon. MEMBER: Vancouver.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): —Vancouver, yes, how large an area does the post office consider is properly served by one sub-post office? I am not talking about one in a store, but of a public works building from which letter carriers leave on their routes.

Mr. ENFIELD: You mean a postal station?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): A postal station—that is the accurate terminology.

Hon. Mr. LAPOINTE: I am told it depends entirely on local conditions—the population, volume of mail, the number of carriers put on to the work and so on. Those are the factors which determine the decision.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): But if the station in which the area serves is all going to be built up, and if you can tell from its normal growth that the area is going to develop into a fairly close pattern, that is, without large open spaces, it would seem to me that there is a limit to the number of letter carriers and to the number of postal routes which can reasonably be served from a given postal station and I am inclined to think, from the information I have, that around 20 to 25 postal routes is probably the maximum. Is that correct?

Hon. Mr. LAPOINTE: May I ask Mr. Craig to give you the information on this.

Mr. J. N. CRAIG (*Director of Operations*): It is a little difficult to give you a flat rate, or statistics, with regard to the circumstances under which we would open a particular postal station, because there are many different sets of circumstances. You spoke of the approximate number of letter carriers, Mr. Hamilton. I think a fair average would be the figure you stated— about 25 —but we have downtown stations in Montreal and Toronto, for instance, where they run up to over 100. It depends on the character of the area in which the station is situated. I think the best example I could give is this: if you had an area which consisted entirely of apartment houses, obviously there would be a great many calls to be made in every apartment, and each individual apartment represents a household. Thus you would have a station in that restricted area and a very considerable number of letter carriers, yet in relation to the ground area it might not be very great. On the other hand you might have a station in a district where things are much more spread out—where there is a long strip development of retail merchants. You would have a postal station there but the actual number of carriers might be very much less; at the same time the number of people and retail merchants there, on the principle of "the greatest good for the greatest number" would call for a station even though you might only have a dozen carriers. So there is no positive pattern that I am aware of. We try to assess each situation as reported to us, and if we do not get information enough we go back for more.

The CHAIRMAN: We shall adjourn the meeting until 8.15 tonight in this room.

EVENING SESSION

MAY 8, 1956
8.15 P.M.

The CHAIRMAN: Order, gentlemen. We are still on item 324.

Mr. REGIER: Mr. Chairman, I would like to raise a question of privilege. Last night I received notice of this meeting. This morning I received a notice of a cancellation of the meeting. We assumed, or took it for granted that committee meetings for today were out. I understand that while the house was sitting on Orders of the day a notice went around advising that this committee would meet after Orders of the day. My colleague who is not here yet, and I, received no such notice. Other members admitted having received a notice while Orders of the day were being pursued in the house. At about 10 minutes after 6 o'clock this evening I went into my office and found lying on my desk a notice calling for the resumption of the committee meeting at 8.15.

On behalf of my group I hate to miss any session of the committee. I feel that a little more care might have been exercised this afternoon to ensure that all of us knew that there was a meeting of this committee this afternoon. I feel that a notice arriving at our office after 6 o'clock of a meeting at 8.15 is also rather sloppy to say the least. I do not know whether it suits my colleague to be here, but he has not arrived yet. A lot of us have arrangements

made for different hours of the day, and I think we are deserving of a little more consideration than that.

I do not know whom to blame in this particular case, but I am very glad to have been informed only a moment ago that you have not yet got past the first item in the estimates. If you had I would have moved the adjournment of the committee meeting.

The CHAIRMAN: The notice of the meeting for this afternoon was in the *Votes and Proceedings,* and every member got a notice of it. It was not cancelled. I do not know just what the complaint is. This committee unanimously agreed this afternoon to adjourn until 8.15 tonight. It seems to me if you had said a word to me, Mr. Regier, I could have explained that all to you and saved you causing yourself such grief.

Mr. PURDY: Mr. Chairman, we got notice that the meeting this morning was cancelled. We therefore assumed, naturally as the honourable gentleman who has just risen on a point of order, should have assumed, if he had any—I was going to say intelligence—that this afternoon's meeting would have been on as usual.

The CHAIRMAN: The only possibility for misunderstanding Mr. Regier, would be that instead of meeting at 3 o'clock this afternoon, as the meeting was called for, we did not meet until the Orders of the day are called. That is a common understanding. Although the committees are called for 3 o'clock they do not actually assemble until the Orders of the day are actually called. The meeting this afternoon was properly called and has been in the *Votes and Proceedings.* All members of the committee got notice of it in the ordinary course.

Mr. REA: I did not get notice and I found out about it from Mr. Hamilton. I am very new on this committee, and I was wondering if that could perhaps be the answer to the whole thing.

The CHAIRMAN: Yes, that is the reason. We have got to bear with the officials with regard to these meetings. We change the personnel of the committee in the House without any notice whatsoever, and it is hard for the clerk actually to be sure that everybody gets notice. I am sure that the clerk does give notice to everybody as quickly as he finds out they are on the committee.

The thing that would be of importance would be the *Votes and Proceedings.* The meeting this afternoon has been advertised in *Votes and Proceedings* in two or three issues, and it was not cancelled. Of course, this afternoon I made it quite plain that if anyone objected we would not meet tonight, but everybody on the committee was very cooperative and indicated they wanted to meet tonight, so we adjourned until 8.15.

I suppose we may proceed now.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, when we rose at 6 o'clock,—

Mr. MACNAUGHTON: 5.30 o'clock.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): 5.30, thank you.

Mr. MACNAUGHTON: You are usually conscious of time. Be correct.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, when we rose, I was exploring certain questions that had been asked on this question of the placement of post offices. I am attempting to get some picture of what requirements must be met in order to justify the construction of a new postal station.

Mr. Craig had just told us that it was difficult to establish anything much on the basis of the number of routes that would be served, because same stations serve an area where there is a high concentration of population, such as would be found in apartment buildings. On the other hand, you might have another

area where people are spread out considerably. That point having been covered, my question at the time that we adjourned was, and I put it now: what sort of requirements govern, in regard to the separation between these postal stations in a city of any size such as Montreal, or Toronto, or the others that we mentioned?

Mr. CRAIG: Normally speaking the separation of postal stations is between two and three miles minimum. Again there is some leeway based on the degree of concentration; but normally speaking we think in terms of 2½ and 3 miles between postal stations. We certainly would not hesitate to offend that if conditions warranted.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Pretty generally, they would be closer than that in the major cities, would they?

Mr. CRAIG: Yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): There is a situation, and I have no complaint about it, that points up again how helpful it would be if we had some fairly firm policy on this; Montreal has many more postal stations than Toronto, for example. What is the reason for that, because the populations are about the same, and the area is about the same?

Mr. CRAIG: I think we would have to go back quite a number of years, really before the time of any one of us here to find out what is directly responsible for that kind of thing. There are two different systems in existence. Toronto does a very considerable amount of sortation at their postal stations, and we do not like to decentralize to too great a degree. If we did we would lose a certain force of our attack on the work. In Montreal there is no sortation other than the letter carrier streeting the mail, and their handling of mail off the train from Toronto. There is that big difference between the two cities in the way of handling mail. You might say why do we not have the same system; but the pattern is there, and I think to attempt to change it there would be very little gained. So that Toronto has fewer stations, but they have bigger staffs within those stations. The Montreal stations in the main are smaller and their staffs are in proportion.

Mr. CHURCHILL: Is the main post office in Montreal correspondingly larger than the one in Toronto?

Mr. CRAIG: When you say "Correspondingly larger"—

Mr. CHURCHILL: If they do all this sorting at the main post office in Montreal they would have to have a larger staff than the one in Toronto.

Mr. CRAIG: In proportion to the mail being handled, yes; but in actual fact the staff in Toronto over-all is larger than in Montreal, because the volume of mail is considerably more. You are quite right, the ratio would be larger.

Mr. SMALL: Do they do all the sorting in the main office on Front Street in Toronto?

Mr. CRAIG: They do the bulk of it there, but there is a considerable amount done in the station as well because of the staff being larger, and we utilize the men's time so that they may be freed from wicket work.

Mr. REA. You have not done much advertising about those district numbers in Toronto lately. Is it as important as it was?

Mr. CRAIG: Well, the numbering of zones is something we have tried for a great many years to have everyone become familiar with. But everything has grown so that we have run into a situation where there are many local names which are of far greater value than numbers for the purposes of identification to assist in quick sorting. The difficulty has been that the local names of the boundary areas—let us say the Glebe in Ottawa—do not necessarily correspond

with the boundaries of the postal station. The result is that it has inhibited a clean cut use of local names. Originally and arbitrarily there were zones set up and numbered. We tried to get people to remember them. We still like the zoning and we use it very greatly with publishers in particular, to great advantage; but there is commotion, shall we say, and because everything is in such a state of flux, speaking growth-wise, we have not pressed the numbering. Until things actually become stabilized, the zones will constantly be changing and we hate to see the businessman with the problem of constantly having to reprint his stationery and so on. So there has been a policy of not forcing it.

Mr. REA: There has been emphasis on it?

Mr. CRAIG: We recommend the use of local names as much as possible rather than numbers.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Did I understand Mr. Craig to say that the postal staff in Toronto was larger than the postal staff at Montreal?

Mr. CRAIG: Yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): There was a return from the Postmaster General which gave the Montreal staff as 2,122 and the Toronto staff as 2,074. In the light of that return I was wondering if we were talking about the same thing.

Mr. CRAIG: The figure you must have would be only part of the staff, because the staff in each of those offices—speaking off the cuff—is over 3,000, but that figure includes letter carriers and everything else.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): A question was asked:

> For each of the cities of Montreal and Toronto how many staffs and semi-staff post offices are in operation?
>
> For each such post office, (a) what civil service grade was held by the postmaster on December 31, 1955; (b) what was the revenue for the last fiscal year; (c) how many permanent employees were on the staff at December 31, 1955?

Mr. CRAIG: Well, part of the difference of course is in part time units, and without actually knowing, I would have to check; but I suspect that you have the figures of permanent employees as against temporary employees, and even that figure for temporary employees may include full time employees. That could make a difference.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Would you say that Toronto probably has more temporary employees than Montreal?

Mr. CRAIG: Yes, part time ones.

Mr. CHURCHILL: With regard to the general policy of the post office services I had a question on the order paper some time ago with regard to air mail services at airports here; I am thinking of St. James airport which is outside Winnipeg. The problem was this: although there is a box there in which letters may be dropped, they are taken from there, apparently, back to the central post office in the city of Winnipeg to be sorted; and if they are going to go by air, then they are brought all the way out to the airport again to be loaded on aeroplanes. I presume the same applies to other airports at large centres across Canada. Has the Post Office Department considered any method of facilitating the delivery of mail at airports so that it would be sorted and placed on the plane right there?

Hon. Mr. LAPOINTE: I am told that if the volume of mail at an airport indicates that it would be more efficient procedure then there is sorting done right there.

Mr. CHURCHILL: Yes, but is that not sort of putting the cart before the horse? The volume might be adequate or equal to your expectations if people were made aware that it could be done that way.

Mr. REA: Are there any airports at which you do that?

Hon. Mr. LAPOINTE: Yes, at Malton, Dorval, and at Winnipeg part time.

Mr. CHURCHILL: I understand that businessmen in the city of St. James have asked that that type of facility be provided at the airport in St. James.

Mr. MACNAUGHTON: Surely it is naturally a question of having the capacity or the facility. I know that at Dorval they are already cramped for any sort of space; but it will be only a matter of time until the new terminal is built. They must have made provision for it.

Hon. Mr. LAPOINTE: Yes, at Dorval, at Malton, and at Winnipeg it is done on a part-time basis. When the volume justifies the sortation to be done there, it is done there.

Mr. CHURCHILL: I think it is a step in the right direction, and that it should be put into operation at all the major airports. I have another question along the same line; another major development in urban centres has been the building up of shopping centres. Has the postal department established facilities at shopping centres anywhere? I am thinking of the larger shopping centres.

Hon. Mr. LAPOINTE: It has been done. In some areas where the need seemed apparent, and it would really provide a wanted service—it has been done; but there has been no general policy on the matter. However, it has been done, yes; it has been developed where there is a great number of people going through who would make use of it, then these facilities are established.

Mr. CHURCHILL: Is there any example you could give us, let us say with respect to Montreal or Toronto?

Mr. CRAIG: Off hand I cannot think of them all, but it does seem to me there is one in a place called Applewood Acres which is just west of Toronto; there is a sub-post office there; and Westgate here. There have been quite a few but I cannot recall them. I think there is one in a big shopping centre on the outskirts of Hamilton. It is not the practice that we automatically put in a post office at a shopping centre.

Mr. CHURCHILL: Why would you open them at those three centres and not at other centres which are comparable in size?

Mr. CRAIG: It would be based on what else was near in the way of postal service to those centres. There may be other sub-post offices so that you do not need to open one there. If there is a demand to be met, sometimes you cannot get the space. For that kind of thing, it depends on the individual shopping centre and what it can accomplish. We have to determine the requirements in the light of what is available in the shopping centres. All shopping centres are not so located that they need postal services, beyond what is already available in the area.

Mr. REGIER: I ran across an instance last year where a post office had to be closed for lack of an applicant for the position. Are there many such post offices in Canada at the present time which have been closed over the past year because of the inability of the post office to find an applicant?

Hon. Mr. LAPOINTE: No. It very seldom happens.

Mr. REGIER: There is another question I should like to ask. What determines the area of a metropolitan postal rate? I have in mind, for example, a place like Horseshoe Bay. How is it that that place is included in the metropolitan postal rate, the drop letter rate, for the Vancouver area? That applies to Horseshoe Bay and Whitecliff, while places which are much nearer, geographically, and which also are more in one unit with the Vancouver area—such as Port Moody and Port Coquitlam do not enjoy the drop letter rate and seemingly

are unable to get it? Is there a rule or guide that is being followed? What is the determining factor as to whether a post office shall enjoy a drop letter rate with the metropolitan area or not?

Hon. Mr. LAPOINTE: What determines whether the drop letter rate will apply is whether a letter is addressed within the same postal area or not. If it goes out from the boundary of the postal area into an adjoining postal area then the drop letter rate does not apply any more.

Mr. REGIER: That was not what I asked. I quite understand that. However, what determines what the area is? Why is a place such as Horseshoe Bay, which is many miles removed from Vancouver, in the drop letter rate area and enjoying the drop letter rate with Vancouver, while a place such as Port Moody, which is only several miles removed from Vancouver and is within the natural geographical region, is denied the drop letter rate?

Hon. Mr. LAPOINTE: I will ask Mr. Boyle to explain the setup of postal areas.

Mr. BOYLE: First, it is the letter carrier area which determines the postal area. Then we have, a metropolitan area, including what we call satellite offices. They are considered part of the office in the city. When you have that situation, the drop letter rate applies. As far as the west coast is concerned, Horseshoe Bay and Whitecliff, I am sorry I cannot answer. I have not got the geography of that area in mind. I cannot answer that without looking into it.

Mr. REGIER: I think you know enough of the area there to realize that we have a peninsula surrounded by Burrard Inlet, Fraser river and the Pitt river. On that peninsula is the city of Vancouver, New Westminster, Port Moody and Port Coquitlam. Port Moody and Port Coquitlam were denied the drop letter privileges, and yet you go across the ferry and apply the drop letter rate to North Vancouver, Coast Capilano, Horseshoe Bay and Whitecliff. The people of Port Moody and Port Coquitlam fail to understand the logic and the reason for the discrimination, so they have been asking me just what is the determining factor.

Mr. BOYLE: I am afraid I cannot give you the distinction between these two areas. I would suggest we get the information.

Hon. Mr. LAPOINTE: We will get the information for you.

Mr. REGIER: We can bring it up again at a later time. There is another question. When does the Post Office Department consider that, for efficiency purposes, the point of diminishing returns, has been reached in the development of a post office? I am sure the Post Office Department has an economist who realizes that as these newer urban areas of Canada grow, there is a point of diminishing return, which is a hard economic law we cannot avoid. How large does a post office have to grow before it begins to decentralize? I realize of course that the local postmaster wants his post office to grow and grow, because the more it grows the higher is his category, the higher his rate of pay and so on. I can give an example of this. I realize there is a lot of history behind this. Why does a place like Verdun, outside Montreal, enjoy a revenue post office, which I understand is all on its own, and yet enjoy the drop letter rate with Montreal? At the same time, you have a place as large as Burnaby, with 80,000 people, which seems unable to get a post office. Is it a case of investment of money in a new post office in Vancouver, or how large does Burnaby have to become before it will get a new post office? Is there applied a general rule or policy?

Mr. CRAIG: Actually, in Canada, there are three places which have reached or are reaching this state of diminishing returns.

Mr. REGIER: Which are they?

Mr. CRAIG: They are Montreal, Toronto and Vancouver. In Toronto, round the perimeter, there have been already established what we call distributing offices. The point of diminishing returns really has to do with the business of sorting letters for city delivery. It gets to the point where a man cannot memorize it all; the number of points of memory for instance, in round terms in Toronto there are 5,000 points of memory, for a man to sort the whole city. You could go on adding to them forever and soon Toronto would be delivering for James Bay, if you were to keep on delivering to those places having contiguous growth to any large city. We have developed there to what we think is the point of diminishing return for a city station, and beyond that your mail will be handled by the distributing offices. In Montreal, we are setting up distributing offices, one on the north and one on the south shore. As far as the people are concerned, they will continue to get their mail by letter carrier and so on and it really will not make too much difference to them. The fact that their mail is coming to them is the main thing: how it is sorted is a thing they will not worry about particularly.

The plan does not work out pat because there is usually strip development, hedgehopping development and there are bulges and that sort of thing, so it is pretty hard to generalize.

Vancouver has reached the point where it fingers out one way and another, and in part the distributing office idea is already set up there with New Westminster a sort of distributing office, a separate entity entirely to itself. However, if we went far enough and said that Vancouver must sort everything, it would immediately point up the need for an office like New Westminster as a distributing office.

Mr. REGIER: If I may interrupt, may I say New Westminster existed before Vancouver.

Mr. CRAIG: I am not desirous of going into the history of the matter. In fact New Westminster is a completely separate postal entity. These distributing offices as set up are separate entities. We are quite in favour of people continuing to use local names as part of the address, so that when a distributing office is set up, all they have to do, to get a perfect address, is drop the name of the major city from which they have been getting delivery.

There is a difficulty. Let us take Toronto as an example. Toronto grew out in bulges in years gone by and people got the city of Toronto delivery and they continued to put themselves down as part of the city of Toronto, whereas their location was we'll say Scarboro rather than Toronto. There are those who do not want to lose the major city address and there is usually some difficulty where we attempt to change it. We will get their mail through to them, if they do not make the change, but it will take a bit longer because of missorting through the delivery office being changed. Your point is taken well, in that there is a point of diminishing returns for mail handling. There are three cities which have reached that stage, where we are setting up a plan for perimeter offices on a self-contained basis. Does that answer the question?

Mr. REGIER: That is fine. I have one further question; what is considered to be the average number of households that should be served by mail carrier? Is there a norm, or general figure?

Mr. CRAIG: Talking of residential walks it would average, I think, 500 calls. It ranges all the way from 400 to, let us say, 600; the number depends on whether a man has to cover hilly ground, on the volume of mail within the territory, on how far the carrier has to travel to get to his work—that is part of the 8-hour day—and so on, but I think the average figure on a residential walk would be 500.

Mr. REGIER: And after making those 500 deliveries he is still expected to readdress mail after hours?

Mr. CRAIG: No. Servicing mail is something he has to do before he goes out on his walk. He does not have to go back to the station at the end of the day; at the end of his last call he is free to go home. If he has a registered letter, or something of that kind which cannot be delivered due, perhaps, to the absence of a householder he is privileged to take that to the nearest sub-post office and mail it in to his own station.

Mr. REGIER: There is one last point, Mr. Chairman: it is recognized as being good practice by all labour legislation across Canada that every working man is entitled to a week or, in some parts of Canada, to several weeks of holiday a year free from any responsibility. Do I understand it is the policy of the Post Office that when a postmaster in a city, say, of 3,000 population takes his holiday that even though he might be on holiday he is legally responsible for everything that happens in his business?

Hon. Mr. LAPOINTE: No, that is not correct.

Mr. REGIER: That is not the policy? How is it, then, that when a theft occurs in a post office while the postmaster is on holiday the postmaster is made to pay for it and deductions are imposed on his income until such time as the whole amount involved in the theft has been recovered?

Mr. CRAIG: I think there was only one case of that kind and the money has since been returned to the postmaster. You are talking about Port Moody.

Mr. REGIER: Port Moody. The postmaster concerned is a very highly respected man and every citizen resented the attitude taken toward him. I am very glad that has now been fixed up.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Reverting to something which Mr. Craig said—that a carrier called on an average of 500 homes, with a low figure of 400 and a top figure of 600—if a carrier began to get over 600 calls, say, over 700, would you consider that the load was unreasonable?

Mr. CRAIG: A letter carrier is free at any time to ask for a check of his walk, and a supervised check is then given. If his walk is "out" and it seems that he is consistently working over 8 hours a day—we will say he exceeds the 8-hour mark by an hour a day; there is not enough work there to justify putting on another man—then until such time as we can make an adjustment he is paid overtime.

Making an adjustment on a walk is not as simple as it may sound; it is like throwing a stone into a pond—the ripples may go very wide, and it may affect a dozen other walks before the balance is restored. Every time one is changed numerous other changes have to be made.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): But a carrier such as we have mentioned would have a pretty good case?

Mr. CRAIG: Oh yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): As you know, there has been a certain feeling that in some areas, particularly in Montreal, the walks were getting too long.

Mr. CRAIG: If a man asks for a check and if, for any reason, a check cannot be given until, let us say, a month has elapsed, should the check make it appear that he has been working overtime the overtime is granted from the date he asked for the check. That is as fair as we can make it.

Mr. REGIER: I understand that at one time it was considered in the public interest to subsidize the dissemination of information and for that reason such things as newspapers and advertising matter were given special consideration when determining rates. Would the Postmaster General not deem that the need

for this subsidy has ceased to exist in consequence of the introduction of modern means of communication and that the postal services would be better off financially—as well as the burden on the backs of the carriers eased—if some consideration were given to the upward adjustment of the rates.

Hon. Mr. LAPOINTE: There was an adjustment made in the rates in 1951 which did bridge the gap to some degree.

Mr. REGIER: Has any consideration been given lately to a further upward adjustment?

Hon. Mr. LAPOINTE: A survey—a check—is continuously being made but there is no idea, at this time, of making a further change.

Mr. REGIER: I wonder whether any of the minister's advisers can give the committee an idea of what increase has taken place in this type of mail during the past several years? Has there been an increase of 50 per cent, or 25 per cent or has there been a 100 per cent increase?

Mr. BOYLE: I would say there has not been any such increase but we actually found that due to the increase in postage rates in 1951 the traffic has in many cases been diverted to other channels and carried by means other than the mail. We have not any exact figures available. As was explained this afternoon we have a cost of ascertainment program in progress now and we hope during the month of September to have cost and volume figures on various classes of mail which will give us a good idea what the situation is. However, there have already been indications to the effect that some of this traffic has been diverted to trucks and express where, in some cases, rates lower than postage rates can be obtained.

Mr. REGIER: Do you feel that it does the Post Office any harm if your prices are sufficiently high that Eatons, let us say, employs it own people to do the distribution? Would it not be to the advantage of the postal service if all the smaller companies were encouraged to look after their own distribution?

Mr. BOYLE: In the matter of parcels, sir?

Mr. REGIER: No—annual catalogues and similar things. Would the Post Office not be relieved if it did not have to shoulder that burden?

Mr. BOYLE: From the standpoint of the volume and weight of the catalogues I would say: yes. As a matter of fact what happens today is this: they ship by freight to zones and distribute from those zones rather than use the mail all the way.

Mr. REGIER: Mr. Chairman, what I have in mind is this: we have in Vancouver a number of commercial establishments who will look after this sort of distribution quite independent of the Post Office and they hire casual labour to do so. Is that not to the advantage of the Post Office if this type of distribution is encouraged rather than discouraged?

Mr. BOYLE: That is right. Our business is primary the handling of letters. We have a monopoly in the carriage of letters but in so far as newspapers and third class circulars are concerned that is an auxiliary service; we endeavour to give the public this service if they require it but we are not in that business.

Mr. REGIER: Would you not say that the post office would be helped if the rates were, say, slightly higher than they are now in order to further encourage this?

Mr. BYRNE: It would not encourage free enterprise, that's for sure.

Mr. BOYLE: You have areas in this country where the post office is the only means of transportation.

Mr. REGIER: I meant in the larger places.

Mr. BOYLE: Our rates are uniform throughout the whole country and I feel on printed matter, second-class mail, circulars and parcels, they are reasonable. The general public have the option of using other means of transportation if they wish; but we feel we should provide for the business in case they have no other means of distribution.

Mr. SMALL: Do you not find that many of the departmental stores find it cheaper to deliver their printed matter them themselves?

Mr. BOYLE: That is right.

325. Operations—Including salaries and other expenses of staff post offices, district offices, railway mail services staffs, and supplies, equipment and other items for revenue post offices, also including administration, $81,501,011.

Mr. HAMILTON *(Notre-Dame-de-Grâce)*: I understand that we are standing item 324?

The CHAIRMAN: Yes.

Mr. HAMILTON *(Notre-Dame-de-Grâce)*: On item 325, Mr. Chairman, I wonder if the Postmaster General or someone from the department would like to comment on the work being done in connection with the new electronic sorting machine, and apart from that the work being done in the Post Office Laboratory generally.

Hon. Mr. LAPOINTE: I think that I will ask Mr. Craig to answer that. I could explain it. I have gone over it and seen it, but I get mixed up with the various components of that complicated machine.

Mr. CRAIG: Speaking of the operation of the machine as simply as I can, the machine is for the purpose of sorting letters. The letters are coded by means of keys operated by coding people. One of the features of this machine is that the people do not have to memorize anything except the code. In other words, they do not have to know that Alice is served from Pembroke or Ailsa Craig from somewhere else, or distribution is on a letter. They do not have to learn that. But they do have to remember about the code.

If, for instance, you take the first letter of the town or city and all the tall letters in it, then in the city of Hamilton the code would be Hlt—this is not a code we are using, it is just an illustration. The operator punches Hlt—he does not have to know where Hamilton is from any other place. And then immediately the code refers to the memory wheel on which is recorded the distribution of the office, is flashed in, I do not know the milliseconds or time, Hlt. The memory wheel flashes back "that is Hamilton box 62", and immediately it sets the gate for box 62 to open, and at the precise moment that that letter, which has travelled say 100 feet on a conveyor belt, reaches that point, the gate opens and diverts it into the box. And as the mail accumulates there it is bundled and away it goes. The ultimate will be when mail is received—we will take for example the mail between Montreal-Toronto—that mail will then be fed into a machine on which is the city sortation for that city—and bear in mind this letter is already coded. It is coded with a luminescent or phosphorescent or fluorescent ink and it does not show; or it may be coded with black ink which they are experimenting with now. This machine would then immediately sort it directly into the letter carrier walk. For city sortation you would have to code more than the name of the city; you would have to code the number and the street. Then the machine at destination point would read it, with the result that we could then process, in a very short space of time, thousands of letters.

That would mean that trains coming into a large centre, say, Montreal, late in the morning from a mail-sorting standpoint, which would be 7 or 7.30, we could have that processed and in the hands of the carriers that morning, because the machine will sort it fast. Forward sortation, which is

simply the sortation for mail originating in, say, Ottawa and going onward from there, it means only coding the name of the town and we could get fast sortation at the originating point. So that in this fighting-the-clock which I mentioned earlier, we will be able to catch the early planes and early trains much more readily than we do now with manual sortation, because with manual sortation you have to go through stages. You have primary sorting, broad breakdown and final sortation.

That is in as simple a style as I can tell you the way this machine will operate. As to the technical side of it, I cannot talk about that. I am not an electronic expert at all. We have our technicians for that.

Mr. CHURCHILL: Do you do the preliminary sorting before you put the code on it?

Mr. CRAIG: No, it is not necessary. All that is necessary is the facing up and cancellation of the stamp. From there it goes to the coding desk and it is automatically taken away from then by a belt towards its actual separation. Its big purpose will be in the large terminal where there are masses of mail to move in a short space of time.

Mr. MACNAUGHTON: Who makes the machine and what does it cost?

Hon. Mr. LAPOINTE: The machine has been developed in the laboratory here and we have given outside contracts for various components. The contract for the coder part of it was given to the Beaconing Optical and Precision Materials Company Limited, the printer to Pitney-Bowes of Canada Limited, and the electronic brain, which is the complicated electrical part of it, to Ferranti Electric Limited in Toronto. Since its inception the expenditure on the program has been up to the present $705,238, that is starting from $33,875 in 1952-53; $230,278 in 1953-54; $287,400 in 1954-55; $153,685 in 1955-56 up to the present.

Mr. MACNAUGHTON: Is it a Canadian creation?

Hon. Mr. LAPOINTE: Yes.

Mr. SMALL: I understood from the Postmaster General, the late Mr. Cote, when I asked him in the house, that the department developed this themselves?

Hon. Mr. LAPOINTE: Yes. It is our own machine.

Mr. SMALL: The development of this machine was not effected outside the department and credit was given to the people in the department who thought up the idea?

Hon. Mr. LAPOINTE: Yes.

Mr. SMALL: The one thing new which has been introduced is the electronics and I suppose that is done by the use of fluorescent ink which creates a current when proper contacts are applied and you would then have to have a means of stamping it on the letters.

Hon. Mr. LAPOINTE: Yes. I think so.

Mr. CRAIG: The high-speed printer prints on the back of the letter, either in an invisible fluorescent ink or, at the moment, they are experimenting with a black ink coder; please do not ask me to give you the technicalities.

Mr. SMALL: It sets up a curent and it pulls out the letter as it goes through.

Mr. CRAIG: Yes but with the black ink rather than the fluorescent it is visual, and is read by photo-electric cell scanning

Mr. HAMILTON (*Notre-Dame-de-Grâce*): What is the current status of this machine; where is it located and in what stage of development is it?

Hon. Mr. LAPOINTE: It is in Ottawa here. This is where it was developed for the purpose of installation for experimental purposes at the Ottawa post office and it has now advanced to the stage where we expect to have it in

operation by the end of this year. We had thought that we would be able to have it in operation for testing purposes earlier than this but there was some delay in the manufacture of some of the components of the machine.

Mr. MACNAUGHTON: I hope you have a patent on it and will sell it to I.B.M.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Is it not actually in operation for those purposes at the present time?

Mr. BOYLE: Yes, parts of it have, yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Perhaps I might ask this: what is the sorting machine which has been installed in the Peterborough post office? Is it the same type of machine?

Mr. CRAIG: The basic difference between the transorma machine, which is in Peterborough and our own machine we are developing is, the man who sorts letters by the machine in Peterborough must know the distribution. He reads the address on the letter and he knows how that post office is served, so he punches the keys and then it is carried to one of the three hundred boxes or separations of that machine. The big difference is that the man still must be a skilled sorter to work that machine, as against the coder who only is required to know a code.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): What does a Transorma set-up like the one in Peterborough cost us?

Hon. Mr. LAPOINTE: Could we give you that figure tomorrow?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Perhaps you can give me the answer to my next question which also has relation to the Transormer. If we were developing our own machine, which I would assume is superior, why do we move ahead and install a Transormer sorting machine in the Peterborough post office a few months ahead of the production of our own machine?

Mr. CRAIG: There are really two answers to that question. First, that machine was ordered long before anyone conceived of the idea of the electronic way of sortation. The contract was entered into and the machine actually delivered. It was held waiting for the completion of the new building at Peterborough. That was opened last year, and I well remember the opening of it.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Do you remember approximately when it was ordered, Mr. Craig?

Mr. CRAIG: No, I do not.

Hon. Mr. LAPOINTE: We could find that out for you.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Would it be possible for interested members of the committee to go over and have a look at this sorting machine in your basement, or perhaps for the committee as a whole to inspect it?

Mr. BOYLE: Yes. I might add to what Mr. Craig has said, in explanation, that the work in the laboratory of the Post Office Department is research work. They experiment with these components. We have got to the stage now where it is a matter of a prototype that is workable. That is, you have to manufacture parts that will run over a long period. Right now we are at the stage of awaiting some of those parts from Ferranti and from Beaconing. We moved some of the material from our laboratory in the Langevin Block over to Besserer street Post Office. I do not want to say that you would get a good show, but perhaps we could see what the situation is in the laboratory within the next day or so and let you know, if we can set it up. We have had visitors right along. We will speak to them in the laboratory and see whether they can give you a demonstration.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Will that eventually speed up sorting? How many letters a minute would it handle?

Mr. CRAIG: At the present time, as I understand it, from the people in the laboratory, they are experimenting with various types of codes, and it is readily seen that the ultimate production speed of the machine is going to be predicated on the coding speed. Frankly, I cannot give you an answer to that, because there are a variety of answers. They have women over there who are taught different codes to see how much they can develop the production of the machine. If you want very round terms, I would say that they are liable to come out with a coding speed somewhere between 50 and 55 per minute. As regards, manual sortation,—there again, I cannot give you a positive answer, because the sortation varies between offices, depending on the type of cases used in the operation, and the variation between primary sortation and final sortation.

The over-all production of manual sortation varies between each office, depending on the number of separations they use. I think it reasonable to say that if manual sortation averaged 35 between both operations, that would be very high. We hope and expect that this machine will do much more than that. What the ultimate answer will be, I cannot tell you until these people who are the coding experts come up with their final answer. I do not know what that will be.

Mr. SMALL: It is not the same situation as when you try a new machine out; you have a theory and have to go through the process of trial and error, and when you test your theory out, then by practise if your theory, is properly functioning. You get them working, and it takes you a little while to get the speed you are after. You are experimenting and finding out its efficiency.

Hon. Mr. LAPOINTE: That is right.

Mr. SMALL: It all depends on the technician. You may have to change the operation three or four times before you get what you want.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): What is the final word, Mr. Chairman, if someone could tell us, on the Transformer in Peterborough, as to its operating efficiently? I am of the impression that there has been some dissatisfaction with this machine, at least in the initial stages?

Mr. CRAIG: I do not know about the dissatisfaction, because actually our study is still going on, and we are at the point where we are still revising every separation with a view to getting error rates and that kind of thing. By no means is our study complete. Until it is completed I would hesitate to say we are not satisfied with the machine, or what the final picture will be. Certainly it will determine the opinion; but at the moment I would not express an opinion on that. We are still keeping very careful statistics on what goes through that machine, and its error rates.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Perhaps I should put it this way, Mr. Chairman: has the minister's experience up to date been satisfactory?

Mr. CRAIG: I would like to say this, that our experience up to date with regard to your comment of a moment ago, sir, is that this is a new machine and there were certain difficulties encountered with it. We have ironed out various bugs of one kind and another. That machine is new and the men themselves have to get accustomed to the rhythm of it. That is another difference between that machine and the electronic machine: that machine has a rhythm factor that the men must meet; whereas, with the electronic coder, the operator sets his own speed. This rhythm factor is a disturbing thing until you get used to it.

The study is a continuing one, and we are by no means dissatisfied with it at this point. There were, as I say, various wrinkles that had to be ironed out before we could get what I will call a continuous operation with volume.

Mr. SMALL: Is it not a fact that when you put that new machine in operation, the same as all new machines, whether they are the most up to date machine that you can get or not, the man who is operating it will find as he goes along that there are a lot of improvements that he could make on it himself, even if it is the last word in that type of machine?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Where else has a typical machine such as this Transorma been in operation? Do you know at all.

Mr. CRAIG: This is the only one.

Hon. Mr. LAPOINTE: No other place on the North American continent.

Mr. SMALL: You are the guinea pigs with that machine?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Are we being used as guinea pigs for the purpose of teaching people to try it out, with respect to this mail sorting machine?

Hon. Mr. LAPOINTE: I do not think we are guinea pigs if we endeavour to find some more efficient way in which to sort mail, and we can only find it out for ourselves by seeing if it can be adapted to the system. It is the same with any other piece of machinery which is brought into the operation. It is a question of trial and error.

Mr. CHURCHILL: Is it widely used in Europe?

Hon. Mr. LAPOINTE: Yes.

Mr. SMALL: I do not think that by using the term "guinea pig" there is any reflection, because no matter what machine you invent, you have to find out the "bugs" in it, even when you pay a good price for it. So the question is: are we the ones who are selected to be the guinea pigs to try out a new machine which no one else has tried?

Hon. Mr. LAPOINTE: It has been tried in European countries and found to be satisfactory. So it was on the basis of their experience that we decided to make the trial ourselves and see if it was suitable to our own service.

Mr. SMALL: In the meanwhile the men in your department are trying to adapt themselves to its use?

Hon. Mr. LAPOINTE: I think that is the way you find if any commercial operation is satisfactory. You know that better than I do. You may use a certain machine in your plant but you are still looking around and trying to find something better with which to improve your system.

I am also told that the Transorma is a smaller type of machine which would not be suitable for the very large post offices, and conversely the electronic system which we are trying to develop would be of use in large post offices while it would not be economical or suitable in the smaller ones.

Mr. REGIER: While we are on the subject of operations of the Post Office, I would like to ask if there is any rule or regulation in existence to govern the amount of negotiable money order blanks which a postmaster may have on hand? I have in mind a robbery which occurred in my area last year.

Mr. ENFIELD: Mr. Chairman, on a point of order, before we get to money orders I notice that item 327 includes ". . . . money orders and savings bank business; and postage stamps . . . ."

The CHAIRMAN: I think that is right. I think we should keep to the section so that on each matter we may have all the questions and the answers in one place.

Mr. REGIER: I have one further matter in regard to operations; what is the rule in regard to the provision of collection boxes? When may a city call for the facilities of those red letter mailing boxes where people can post their letters rather than taking them directly all the way to the post office.

Hon. Mr. LAPOINTE: I shall have to ask Mr. Chartrand to give you that information.

Mr. S. CHARTRAND (*Director of Transportation*): These street letter collection boxes have been instituted where we have city service, where we have letter carrier delivery, because the people where we have letter carrier delivery have no means—they do not have to call at the post office for their mail. Therefore we give them the facility to collect, to mail their mail at different places in the city; whereas at offices where you have no letter carrier delivery, the patrons have to call at the office anyway for their mail.

Mr. REGIER: Suppose you have a city that is rather widely separated; you have surrounding that city a rural delivery system and mail couriers, and those mail couriers volunteer that if letter boxes be installed, they will have practically no extra fee, and they volunteer to collect the letters. Why could letter boxes not be installed in that case?

Mr. CHARTRAND: We have places where we have done that.

Mr. REGIER: You say you have them; yet at other places you deny them because you say that the post office does not meet the requirements that you have just now set out; that is, you say that until there can be or will be door to door delivery, they are not eligible to have these.

Mr. CHARTRAND: We have surveys made by our field men, our district officers, of these cases and where it is warranted for instance, you may have some of those small towns where there is a one way street which is three miles long and we would not have the carrier to pick up at the end of it, because they are too far away from the post office. But on the other hand, if some towns would be regular sized towns, where, if a box was in, people would—let us say people who live from one half to three-quarters of a mile from that post office, they would have to call for their mail anyway so we would not rent them.

Mr. REGIER: The gentleman is arguing that people, notably old age pensioners particularly, call for their mail every day which I maintain is not the fact. These elderly people do not call for their mail every day. If they come once a week, they think they are doing well; and it is a considerable effort on their part. However, they do find time to write letters and they like to have a place a little closer than the post office where they might mail their letters.

I think this is a rather hard and fast rule. He did mention that exceptions are made, but in recent times it seems to me there has been an effort to enforce the rule, and there is resistance to making these facilities available. These things can be installed at practically no expense to the Post Office and it would save considerable hardship on the part of these people who otherwise would have to walk two or three miles in order to post their letters.

Mr. CHARTRAND: In my honest opinion, so far as "no expense to the Post Office" is concerned, I have not had very many cases like that. They may have started out at no expense, but at the end of six months or a year we have to foot the bill.

Mr. SMALL: You mention a matter under item 325 in regard to the operation of staff post offices and district post offices and railway mail service staffs and supplies. What has taken place in regard to the curtailing of railway services when turning to trucks? How much has that affected you?

Hon. Mr. LAPOINTE: Well, as a matter of policy we do not cease to use a particular rail service until there has been a curtailment, and these motor

vehicle services are put in as we are advised by the railroads that they are going to stop their runs; or in other cases they may come into use on a daily service when there used to be a service of three times a week which would not suit the purpose. In most cases I think I am right in saying that it has been found to be an economy.

Mr. Small: You mean a request has emanated from the railways themselves and it was not imposed by the department?

Hon. Mr. LAPOINTE: Oh definitely; but there might be a few cases where a change has not been made because of the curtailment of railroad service, because we found that by using a motor vehicle service we were improving the efficiency of the delivery.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): What would happen to the railway mail staff when you eliminate the railway mail car?

Hon. Mr. LAPOINTE: Up to now we have been fortunate enough to absorb them within the service in other duties, not necessarily on railway cars; but we have absorbed them and I have some figures here. Out of 165 who were affected by the curtailment of train services, we have taken care of all of them except one temporary, one unqualified girl clerk in one of the districts. There were five others who had reached retirement age, so instead of their being assigned to new duty they were retired from the service.

Mr. SMALL: Do you send them to the training centre to re-train them or do you use them on different jobs?

Hon. Mr. LAPOINTE: Some of them are kept in the same type of work on another line and some are put in to post office duty.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Does it not tend to slow down somewhat the delivery of the mail when it cannot be sorted in a rail car and is transported by truck?

Hon. Mr. LAPOINTE: Not necessarily.

Mr. BOYLE: Generally speaking, a curtailment occurs on the smaller lines. In our motor vehicle arrangement we have developed what we call a wallet which the driver carries with him and he makes a sortation, that is, exchanging of mails between places. Up to date it seems to have served its purpose.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I am interested in this bacause it seems unusual and interesting. The driver sorts the mail?

Mr. BOYLE: The driver has a wallet. His mail is made up as he leaves the office of origin. It is made up in bags and he drops the bags as he goes along. There may be an odd few letters that he picks up at one place or another and he puts them into the wallet and delivers them at the next place. That is the sortation.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I understand, but I had in mind the railway mail car in which the mail is sorted in transit. Have any of these been eliminated as yet?

Hon. Mr. LAPOINTE: Any of the cars?

Mr. HAMILTON (*Notre Dame de Grâce*): Any of that operation?

Hon. Mr. LAPOINTE: Where the train service was taken away, of course the sortation which used to be made between the points where it was taken away has to be made at the source of origin.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): That was my point when I queried a possible slowing down in mail service. Suppose you have a letter which was available at "X" point at a given time and which normally would be sorted en route for immediate delivery at its destination. I would assume that under this system it is just bulked for delivery and then requires to be sorted again when it arrives. Is that correct?

Mr. CHARTRAND: I would say the service is rather improved, because we have schedules to meet the services, whereas with the planes or trains we have to meet their own schedules. For instance, if a train is leaving at 8 o'clock at night from a centre like Montreal, we must have a schedule and close the mail at 6.30. By the time it is closed and the bag locked and carried to the station and brought to the train it will be only in time. Whereas, if we have a motor vehicle service we do not have to leave until 12 midnight or 1 o'clock in the morning and that will take whatever mail business has been received or brought to the post office up to 10 o'clock.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): In other words, the effect of this handling by truck is not necessarily a slowing down of the mail, because you change your schedule to fit in?

Mr. CHARTRAND: We are improving and trying to give at least as good a service.

Mr. MCLEOD: I can give some facts about that. I happen to be in a part of the country where that has taken place. We had some misgivings when we heard the mail service by train was being discontinued. It happened to be a branch line running from Sicamous to Kelowna. Instead of the mail coming now on the branch line it comes by truck from the main line and is brought down to Vernon and goes for distribution from there. We used to get the mail at 1 o'clock in the day but we get it now at 9 o'clock in the morning. We find the mail service greatly improved. The mail is delivered at 9 in the morning and then the mail is taken up again at 5 o'clock. That is all done by truck.

Mr. SMALL: In cases where you wipe out that service or cancel it, do you recompense the railway company for the scrapping of the equipment they have, or are you put under expense, or do they take that as part and parcel of the business?

Hon. Mr. LAPOINTE: We do not recompense the railway company for their taking away a service they have been giving us.

Mr. REGIER: Would this be the item on which to raise a matter of registered mail or would you rather leave it to the next item?

Hon. Mr. LAPOINTE: It may be raised either on one or the other.

Mr. REGIER: In the case of registered mail marked "To be delivered to addressee only", how is it that such mail can be delivered to others than the addressee only? Is it not supposed to be returned to the sender if the addressee is unable to accept delivery in person?

Mr. BOYLE: We do not recognize the delivery phrase "To addressee only". If you are receiving ordinary mail and you authorize your partner to receive your ordinary mail that delivery is satisfactory for registered mail and that person who is the person authorized to receive your mail may receive your registered mail. I think you might have in mind an acknowledgement of receipt card following the mailing of the registered articles. We do not officially recognize that. We feel that delivery to an authorized person is satisfactory. We are quite well aware of the fact that professional men use these cards as a follow up to verify delivery for legal and other reasons. As I said a moment ago, we do not recognize it in our department.

Mr. REGIER: In that connection, I would like to point out the hardship imposed by the failure to recognize the phrase "Addressee only". It occasionally happens that there is difficulty in a family and the family wish to write to a member of the family who has moved away and they want to make very sure about the delivery. The differences of opinion may have been religious. I have here a case where a favourite son joined a religious organization and left home. The parents attempted for several years to communicate with the son. They

sent the registered mail addressed "To addressee only". However, the organization under whose charm or otherwise the son had fallen always managed to block the receipt of that letter. I think the post office ought to recognize a registered letter addressed "To addressee only" and should not accept any other signature. I feel there should be some way for anybody to communicate with anybody else and ensure that the mail is either delivered to the person to which it is addressed or is returned to the sender.

Mr. BOYLE: Well, I would not like to debate that point, but under the act, once the letter is mailed it is the property of the addressee and the addressee is privileged to give an instruction as to how he desires to receive his mail. If the addressee is John Smith and he has authorized John Jones to receive his mail from day to day we would deliver it to John Jones.

Mr. REGIER: Might I ask what measures you take to ensure that he has authorized any one else to receive his mail? Is it not a fact that you simply accept the address and any one there who happens to answer the door and who says "Yes, I will take his mail" gets the mail and you accept that person's signature?

Mr. BOYLE: If it is in a private household; but if it is office mail there would be evidence obtained as to the authority of the person who desires to it.

Mr. MACNAUGHTON: I wonder if this is quite fair—In the case of an institution, hospital or penal institution set up under the law you may be there voluntarily or involuntarily; the people who operate that institution, hospital or prison have control of it. If you place yourself voluntarily in a hospital you have to submit to the regulations of the hospital; you cannot ask the Post Office to break in the door, demand to see you in a private room, hand you a letter and get a receipt. It is legally impossible.

Mr. REGIER: I can quite understand the argument raised. However, I used to live on a rural mail route and when I got a registered letter I received a card and it was impossible for anyone else to go to the Post Office and get my registered letter unless he presented the card with my signature on it granting authority to another individual to receive this registered mail on my behalf. In the walks there is no such safeguard; whoever decides to receive registered letters signs for them and that is all.

Mr. ENFIELD: There is a fallacy in that argument. Anyone could sign your signature on the card. Does anyone have proof of that signature? Does a postmaster ask a person signing to provide a birth certificate?

Mr. REGIER: I have had to identify myself before I was given mail.

Mr. ENFIELD: I do not think that for the price paid you can expect the service to be carried to these lengths. The whole thing would break down. What you want is a sheriff or plaintiff to serve these letters.

Hon. Mr. LAPOINTE: The only complaint I have received along those lines since I have been Postmaster General has been in the opposite sense. Someone complained bitterly because the postmaster would not deliver any registered mail to his clerk whom he used to send to the post office. The postmaster did not know this man and, since no authority to collect the mail was produced, declined to give him the mail. That is the only case that has come to my knowledge and I had to explain that if my correspondent would only tell the postmaster that this man was his clerk the mail would be released.

Mr. BYRNE: I cannot understand the argument that has been raised here. If a man decides to quit the world and enter a cloister, if he wants to cut himself off from people and commune with heaven or some other place, that is not the responsibility of the post office. Surely the post office should not be expected to get into the place and demand that a certain person communicate with the outside world?

Mr. REGIER: If a registered letter has been sent the post office should return the letter.

Mr. BYRNE: That person, who is either in a cloister or a certain religious order, has authorized someone to pick up his mail. If he wants to communicate he can, and that is as far as the post office should be expected to go. They cannot be running around to find out if everyone who picks up registered mail is authorized to do so. My daughter collects registered mail and she might be the daughter of anyone else, but the post office recognizes her as coming from my establishment, so she signs the register and they give her the mail. That register indicates who has picked up the mail. If the person who sent the mail wishes to trace it further he or she can go to the post office and find out by means of the register who collected it and thus ascertain who is responsible for delivery or non-delivery.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I would draw the attention of the postmaster to the fact that he has received a complaint very similar to that mentioned by Mr. Regier. Perhaps I should have sent it by registered mail. It passed through my hands about two weeks ago. The minister said he had only received one complaint, and that it was in a contrary sense. This was a complaint very similar to the one raised by Mr. Regier, and I might add that the Postmaster General has very courteously acknowledged receipt of that letter and stated that he would look into the matter. Thus there may be more than one case of this kind.

This was a case where valuable stock certificates had been mailed to a particular person. As far as that person knows they were never received. They went back to the person who said he sent those certificates, and he confirmed that he had dispatched them. The post office said: yes, we have a receipt. However, they do not seem to be able to get together as to who signed this receipt—whether it was anybody authorized to sign a receipt or, indeed, anybody in the house. A complete documentation on that case together with a suggestion as to how a matter of this sort might be dealt with is in the hands of the Postmaster General now.

Hon. Mr. LAPOINTE: I recall that case.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I think it is very similar to the case raised by Mr. Regier.

Hon. Mr. LAPOINTE: Yes.

Mr. MACNAUGHTON: Was that letter insured?

An Hon. MEMBER: Registered?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Perhaps this is a tribute to the mail service, generally, but a lot of people send valuable things through the mail which are not insured.

Mr. ENFIELD: It seems to me you cannot expect a $50 service for a one cent charge. You have to be reasonable.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): If a registered letter is lost is not some compensation paid?

Mr. BOYLE: There is a scale which applies here. The minimum is 20 cents, which entitles the sender to $25.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Don't you get free insurance, up to a point on—what is it?

Mr. BOYLE: Parcels.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I just bring that up because it has been said that you cannot expect security if you do not pay for it, and I am pointing out that the post office give insurance for nothing and, therefore, a person who pays to have a letter registered can reasonably expect to have good service.

Mr. ENFIELD: That was my point—you get pretty good service.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): That was not the point you appeared to me to be making.

Mr. SMALL: I should like to raise here an item which has to do with an individual—a postman who was placed in the position of a supervisor. He held the position for some 6 months, evidently to the entire satisfaction of those in charge of the office which is in the Toronto area. He had not passed any examination but, as I say, he had done the job for 6 months to the entire satisfaction of everyone concerned. However, he was put back on his old job, and he did not get the added recognition to which he was entitled after doing that job as supervisor.

Mr. CRAIG: Do you say he was a letter carrier supervisor?

Mr. SMALL: He was entitled to another $300 or $400 a year.

Mr. CRAIG: I do not understand the reference to an examination because supervisor letter carriers do not have examinations. I would be glad to look into the individual case which you have raised.

Hon. Mr. LAPOINTE: Supervisor letter carriers do not need to pass special examinations.

Mr. SMALL: Probably he was in the supervisor's class.

Mr. CRAIG: That would not make any difference; there are still no examinations.

Mr. SMALL: There is a difference of rate is there not?

Hon. Mr. LAPOINTE: Yes, there is a difference of about $300 in the rate of pay but a letter carrier does not have to pass any examination to get a job as supervisor letter carrier. If you will let me have details of this case we will look into it.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Would the Postmaster General like to comment on the requirements for obtaining temporary work in the Post Office during the Christmas rush?

Hon. Mr. LAPOINTE: Which comment do you want me to make?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): What personal requirements are there? Suppose a person walks in and says: I would like a temporary job because there is a Christmas rush and I understand you are taking on extra people. What qualifications are required?

Hon. Mr. LAPOINTE: Generally speaking, it is the same qualification that any casual employee requires. We give veterans preference, we give preference to married men. There is a policy set forth.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): To what extent, Mr. Chairman, is a personal letter of recommendation from a member of parliament helpful in obtaining this temporary type of work?

Hon. Mr. LAPOINTE: You should know the answer. You asked for it in the house and I gave you the figures.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Yes, but I want the minister's comment before I comment on the figures.

Hon. Mr. LAPOINTE: I am sure I do not know. My own personal experience is that I have recommended many, as a member, to the post office in Quebec without getting them in. I still do so without getting them in. I have also recommended some who got in. The only conclusion I can draw from it is, regardless of the recommendations which come in, the postmaster responsible in that particular post office follows the policy which has been set down which I say is first to give veteran's preference, married man's preference and so on. Also, I know that we do instruct them, in some degree, to give an

opportunity to students to go in. There is always a percentage of students who turn in applications for that Christmas work. They are the last category.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Let me make two points clear in the very beginning. My personal experience, of course, is limited to the area of Montreal; that is one.

Mr. MACNAUGHTON: That is big enough.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Yes, that is big enough. Secondly, I am not, nor do I want to be accused of, claiming that I have been discriminated against by the local authorities because of my political colour or anything else of that nature. I feel certain that the people from Notre-Dame-de-Grace have received the same type of treatment that has been accorded to people from other ridings in Montreal. This is not a political thing. However, I became interested in this because very shortly after my election I began to be approached by people who said "will you give me a letter of introduction so that I can get a job in the post office".

Mr. BYRNE: An illusion.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I wrote a letter which said that the bearer lived in my riding and that I would be very grateful for anything which the postmaster could do for him. I did not feel that with respect to people whom I did not know that I was in a position to give a strong recommendation.

Hon. Mr. LAPOINTE: It sounds very much like the ones I used to write.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Yes. The people—and I have heard this story too often for it to be just a fabrication—came and said "we cannot get a job for temporary work in the post office".

Mr. BYRNE: The postmaster is passing the buck.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): They said "could we have a letter of recommendation from our member of parliament", and so I decided that I would examine this situation. To that end I put a question on the order paper and we find in the 1955 Christmas season that, out of 6,947 people who were retained on temporary work in the period, 4,465 had their applications supported by a letter from a member of parliament, and we find that they range from some 428 who were recommended by Mr. Deschatelets, 352 by Mr. Denis, down to 14 by Mr. Macnaughton, 12 by myself, and 17 by Mr. Richardson.

Mr. NACNAUGHTON: That does not speak very well for us, I am afraid.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): It would seem, therefore, that any holus-bolus accusation that it was quite impossible to get a temporary job in the post office unless you had a letter from a member of parliament is not quite correct. There have been people who have got those jobs without it.

Hon. Mr. LAPOINTE: Before you go any further, may I say that the first thing which the postmaster is required to do is to offer such employment to people who appear on the eligible list of the civil service as having qualified through examinations, and they are the first ones called upon.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): However, I can say that 4,500 people out of 7,000, to put it in round figures, had this type of recommendation and it is a very strong indication, in fact I think an almost conclusive indication, that some preference is being given to these people in the first instance; and secondly that some indication is being given by the department in some way that it is a good idea to have such a letter; and, as I have indicated before, from my own personal experience there have been many people every year who have come to me and said "we cannot get this job; we have

been down there and the man behind the counter has told us we cannot get this job without a letter from you".

I want to put myself on record, Mr. Chairman, very strongly as being deeply opposed to any type of patronage in any type of government job at any time. I feel, by and large, that our civil service in Canada has an outstanding record. The accusations of patronage do not seem to be very general in Canada so far as the civil service is concerned. However, when we have a situation such as this in which 4,500 people have come and approached their member of parliament—because we certainly do not give these letters out without being approached—I would suggest that we are getting into a patronage situation. I do not say that I have been discriminated against. I do say that the department as a whole is, by its policy, by its acceptance of these letters, by giving some weight to these letters, making all of us parties to patronage. I personally do not like it. It puts us in the uncomfortable position that if we are going to be fair to people we must give them the letter. I certainly do not want my people discriminated against in my riding if someone in the area next to mine is giving these letters and as a result some people are getting preference. Therefore, I give out letters as well; but I object to the whole principle and I think that whatever steps that are neceessary to correct that situation should be taken to stamp out this patronage situation.

Mr. MacNAUGHTON: Mr. Chairman, may I reply before you do. I am not trying to enter into any debate. My learned friend is entitled to his opinion but he is only putting forward part of the case and that is not the purpose of this committee. He has given a tabulation divided between Mr. Deschatelets down to himself.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I just gave a few. There are many others.

Mr. MacNAUGTON: The point is that Montreal is the second largest French city in the world. That means that there are a great many people there. We have today a city which is divided into at least two ethnic groups, English and French, with five French to one English-speaking person, and it naturally follows that in view of the different districts in the city, say the harbour front as opposed to the district of Westmount—which does not concern myself—that people in certain sections might need work more than in other sections, say, N.D.G. or Mount Royal, and it follows that Mr. Deschatelets, in a large industrial section, would get many more requests than Mr. Hamilton or myself. It also follows that the French schools get out earlier than the English schools and that the students of the French schools have an opportunity of working sooner and longer than the students of the English schools.

So it follows again that due to the larger number of French-speaking students in a city, they would have more requests for these jobs. As regards the issuing of letters, I have issued many letters, and I intend to issue them. What does my learned friend expect when a poor person comes in and needs help, or when a student comes in with a recommendation from the principal, and wants a job at Christmas time and needs the money; is he going to refuse them help? That is not a question of patronage; that is a question—in some cases, and I hate to use the word—that is a question of charity. It is a question of straight humanity. There is no patronage there.

So it goes, up and down. If my learned friend is so much against it, why did he issue 14 letters? I am sure he must have issued many more than that, I certainly did. Of all those letters, why were only 12 accepted? Why only 14 instead of a 100? Probably because the postmaster, knowing that he had 22 members in the district of Montreal, and knowing that he had to distribute, not favours, but an opportunity for students, veterans, and widows, and people who need the few dollars that they get—for they are so small in comparison—

felt that he should distribute this amount to 22 members on the most fair and general basis that he can possibly work out. I do not see any question of patronage there. I think that the citizens have the right to approach any member of parliament and ask if he can suggest to them how they can go to the civil service and make application or how to get a job in the government, if it is possible. That, to me, is not a question of patronage; that, to me, is just straight humanity. I do it every day, and I give them free legal advice at the same time. If that is patronage, well, I shall continue it.

Mr. CHURCHILL: Mr. Chairman, I do not think that that was the point of Mr. Hamilton's presentation at all. What impressed me most was that there seemed to be some suggestion that the post office officials were requiring people when they were making applications for these part-time jobs, to get a letter from a member of parliament. On that I am in very great disagreement. I do not think that should be part of post office policy at all.

Hon. Mr. LAPOINTE: I think you are quite right.

Mr. CHURCHILL: I was wondering if this practice is prevalent elsewhere in Canada. It is the first time I have heard of it.

Mr. REGIER: Not in Vancouver.

Mr. CHURCHILL: Is it the normal policy of the Post Office Department?

Hon. Mr. LAPOINTE: It is not. I think you are quite right when you say it should not be the practice. As a matter of fact, officials of the Post Office throughout the country are instructed that they would not do anything of that sort. They get instructions, which I have mentioned before, as to what category people should be taken in for this temporary employment.

The CHAIRMAN: Gentlemen, as you have heard, it is 10 o'clock. I presume that you will want to adjourn now. I should like, before we adjourn, to make a statement and I do not like to bring this up again, but I think in fairness to the clerk I should. He cannot speak for himself. I know the clerks are very conscientious, and there should not be left any suggestion, with regard to this question of notices of meetings and so on, that they are not handled efficiently and expeditiously. I now have the record of the notice of the Tuesday meeting, this morning and this afternoon. It was put in the post office, according to the post office stamp, and addressed to members of the committee, including Mr. Regier and Mr. Rea, at 11 o'clock Monday morning. The notice of cancellation of the morning meeting was put in the post office at 10 o'clock last night.

Mr. REA: Mr. Chairman, as far as I am concerned, my secretary says she got the notices with regard to the meeting and the cancellation and she threw both of them away. I think that is what happened in my case.

Mr. BYRNE: You should try registered letters.

Hon. Mr. LAPOINTE: That brings up a point I might point out. If there is any inadequacy in the postal service in the House of Commons, these people are House of Commons employees and not part of the postal service.

The CHAIRMAN: We will meet again in room 118 at 3 o'clock tomorrow afternoon. We cannot get this room tomorrow.

The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 15

WEDNESDAY, MAY 9, 1956

POST OFFICE DEPARTMENT

Hon. Hugues Lapointe, Postmaster General; Mr. G. A. Boyle, Chief Executive Officer; Mr. J. N. Craig, Director of Operations; Mr. L. J. Mills, Director of Financial Services; Mr. S. Chartrand, Director of Transportation; Mr. R. D. Boyd, Director of Personnel; Mr. A. de G. Taché, Chief Investigator; and Mr. W. M. Griffiths, Superintendent—Budgets, Costs and Estimates Division.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

73996—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Byrne	Hanna	Purdy
Churchill	Henry	Rea
Deschatelets	Hodgson	Regier
Dupuis	Kirk (*Shelburne-Yarmouth-Clare*)	Robichaud
Ellis	Lapointe	Small
Enfield	Macnaughton	Thatcher
Garland	McLeod	Viau
Gauthier (*Nickel Belt*)	Power (*St. John's West*)	Yuill
Hamilton (*Notre-Dame-de-Grâce*)		

E. W. Innes,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

WEDNESDAY, May 9, 1956.
(28)

The Special Committee on Estimates met at 4.20 p.m. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Messrs. Byrne, Churchill, Deschatelets, Ellis, Enfield, Hamilton, Hanna, Henry, Kirk (*Shelburne-Yarmouth-Clare*), Hodgson, Lapointe, McLeod, Macnaughton, Power (*St. John's West*), Purdy, Rea, Regier, Robichaud, Small, Tucker and Yuill.

In atendance: From the Post Office Department: Mr. G. A. Boyle, Chief Executive Officer; Mr. J. N. Craig, Director of Operations; Mr. L. J. Mills, Director of Financial Services; Mr. S. Chartrand, Director of Transportation; Mr. R. D. Boyd, Director of Personnel; Mr. A. de G. Taché, Chief Investigator; Mr. W. M. Griffiths, Superintendent—Budgets, Costs and Estimates Division.

The Committee further considered the Main Estimates 1956-57 relating to the Post Office Department, the Minister and his officials supplying information thereon.

Item numbered 325 was further considered.

At 6.00 p.m. the Committee adjourned until 10.30 a.m. Thursday, May 10.

E. W. Innes,
Clerk of the Committee.

73996—1½

EVIDENCE

MAY 9, 1956,
4.30 p.m.

The CHAIRMAN: Order, gentlemen. The first item today is No. 325—"Operations"—page 56.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Last night when we rose we were discussing the question of Christmas staff in the Montreal post office and strong implications were given from figures which I put before the committee that the possession of a letter from a member of parliament was helpful in getting such employment. I expressed my aversion to it. At that time Mr. Macnaughton made some remarks. I want to take exception to the general tenor of those remarks which seem to indicate that this was a normal set of thing and that the letters which were passed out were—I think Mr. Macnaughton said—passed out as a sort of charity gesture.

Mr. MACNAUGHTON: Is that another implication you are reading into my simple remarks?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I think we will leave it that they were deliberately passed out, because of a feeling of charity or something of that nature.

Mr. MACNAUGHTON: Are you sure I emphasized that word?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): That was the term used. Then Mr. Macnaughton went ahead and said it was a sort of humanitarian gesture. I suggest we did not set up the civil service of this country to operate either on a humanitarian basis or on a charity basis: we set it up to give the best possible service by the best possible people to the citizens of this country, for the least amount of money.

Mr. HENRY: Are you implying that a member of parliament is incapable of selecting a Christmas part time letter clerk or that a member of parliament would be prepared to make an improper recommendation?

Mr. MACNAUGHTON: Or that a member of parliament is not a proper and right person to write a letter to the authorities? There is no mystery whatever about it, my words were very clear and simple. When your constituents come and want advice you are entitled to give it and it is your duty to give it. The fact of giving a letter to a citizen in a case like that does not mean that he gets the job. The civil service is there to screen those people. It is your duty to help anyone who makes a decent request to you. In fact, I often recommend my constituents for jobs in private companies in order to help them. That is exactly what was done in this instance. The implication that that is a wrong thing to do is just so many empty words.

The CHAIRMAN: We should keep to the estimates for the department with which we are dealing. We are getting now into a discussion as to what members should do or be asked to do. Mr. Hamilton suggested it was too bad that members should be in a position of being asked as a result of any action taken by the Post Office Department to give such letters. Anything having to do with actions of the Post Office Department was, I thought, a proper thing to come under these estimates. He got the answer from the Post Office Department that they have instructed their officials not to request such letters and that they had certain rules to follow in filling these positions. I thought that the whole

position as it affects the department of postal affairs was covered. Now we are getting into the question as to what members should do and should not do and that certainly is not properly before the estimates committee which is now dealing with these post office estimates. I suggest we should go on with the estimates.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I agree completely with what you say. I was making merely my preliminary remarks to deal with certain observations of Mr. Macnaughton last evening which were quite properly made, I think, in connection with this situation existing in Montreal. I come back to this, so far as the post office is concerned, as a special case and as one which has been notable in so far as I as a member of parliament have been concerned and in so far as the post office operations in Montreal have been concerned. I have no specific statistics on this matter but I would say that in any one week in and around the pre-Christmas period, say the month of November, I get more requests for letters of this kind for temporary work in the post office than I got in the entire three year period which I have been here in connection with all other civil service jobs combined. In other words, it seems to me that the people realize—and certainly the civil service has indicated it to them, that is, the civil service commission—that they need not have letters of this type for the normal civil service job.

Mr. MACNAUGHTON: Are you against the writing of those letters?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I am against the department giving any weight to those letters, the department indicating that they help a person to find a position in any way, and against the department encouraging people, by its actions or otherwise, to aproach members of parliament to obtain those letters.

Hon. HUGUES LAPOINTE (*Postmaster General*): At this point I may recall that I did state last night that the departmental instructions to the various post offices were just the opposite of that and that the instructions were given as to the priority which should be given to applications from people who wished to obtain this Christmas employment. These are the instructions to the department.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): May I ask the minister if that is official government policy?

Hon. Mr. LAPOINTE: That is official government policy.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): May I point out to the minister that there are three cabinet ministers who give out letters such as these last year, plus the Speaker of the House, and if it is strict government policy it seems to me that the action of these cabinet ministers should not be condoned.

Hon. Mr. LAPOINTE: Well, I make no apologies at all. I do not find my name anywhere in it but certainly I have done it in the past and for the same reasons which were explained by Mr. Macnaughton and for the same reasons you yourself have given some. People come to you and ask you for a letter of recommendation and you give it. Very often you might not even know the person. I suggest that has happened to you and that you give a letter of recommendation. However, the decision is not made on that basis or on the value of your letter. The departmental employees have received instructions as to how they are to go about their business. I explained that yesterday. The first thing is to go through the eligibility list of the civil service, of people who have qualified already but have not been given employment. When that list runs out they go to the next one, married men, then to married women with dependents, then to students. I do not know if the order is quite correct but

it is along those lines. Those are the instructions which the departmental employees receive as to how to proceed when employing people for these temporary employment jobs.

Mr. CHURCHILL: May I ask if the Post Office Department has liaison with the employment service of the Department of Labour when extra help is required.

Hon. Mr. LAPOINTE: Yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I wonder if the department has given any consideration—when a person comes with a letter of that sort, so that there will be no doubt about the stand of the department—to suggesting that correspondence of this kind does not affect the decision—and that is the minister's statement?

Mr. MACNAUGHTON: That is common knowledge, too.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Have they considered returning that letter to the person who sent it?

Hon. Mr. LAPOINTE: No. The department has not taken that stand and I suggest that possibly you yourself would be the first one to object to a letter which you gave, after due consideration as a member of parliament, to someone, being simply returned to you saying "We do not care about your letter". Mere politeness requires that we should accept it. It seems to me the most simple way.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I want to state quite definitely that any indication which can be given to me that the department is not putting any weight on these letters in the particular case I have pointed out, even to the extent of returning letters, would be very welcome to me provided it applied to all people concerned.

Mr. MACNAUGHTON: Mr. Chairman, I simply cannot understand this whole discussion. The honourable gentleman says he is against the writing of these letters to the post office, and at the same time it is on the record that he has already written twelve himself. I wish he would make up his mind.

Certainly I wish to rebut the implication that all other members except himself on the island of Montreal are indulging in patronage concerning the post office. That is not the case at all. I might also say, we have just as much a sense of duty as the honourable gentleman.

Mr. ROBICHAUD: Mr. Chairman, the minister has indicated the policy of the department, and we all know that this is a policy which is being followed. I dc not think it should be insinuated that it is not the privilege of a member of parliament to give a letter of recommendation when he has been asked for it. We give letters of recommendation every day. I think it is our duty to our electors to do so.

The CHAIRMAN: I think the minister has correctly stated the position that if civil servants were told by the government that they should return all the letters of recommendation, or letters vouching for the character and reliability of a constituent, and that they were to take them back to where they got them, and to pay no attention to them, there would be a terrible outcry from members of parliament. The members would feel slighted, because these people can present letters of that nature from prominent people in other walks of life, and it would be putting the members of parliament in a lower category. I think there would be great complaint if that attitude were taken towards any letter that a member of parliament might write vouching for the honesty and reliability of one of his constituents.

Hon. Mr. LAPOINTE: I can hear outcries of alleged bureaucracy.

The CHAIRMAN: I doubt very much if the attitude taken by Mr. Hamilton really represents the attitude of the members of parliament generally. I think

the members should be regarded as being responsible and reliable. They would not appreciate it if a civil servant told the person presenting a letter of that nature to take it back where it came from. I do not think any member of parliament would like to be treated that way. I do think the Post Office Department has explained how they deal with these things in a polite way, and how they try to administer this in a fair way. This is an attempt by Mr. Hamilton to say how members should act in this matter, and that a member should be treated as though he had no right to make a recommendation. I suggest that this has got far beyond our terms of reference—this suggestion of how members should act.

Mr. HENRY: Carried.

Mr. CHURCHILL: May I, Mr. Chairman, refer to the question I raised the other day in connection with page 6 of the annual report? I referred to the number of buildings which were completed, the number of buildings under construction, and the number planned. Could that be brought up to date? The figures shown on the top of page 6 are the figures to which I refer.

Hon. Mr. LAPOINTE: At the present time 19 are under construction. Construction has actually begun on those. Contracts have been awarded for 50. Construction is to start on those. We have 32 buildings completed.

Mr. CHURCHILL: How many more are planned? It says 189 new buildings.

The CHAIRMAN: What page of the annual report are you referring to, Mr. Churchill?

Mr. CHURCHILL: That is right at the beginning of it.

Mr. ENFIELD: Page 8.

Mr. CHURCHILL: Six in Roman numerals. It is the introductory letter of the deputy Postmaster General, page 6 in Roman numerals.

The CHAIRMAN: Yes, Roman 6. I just wanted to keep the record right.

Hon. Mr. LAPOINTE: I think, Mr. Churchill, if you will refer to page 8 of the report you will find the details of those figures.

Mr. CHURCHILL: Yes, but that was for that year. I was asking that the figures be brought up to date. You said 19 were completed for this last year, that is 1955-56?

Hon. Mr. LAPOINTE: Yes, under construction.

Mr. CHURCHILL: 50 under contract and 32—

Hon. Mr. LAPOINTE: 32 buildings were completed.

Mr. CHURCHILL: 32 buildings were completed?

Hon. Mr. LAPOINTE: 19 under construction and contracts have been awarded for 50.

Mr. CHURCHILL: What is planned then?

Hon. Mr. LAPOINTE: I am sorry. We did not hear your question last evening when you asked for the details with regard to planned buildings, but we can get those figures. We have them and we can get them for you.

Mr. CHURCHILL: Could you indicate the amount of money that was expended in 1954-55 and 1955-56 for the buildings that were completed?

Hon. Mr. LAPOINTE: No. The Department of Public Works are the people who would have those figures. We do not spend any money for this. This is not a vote of ours, so it would be in the Department of Public Works estimates.

Mr. CHURCHILL: Later in Mr. Turnbull's letter to which I have already referred—

Hon. Mr. LAPOINTE: Yes.

Mr. CHURCHILL: —he speaks of the fact that the program,—I am quoting now, "—the program will be spead over an extended period as the expenditures involved only permit a comparatively moderate degree of progress each year." Who determines the number of post offices that will be built in any year, and what is the expenditure involved that would cause you to spread it over a long period; and why are you making only a comparatively moderate degree of progress?

Hon. Mr. LAPOINTE: We determine where the accommodation is needed. We survey the whole picture and determine where we need either new accommodation or increased accommodation. We establish a priority list of those projects. Let us say we rate them A, B and C, depending on the urgency and need for the construction. That is based on the Public Works. When it gets to Public Works those particular recommendations of ours are taken and they—Public Works, as I understand it—establish a priority in their over-all construction program, and include them in some of their items. The final decision as to the order followed by Public Works would be theirs. In other words, let us say for example that we recommend this year $100 million worth of construction which is divided into A, B, and C, as regards priority; if we only get half of that, in the Public Works estimates they will follow our priority, but we will not get all that we have recommended. So some of it may be put over to the next year or may be projected over a few years. Usually in our lower category of priority of what we will submit to Public Works, we know we might have to wait for two years, and those projects will move up in priority.

Mr. CHURCHILL: The decision rests in the opinion of the Public Works as to whether certain post office buildings will be built?

Hon. Mr. LAPOINTE: The final decision rests with Public Works, in conjunction with us. Our main needs are met by Public Works.

Mr. CHURCHILL: That places in the hands of the Department of Public Works the power of veto over things that may be requested by the Postmaster General.

Hon. Mr. LAPOINTE: I do not know if a power of veto would be a correct description, because there is a certain amount of cooperation. We are in exactly the same position as is any other government department. No government department does its own construction, except the Department of National Defence through Defence Construction Limited and the Department of Defence Production. In other words, all developments by way of building projects are submitted under Public Works, with a priority list, and Public Works includes some of these projects in their yearly estimates.

Mr. CHURCHILL: But Public Works is in no position to determine whether or not the buildings that you propose should or should not be built, except in terms of amount of money available and whether construction can be commenced?

Hon. Mr. LAPOINTE: Yes, and the priority which we give to those projects.

Mr. REA: You classify them as to priority?

Hon. Mr. LAPOINTE: Yes, we do.

Mr. HENRY: I suppose the threat of inflation is a consideration taken by Public Works as well as the position of capital expenditure in Canada.

Mr. BYRNE: Treasury board.

Hon. Mr. LAPOINTE: Yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, could the minister give us some idea as to how one arrives at the grade of a postal officer in charge of a postal station? What would be the basis of that?

Hon. Mr. LAPOINTE: I will ask Mr. Craig to answer that question.

Mr. J. N. CRAIG (*Director, Operations Branch*): Actually, we have attempted to assess the responsibilities of each position based on the size of the operation, the multiplicity of the operation and actually the character of the operation in relation to the revenue; and we have based our classifications up to this time on that kind of an assessment with, I think, a quite reasonable degree of uniformity.

However, a few month ago we asked the Civil Service Commission, since the classifications are something on which they pass, to work on a formula that we could apply on a national basis and remove any anomalies there might be by applying such a formula. The people there who work on those things have given considerable time to it, but the thing is a bit more complex and difficult than it appears on the surface and they have not come up with a formula. We have had many discussions with them in respect to it. In the meantime, there is a continual program of survey of positions going on; and also there is the individual who, if he may feel he is underclassified, can ask to have his position examined. The Civil Service Commission are on a constant basis, surveying all our establishments from coast to coast. In the past that has been the picture, and we are hopeful that they will come up with something which is perhaps better; but, in its present form, to my knowledge of things there would be a minimum of anomalies—there might be some.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, as I think we have all realized, it is impossible to do a complete analysis of any aspect of the postal department's operations by a private member of parliament because it is such a large and such an extensive business. On the other hand, there are some of us who, when we are informed that a particular situation exists, will take a sample in order to try to determine what a given situation may be.

The reason I bring this up after the question Mr. Craig answered so adequately just now, was that my attention has been drawn to discrepancies between the grade of postal officers or postmasters in charge of postal stations in Montreal and that in other parts of Canada. I took as my basis of comparison the city of Toronto and I asked for the grading of each such postal officer, the volume of their stations, and the number of employees. I came up with what seems to me to be the rather amazing statistics that of 28 stations in Montreal which have been in operation for some time—I mention that because I would not want any confusion to arise; there is a twenty-ninth station which recently opened up which I am excluding—of the twenty-eight stations in Montreal there is one with grade 5, three with grade 3, and twenty-four with grade 2. In Toronto we find there is one with grade 4, fourteen with grade 3, and two with grade 2. In other words, the great majority of the postmasters in Montreal, twenty-four out of the twenty-eight, are grade 2. On the other hand, the great majority in Toronto, fourteen out of seventeen, are grade 3. The minister may say that the stations in Toronto have a larger volume of business or a greater number of employees.

Hon. Mr. LAPOINTE: Higher revenue in most cases.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): That is so. But let us take, for example, a comparison. We find that in Montreal there is one station with a revenue of $500,000 to $1 million which has a grade 2 postmaster. There is a station in Toronto with a revenue of $500,000 to $1 million which has a grade 3 postmaster. We have no $400,000 to $500,000 grades in Montreal; but there is another group, $300,000 to $400,000, in Montreal which has one

grade 3 and one grade 2; in Toronto, both are grade three. In the classification of from $200,000 to $300,000 in Montreal, all nine stations have grade two postmasters; in Toronto three have grade three, and one has grade two. So we find that revenue does not necessarily hear a direct relationship to the grade of the postmaster.

I have not got as complete an analysis of the number of employees. For example, we have one station in Montreal with 58 employees with a grade two postmaster, while there is a station in Toronto with 30 employees with a grade three. Another one has 23 employees with a grade three postmaster. I certainly do not object to the grading of the Toronto employees, and I think that probably a grade three is a reasonable bottom limit for a man with the responsibility of being a postmaster; but it does seem to me that there is something radically wrong in at least this one section of the country where we find that practically every postmaster is grade two. I would like to have some explanation of that fact.

Mr. CRAIG: Part of the answer is this: do you remember perhaps that yesterday I made reference to the different types of operations as between the Montreal stations and the Toronto stations, where one has considerable sortation and the other has practically nil. A few minutes ago I made reference to our examination of the extent of the operation and the character of the operation that is done in a station without sortation. The situation has been that the front office end of the business which is the part manned by clerks, keeps itself well divorced from the letter carrier operations and such which is usually done in the back, and while we do not advocate it, nevertheless, that condition does exist and has a bearing on the type of operation actually conducted there, because the carriers of the stations—the supervisor of those carriers answers directly to the supervisor of carriers down town and his dealings are with them. The front office man does not really get into the picture unless there is a question of operations in connection with such.

And there is one other big difference: in respect to most of the Toronto stations, or in respect certainly to a considerable number of them, they have a tremendous general delivery set up which is not common to many Montreal postal stations, certainly not to the same extent; and, I think it is affected too by the fact that there are 29 postal stations in Monreal and only 17 plus Adelaide Sreet Station down town in Toronto. I do not hold that there are no anomalies as between some individual cases. In actual fact with respect to the reclassification of sub-stations we have been waiting for this attempt at a formula to come up, so that we could deal with the whole thing right from coast to coast in one operation. After all there are not too many cities which have postal stations so it would not be a very big job once we got this pattern. It would not be a big job to apply it, and then adjustments would be made if indicated.

The revenue certainly does not convey a picture of the operations. I would draw your attention to the big stations in Montrtal and Toronto which are simply down town financial stations; they have no delivery problems, no letter carrier staff, and they do not have to deal with the public with respect to their mail, yet they have a tremendous financial responsibility. So these things do contribute to the whole situation. As I say, we have not held that everybody is perfectly levelled as regards classification, but they will be as uniform as we can make them.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, from the remarks we have heard it would seem that there are anomalies now existing, and that we have been holding off from correcting them until we can do the whole job across Canada at one fell swoop. I suggest to the minister that we are dealing here with human beings, for whom, because they are civil servants,

their only source of income is their salary. These men have tremendously responsible positions. They work very hard at them, and they should not be treated on the basis that we won't deal with their case no matter how worthy it is until such time as we can clean up the whole situation at once. Such treatment gives no recognition to their individual rights nor does it give them any encouragement, as I see it, really to do a good job.

I feel that this situation is a most unfair one and I feel that we have slipped up rather badly in this respect; and as I say the same situation may very well apply in other centres across Canada, but those centres have not specifically come under my vision, nor am I in as close contact with them as I am in the area from which I come. I do not think that the employees of a post office department should be treated *en masse* in this way. I think that a good personnel department should say that when a man is worthy of promotion or of an increased rating he should get that increased rating, and that no attempt should be made to fit him into an overall pattern and hold up his recognition until the Post Office hierarchy are ready to move ahead and turn their machine into motion.

Hon. Mr. LAPOINTE: Mr. Chairman, I think that to be absolutely fair to what has been said by Mr. Craig, that is not the situation as described by the hon. member, and it is not exactly what he did describe. He pointed out that the department has been aware of the situation and that we have taken the matter up with the civil service. My hon. friend says that we should not try to decide everybody's case in one equal sweep. Any reclassification of positions has to be done through the civil service. The grades which these various postal officers hold are set, and they were set by the civil service; and in order to up-grade or down-grade them, or bring about any change in the establishment we first have to convince the Cicil Service Commission to do it. This we have been endeavouring to do and we are in the process of doing.

The Civil Service Commission will not simply upgrade a position—because we all get together in the Post Office Department and say we think that this job deserves a higher grade—they will not simply take our word for it. They make a complete survey of the situation and they compare the work load of the individual with the work load of someone else, and then they either accept or reject our proposition.

But that is what we are doing at the present time and I do not know what more could be done by the personnel officers of the department other than what is being done now, and what we are endeavouring to do. We are not saying—as I think you will find by reading over Mr. Craig's words—that there may not be some anomalies. We are aware that there are. But we can do nothing more than go through the regular procedure which we are doing now. We think the whole proposition is a matter for the civil service and that applies in all cases and to all appointments in the civil service. We are only a department.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, is it not a fact—and I think this affects all postal employees all across Canada—is it not a fact that the civil service leans very heavily on the recommendation in individual cases of the Post Office Department? In fact they are dependent to a large extent upon those recommendations.

Hon. Mr. LAPOINTE: No, they make an independent survey themselves.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I realize that, but is the Post Office Department not in a position to recommend that such a survey be made—to recommend that this particular situation is probably wrong and that action should be taken to improve it?

Hon. Mr. LAPOINTE: Yes, you are quite right there, but we have done that and they are in the process of making that survey and of discussing with us whether our recommendations are correct. In other words, what you are asking for has already been done.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I do not think so, Mr. Chairman—

Hon. Mr. LAPOINTE: Take your word for it or mine, but I have every reason to believe that when the officers of my department tell me they are doing it they have no reason to tell me anything other than the facts of the case.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I did not mean to infer that I did not believe the officials or that I did not believe the minister, but it seems to me we are not ad idem—spelled ad aedem—I do not positively know what that means, but I got it from Mr. Carson—

The CHAIRMAN: How did you spell it?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Ad aedem.

The CHAIRMAN: I do not think that is the right spelling.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I think it can be translated as meaning "going along the same path".

The CHAIRMAN: "Of one mind".

Mr. HAMILTON (*Notre-Dame-de-Grâce*): What I have in mind is this: as I understand it this is a national survey with respect to all postmasters across Canada in order to establish grades?

Hon. Mr. LAPOINTE: Mr. Craig will explain in more detail.

Mr. CRAIG: It is not exactly a national survey in the sense we have to wait while they travel across the country to look at these stations; as a matter of fact the situation in most of the stations is known. It is a matter of developing a formula—a set of facts—so we can say that the manpower is so and the revenue is so and the volume of work is so and the transactions are so. In consequence the commission would quite reasonably give us a grade 2 or a grade 3, whatever it might be. That makes it very simple.

When in the course of our day to day activities a station develops to the point where the pattern is reached for the next classification we can then write to the commission and say: "look, station W in such and such a city has made this pattern." We recommend reclassification of the clerk in charge and if they have established a pattern they will accept the recommendation without having to go out to Timbuctos and look at it. That is really what we are after, rather than a survey in that sense; it will make future reclassifications so much easier and quicker to get.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Good, Mr. Chairman, we are developing a formula, which is probably a sound idea at the present time. On what basis do you arrive at the classification of a man in charge of a postal station?

Mr. CRAIG: I think you will have to think in terms that each one has been looked at as an individual operation and at the same time in our examination you have in mind the classifications that exist everywhere in the country. It is not unreasonable to think in terms of there being grade two's in Montreal. They have twice as many stations and dollar-wise the expenditure upon clerks in charge might, even be in favour of the city of Montreal, but we have never looked at it in those terms. We have said: here is an operation. Does he get that business in penny transactions or does he get it by companies working in the form of a meter set for a thousand dollars? etc. So each one has been looked at. If there is a mail handling operation it certainly is a major part

of a man's responsibility in a station; the financial end has very clear-cut set of procedures—a man has a responsibility for carrying out those procedures and accounting for the funds. There are regulations for the mail handling operations but there are a great many more imponderables. I think it is fair to say, in the handling of mail and dealing with people in respect to mail, so if a man has a big mail operation he has a much more troublesome job than a man who has, let us say, a full set of financial wickets, because one is a very clear-cut well laid down operation, and if they follow it they will keep out of trouble, whereas the other is a more troublesome thing.

I do not know what more I can say. We have not had what you might call an exact formula and it is for that reason we have asked for one. We have been obliged to try to assess each station and the pattern has been produced: Grade two's and three's across the country with four's and five's for the exceptions in the large downtown financial types of stations.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I just say in closing, then, that we come back to my original observation. Mr. Craig has told us that at the present time they are ranking these men in charge of postal stations on the basis of looking at it as an individual operation and I have suggested to him that looked at as an individual operation there are discrepancies existing across the country. I think his original remarks tended to go along with that in so far as certain cases were concerned it might be one case that is wrong—I am not suggesting they all are—or there might be a few cases, but it is my very strong feeling that until such time as a formula is developed we should look at these as individual operations, and try to iron out some of the inequalities which now seem to exist and which as I said should be tackled now rather than wait for the advent of this formula to solve all the problems of the department.

Mr. REGIER: Mr. Chairman I would like to ask one or two questions with regard to buildings. This is the first time I ever heard the admission that the Department of Public Works limits the extent of the building program of the Post Office Department—all the replies I have ever heard on the floor of the house were usually the other way around, namely that the Department of Public Works did not see fit to erect post offices because they had not been asked to do so by the Post Office Department. However, letting that go, I would like to ask what is the determining factor in deciding whether a building shall be rented or whether the Department of Public Works should be asked to put up a building which will be owned by the government.

Hon. Mr. LAPOINTE: Well, the Department of Public Works would make that decision. We would tell the Department of Public Works what facilities were needed in a particular region or area and they would provide the accommodation. If the accommodation is available through rental or through existing federal buildings they will give it to us, otherwise they will decide, if the need so rates, to construct a new building. It might be used solely for postal purposes or it might be used by other government departments as well but they are the ones who make the decision.

Mr. REGIER: Should they decide to rent a building does the Department of Public Works pay the rent or does the Post Office pay the rent?

Hon. Mr. LAPOINTE: The Department of Public Works. On all rental accommodation public works pays.

Mr. REGIER: In other words the minister is now saying that every year he does not prepare a list, classes A, B and C and so forth, of buildings he would like to have built but, rather, that he prepares a list of premises he would like?

Hon. Mr. LAPOINTE: That is correct.

Mr. REGIER: The impression we had was that the minister asked for buildings.

Hon. Mr. LAPOINTE: No, I must have expressed myself wrongly. We categorize in priorities A, B and C the need of accommodation.

Mr. ELLIS: In the case of the post office needing a building of a special character as a post office, and where the Department of Public Works decides to rent a building, is the Department of Public Works required to provide a building up to specification or is the post office in a position to determine whether the premises are suitable?

Hon. Mr. LAPOINTE: Well, yes, in so far as floor space is concerned.

Mr. ELLIS: So, provided the building is suitable for a post office, the Department of Public Works makes the decision to rent?

Hon. Mr. LAPOINTE: We advise them as to what we need and if they decide to rent accommodation they submit their plans to us. If, as you suggest, it is not suitable and will not meet our requirements, we advise the Department of Public Works.

Mr. CHURCHILL: Could we have the figures produced showing the amounts expended on post office buildings for 1954-55, 1955-56 and the proposed figures for this coming fiscal year?

Hon. Mr. LAPOINTE: I am afraid I must appeal on that. We have not got those figures. They are for the Department of Public Works. We do not get the information from them.

Mr. CHURCHILL: I think you should. If we are to argue the case about an increase in postage rates or something like that and if that subject should come up again, I am perfectly sure that in your reply you would tell us how much the postal service was getting from buildings supplied by other sources and not through the revenue derived from the sale of postage stamps and so on. The figures surely must be available. Looking through the estimates of the Department of Public Works it is not possible to segregate the post office buildings. I have taken just three examples which I will give. In the estimate for the Department of Public Works is mentioned St. John's, Newfoundland, post office buildings—these words are used. For Toronto they say "post office and office accommodation". Also for Toronto they show "postal station 'B." Then for Winnipeg they indicate "public building"—which I happen to know is the post office. Similarly throughout the provinces the word "public building occurs very frequently and there is nothing to show what kind of building it is. It is a bit of a chore in considering the public works estimates to get each one of those specified as to the type it is. Had we known that the Postmaster General did not have this information, that it is in the public works estimates, we would have got those figures, but it is inconceivable that it is not available to the Postmaster General.

Hon. Mr. LAPOINTE: I suggest that you did know, that you have been long enough in the house to know, that public works are the only people responsible for buildings and that every department goes to the Department of Public Works and anything that is constructed for another department appears only in the estimates for the Department of Public Works. I am not challenging your point that you cannot tell what public works has got in its estimates under the items for public buildings, whether it is only a post office or is going to serve other departments. I do not challenge that at all but I suggest that ours are not the estimates where they should be discussed.

Mr. CHURCHILL: On the contrary, I think the Postmaster General should have some knowledge of the amount of money spent each year for the erection of buildings for postal services. That information should be available to this committee. That is one of the purposes of this committee.

Hon. Mr. LAPOINTE: No, it is not. I disagree with you there.

Mr. ROBICHAUD: These buildings may be post offices and may include other departments such as customs, unemployment insurance and so on. How can you determine which one is a post office and which covers something else?

Mr. PURDY: I believe if you get hold of the minutes of the Senate Finance Committee you will get this information. I think I saw it in some reports of the Senate Finance Committee.

Hon. Mr. LAPOINTE: I think it has been given there. The Department of Public Works estimates the rental value of the spaces we occupy. That is an estimate which they have given us in toto and we never have a breakdown of it.

Mr. CHURCHILL: Have you any knowledge of the amount of money paid out for the 505 leases mentioned in this report?

Hon. Mr. LAPOINTE: No, the money paid for those rentals does not come from our estimates.

Mr. CHURCHILL: But obviously they must occur in that estimate of the value which you give, the $13 million provided for the use of the Postmaster General by the Department of Public Works.

Hon. Mr. LAPOINTE: $13 million, I think.

Mr. CHURCHILL: I suppose the leases plus the rentals of the buildings, were contained in that figure?

Hon. Mr. LAPOINTE: Yes.

Mr. CHURCHILL: I thought this was a committee where we got all those figures. We can get them eventually from the Department of Public Works but why cannot the Postmaster General get them from the Department of Public Works and present them here?

Hon. Mr. LAPOINTE: Because it is not part of the operations of the department.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Does the Postmaster General accept responsibility for the figures and amounts which appear in his report? I am referring now to page V where he says the approximate cost of space provided by the Department of Public Works is estimated at $13 million per annum.

Hon. Mr. LAPOINTE: Yes. It is specified that these are the figures provided by the Department of Public Works and they are not set forth as being anything else. I will point also that it is described as being the approximate cost of space provided by the Department of Public Works.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): There is no indication there that this is the estimate of the Department of Public Works. The space is provided by the Department of Public Works and the minister estimates it at approximately $13 million.

Hon. Mr. LAPOINTE: The estimate is given to us by the Department of Public Works.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Does the minister never go back beyond that to ask that department how they arrive at these figures?

Hon. Mr. LAPOINTE: I have never questioned the figure of the Department of Public Works on that. I do not see exactly why I should, since it is not the responsibility of the Post Office Department to secure the accommodation. I do not see why my department should question the figures they provide.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I think it should be pointed out for example that the budget estimate of the Department of Public Works for the property and building management branch is $38½ millions of which $14½ million in round figures is expended in Ottawa. Therefore, we have the post

office carrying approximately one third of the whole public works budget in this respect and something like half of it in respect to the areas outside of Ottawa.

The CHAIRMAN: You realize now you are getting to the question of discussing public works. There could be an answer made to that question but it would not be by the minister responsible. I can see what the answer might be to it but I do not think it would be right for it to be made, even if the minister, was prepared to make the answer, because then, if he made that answer, questions could be based on it and we would be getting completely away from the estimates of this department. I can see what Mr. Churchill had in mind, that if he had those figures then he would have a better idea of whether the department was charging too much or not for postage, but it seems to me that it is a matter of getting the figures elsewhere and using them in an argument here if you wish. You could certainly argue the question of the proper amount of the postage rate but some of the figures would have to be got elsewhere than from this department, when the estimates of the department, which has them are not in front of the committee and not even referred to it.

Mr. CHURCHILL: What I do not like about this method is that the Department of Public Works seems to have the final say as to whether or not a service to the public would be rendered. Now, I thought it was the function of the Postmaster General and his department to give service to the public in regard to mail. Yet the Department of Public Works determines the nature of the service in so far as the buildings are concerned, whether they are wholly for post office purposes or are rented premises. I think the Postmaster General should have greater responsibility rather than less.

Hon. Mr. LAPOINTE: Well, Mr. Chairman, I think Mr. Churchill is quite right when he says it is the Postmaster General's responsibility to give service to the people as regards to handling of mail. However, that is also a function of the government of Canada. The Department of Public Works has a responsibility to give service as far as accommodation is concerned to the other departments and that is what it is doing. We are both handling our share of the responsibility in the whole operation.

Mr. SMALL: Where do you come in on the Toronto situation? Last year there was an estimate in here for $500,000 for post office accommodation on Adelaide street. On that matter I raise this question, that there were postal service facilities there at that time to take care of the situation.

The CHAIRMAN: That would not be in the Post Office estimates.

Mr. SMALL: It is here in the Post Office estimates.

The CHAIRMAN: What page?

Mr. SMALL: It is in Public Works.

Hon. Mr. LAPOINTE: Yes, Public Works.

Mr. SMALL: It is the Toronto post office. Were you consulted on the matter of having a new post office built?

The CHAIRMAN: I do not think I should allow that question, because it is based on the Public Works estimates, and they are not before this committee.

Mr. SMALL: We are discussing the services of the Post Office Department in Toronto. They are going to pull down the building. I inquired, and out of that discussion I learned that they are going to build a larger building at a cost of some $9 million, or $10 million. Do they, or do they not consult the Post Office Department when they are tearing down one post office and putting up another, or is the Postmaster General kept in ignorance of that?

Hon. Mr. LAPOINTE: Oh, no. We are asked by the Department of Public Works what space we will require in that new building.

Mr. SMALL: You see, this item has been in Public Works for this year and last year at $500,000. Do you have to ask a question to find out that there is a new project in the offing, and what part of that cost of $500,000 will be allocated for your department in the new building and the tearing down of the old. Surely if your department is going to be in the picture anywhere you should have some knowledge of what they are going to do to your department?

Hon. Mr. LAPOINTE: We do have, but as far as the expenditure is concerned, it is up to the Department of Public Works. It does not come out of our appropriation.

Mr. SMALL: Do you mean to say that you probably have some ideas in regard to the type of building that you want, and what space you require?

Hon. Mr. LAPOINTE: Yes, we tell them what our needs are going to be. This is a combined building, I take it, where other departments will also have accommodation?

Mr. SMALL: I do not think there was any reason why that building should be torn down. As far as I can see it is a good building and it serves the purpose. That is why I was asking the questions.

Hon. Mr. LAPOINTE: That may be; I do not know anything about that. If we have accommodation in a building which is going to be torn down, and a new combined building set up, we tell them what space we need in that new building, and the Department of Public Works goes ahead with the project.

Mr. SMALL: Now that we have got that far, have you been consulted, and have you presented any change you need?

Hon. Mr. LAPOINTE: Yes.

Mr. SMALL: You have done that already?

Hon. Mr. LAPOINTE: Yes; we have told them what space we need in that new building.

Mr. CHURCHILL: One other question with regard to buildings. The report indicates that there are over 12,000 post offices in operation in Canada.

Hon. Mr. LAPOINTE: Yes.

Mr. CHURCHILL: How does that break down as between post office buildings, postal stations and other facilities? Do you include in that figure the postal facilities that are located in drug stores?

Hon. Mr. LAPOINTE: There are 310 staff offices, and 97 postal stations. That is a total of 407. The revenue post offices and semi-staff offices appear under five headings: sub-offices, 1,360; semi-staff offices, 1,314; revenue offices, 8,731; seasonal offices, 295, and postal agencies, 31.

Mr. CHURCHILL: Would you describe those sub-headings more fully so we know what they are?

Hon. Mr. LAPOINTE: Mr. Craig will give you the details on that.

Mr. CRAIG: In brief, sir, a staff post office is an office in which the people are civil servants from the bottom up, or the top down, as you wish. The sub-post office is the type of office we have in drug stores and so on. Semi-staff offices are offices where the postmaster is a civil servant, but his staff is not. A revenue office is an office where none of the employers from the postmaster down are civil servants. A seasonal office, of course, is just as it is called. It is open part of the year. A postal agency is a special type of service in a semi-rural or suburban type of set-up. It is similar in

character to the sub-office, actually. There is a set of mail boxes there, which is contrary to what a sub-office has. They do deliver mail from the location of the agency through the medium of established boxes.

Mr. HODGSON: What would the cost be that we would have to pay for the space in that type of office? What would that fellow get?

Hon. Mr. LAPOINTE: A salary, or what?

Mr. HODGSON: The salary of the man in this little post office that you find sometimes in corner stores, or drug stores?

Hon. Mr. LAPOINTE: There has just been a revision of that.

Mr. HODGSON: I know that some of them used to get as little as $125 a year.

Hon. Mr. LAPOINTE: The lowest is $200 now, and it works up to $3,200 as regards revenue post offices.

Mr. HODGSON: In the case of a postmaster, where he would probably have an assistant and maybe one or two other civil servants, what would be the average salary for that postmaster?

Hon. Mr. LAPOINTE: I am sorry, I do not understand your question.

Mr. HODGSON: For instance, in a post office where there were five or six people, and maybe two of them would be eligible to receive $1,300 to start with, or something of that sort, and the postmaster would be a member of the civil service, about what would be the salary in those circumstances?

Hon. Mr. LAPOINTE: For the assistant?

Mr. HODGSON: For the postmaster who has two assistants that come under the civil service, let us say?

Hon. Mr. LAPOINTE: The lowest rate in this type of post office would be a range of between $1,620 to $1,920; the highest range would be between $1,980 to $2,340. The senior in that last group would have a senior assistant whose salary range would be $2,520 to $2,880.

Mr. HODGSON: The postmaster's range would be around $2,500?

Hon. Mr. LAPOINTE: The lowest would have a salary range of from $2,880 to $3,240, and the highest would have a salary range of between $3,960 to $4,320.

Mr. HODGSON: The reason I asked that is that a year or two ago I saw a competition advertised for an assistant in the post office at Haliburton and I think it said $1,300 and something. It was a competition for a junior clerk or one of the people starting in a small post office such as at Haliburton village. I think that the salary range was at $1,300 and something like that.

Hon. Mr. LAPOINTE: That has been revised upward since. That would be an assistant.

Mr. HODGSON: It is a pretty small salary at which to ask a person to start to work. If there is a change it is all for the better.

Hon. Mr. LAPOINTE: Yes.

Mr. CHURCHILL: Is the equipment for these various small post offices all supplied by the Post Office Department whether or not the post office is a sub-post office, in a drugstore, or a revenue post office?

Hon. Mr. LAPOINTE: Revenue postmasters must provide their facilities and equipment.

Mr. CHURCHILL: Letter scales and things of that nature?

Hon. Mr. LAPOINTE: We give them a letter scale, a steel box and things like that, but the counter and other types of facilities in the small rural post offices are provided for by the postmaster himself.

Mr. HODGSON: At that salary which I mentioned of $1,300 or so, there was no comptent person who wanted the job and they took the best of those who applied. I think the postmistress there was only kept on for a couple of months. They could not put up with her any longer.

Mr. SMALL: With respect to the postal services in Ottawa, who looks after that?

Hon. Mr. LAPOINTE: There is a postmaster in Ottawa.

Mr. SMALL: The information which I would like to get is who makes the deliveries, say, to the House of Commons or to the different departments? Do the different departments pick up their own mail and have their own equipment for collecting the mail?

Hon. Mr. LAPOINTE: No. Some pick up their own mail; in other cases there is a delivery made. Here in the House of Commons I think they pick up the mail and bring it here it it is handled through the post office on this floor.

Mr. SMALL: Take, as an example, the Department of National Health and Welfare or the Department of External Affairs. The Department of External Affairs, I notice here, have quite an amount of equipment; there is acquisition of motor vehicles and other equipment in the amount of about $85,000. Do they collect their mail and do you make a provision for them if they collect the mail?

Hon. Mr. LAPOINTE: I am told that most departments come for their mail and pick it up because they find that they get a quicker service that way.

Mr. SMALL: Do they make a charge against you for that?

Hon. Mr. LAPOINTE: No.

Mr. SMALL: That is really handled for them through the Post Office Department?

Hon. Mr. LAPOINTE: Yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Yesterday there were some questions to which the minister said that he would bring answers today. Could the minister put them on the record now?

Hon. Mr. LAPOINTE: There was one which I intended bringing today about the estimates of two deliveries a day. I found, on checking the figures this afternoon, that there was something with which my mind was not satisfied and I have asked the officers to check it again. I think I will have it at the next meeting.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Then, you were going to tell us how much this Transorma cost, the total cost.

Hon. Mr. LAPOINTE: The purchase was authorized by the treasury board in July of 1950. Actual installation of the machine started in January of 1955 and was completed in June of 1955. It cost, for the basic machine, $60,000; automatic feed, $30,000; installation and so forth, $10,000; for a total amount of $100,000.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): It was authorized by the treasury board in July of 1950?

Hon. Mr. LAPOINTE: Yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Can you tell us when the contract was actually placed or when you made a commitment to purchase the machine?

Hon. Mr. LAPOINTE: We can find that out. The reason there was such a delay between the time it was authorized and the time they started to install it was that it was intended to install it in the new building in Peterborough at the same time that the plans for the building were proceeded with. Provision was made for the installation of the machine and we had to have the authority

of the treasury board to eventually purchase the machine in order that the plans could be made accordingly. The machine was installed only in January when the building was ready to receive it.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Do we normally work five years ahead in purchasing items of equipment like that?

Hon. Mr. LAPOINTE: It is not a question of working five years ahead, it is a question of whether Public Works, which sets up the building for us, will have it ready in time. As I mentioned, we had planned to install this machine, but it called for special construction in a part of the post office and we would not give instructions to Public Works to make these arrangements unless we had authority to buy the machine.

The CHAIRMAN: Are there any further questions on item 325?

Mr. CHURCHILL: Yes, Mr. Chairman, I have one or two questions which are of perhaps a minor character. Looking at the estimates on page 435 I notice under uniforms and letter-carrier satchels you show rather a substantial reduction in your estimate of over $200,000. Does that mean that the uniforms are in good supply and that you do not have to get more, or are you asking the men to wear them longer? What is the reason for that?

Hon. Mr. LAPOINTE: Well, in the case of uniforms, for instance, we issue those uniforms every two years and great coats every three years. 1955-56 is a two year issue, 1956-57 is a great coat issue which only comes every three years, so there will be an off year, so to speak.

Mr. HODGSON: You supply them with boots too?

Hon. Mr. LAPOINTE: Yes, we pay them an allowance representing two pairs of boots a year and they buy their own.

Mr. CHURCHILL: I notice that the mail bag figures are about the same. What does a mail bag cost?

Hon. Mr. LAPOINTE: About $4, I think.

Mr. CHURCHILL: Is that figure for mail bags just a steady annual replacement?

Hon. Mr. LAPOINTE: Yes, with some small increase to meet the increase in the volume of mail. They vary in cost. Letter bags work out to $4.67; parcel post bags, $4.04; and newspaper bags, $2.52. We buy the material and the fittings and pay to have them made up, and the price is worked out from the overall operation.

Mr. CHURCHILL: Are the materials all obtained in Canada?

Hon. Mr. LAPOINTE: Yes, so I understand.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Most of the work is prison work, is it not?

Hon. Mr. LAPOINTE: Yes, actually 50 per cent are manufactured at Kingston Penitentiary and at two or three outside firms, after we have asked for tenders. Repairs are made at other penal institutions.

Mr. CHURCHILL: I notice an item under transportation.

The CHAIRMAN: What page?

Mr. SMALL: I wonder if you could give me an explanation of the item on page 434 which says:

> Gross total continuing establishment (detailed above) less anticipated savings due to delays in recruiting staff, $1,139,000.

What was the nature of that?

Hon. Mr. LAPOINTE: I shall have to ask Mr. Craig to answer that question.

Mr. CRAIG: The answer is a very easy one. If you have a position you have to allow for the whole year in the estimates for the cost of that position, but you may not recruit the man until you need him. It may be well on in the year, so you have a gain due to the delay in recruiting. Perhaps the word "delay" is a little misleading there, but there is no better way to explain what happens. You do not hire everybody from the first of April that you may be taking on, but you may estimate the savings of cost occasioned by the delay in recruiting.

Mr. HODGSON: I notice that the salaries of the railway mail service staffs, and the railway mail clerk ranges from $2,910 to $3,780. Is that all the salary that those fellows get?

Hon. Mr. LAPOINTE: There has been a revision in the new wages.

Mr. HODGSON: It seems like a small salary when compared to that of the running trades.

Hon. Mr. LAPOINTE: It now ranges from $3,180 up to $4,080.

Mr. HODGSON: That is better!

Mr. SMALL: There is another item below that, of "overtime payments for operating services . . . $2,500,000". What was the nature of that overtime, and was it essential?

Hon. Mr. LAPOINTE: Most of that would be for the Christmas rush. The overtime is brought about by the Christmas rush, and that would represent a large portion of that overtime; and then there are statutory holidays when they work and they are paid overtime.

Mr. SMALL: What about "night differential payments for operating services . . . $1,300,000"? Is that due to the change of hours of the night shifts and things like that?

Hon. Mr. LAPOINTE: That is right.

Mr. CHURCHILL: Where is " . . . Northern . . . allowances" applicable?

Hon. Mr. LAPOINTE: We have it at Whitehorse, Dawson, and Yellowknife.

Mr. CHURCHILL: Who makes provision for the distribution of mail to the people who are working on the DEW line? Is that done through the civilian contractors of the Department of National Defence?

Hon. Mr. LAPOINTE: It gets there. That is all I know!

Mr. ENFIELD: It probably goes by air!

Mr. CHURCHILL: Who would be responsible for that? Mail becomes a very important item in isolated communities.

Hon. Mr. LAPOINTE: At the present time this transportation is being done in co-operation with National Defence, and we are at the present time studying with them a plan which has not yet been completely evolved.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Does the department compare its figures, on a statistical basis with the postal operations of other countries in order to test the efficiency of its own operations?

Hon. Mr. LAPOINTE: I think it would be rather difficult because the major set up of services is different, the organization is different.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): What I had in mind was this—

Hon. Mr. LAPOINTE: That does not mean that we do not have any contacts with them, that we do not follow their work and watch their methods of procedure to see if anything which we find there which is good and which we have not got could not be introduced in our service.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): The sort of thing I have in mind arises from a parliamentary return made for me a little while ago asking

how many inquiries have been received by the Post Office Department concerning delays or the non-delivery of mail matter. I find that the figure has remained fairly constant over the last few years. In 1954-55 there were 39,641 inquiries regarding delay, and 127,927 regarding non-delivery, making a total of some 166,000.

To my untutored mind a figure of that magnitude represents one person in every hundred of the Canadian population registering a complaint of this kind, and it seems high. I think that material of that sort might well be checked against comparative figures, let us say, from the United States or from some other country to see what our experience is. I have done some checking in another field on my own account which I may enter into later on, but it is not in this connection.

Have you made any attempt to ascertain whether this was a normal experience or not?

Mr. CRAIG: Yes. As a matter of fact we make use of inquiries to determine the health of the service. That is why we are pleased if something does go wrong, when the person to whom it has happened will complain to us because it gives us a quick alert to something which perhaps we do not know about. Actually inquiry figures do not always show the health of the service because with many of the inquiries which we get, upon investigating them, they do not prove to be valid. I do not suggest, as I would not have a clue as to the figures we have there, how many represent a legitimate delay. The reorganization as recommended in the Woods-Gordon report called for a switch of inquiry work to the operation branch for the sole purpose of putting the job of analyzing the inquiry work on a national basis with a view to analysis and then diverting for action to the respective part of the department, things found wrong—transportation, operations, finance, whatever it might be. So there is a good deal of work done with regard to studying complaints. We have gone so far as to set up an inter-departmental committee—I am not a member of it—which is studying the use of electronic equipment with a view to speeding up these studies, and our committee people are examining whether such equipment would be useful in this analysis work on inquiries. What the result will be I do not know.

Mr. ENFIELD: I think there is something which should be mentioned now before we leave that point. In the report on progress over the last 10 years we see that revenue has increased from nearly $84 million to just about $152 million during the years 1946 to 1955, and in the answer to Mr. Hamilton's question on complaints we found that inquiries regarding delay which amounted to some 60,000 in 1946 had dropped to some 39,000 in 1955, so while you have practically doubled your expenditure, or the volume of your services you have halved the inquiries with regard to delay, which is quite a remarkable piece of statistical evidence and shows how well the service has been operating.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Of course, at the same time your non-delivery complaints increased from 120,000 to 128,000.

Hon. Mr. LAPOINTE: When you consider that we estimate we delivered about a billion and a half pieces of first class matter last year and a total of about 3½ billions of all types during the year I think those figures show a considerable improvement.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Just one further question along those lines: was there any particular explanation for the terrific jump in 1952-1953 in undelivered mail? It jumped from 118,000 to 164,000 and then dropped back in the following year to 131,000. That was a specific case and I am wondering what happened because it might give us a guide in some future case.

Hon. Mr. LAPOINTE: No, we have no idea; we cannot attribute it to any specific cause.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): All those delays and non-deliveries, are they pretty well related to the volume of mail which is being handled, say, by provinces?

Mr. CRAIG: It is hard to answer that question specifically because if something has gone wrong in an office, in proportion to the mail they handle you may get a far greater number of complaints because of the thing that has gone wrong and by virtue of the complaints you move in on the station and attempt to clear it, so I do not or I would not like to say that the volume of complaints is in proportion to the volume of mail, it might not be, depending on the situation. It would be hard to be specific.

The CHAIRMAN: I think we should adjourn. Before doing so are there any further questions on item 325?

Mr. SMALL: There is one question I would like to ask before we leave; it will not take very long. I see a reference to two confidential messengers. What is the nature of their duties? Is it to carry dispatches?

Mr. ENFIELD: That is confidential.

Hon. Mr. LAPOINTE: They are ordinary messengers with a glorified title.

Mr. SMALL: I did not think we were paying them very good salaries, if they were confidential messengers.

Mr. REA: Has the department given consideration to the question of postmen picking up mail?

Hon. Mr. LAPOINTE: Yes, we have given some consideration to that.

Mr. REA: I mean, are they permitted to accept mail at the same time they deliver other mail?

Mr. CRAIG: We put that in about two months ago.

Mr. REA: They can do it now?

Mr. CRAIG: Yes. Of course we try to avoid abuse of this facility by people who "load them up" but their instructions are to take the mail and post it in the first box they come to. We do not expect them to carry it back to the office.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): There are a few other items—we could, perhaps, leave this open?

The CHAIRMAN: Very well, we will adjourn until tomorrow at 10.30 in room 497.

The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 16

Including Index of Items relating to the Post Office Department

---

THURSDAY, MAY 10, 1956
FRIDAY, MAY 11, 1956

POST OFFICE DEPARTMENT

Hon. Hugues Lapointe, Postmaster General; Mr. G. A. Boyle, Chief Executive Officer; Mr. J. N. Craig, Director of Operations; Mr. L. J. Mills, Director of Financial Services; Mr. S. Chartrand, Director of Transportation; Mr. R. D. Boyd, Director of Personnel; Mr. A. deG. Taché, Chief Investigator; and Mr. W. M. Griffiths, Superintendent—Budgets, Costs and Estimates Division.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956

74286—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,
and Messrs.

Byrne
Churchill
Deschatelets
Dupuis
Ellis
Enfield
Garland
Gauthier (*Nickel Belt*)
Hamilton (*Notre-Dame-de-Grâce*)
Hanna
Henry
Hodgson
Kirk (*Shelburne-Yarmouth-Clare*)
Lapointe
Macnaughton
McLeod
Power (*St. John's West*)
Purdy
Rea
Regier
Robichaud
Small
Thatcher
Viau
Yuill

E. W. Innes,
Clerk of the Committee.

REPORT TO THE HOUSE

MONDAY, MAY 14, 1956.

The Special Committee on Estimates begs leave to present the following as its

THIRD REPORT

Your Committee has considered and approved items numbered 324 to 327 inclusive, and 528, listed in the Main Estimates 1956-57, relating to the Post Office Department, referred to it by the House on March 2, 1956.

A copy of the Proceedings of the Committee in respect thereof is appended.

Respectfully submitted,

WALTER A. TUCKER,
Chairman.

74286—1½

MINUTES OF PROCEEDINGS

THURSDAY, May 10, 1956.
(29)

The Special Committee on Estimates met at 10.40 a.m. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Messrs. Byrne, Churchill, Deschatelets, Hamilton (*Notre-Dame-de-Grâce*), Hanna, Henry, Hodgson, Kirk (*Shelburne-Yarmouth-Clare*), Lapointe, McLeod, Purdy, Robichaud, Small, Tucker, and Yuill.

In attendance: From the Post Office Department: Mr. G. A. Boyle, Chief Executive Officer; Mr. J. N. Craig, Director of Operations; Mr. L. J. Mills, Director of Financial Services; Mr. S. Chartrand, Director of Transportation; Mr. R. D. Boyd, Director of Personnel; Mr. A. de G. Taché, Chief Investigator; and Mr. W. M. Griffiths, Superintendent—Budgets, Costs and Estimates.

The Committee resumed consideration of the Main Estimates 1956-57 relating to the Post Office Department. Mr. Lapointe and his officials supplied information requested at previous meeting and answered additional questions thereon.

Item numbered 325 was further considered.

Agreed,—That statistics showing "Estimated cost of providing two deliveries each day, Monday through Friday with no delivery on Saturday" be printed in the record (*See Appendix "A" to this day's Proceedings.*)

Agreed,—That the Committee meet again at 3.00 p.m. this day.

At 12.40 a.m. the Committee adjourned until 3.00 p.m. this day. (*Note:* The House having had several divisions in the afternoon, the Committee did not sit.)

FRIDAY, May 11, 1956.

The Special Committee on Estimates met at 10.00 a.m. this day. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Messrs. Byrne, Churchill, Deschatelets, Ellis, Enfield, Hamilton (*Notre-Dame-de-Grâce*), Hanna, Henry, Hodgson, Kirk (*Shelburne-Yarmouth-Clare*), Lapointe, McLeod, Power (*St. John's West*), Purdy, Rea, Regier, Robichaud, Small, Tucker and Yuill.

In attendance: From the Post Office Department: Mr. G. A. Boyle, Chief Executive Officer; Mr. J. N. Craig, Director of Operations; Mr. L. J. Mills, Director of Financial Services; Mr. S. Chartrand, Director of Transportation; Mr. R. D. Boyd, Director of Personnel; Mr. A. de G. Taché, Chief Investigator; and Mr. W. M. Griffiths, Superintendent—Budgets, Costs and Estimates.

The Committee resumed consideration of the Main Estimates 1956-57 relating to the Post Office Department, Mr. Lapointe and his officials answering questions thereon.

Item numbered 325 was further considered and approved.

The Committee recessed from 10.55 a.m. to 11.30 a.m. to enable members to attend the opening of the House.

Item numbered 326—Transportation—Movement of Mail by Land, Air and Water, including Administration—was considered and approved.

Item numbered 327—Financial Services, including audit of revenue, money order and savings bank business; and postage stamps—was considered and approved.

Item numbered 528—to authorize the operation of a revolving fund in accordance with Section 58 of the Financial Administration Act for the purpose of: (*a*) acquiring and managing material to be used in the manufacture of uniforms and satchels and (*b*) acquiring and managing materials and fittings to be used in the manufacture of mail bags, the total amount to be charged to the revolving fund at any time not to exceed $895,000 of which $425,000 was provided under Vote 541, Appropriation Act No. 4, 1954, and $270,000 under Vote 543, Appropriation Act No. 5, 1955—was approved.

The Committee reverted to Item numbered 324—Departmental Administration; it was further considered and approved.

The Committee, *in camera,* considered a draft "Report to the House".

On motion of Mr. Byrne, seconded by Mr. Hamilton,

Resolved,—That the "Report" be adopted, and that the Chairman present it to the House.

At 1.05 p.m. the Committee adjourned to the call of the Chair.

E. W. Innes,
Clerk of the Committee.

PROCEEDINGS

MAY 10, 1956
10.30 A.M.

The CHAIRMAN: Order, gentlemen.

We are still on item 325.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, I think we have reached this question of security. Would the Postmaster General, or one of his officials comment on what our position is now regarding break-ins to the post office? I think we should make a sharp differentiation here between the things which happen internally within the post office and that from outside. What I am interested in examining at this time are the break-ins and robberies from the post office which are the result of larcenous action by people other than the post office staff?

Hon. HUGUES LAPOINTE (*Postmaster General*): Would you like to take this up now, Mr. Hamilton, or would you like me to give you the answers to some of the things you asked for yesterday?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Let us have the answers.

Hon. Mr. LAPOINTE: To start with, you asked two days ago whether it would be possible for the members of the committee to see the electronic sorting machine that is being developed in the department. I am informed, as we stated the other day, at the present time the machine has been practically taken apart, and some of the important components are being worked on by the contractors; so that it would be practically impossible to have it put together in time. However, if it is agreeable to the committee and members are interested, as soon as we have it back into operation, we can let the chairman know, or the members of the committee individually, and make arrangements for a visit to the location where the machine is, and have a demonstration of its operation.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Perfectly satisfactory to me.

Hon. Mr. LAPOINTE: Now, you asked if we had any estimates of the cost of the resumption of two deliveries per day by letter carriers, five days a week. That is, from Monday to Friday and no delivery on Saturday. It is estimated that this method would necessitate the employing of 1,197 additional men. The immediate cost based on the minimum salary of the letter carrier class would be $3,103,380, and the ultimate cost, based on the maximum salary of letter carriers would be $3,732,120.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Do these figures take into account such things as your supervisory letter carriers being given regular routes?

Hon. Mr. LAPOINTE: Yes. That does take into consideration the saving on supervisory letter carriers. This saving is estimated at $56,700 based on the minimum salary, and up to $289,800 based on the maximum salary.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Could you give me that again? You see we have approximately 1,600 supervisory letter carriers at the present time.

Hon. Mr. LAPOINTE: Yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Under this proposed system the majority of them would go on to regular routes, would they not?

Mr. J. N. CRAIG (*Director, Operations Branch*): It is true. I think the easiest way to do this would be to give you the breakdown between the present strength and method and the proposed.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): That is what I was getting at.

Mr. CRAIG: At the present time there is a letter carrier for each of the 4,411 walks.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Yes.

Mr. CRAIG: And for that number of walks there are 727 supervisory letter carriers for rotation days. That is for the residential walks. There are 71 for rotation in the mixed walks, and in the business walks there are 42. They are all supervisory letter carriers. That makes a total of 5,251 staffing positions. Now, on the basis of one for twelve, that is the annual leave ration, there are 438 supervisory letter carriers. In our present method, on the basis of one for 18 for sick leave, there are 316, making a total of 6,005 men. With one carrier for each walk, we would need under the proposed method 6,298. I will explain how we arrive at this figure later. We do not need any supervisory letter carriers for rotation days on any of the walks, residential, mixed or business. Our total then is 6,298, strictly to cover the number of walks that would be necessary, as against 5,251 in our present method.

For annual leave, supervisory letter carriers would be 525 as against 438 in our present method, because of there being 6,298 walks as compared with 5,251. The sick leave ratio is 316 in our present method, and we would need 379 under the proposed system.

We did not include—if we had it would make the picture a wee bit worse financially, shall we say—the relief for the relief. The difference between supervisory letter carriers for sick leave would be the difference between 316 and 379, making 63. On the basis of one per 18 applied all across the board in each class of walk it would mean 12 more men, but we did not put that in.

This means an increase of 1,197 positions. The number of letter carriers would be increased by 1,887, and as you have pointed out the number of supervisory letter carriers would decrease by 690. So that our over-all increase would be 1,887 less 690 making 1,197. Those figures would be used to reach the dollar figure that the minister has mentioned. 1,197 letter carriers at the minimum and also at the maximum.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Did you assume, in analyzing this situation, if we extend the two-a-day delivery again, that a man would cover just half the length of walk he does now?

Mr. CRAIG: No. You are now getting to one of the imponderables actually. The last national check that we had, prior to the introduction of the one delivery system, was in 1948. That showed that at that time the average number of "possible" calls on a residential walk was 563. I say "possible calls", because you will bear in mind there is not always mail for every call on a letter carrier's walk. The total number of calls nationally was 2,247,000-odd. I said 563. That was the national average of possible calls. In 1948, when the residential walks were covered twice a day, Monday to Friday, and one on Saturday, the average number of calls made per residential walk was 399. In 1948, you will appreciate, that mail was spread over 11 trips, five days with two trips and Saturday with one trip. Here we get into actually a theory. There is no other way of doing it that I know of. A mail carrier should theoretically now be able to serve 10-11ths of his 399 calls, and that comes to 363 calls. That is what we figure he could do as against 399. There is time spent in reaching the walk and delivering that is saved, but what is saved by that has to be offset,—and here we get into theories and imponderables,—by the additional time that would be necessary on Monday to work the mail

that he is now working on Saturday. We average it out on the figures we have on the national basis, and we make a saw-off. Actually the time spent on reaching the walk and so on, we average it out at two hours 41 minutes per walk per week.

From this saving we deduct the extra preparation time Mondays, based on the average time now taken. This would represent one hour and 11 minutes. So the net saving would be one hour and a half. We take that into account in arriving at our figure.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Right.

Mr. CRAIG: We figure this extra time would enable the carrier to serve 14 additional calls per day. Therefore, instead of serving 363 calls, as I mentioned, he would serve 377. Divide 377 into the 2,047,000-odd calls we now have, and we estimate we would require 5,430 residential walks, which is an increase of 1,794 in this type of walk alone.

There is a further imponderable that we have no way of measuring. That is the volume of magazines, second-class matter, now, as compared with the national check in 1948. It is more, we know that; so whether in actual fact he can serve the same number of calls that he did according to the 1948 check really would have to be proven. I do not know.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Just one more question in that connection. In analysing the cost of this, was any account taken of the fact that on a five-day week there would be savings in the post office itself?

Mr. CRAIG: In arriving at these figures here?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Yes, in the postal station?

Mr. CRAIG: No.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): What you have done here is to give the increased cost, quite properly, due to the two-a-day operation?

Mr. GRAIG: That is right.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Now, would there not be some saving which would off-set at least a portion of that?

Mr. CRAIG: I think it fair to say that there would have to be some re-arrangement of internal workings, or inside workings. How that would actually work out, dollarwise, I really would not know. It would need a lot of examination, and maybe only after trial would we know. There is no real saving that comes readily to my mind. I can think of nothing. The inside staff is concerned with sorting, and regardless of when it is delivered it has to be sorted.

There may be savings, we will say, if it were sorted in the day as against the night and other things of that kind, based on the night differential we pay but I do not know to what extent that would apply.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): You see, there is one saving, and at the moment it is an imponderable, but I think it might be very substantial, and I think it would be very good for public relations of the post office. Any examinations which I have made, or in discussions I have had develop the fact that there is a much higher incidence of trouble when the supervisory letter carrier is on the route than when the regular man is on the route. Your experience may not be the same as mine, but there is a tendency for your man who is on the route day in and day out to know his people better, and to handle his mail more efficiently than the man who comes on to the route only one day in six. My sources of information perhaps should not be dug into too much, but I do have the feeling that they are fairly authoritative. When you have a complaint from a householder as to a

letter that has been delivered wrongly, in more than the average number of cases that is the day that the rotation man was on the walk.

Mr. CRAIG: We have no figures that would prove or disprove that. I think realistically, it is not unfair to reason that a relief man, be it for sick leave, or annual leave, or anything else, cannot service a walk like the man who works on it day in and day out. On the other hand, thinking in terms of the supervisory letter carrier relieving five walks, there is no reason why he should not, given a reasonable period of time, learn those five walks very thoroughly. What would perhaps aggravate the situation, and it can, of course, in a big city like Montreal or Toronto where hundreds of men are involved, is where the regular relief man is also off sick at the time when he should be covering the rotation day.

On the other hand, we have heard it said, and in my own personal affairs, I have heard it said, that better service was given when the supervisory letter carrier was on. He was a higher calibre of man than the regular letter carrier. By our actual checks we know that, oftener than not, I would say, the supervisory letter carrier covers the walk faster, if he is a good one, and covers the walk, I would not want to say better, but at least faster; and I think because of the fact that he can do it more speedily there is some degree of improvement in efficiency over the regular carrier. That happens very frequently.

What you say could certainly be true, but we have no figures to show whether it is or not. This question of more complaints coming in when the spare man is on, I think is particularly pertinent in respect to office buildings. One of our biggest bugbears is the medical building. Very frequently there are doctors with the same name, and the suite numbers and other pertinent information seldom appears as part of the address. I do not care how smart a man is, when he comes in to relieve a walk he just does not know whether Dr. Jones. or the Jones Brothers are on the 10th floor or the 2nd floor without consulting the guide board.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, I think we have got a very adequate explanation of this. I will not press this, but offer it as a suggestion: would it not be a good idea to file as an appendix to the report the calculations we have been making here verbally this morning? It might make it clearer to anyone who is examining it later.

The CHAIRMAN: Yes, a summary of this could be prepared and filed.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Yes. There are a lot of figures there, and I think if the explanation were put down succinctly it would help anybody studying it.

The CHAIRMAN: Is that agreed?

Some Hon. MEMBERS: Agreed. (*See Appendix "A" to this day's Proceedings.*)

Mr. BYRNE: Mr. Chairman, last night, or yesterday afternoon a question arose regarding accommodation and the charges for accommodation. Does the minister not think that in the case of the cost accounting in the department and the requirement of postage, that the Department of Public Works should be required to keep a definite segregation of the cost of the post office and of the unemployment insurance office and so on, and that they should supply the Post Office Department with an exact figure of the cost of supplying such accommodation?

Hon. Mr. LAPOINTE: As I mentioned yesterday, Mr. Chairman, we are given a figure by the Department of Public Works of what our estimated rental costs are. I am sure that the Department of Public Works, in the preparation of their estimates, do break down these figures. Of course we

accept them. We have no means of discussing them, but I am sure that the Department of Public Works does do that. Otherwise I do not know how they would arrive at that figure. They do provide us with the figure.

Mr. BYRNE: For instance, this table on page 2 of your annual report, that shows the receipts, the disbursements from appropriations, disbursements from receipts, surpluses and so on, we would have a more accurate picture if, instead of having at the bottom of the page a notation here that lands, buildings and furnishings are provided and paid for by the Department of Public Works, we knew the actual figure, so that when we asked for further services we would know definitely what it is going to cost, and that it simply would not come from what appears to be a $7 million surplus for last year. I notice that the franking privileges cost the department some estimated $5 million.

Hon. Mr. LAPOINTE: Yes.

Mr. BYRNE: Is there any breakdown with respect to the various departments and the House of Commons and so on?

Hon. Mr. LAPOINTE: I have not got a breakdown here but we can get it for you. The amount as we have it would include the various departments of government, the Governor General, the Speaker, the Senate, the members of the Senate and of the House of Commons during the period in which they are entitled to franking, the franking of any papers, printed by order of the Senate and the House of Commons posted at Ottawa; books from the library travelling to and from the library, and the amount is $4,700,000. In addition, as you know, free transportation of mail is given to books in Braille for the blind, and such literature.

Mr. BYRNE: The $4,700,000 is almost entirely for the House of Commons or the Senate?

Hon. Mr. LAPOINTE: No. That is the whole thing, plus $180,000 which covers the transmission of books in Braille for the blind; statements concerning the business of the government of Canada mailed by the various banks to their head offices or to their Ottawa branch; and statistics of the provincial government departments which are eventually sent to the Dominion Bureau of Statistics in Ottawa. That all comes to $180,000.

Mr. BYRNE: Regional offices of the various departments such as the Income Tax branch and the National Revenue, and so on are required to put their material through a meter or to pay postage on it?

Hon. Mr. LAPOINTE: Yes, some of them use meters and others use postage stamps.

Mr. BYRNE: They do not have the franking privilege?

Hon. Mr. LAPOINTE: No.

Mr. BYRNE: I notice on page 5 of the report—

Hon. Mr. LAPOINTE: Would you like us to get you a breakdown of that?

Mr. BYRNE: Yes, I would like to have a breakdown as between the various departments and the House of Commons.

Hon. Mr. LAPOINTE: Yes.

Mr. BYRNE: I notice on page 5—

Hon. Mr. LAPOINTE: All right, Mr. Byrne.

Mr. BYRNE: On page 5 of your report you indicate that there has been some degree of improved efficiency obtained through the use of an incentive pay plan. How does that incentive pay plan operate, for instance, in the case of the stenographic staff? Is there a norm which is set of so many letters a day, or just how does it operate?

Mr. CRAIG: I can speak about time studies, but the stenographic incentive plan is not actually in my field.

Hon. Mr. LAPOINTE: Will you speak about the time studies?

Mr. CRAIG: With respect to the time studies for stenographers I can only say this—because it is not actually in my field; I do not know if they have it here or not, but it is based on production. A girl is given a senior classification provided that she maintains a certain rate of production each day. So long as she does that, she has this higher classification. But if her production or line count drops off, then she reverts. With this incentive plan far more girls are able to get to senior transcriber grade 3, where previously without this system you had more girls, and they were in lower grades. But now you have a situation where you are actually getting far more work from the girls and they are getting more pay as a result of their effort. That is it in broad outline.

Mr. BYRNE: You think it is an efficient way to do it?

Mr. CRAIG: Yes.

Mr. BYRNE: What is the basis of it? Is it the number of words or letters or what?

Mr. CRAIG: It is the number of lines.

Mr. BYRNE: You say the number of lines?

Mr. CRAIG: There is a standard of lines set, and what constitutes a line, and so on.

Mr. BYRNE: You say there is a standard of lines set and what constitutes a line; so they cannot make the bell ring earlier?

Mr. CRAIG: Mr. Henry asked if it was used in any other department. As far as I know it is in some, and we like to think that they have copied us, because we started it in our department.

Mr. BYRNE: How long a period would this system operate? A girl today would not receive one rate of pay and tomorrow receive another?

Mr. CRAIG: It does not work out that way. The girls maintain it pretty well. It means that a girl can come into the service and she can immediately earn money commensurate with her ability whereas before she had to get promoted into a higher classification. But now if she produces she gets it.

Mr. BYRNE: I have had some experience with this myself. Four per cent seems to be not a very large amount which a girl may earn through an incentive plan. I think it should provide higher earnings.

Mr. CRAIG: The standards are actually set by the Civil Service Commission. We have only a discussion voice in that. Whether or not it is adequate I do not know. But I do know that the girls like to get it.

Mr. BYRNE: There is a maximum, then?

Mr. CRAIG: Yes.

Mr. BYRNE: So it is not a true incentive plan, in that if they produce, you set a norm, and if they maintain that norm, they go into that classification?

Mr. CRAIG: Yes.

Mr. BYRNE: There is another classification set, at another actual figure, but there is no possibility for a girl to turn out, let us say, 30 per cent more production?

Mr. CRAIG: No. Mr. Boyd might have some information on the salary scales but I do not know.

Mr. BYRNE: You make a schedule, for instance, and a girl may reach it. How many could she go through? There is a norm; is there only one higher classification that she can get into, or is there a possibility of her producing

30 per cent or 40 per cent more than the norm and thereby increasing her earnings in that ratio?

Hon. Mr. LAPOINTE: Would you mind answering that, Mr. Boyd?

Mr. R. D. BOYD (*Director of Personnel*): There are two salary levels above the maximum of typist 2B which is normally a higher classification for straight transcribing. The maximum for a 2B typist is $2,580, which is between 12 to 15 per cent higher. If any of the members are interested in the details of it I can state to the committee that two or three magazines have published a description. I think the American magazine published a story on it which could be made available.

Mr. BYRNE: It is something which is not too widespread in this type of work.

Mr. BOYD: No. Very few businesses have been interested in introducing the element of incentive in that type of work. It is fairly unique.

Mr. BYRNE: It is fairly common in industry in a repetitive type of work?

Mr. BOYD: Quite.

Mr. HENRY: Is a continuous count kept of the number of letters?

Mr. BOYD: It is a daily count; it is a continuous record. The salary is revised after six months. We do not change the rates every week; it is a continuous record.

Mr. CHURCHILL: On the question of letter carriers which was raised earlier, what is the annual turnover in that arm of the service?

Hon. Mr. LAPOINTE: Mr. Churchill, I am told that we have not got this turnover by classes, but we can get it for the next sitting.

Mr. CHURCHILL: Yes. I was wondering with regard to the stability of the service. My general impression is that it is very good. I think it would be all to the credit of the department if it turned out that way.

Mr. BOYD: We have some figures which are especially significant in that respect. This question of turnover is a very significant one. With the staff in the field, which includes letter carriers and so on, for the last fiscal year there was 8·6 per cent turnover. That was an infinitesimal change from the year before. Three years back it was 10·5 per cent, and that is a very low percentage as compared to industry and to the government average. The closest comparable figures run from 30 to 40 per cent per year in government and in private utilities.

Hon. Mr. LAPOINTE: And that would include retirements, and some personnel fired.

Mr. BOYD: That includes all separations.

Mr. HENRY: What is the government average?

Mr. BOYD: I have a figure but it is only verbal and I do not know whether I can answer you. The government has not published any figures on turnover.

The CHAIRMAN: Perhaps you had better not give the figure.

Mr. BOYD: If I did so I would be quoting something verbal which I do not think could be termed as a figure. I am sorry.

Mr. BYRNE: Coming back to the incentive plan and your improved methods, has there been any other development mechanically in the Post Office Department outside of those sorting machines since you have introduced this incentive plan?

Mr. CRAIG: Our main way of moving mail is by way of conveyor belts, other than actual hand sorting. The various machines which we are planning to try and about which you already know are really the only new ones. We still have some to be installed such as in the new building at Winnipeg and at

Vancouver. There are new types of machines going in there which we have not used, but they have already been purchased and their purchase has been approved in previous estimates, as far as I know. There is really nothing new I can think of except that we are constantly working at the changing of design of our conveyors and so on, but we would not call that new. There are improvements constantly, in the way we can make a turn, or that sort of thing, but there is nothing further I can think of.

Mr. BYRNE: The type of boxes which you are installing at the present time appear to be aluminum. Are they really good boxes? I know it is awfully difficult when you reach into them to get your letters out. Perhaps I am too anxious to get my mail.

Hon. Mr. LAPOINTE: Perhaps your hand is too big. You want to grab too much!

Mr. BYRNE: I have had some difficulty, and I have received quite a few scars for which I cannot receive compensation.

Mr. CRAIG: Those boxes are supplied through the Public Works. The design is a liaison proposition. We have had several complaints about this edge catching, and we are discussing it with them as to what change could be made to it to do away with that trouble, because it can either catch the mail or it can catch the hand.

Mr. BYRNE: And with respect to the lock itself, you must leave the key in it, and if the door is slammed a few times the lock will practically disintegrate.

Mr. CRAIG: They are working on that too. There has been some difficulty, and a change has already been made but as to the details I really do not know offhand.

The CHAIRMAN: Are there any further questions on item 325?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): May I ask when we actually awarded the contract for the Transorma machine?

Hon. Mr. LAPOINTE: The order was placed by the department. As I said yesterday the purchase was approved on July 4th, 1950, and the order was actually placed by the Department of Public Works on September 14th 1950. The date of the customs entry into Canada appears to be May 27th 1952. That was for the original manual machine, and to it there was added an automatic feed mechanism which was purchased in 1954 and which was installed in the Peterborough Post Office which opened on June 27th 1955. I am now told that the installation was completed six months before the opening of the building.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): At the time we placed the order for this machine were we giving some consideration to the development of our own electronic sorting system, although we had not actually started on the experimentation in connection with it? I presume we were giving some consideration to the development of our own electronic sorting system.

Hon. Mr. LAPOINTE: At the time this was installed?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): At the time that this was ordered?

Hon. Mr. LAPOINTE: I think I see what you have in mind. I am informed that the Transorma machine will suit medium sized operations but it would not do the work we plan to have the other ones do. And inversely the electronic machine which is being developed is for larger operations such as would take place at Montreal, Toronto, Ottawa and Winnipeg, but not in the smaller operations such as at Peterborough.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): So that I may not gain a wrong impression from anything that was said, I would like to make an observation

and then you may comment on it. I cannot help but feel from the observations I have heard outside and from the comments made here that up to date the Transorma machine has not demonstrated that it is really satisfactory. Obviously there are future experimentations and future work to be done on this machine; but I think you could accept it that up to date, if we were asked, "what are the results of this machine?", it does seem to me that it has not been a too satisfactory operation. Is that a fair conclusion to draw? I might say here that I realize sometimes things which we read are not completely authentic in every sense of the word; they express only one person's opinions, but there was a newspaper story on the opening of the Peterborough post office on March 24th of this year, and it is well to remember at this point that we had had the machine for about four years and that it had been installed for a number of months.

The heading is: "Mail Clogs Post Office Some Lost. Big Space, New Men, New Machines, Blamed for delays". At the end of the article we have this paragraph:

> A huge expensive sorting machine is also blamed for some of the delay and in efficiency. The Transorma, a Dutch-made machine, requires up to six men to operate efficiently, whereas two men could sort the same amount of mail by hand at the same time, an employee said.

Mr. BYRNE: That is a good machine. It should be of benefit to the unemployment insurance people.

Mr. HAMILTON (*Notre-Dame-de-Grâce*):

> Letters become clogged in the machine, and often are lost, he stated. Important mail which arrived in January was found this week, he said, inside the machine.

Mr. BYRNE: Who wrote that?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): It is a newspaper story from the *Peterborough Examiner* of March 24, 1956.

Mr. BYRNE: I recall the Wright brothers running into the same thing some years ago.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I am interested because we have spent the sum of $700,000 in the initial stages to develop an electronic sorting machine, and we have $100,000 in the Transorma machine, and we are doing a lot of experimentation in this field. I think we should consider very carefully whether there is a probability that these machines are going to work out satisfactorily, or whether we are making major expenditures in a field which shows little promise.

Mr. CRAIG: That incident of March 24th happened this way: with all due respect, when we investigated it, we did so very thoroughly, and you can write it off. The machine had no part of the situation on that morning. What actually happened was this: there was on that night a big surge in volume of mail, and the supervisor, the clerk in charge of the unit—I think a Saturday morning was the morning involved—he let them go at the regular time and did not attempt to clear the mail; in other words, it was poor supervisory judgment on that particular occasion, and with the incoming staff there were not sufficient people to work the mail in the same time that it was normally worked; so it was not all cleared into the lock boxes until 9.35 in the morning. The machine did not have anything to do with that. It was just a case of poor supervision of the work load. The man was reprimanded for his poor judgment and at the same time we made it very clear to the senior officers that on Saturday a more senior official had to be there at that time to ensure that it did not occur again. Perhaps I might have conveyed by what I said the other day

a wrong impression with respect to this machine, and I would like to stress that when I said there were "bugs" in the thing which we worked out, they were relatively minor in character. For instance, there was a safety switch on the thing activated by a bar with square ends, and we found that if a letter exceeded a certain length, as it moved off the machine it hit the squared end of this flat piece of metal and the machine would stop. That was a safety switch. We examined it to see what was happening and finally we cut off one corner at the end of those square bars and it was enough to minimize that occurring. Those are the things I was referring to. There was nothing wrong in a major way with the machine. Actually we think the production rate on it is very good, but we are not satisfied with this quick look at it. Our study is continuing, and we are continuing to revise each piece of material put through it in order to determine whether this production is valid from an accuracy standpoint. In our manual sorting surveys, while we have checked things we do not revise every letter which is sorted, but we are more demanding in so far as machine production is concerned because we examine every letter which goes through it, and after it is through, in order to be sure of the way it is functioning, in order to make up our minds that this is a "dandy" machine, so that we will know the answer for sure.

I would like to point out that I do not know exactly how the impression was passed to you, but I will say this: that it has been my experience with my own staffs, that major changes are not welcomed too much by the majority. That is understandable. We do not expect them to get up and cheer for everything that is new. In my last visit to Peterborough in the middle of February—I talked with one of the men and they actually liked the change, and they now like to be assigned to the machine because it is a sit-down proposition. I do not know where this idea originated, or how strongly it came to you, but I would not agree with it.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): We have no more of these machines on order at the present time?

Mr. CRAIG: Not that I know of.

Hon. Mr. LAPOINTE: No.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Thank you very much.

Mr. HENRY: From the standpoint of work load, has Mr. Craig any advice to give to corporations and individuals who would be making mass mailings in the Toronto area, such as mailings having to be specifically addressed? I should think it would be the obligation of somebody who makes mass mailings to mail in quantities and perhaps by doing it in a given area to help with the work load, if that is going to be of any advantage to the department; but on the other hand perhaps the department specifies the work load itself. I would like to know what he has to say about it.

Mr. CRAIG: You are on my pet beef. In Toronto most businessmen use meters, those that are mass mailers, and our requirements for the use of meters are relatively simple. The mail must be securely bundled and the city mail separated from the out of town mail. That is the requirement for the use of meters. I would like, sometime when you are in Toronto during the evening draw to see the mass of loose metered mail which comes in from this area, or with a tiny elastic band around a bunch of letters. That means that the mail has to be "faced up" all one way for sorting. We cannot give businessmen the mail service and could if it were properly bundled. Coming to the businessman's mailing, we have a public relations officer set-up in the field. They will go and help a businessman set up a mass mailing, and he will advise him on the set-up of his mailing room. We work very closely with those who so desire it.

When I said that it was my pet beef—if you will bear with me—I might say that I was postmaster at Toronto at one time and the Manufacturer's Association asked me to come to a board meeting and explain the service and the delays and so on. I did so and I pointed out the various ways in which businessmen could help out in that connection. They were all senior types, and one was a bit frigid. But when the question period opened up he said "it is all very well, Mr. Craig,"—incidentally I had been critical about their mail room set up, the poor type of people, the poor equipment and the poorly trained workers who were causing the trouble—but he defended his mail room. It was a big organization with, he said, a staff that was well trained and well equipped. As a result of that I said "what is the name of your company?" and he told me. And I said "You say you have a very well trained mail room". I could not have staged this any better, but that very morning my superintendent came to me and said "this company has again mailed more than 100 letters with the amount on them of 4 or 5 cents, but ahead of that is $12." So it cost him over $1,200 to mail out 100 letters. Obviously he nearly blew up. We did not have any more "trouble" with that firm again.

We can do much for businessmen in the way of help. We can do a lot and we are delighted to do it if they will just let us know what they would like to have in the way of official help. If they will only bundle their mail separately we can by-pass the cancelling and facing up operations and the primary sortation for city and out of town mail, and the time saving is quite considerable in a big terminal. I do not know if I have touched on the subject you have in mind, but that is what "bobbed" into my mind in the way of helping in regard to the businessman's mail problems.

Mr. HENRY: In mailing a series of material by letters out of Ottawa for a given area, would it be desirable not to load the letter carrier on a walk with all of the series on one day, or should we distribute it on the basis of every week? If you know that a letter carrier on a walk is going to be called upon to deliver 200 pieces of mail to 200 houses, is it desirable to send out 20 pieces a day for a week, or 40 a day for a week?

Mr. CRAIG: I cannot give you a blanket answer because it depends on what the mailer is trying to accomplish. There are types of mailers where they want everybody to get the letter at the same time. But if it is not necessary to do that, and if he is thinking in terms of what he can do to assist this man, then it is quite proper for him to stagger that man's load; but we do not ask for it, because if the work to be done is beyond the capacity of that letter carrier, the station is supposed to give him aid in making it up. You see, it is really a "sorting" problem. It is just as easy to "deliver" two letters at a time as it is to deliver one. With that kind of coverage he must go to every house on his walk pretty well, and if you are inclined to think of helping him in those terms, it would be very nice to lighten his work in that way.

Mr. CHURCHILL: What is the length of time permitted for delivery of householder mail? Is it spread over a certain period? This crops up at election time when we send out material.

Mr. CRAIG: Our instructions are that they must be delivered as quickly as possible and in any event never any longer than—we used to say two days; but now we say four trips which means four days of one delivery per day. At the present time I have a survey going on nationally to find out what is the national picture, and how long they are actually taking, because while we know very well that some offices do clear them very quickly, we know that others take a little longer. There has been some appreciation of the fact; it may happen, as Mr. Henry knows, that a letter carrier will go out with

maybe five sets of householders at the one time, and that means that he has got a different job to do than if he had just one set of householders, when he might clear them all on the one day. But we do not arbitrarily say that he may take four deliveries or four trips. Our instructions are that they must deliver the mail as quickly as they can, and in no case can it be longer, in the case of residential walks, than four trips.

It so happens that we have just recently been discussing this question in the department and we have this survey going on to see what the picture is nationally on this thing.

Mr. CHURCHILL: I was just asking for information. I have no complaints at all.

Mr. CRAIG: Those are the instructions, sir, and it could happen that in some individual case it has been late, particularly where there has been a long holiday weekend which when it comes into the picture then it is aggravated.

Mr. BYRNE: Why is the department not considering the ordering of more of the type of machine used in Peterborough? Is it considered that it would be obsolete or is the electronic machine going to take over?

Mr. CRAIG: They are pretty expensive and we would rather be safe than sorry. We are really finding out what these machines will do over an extended period and so on. I would not know what the future holds with respect to these machines, but I can say that I do not think we would hesitate to order more of them where we have an operation which would warrant it. It might be that in the interim some variation arising out of the electronic setup may come up which would inhibit our thinking along the line of the Transorma, but I do not know.

Mr. BYRNE: Why was Peterborough chosen to be the guinea pig?

Hon. Mr. LAPOINTE: It was a new post office, that was why.

Mr. BYRNE: There was particularly heavy mails too?

Hon. Mr. LAPOINTE: It was a new type of building and the department had it in mind to make it to some degree an experimental station for new methods.

Mr. CHURCHILL: Is it possible for the committee to take a trip to Peterborough?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Could the minister tell us this: you had a man at North Bay for some time as a public relations officer by the name of Hallonen, but he was transferred recently, where has he gone?

Mr. CRAIG: Actually he was promoted. He was not originally at North Bay. I think he was promoted from postmaster at Schreiber, and he was put in the North Bay district office. He was a combined personnel and public relations man because there was not enough of each to make a job for two men.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): That is fine.

Mr. CRAIG: He is classified as staff training officer at H.Q. which, in the organization, has to do with personnel.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Could we now have some comment from the department or from the minister on the question of thefts from post offices?

Hon. Mr. LAPOINTE: Yes. I shall ask Mr. Taché who is the chief investigator of the department and who has made a study of this particular question to answer you. What aspect of the question would you like him to discuss?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Is our experience getting worse or better?

Mr. A. G. TACHÉ (*Chief Investigator*): I might say that in my humble opinion, and in the opinion of the officers of the department, the situation is getting better. During the last fiscal year the establishment of the investigation division as planned, pursuant to the Woods-Gordon report, was implemented, and senior or field investigators, or better trained men were located across the country at strategic points where they could readily be available to investigate important cases that required such attention, and where they could co-ordinate and assist investigation units on the district staff, as well as the area superintendents when they are called upon to look into irregularities. I might say that according to some figures which I have here that during the last fiscal year, ending on 31st March 1956, we had 273 break-ins, in 89 of which there was no post office cash or post office values stolen, which is approximately 32 point three per cent of the cases, almost one-third of the cases.

Of these 273 breaking and entering cases, 72 of them have been solved, which is equivalent to roughly 26 per cent. I daresay that from the figures available from police forces across the country, that is more than slightly better than the record obtained by the police forces themselves. It might be because of the assistance that our investigation staff gave to the police forces across the country. You are speaking there of robberies particularly?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Yes.

Mr. TACHE: Three years ago—that is for the fiscal year 1953-54—we had 190 break-ins. For the year 1954-55 we had 263, and as I mentioned earlier for this last year we had 273. There is no doubt that from those figures you can see that the trend has been on the increase with regard to the question of break-ins. We feel that this was attributable more to conditions generally than to the fact that post offices are more vulnerable than any other premises. The figures across the country are pretty well along the same lines.

Mr. CHURCHILL: Have you the total loss to correspond with these annual figures?

Mr. TACHE: I can give you some of the total losses. I have them here for this year, this last fiscal year. I think our director of financial services has the loss for the years before.

The losses for the last fiscal year, the actual cash loss, figures at $34,610.24. We have had postage stamp losses. I might explain here, while we record the postage stamp losses according to their value, they are only potential losses. There is no actual loss there that we can establish. The postage stamp loss at the end of the last fiscal year was $99,705.90.

We also have had losses of unemployment insurance stamps which, again, are potential losses, of $65,985.23.

I have not got the final figures with regard to the loss of any other post office values, what we call values: money orders, for instance. I have the figure here that appears on a return, I believe, for Mr. Hamilton. Our calculations established that there were 13,124 blank money orders of all types and descriptions stolen. Here again, this is only a case of potential loss, because in fact, a money order, if it is not forged or re-written, is only worth the paper that it is written on.

Mr. CHURCHILL: Could I interrupt there? That may be true with regard to money orders, but why do you say postage stamps are potential and not actual losses?

Mr. TACHE: Because in our investigational work we have found that many of these postage stamps are disposed of in sewers, and garbage cans or otherwise destroyed. We cannot, of course, give you the percentage of the postage stamps that find their way into the market again, but we do know that there is not a large percentage.

Mr. HODGSON: Would not the unemployment insurance stamps be hard for a robber to dispose of or use?

Mr. TACHE: That is the claim put forward by the Unemployment Insurance Commission, that stolen unemployment insurance stamps cannot be used.

Hon. Mr. LAPOINTE: It is the Unemployment Insurance Commission's claim that they have a system whereby they can check them.

Mr. TACHE: They have a system whereby they can check the purchase and use of unemployment insurance stamps, and they claim there is no loss at all.

Mr. HODGSON: I would not think that there would be.

Mr. SMALL: Tracing them back would be so simple and easy it would leave a robber in a very precarious position. He would not use them, if he had a brain in his head.

Hon. Mr. LAPOINTE: There would be a very limited market for them.

Mr. BYRNE: Have you an estimate of the number of money orders that have been forged, then?

Mr. TACHE: Yes. As a matter of fact, the financial branch can give us the actual number of money orders that have been forged. I would like to point out that, as far as the loss to the department is concerned, out of these 13,000 money orders that were stolen during this 10-month period I am speaking of, only 27 of them we cashed at post offices. These resulted in a net loss to the department of $173.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, does the department suspect the existence of a ring or an illegal commercial operation, shall we say, in Canada, that helps in the disposition of postage stamps and other post office materials which are stolen in this way?

Mr. TACHE: We do not suspect that there exists any ring other than the usual fences for stolen goods. I think I would rather not give any information in connection with some of these suspicions that we have, Mr. Chairman.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): That is fair enough. I can understand your position on that.

Tell me, are you having any luck in finding Mr. Gagnon?

Mr. TACHE: In so far as the department is concerned, we are following with great interest whatever the police in the province of Quebec are doing in that respect. For the moment I cannot tell you where Mr. Gagnon is.

Mr. BYRNE: Who is Mr. Gagnon, for the information of this member?

Mr. TACHE: Mr. Gagnon is a fugitive from justice. He was charged with receiving and being in possession of stolen stamps in Montreal.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): With quite a sizable amount, it might be said.

Mr. HODGSON: Has the department given any consideration to the installation of burglar alarms?

Hon. Mr. LAPOINTE: There have been some installations of burglar alarms. There are at the present time some contracts awarded for the installation of burglar alarms. We also propose to decide on localities where we will award contracts for the installation of these alarms. I know where those that are installed are, and where we are going to install the others, but I do not think I should give the localities to the committee and advertise where we have the burglar alarms.

Mr. HODGSON: I would not expect you to.

Hon. Mr. LAPOINTE: I might also say with regard to this question of burglar alarms that Mr. Tache and other members on the staff, together with the R.C.M.P. and the Department of Public Works, have made quite an extensive

study of the use of burglar alarms, their efficiency, and so on. Mr. Tache might have something to say on that.

Mr. TACHE: I might say this, to give you a summary of what the department has done in that particular respect: last year, in the early part of the fall, there was a departmental committee formed wherein a very minute study was made, with the help of experts, as the minister has pointed out, of our protective equipment, including the subject of perimeter protections, as well as the question of vaults, safes, alarms and buzzers. There was also a minute study of a possible tightening up in our regulations governing the handling of the financial side of our operations.

Mr. HODGSON: Could you tell us what the cheapest alarm system would cost, approximately?

Mr. CRAIG: When you say the cheapest form of—

Mr. HODGSON: Yes, one that the ordinary person could afford to put in his post office or store?

Mr. CRAIG: The ones we looked at at the R.C.M.P., with a money box installed and alarm, ran around $800. That is not the cheapest one, but that is the one, of all those they were testing, that they considered worthy of demonstration.

The Department of Public Works have set up a man in charge of the committee who is making a very comprehensive study of the various types of alarms because, after all, in this kind of thing you would not want to use the same alarm everywhere. As the R.C.M.P. explained to us, there is not an alarm system made that cannot be beaten. As a matter of fact, as Mr. Tache will bear out, the R.C.M.P. men were not particularly in favour of alarms. They said criminals just beat them. These alarms will be supplied as they are now, through the Department of Public Works, and we will end up with a variety of types of alarms scattered hither and yon so there will be no set pattern for the criminal people to learn.

Mr. HODGSON: I was thinking of these post offices that are in corner grocery stores, or corner drug stores, or some place like that, and wondering if there was something that could be arranged within their means which would be to their advantage,—some type of alarm system?

Mr. CRAIG: There are some very cheap types on the market, I am told, but the Royal Canadian Mounted Police say you are wasting your money to buy them.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Have you any burglar alarm systems installed and in operation at the present time?

Hon. Mr. LAPOINTE: Yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I should perhaps have preceeded that question by saying that my attention was drawn to an incident in Montreal on March 12, and I think this demonstrates the value of the burglar alarm system. A man broke into a post office. I might say that the newspapers identified the address, so I presume there will be no more break-ins at that post office. While this man was still there very busily engaged in plundering the post office, the police came over and picked him up. That was in the Montreal *La Presse* of the 12th of March, 1956. The sub-heading is, "A burglar without knowing starts burglar alarm system and is arrested."

Mr. Tache has given us the increase in burglaries for the last three years on the fiscal year basis and I have worked them out on the basis of the calendar year. In 1953 there were 101, in 1954, 171 and in 1955, 235 with a very sizable loss over those years. It would seem to me that the wide installation of additional security protection would be more than paid for over a period of years with the savings of the thefts themselves. I think we would all hope

that the department would move quite rapidly in that direction. Do you want to say something on that?

Mr. CRAIG: I Just thought you might be interested, Mr. Hamilton, in a rather surprising thing that has happened in relation to some of these cases that Mr. Tache has mentioned. Where the postmaster has neglected to put his money in the safe, that has been the only money that was *not* stolen. They took the safe and they took everything, and the only money that was saved was the money he left out of the safe, in a drawer.

Mr. CHURCHILL: Yes, or in the waste paper basket.

Mr. HAMILTON: We did have another case where he put $44,000 into the waste paper basket.

Mr. BYRNE: Does he put the waste paper in the safe?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): The thief came in and removed the money. I think Mr. Lapointe and I will both agree that that is not the standard post office practice.

Hon. Mr. LAPOINTE: It has not been put down in circulars and sent to the post offices.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): What measure of coordination is there with the Royal Canadian Mounted Police in this work. The reason I ask that is that last year we had an interesting sequence of questions in the house during which the Prime Minister at one point said there was a high degree of coordination between the R.C.M.P., the Post Office Department and the provincial police in all these cases, and then a moment later Mr. Garson was asked regarding a particular case, and he said he did not think they had had anything to do with this case. I think you probably know the reference in *Hansard* to which I refer. What measure of genuine coordination is there between the services?

Mr. TACHE: Mr. Chairman, as most of the members here know, the question of enforcing the Criminal Code is by the constitution a responsibility of the provinces. This offence of breaking and entering is an offence covered by the Criminal Code. Our relation with the mounted police in regard to the actual investigations of robberies is very close, and they are the first informed in those provinces where they are the policing force. In those provinces where they are not the policing force, our relations are with the provincial police. However, in respect of every break-in that is investigated by police other than the mounted police, there is a crime index report prepared by our men and turned in to the mounted police for analysis in their laboratories here in Ottawa.

We also work in close conjunction with the documents section of the R.C.M.P. in connection with forgeries of money orders, or of government cheques, or any other bills of exchange that go through the mails and have been found to have been stolen or paid to a forged endorsement. In other words, our relations with the R.C.M.P., from a technical point of view are very close.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): In the case of monetary currency in Canada, I think the mounted police have the full responsibility in respect to counterfeiting and things like that in all parts of Canada?

Hon. Mr. LAPOINTE: Yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): It seems to me that Her Majesty's mail come into approximately the same category. That is, thefts from Her Majesty's mails come into roughly the same category as counterfeiting of Her Majesty's currency. Has any consideration been given to putting these two operations on all fours, and perhaps give the R.C.M.P. complete authority for

post office security as well as the authority that they now enjoy in the field of counterfeiting?

Hon. Mr. LAPOINTE: No, I do not think so.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): There are other things in which the R.C.M.P. has authority right across Canada, as I understand it. Let me say right here that it is obvious that the department in the last two or three years, has made a very sincere and very extensive effort to deal with this situation of break-ins and thefts. I was particularly impressed with that fact when I put on the order paper of the house two questions, one about 18 months ago and one this year. They asked for information regarding thefts from the post office, the only change being in the period covered. The first return which came down was quite a cursory piece of business. It gave the absolute minimum of information, and it took a great deal of time to get it down. The second report which came down was much more extensive in the nature of the information which it supplied, and it came down much more rapidly. I will assume from that that, as the result of examinations which were made of this situation in the House of Commons, and perhaps some comments which were made there, the department considered its system of keeping these records, and perhaps improved both their quantity and their quality in the way in which they could be used. In that respect, and perhaps in others, I think we have made considerable progress. This is not a criticism of the investigation department of the post office. What is the objection to keeping this operation directly under the control of the R.C.M.P.?

Hon. Mr. LAPOINTE: The matter has never been given consideration that I know of. These burglaries and thefts have always been considered as an offence under the Criminal Code. The investigation work has gone on as is normally done in the particular province where the offence has taken place. There is nothing much I can add to what Mr. Tache said previously. I personally do not know, in the question of counterfeiting, whether it is the R.C.M.P. which has been the policing force, or whether provincial police forces come into the picture. I am not acquainted with that phase of it. I would have to find out.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): You see, a comparable example would be a break-in where narcotics are stolen. Under those circumstances the R.C.M.P. move in immediately.

Hon. Mr. LAPOINTE: Yes, but that would not be because of the theft, but because of the narcotics aspect of it. It would be against a federal statute.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I would suggest to the minister that Her Majesty's stamps, Her Majesty's money orders, and Her Majesty's cash might very well offer a similar reason as in the case of narcotics for the type of action which I am suggesting. It could be explored. I am wondering whether the minister might give serious consideration to that, and perhaps when his estimates are before the house, be prepared to comment on it in one way or the other? There may be very valid reasons why this course of action is not a wise one.

Hon. Mr. LAPOINTE: I will be very pleased to.

Mr. BYRNE: As one of the committee, I cannot see any particular reason for singling out any particular department for protection by the R.C.M.P. The Department of National Revenue, for instance, takes in a very large amount of Her Majesty's money, and certainly if there was a break-in in the Department of National Revenue in Vancouver where there are city police, or provincial police, they would be the ones who would be called in to investigate.

Hon. Mr. LAPOINTE: That is right.

Mr. BYRNE: In the province of Quebec, for instance—

Hon. Mr. LAPOINTE: Where there is the provincial police?

Mr. BYRNE: —where the provincial police are in these smaller communities, and perhaps there is not a detachment of the mounted police, if the mounted police had to be called in in every instance to investigate a robbery of one of the small post offices, it would be a very cumbersome thing to do. It seems to me you are starting something that you cannot finish. We would have to take in all departments where there is money of Her Majesty involved.

Hon. Mr. LAPOINTE: As a matter of fact, I am not sure that the provincial police in the province of Quebec with respect to cases of counterfeiting do not come into it. I seem to recall some months ago a case of that sort in Quebec City, or in that area, where the raid on the premises was made by the provincial police. I seem to remember reading that in the paper. I think the provincial police came into it as well.

Mr. SMALL: Is not the naswer to that that the R.C.M.P., particularly with regard to narcotics, have an organization set up, and have contacts established with all the centres, and they know these sources of narcotics. They can follow the pattern pretty well. They know the people who deal in narcotics, and it is easy for them to trace it down. The same would apply to counterfeits. It takes a special skill to produce counterfieit money, and they generally know who has that skill, and they can trace it down as a result of that knowledge.

In the matter that Mr. Byrne is complaining of, that it is not applied to every department—

Mr. BYRNE: I am not complaining.

Mr. SMALL: It is not applied to every department. The fact is that every department is not being robbed. There is no evidence that there have been robberies taking place. It is only in the post office where the robberies are extensive, because of the particular set-up.

I may be misquoting, but Mr. Craig said that alarms were useless. Would it not be the same as in the cases described with regard to narcotics and counterfeits, if the post office had a burglar alarm system, those criminals that could solve the alarm system would be in a certain class, and the police would know who they were, and it would make it easier for them to be traced down? Anyone that did not have the skill to break through that alarm system would not attempt to do so, or undertake the project of breaking into a post office. On the other hand, if they had an alarm there, and someone broke through the alarm system, then the police would readily know who the individuals engaged in that kind of activity were. It would reduce your problem to a minimum. You could trace them down almost immediately. Where you have it wide open, as it is now, and you have a police job, you have to enlist the services of the mounted police in tracing it down, where a burglar alarm system would practically reduce the problem to a minimum.

Hon. Mr. LAPOINTE: I think, Mr. Small, to be fair to Mr. Craig, he did not say that they were completely useless.

Mr. CRAIG: What I did say, sir, was, and the question was, what was the cheapest we could buy; and the advice we were given was that we were wasting our money buying the cheapest type of alarm. I never have said that alarms were useless.

Mr. SMALL: I did not say that you said it, but you indicated that the R.C.M.P. said it.

Mr. CRAIG: They said the types of alarm could be breached.

Mr. SMALL: Could be breached?

Mr. CRAIG: Yes.

Mr. SMALL: But the police would have a pretty good idea of the individuals that could breach it.

Mr. CRAIG: Yes, they might.

The CHAIRMAN: Is this item carried?

Mr. CHURCHILL: Mr. Chairman, with regard to this subject of theft, we were given information on the number of break-ins and thefts last year. 72 were solved. How many of the 72 were the result of the work of inside men? Were they all break-ins, or was there some complicity on the part of someone on the staff.

Mr. TACHE: There was one case where there was evidence of complicity on the part of a member of the staff. That member of the staff was brought to trial and is presently serving a term.

Mr. CHURCHILL: Of the 273 break-ins, how are they distributed across the country?

Mr. TACHE: I have a breakdown by the 14 districts across the country, if the committee wishes me to give those figures.

Hon. Mr. LAPOINTE: Yes, and would you describe the area which the district covers, if you can. That will give some indication.

Mr. TACHE: If the committee will permit me, I have not got the totals. It would just mean adding up two figures for the 14 different districts. If I might be permitted to do that, I will give the answer maybe first thing this afternoon.

Mr. CHURCHILL: Just to complete that, I was wondering if you could give us some information, or a summary as to whether those break-ins occurred chiefly in the large post offices, or whether they were in the other classifications? What did you call them, the revenue post offices?

Hon. Mr. LAPOINTE: Revenue post offices. Mr. Mills says he has some figures on that.

Mr. MILLS: Mr. Chairman and gentlemen, I think these figures may be helpful. They do not relate particularly to those that have already been submitted, but I think they do establish a pattern. Of the cases which have not yet been cleared, there are offences as of the 31st of March, 1956 totalling 97. I think they would be representative cases. Two of those were in staff offices. Those are the large city offices. Twelve were in postal stations; 24 in semi-staff offices. Those are offices with revenue of $3,000 or more. Twenty-three in revenue offices; those are smaller offices with revenue under $3,000. Thirty-six are in sub-offices; making a total of 97. In other words, much the larger number are in sub-post offices located in smaller stores, small business premises, and in revenue offices in the small communities.

Mr. CHURCHILL: Do the people operating those smaller postal stations and post offices bear any part of the loss resulting from theft?

Mr. MILLS: Not unless they have been negligent in so far as the department's regulations are concerned. Normally they do not.

Mr. BYRNE: Have you any figures on the number of places or establishments that are protected by safety devices that have been burglarized? That is where there has been a safety alarm, or a burglar alarm?

Hon. Mr. LAPOINTE: Where there was a burglar alarm system?

Mr. BYRNE: Yes, while the robbery took place.

Mr. TACHE: According to our records, where burglar alarms have been installed in sub-offices, or in certain post offices, the robbers have been frustrated.

Mr. CHURCHILL: In very large post offices are there not people on duty 24 hours a day?

Hon. Mr. LAPOINTE: In most of them, yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, earlier I mentioned the usefulness of comparative information with respect to Canada and other countries. I think this situation offers a fairly good example of it.

I went to the trouble of procuring figures from the United States post office, as to their burglaries. I have the figures here for 1953 and 1954. I have not figures for 1955. In 1953 we find that they had 1,087 burglaries of post offices and stations. That is for their fiscal year.

Mr. BOYLE: Is that the United States?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Yes. That year, compares fairly favourably with the figure I have set beside it, which is for the calendar year in Canada. It is 101. When we turn to 1954, we find that there were 1,280 in the United States, which is roughly an increase of 25 per cent. We find that the figure for that calendar year in Canada has jumped from 101 to 171, which is an increase of 70 per cent. As I say, I have no figures for the United States in 1955, but for the calendar year 1955 in Canada we find we have 235.

I drew that to the Postmaster General's attention for two reasons: first, on the limited information that we have, it does seem that our siuation is worsening much more rapidly in Canada than in the United States. Secondly, and much more important, I think it offers us—figures of this type—a helpful basis of comparison. I would like at this point to suggest that when we have the International Postal Union meeting here next year, one of the things which might be discussed there, is the possibility of obtaining on a comparative basis as much information as possible, and make it available to all countries, so that we can see how we are doing in comparison with the other countries. Perhaps if we find that we are falling behind we can ask them what they are doing or, as I hope would be the case, we find we are ahead of them—and I think this would be the case in many cases—they could come to us and say "Can you tell us how you are doing this in such a capable way".

Can you give us any comparison beyond what I have made of our experience here in Canada and that in the United States?

The CHAIRMAN: These figures you gave, Mr. Hamilton, were they convictions or actual cases of break-ins?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): These are the actual break-ins. They are on a comparative basis with our own figures of break-ins. There is no relation as to whether they were solved or not.

Hon. Mr. LAPOINTE: Of course we can get these statistics directly from the various countries, but I cannot help thinking that when you make a comparison of the incidence of post office burglaries or thefts as between Canada and the United States, that is not the right comparison. What you should compare is the incidence of postal burglaries as compared to the incidence of crime, and other burglaries and so on throughout this country. If there is an upward trend of burglaries it will reflect in the incidence of burglaries in the postal services. If there is a downward trend, it will reffect in the same manner. It is not a question of there being more burglaries or break-ins in the postal installations. If the incidence of other crime throughout the country is going down, then you would certainly be right in saying that we are the victim of more crimes than the other operations in the country. That is not the case as I understand it. Would you have anything on that?

Mr. TACHÉ: No. I have no figures on the incidence of crime, or break-ins in post offices compared to others, except possibly a report from the city of Toronto police for the year 1954 where the breaking and entering occurrences are classified according to the types of premises.

They have listed here 845 breakings and enterings which include burglaries and housebreakings. There has to be added to this figure 257 incidents of shop breaking, which brings the number of incidents in Toronto in the year 1954 to 1,102. Of these banks and post offices accounted for five.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I am quite prepared to go along with the minister and say that one basis of comparison is our experience in the post office versus our experience in Canada generally. That does supply a basis of comparison and one that is quite important in this particular case. I do not think it is necessary to debate this at any length today, but I do think a strong case can be made that an equally interesting basis of comparison, and an equally valuable basis of comparison is between our experience in a given field in Canada, to wit, post offices, and the same given field, to wit, post offices, in a country which is contiguous to us. We may find that by studying what others experienced we can learn something from them, just as I know that other people studying our experiences learn something from us.

Mr. BOYLE: Mr. Chairman, I might say as regard comparing our services, we exchange views with the United States people almost continuously. Their inspectors consult with our men, and our inspectors have consultations with theirs almost continuously. That is in regard to the mode of operation. I am not suggesting that the organizations and set-ups are exactly the same in both countries, but there is a very, very close association of post office inspectors of the United States and the post office inspectors of this country.

Mr. BYRNE: Mr. Chairman, I think we did receive some figures a few moments ago showing that the actual robberies or break-ins had taken place in the majority of cases in the revenue post offices.

Hon. Mr. LAPOINTE: And sub-post offices.

Mr. BYRNE: And sub-post offices. There were 24 took place in post offices with revenue over $3,000, or around $3,000.

Mr. BOYLE: Forty-two I think Mr. Mills said in sub post offices

Mr. BYRNE: What does that mean?

Mr. BOYLE: A sub-post office is a commission agent really who sells stamps and such on a commission basis.

Mr. BYRNE: In a metropolitan area?

Mr. BOYLE: That is right, mainly. Those establishments, those sub-post offices are located in lingerie stores, drug stores, grocery stores or something of that nature. It is a side issue of this man to have a sub-post office. I think an examination of our records would show that the intention of the man who breaks in is to get at the drug stores' cash, the lingerie cash, the chocolate cash; and the post office cash is just something incidental.

Mr. BYRNE: Do the Americans have that system of sub-post offices similar to ours?

Mr. BOYLE: Not exactly the same. They have a type, but it is not on exactly the same basis.

Mr. BYRNE: The population trend may have some effect. The American population is so much greater and they have much larger metropolitan areas which have post offices open on 24-hour service while we are scattered out to such a great extent that our post offices are left unattended, that is to say more post offices are left unattended in proportion to population, than in the United States, so for that reason this would prove much easier.

Hon. Mr. LAPOINTE: I wish to add on to what Mr. Boyle has just said that there is one indication very often that the breaking in to these sub-post offices is not for the post office cash, that that is not really the main purpose. That indication is given by the losses to the store, which are higher than those to

the post office. In the case of the last one which Mr. Thatcher brought to my attention there was nothing stolen from the post office but the store cash and some of the goods were taken away.

Mr. CHURCHILL: Can any loss result from the use of the meter or has there been any incidence of that? Can these meters be tampered with in any way?

Mr. CRAIG: There is a double lead seal on them, put on by my department. When a man wishes to use a meter and have it set at $500, we open it and set it and seal it. They can go out of order, but the instance is unique when it does and invariably it is picked up at once, because our records show the settings and they have a descending register and an ascending register. As a matter of fact it happens very seldom, as the machines are excellent ones.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): What was in my mind in opening this discussion was not necessarily the protection of the small sums at the sub-post offices, where one has a minimum amount of cash and stamps on hand in most cases and where the loss to the post office would be a minimum. You reach a point where it is uneconomic to put in protection. I have in mind actually the post offices themselves and the postal stations. Looking here at the return which has been made for me, I find that a postal station which is very near and dear to my heart, Snowdon in Montreal—and a darn good postal station, from all accounts—has been "knocked over" twice within two weeks. The first time the amount of cash alone stolen came to $2,500 in round figures and the amount of postage stamps was $8,500. Then they came back two weeks later and collected $4,500 in cash and $7,500 in postage stamps. Incidentally, that was the case in which the gentleman who was accused of knocking the post office over left a laundry slip behind. He was tracked down by the laundry slip and brought to court but subsequently acquitted because there was more than one person in that particular case receiving at that number and the laundry slip might have come from anybody. That is a typical case—well, not typical, as it is two robberies in two weeks and we do not have many of those—but I can look down the list and I find postal station "T" in Montreal lost $3,000 in cash and $3,000 in postage stamps. The same things applies in other cases across Canada. Let us not be misled by thinking in terms of putting burglar alarms into every sub-postal station as there are over 8,000 or 12,000 across Canada.

Hon. Mr. LAPOINTE: I think we all agree it would be too costly to do that. I think I can say that in the program which has been started of installing burglar alarms and those which are projected, we have in mind just what you have in mind.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Without giving us any of the locations, could we be told, say, in the Montreal area how many burglar alarms were in operation at the beginning of this year, say before the 1st of January?

Hon. Mr. LAPOINTE: I do not like to give it in public. I would be very glad to give it to you and to show you the programs we have in the Montreal area, but I do not think it should go down on the record.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): It certainly cannot be very many, because of this fact that it is a matter of public knowledge that permission was applied for to install 11 other alarms connected with postal stations in the early part of this year and we know by definition that those 11 plus those in existence would not necessarily cover every station in the city of Montreal, so it would seem to indicate that prior to the beginning of this year there was practically no burglar alarm protection for postal stations in Montreal. Again, it seems to me that if that situation applied across Canada it represents a slowness on the part of the department in catching up with this particular situation. We had to have the robberies first and then the burglar alarms next. I am pressing now to get this program under way and get adequate protection to all these

stations so that we do not find in the next year that postal stations are being robbed and people are not being caught because of the lack of burglar alarm protection. Have you any comments along those lines at all?

Hon. Mr. LAPOINTE: All I can say is that we appreciate your urging us to put into effect this program. It already is being put into effect.

The committee adjourned.

MAY 11th, 1956.
10.00 a.m.

The CHAIRMAN: Order, gentlemen.

We are still on item 325.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, we were discussing security in the post office yesterday morning when we rose.

Have we had any success in locating the source, or the assessing of the responsibility for the letters which were found at Hespeler which had been stolen? They were letters containing money which had been sent to a premium house in Toronto.

Mr. A. de G. TACHE (*Chief Investigator*): We have not as yet established definite responsibility in that case. We have suspicions. I might say at this juncture, that these suspicions do not concern postal employees.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): One further question. Were those letters which had been actually entrusted to the post office, and removed presumably somewhere near the destination? The reason I ask that question, Mr. Chairman, is that a newspaper story, which is one source of information, says: "When the contents of the letter were determined, and also the fact that none of the stamps bore cancellation marks Mr. O'Krafks contacted the police." Is that statement correct?

Mr. TACHE: I hesitate to give the committee detailed information in that connection, because we have certain leads at the moment. If the chairman will bear with me on that.

The CHAIRMAN: I think that is right. If there is anything having to do with successful investigation, and there is something that might prejudice it, of course, we would not want to do that.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): No, I certainly do not want to prejudice the investigation into the situation. It does seem to me that this is a very important consideration, because we know that these letters came from all across Canada, according to the information we have received. We know that immediately a letter is delivered to the post office, at the point of delivery it is presumably put through the post office cancelling machine. Therefore, if we find that these letters actually were not bearing cancelled stamps, we have an interesting situation. Presumably at many points in Canada mail addressed to one particular location has been removed in some way from the post office.

Mr. TACHE: I can tell the committee that is not the case. There is no evidence of the letters having been removed from the post office at various points across the country. I believe that with that information and the fact that our suspicions are not directed towards postal employees, I think, and respectfully submit, that I have given the committee sufficient information.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Yes, that is all right. I will not pursue the question. I will just point out, however, that it might have some bearing on an earlier question I asked regarding a ring.

Mr. ROBICHAUD: Mr. Chairman, we are spending a lot of time on newspaper reports.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): The newspaper reports, Mr. Chairman, are not denied specifically, and that is an interesting point.

Hon. HUGUES LAPOINTE (*Minister of Veterans Affairs and Postmaster General*): I think you will have to admit that while the investigation is being made both by the police and by our investigation staff, that to either deny or agree, or comment on any report concerning the investigation is likely to prejudice it. You would never get the R.C.M.P. to comment on any report of an investigation of any crime that they were following. I think the situation is the same here.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I certainly have not been pressing the point, or pressing for information.

Hon. Mr. LAPOINTE: No, no, I quite agree. But the mere denying of certain allegations that might have been made in the paper is likely to indicate the trend of the investigation which is being followed by the police.

The CHAIRMAN: Our proceedings can be obtained and looked into, and we should be careful nothing is brought out which might close up the possibility of a lead being followed up.

Mr. HAMILTON (*Notre-Dame-de.Grâce*): I just want to put on the record that I am not pursuing this matter any further, Mr. Chairman. It does present a difficulty to the members of this committee in assessing the activities of the post office in certain fields, when we run up against the security blanket which has twice been thrown around an area in question. To some extent I can see the reason for that. I think I am leaning over backwards in order to cooperate with the department. Again I would point out that information has been available in these two cases, one concerning burglar alarms and the other in connection with a certain theft. There has been very extensive information through the press. As soon as we begin to proceed beyond that point, we are told that it is not in the interests of the security of the post office, and the proper conduct of its duties to have the committee given any further information. That does present a very great problem to us in really investigating one of the most important things in the post office operations, which is the security of mail itself.

Hon. Mr. LAPOINTE: I think, Mr. Chairman, it is only fair to differentiate between information which has been extensively available to the press, as the honourable gentleman says, and what has been mere press speculation and stories built up on what may have come to their knowledge. Now, we have the information to which my honourable friend refers and I would be quite willing to let him have it; as a member of parliament I think there is no doubt that he is entitled to know. But I do not want it to go into a public record for reasons of security. I am sure Mr. Tache will be pleased to give you the information in the particular case to which you refer, but I think that it has to be off the record.

The CHAIRMAN: I think, Mr. Hamilton, in respect to these burglar-alarm questions that you would agree it would be very unwise to give information which would indicate where they would be encountered. If this were done you might just as well not have them. That is about the only thing withheld there, as I recall it. On this matter of whether an investigation is still going on I think you will also agree that sometimes, even the slightest question, if it is answered either in the affirmative or in the negative might upset a whole line of investigation. When we do not know where the investigation is directed we cannot be sure ourselves about it, but if a man like Mr. Tache is sure that it is not wise to go into a thing any further then I think we should accept that ourselves.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): There is one point which I should make. To the extent that information as to an individual burglar-alarm should

not be released, I can go along with that; but one of the questions asked yesterday, in which an answer was not given, was how many burglar-alarms were installed in Montreal before the last decision to install eleven more was released. The committee was told, as I recall it, that it would not be wise to release that information.

Hon. Mr. LAPOINTE: I do not think that the information was given that a decision had been taken to install eleven more. Was that given? It was not given by either myself or anybody on the staff.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I was quoting and I referred yesterday, Mr. Chairman, to a specific newspaper report.

Hon. Mr. LAPOINTE: There you are again. That was not given by the department.

The CHAIRMAN: You see, the difficulty about that is that anyone who was intending to rob post offices would know that the post offices were protected only to a certain extent. It would be almost like saying, at the time of the battle of Britain, that we are practically unarmed, or as the case might be. I think we know now the state of affairs at the time of the battle of Britain was desperate, but surely it would have been a terrible thing if evidence of that had been brought out at that time. If the situation is as you suggest it is, the less information as to the extent of the exact defence against it, the better. If there is any information which you want to have a look at, as the minister has said, you can get that information yourself, but I do agree that it should not be made public. Anyone could get our record and study it and it would be very bad for the Post Office Department, I think.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I should point out that the minister in a return in the house did confirm the fact that the federal government had requested authorization from the police department to connect a certain number of burglar-alarms.

Hon. Mr. LAPOINTE: I did not mention when, how many, or whether they had been installed. You asked whether we had requested the authority to do so and I said yes. I purposely at that time said—not that I wanted to withhold information—but I worded my answer in such a way that it would not prejudice the situation.

Mr. BYRNE: I wonder just how serious this matter of losses through burglaries amounts to? According to the figures we received yesterday $34,000 was the actual amount of cash lost, and while there were other losses, there was nothing determinable.

Mr. CHURCHILL: There was $99,000 for stamps.

Mr. BYRNE: I said there was nothing determinable in the stamps or money orders, and that much of it was destroyed by the sewers and so on; and the stamps were thrown out. To dispose of $34,000 in an actual cash loss would means a per capita loss in Canada of approximately ·002 per capita which is 2/1000ths of one per cent. Our actual expenditures on other matters in the way of federal expenditures run about, I would say, $350, or $400 per capita, so I do not think it is something which is really serious and that it is important. I think we have probably spent enough time on that.

The CHAIRMAN: I think the committee agrees that it wants to be of assistance in improving the situation and that it would not want to do anything which would hinder the officials in improving it. I feel that Mr. Hamilton agrees with me.

Mr. SMALL: Could the minister give me his views on this question: what disadvantage or harm is there in knowing that an alarm system was in a building?

Hon. Mr. LAPOINTE: I can only quote what the experts on the subject tell me, and we have—I think we did explain it at one of the previous sessions—that we set up a committee last fall to look into this whole question of security in postal establishments, and that we called experts in from the R.C.M.P. and also from the Dominion Electric Protection Company.

Mr. SMALL: That was just one firm?

Hon. Mr. LAPOINTE: Well, we called in experts.

Mr. SMALL: They put their name right on a building when the building is under their protection or surveillance.

Mr. LAPOINTE: No. We called him in as one of the experts to advise us, and he told us that we should not make public the installation, and the knowledge that certain burglar proof installations are put into our post offices. I am not an expert on the subject.

Mr. BYRNE: I think if the knowledge was made public as to where those installations are, it would simply follow that the general public would know where they are; so you are as much as advertising the fact that there are no burglar alarms in such buildings if you say that there are burglar alarms in certain buildings.

The CHAIRMAN: If they know that there is a burglar alarm in a certain building, some are experts in knowing how to circumvent it; and if they know that burglar alarms are located in certain spots, then they will know there are other places which are not protected, so they have the advantage both ways.

Mr. SMALL: I would not place too much weight on that argument, because it is their job to find out if the burglar alarm is there or not, and they will find a way of getting through it. If they knew that it was on a building, I think it would be a deterrent for anyone going in and I think it would be to our advantage.

Hon. Mr. LAPOINTE: We do not consider ourselves experts on the question of security. That is why we have called in experts, and we are following their advice. Mr. Craig points out that your argument is exactly the reason why the R.C.M.P. also added that no burglar alarm is foolproof and that they could all be broken down.

I think you have some figures, Mr. Mills, on the point which Mr. Byrne raised as to the average losses.

Mr. L. J. MILLS (*Director of Financial Services*): Mr. Chairman and gentlemen, there is one figure which may be useful when considering this problem: our total receipts in the Post Office Department during the fiscal year 1955-1956 were approximately 1,029 million and if you start working out what the losses were in relation to that figure I can assure you that your figures are many places to the right of the decimal mark. They are extremely small.

Mr. CHURCHILL: Does the percentage of losses include cash, postage stamps and those other items or just cash losses?

Mr. MILL: I have quite recently worked out the percentage of the losses reported by our inspectors. We use reported cases and that includes cash, postage stamps, denominative money orders and unemployment insurance stamps, and it comes to something less than four one hundredths of one per cent of our total receipts.

Mr. HENRY: Have you any comparable figures for industry—private industry?

Mr. MILLS: I have not, Mr. Chairman.

Mr. CHURCHILL: It may be a small percentage of the total receipts of the Post Office, but this is not an unimportant matter. The fact that we are calling

attention to it may have an effect on postmasters across the country, and from the standpoint of public interest I think it is important that the public should be assured that every precaution is taken with regard to our postal services. I do not find the frequent reports in the newspapers encouraging—reports which mention post office break-ins here and there across the country. That strikes me as being a bad thing, and I find nothing wrong in inquiring into these matters as we have been doing.

Hon. Mr. LAPOINTE: No one has suggested that this is unimportant.

Mr. CHURCHILL: There is a suggestion being made here that the losses are infinitesimal and unworthy of attention.

Mr. ROBICHAUD: You can overdo it, too.

Mr. CHURCHILL: Then I am going to overdo it a little more. We were given the list for 1956, and I wanted the figures for 1954 and 1955 for comparative purposes. Those figures were not available. Are they available today? For example, we have a figure of $34,610 for your losses in 1955-1956. What are the figures for the other years?

Mr. MILLS: For the cases which have been closed, where investigations have been completed in the year 1953-1954, the losses charged to postal revenue totalled $32,237.98. That was made up of $21,000 odd in cash and $11,000 odd in postal supplies. In 1954-1955 the amount charged to revenue was $58,548.62 made up of approximately $29,000 in cash and $29,000 in postal supplies. I think figures have already been submitted for the year 1955-1956.

The CHAIRMAN: Would you repeat them now so that we could have them all together?

Mr. MILLS: These figures are a little different from those given to the committee the other day. The figures given the other day were of robberies that actually took place. The figures I now give relate to robberies with regard to which investigations were completed in 1955-1956.

The total charge to revenue in 1955-56 was $99,543.05 of which approximately $27,000 represented cash and $72,000, postal supplies.

Mr. KIRK (*Shelburne-Yarmouth-Clare*): Would the figures for 1954-1955 include the Britainnia robbery of some $46,000?

Mr. MILLS: It would not Mr. Chairman because, I think, in that particular case it was a money-package which was stolen, and it was not our money.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): May I say here, Mr. Chairman, that I think we should have these figures on a comparative basis. We are not interested in closed-out cases when we are discussing practical matters with regard to the Post Office. We are interested in the total amount which was lost as a result of these break-ins. I would point out to the minister that all he needs is an adding machine and the parliamentary return 112 G. made for me, in order to get this information. I have a tabulation in front of me which I will not read in detail. As an example, in January 1953 there were nine thefts of $100 and under, two thefts in the range $101 to $500 and two thefts over $500. When we come to December of that year we find there were two thefts of $100 and under, one theft in the range $101 to $500 and in the case of thefts over $500 there were thefts of $4,765, $2,844, $6,332 and eight others. I am saving the time of the committee by not listing them. Let us get these figures on a comparable basis.

Mr. TACHE: May I explain that there are at least two reasons for the discrepancy in those figures. First of all, the figures I gave you yesterday in connection with the cash losses and postage losses were the figures reported to the investigation division immediately after the robbery. You will realize that Mr. Mills referred to the inspection service, which is a different thing entirely

to the investigation service. The inspection service will then move in and in cooperation with the financial branch they make an audit of the losses and in the end you have the figures which Mr. Mills reported to you. He referred to inspection cases, in other words the losses as actually determined by the audit. The figures I gave, were the losses determined immediately following the robbery itself.

Another reason for the discrepancy is that the figures I gave you refer to the robberies which took place in the period you asked for, that is, the 1st of April 1955 to the 31st January 1956. I added yesterday the two months to complete the fiscal year but they cover only robberies that happened during that period whereas the figures which Mr. Mills gave you cover the closing out figures for robberies which may have occurred in the previous fiscal year or even in the years before that.

Mr. CHURCHILL: It makes it even more complicated. For example, in 1955-56 the figure given to us yesterday for losses in postage stamps was $99,790. In the revised figure from the inspection service in regard to closed out cases of loss of postage stamps it is $72,000. How could any one make a mistake of $27,000 in accounting for postage stamps?

Mr. L. J. MILLS (*Director of Financial Services*): It is not a mistake. It is a matter of the inspector going in following a robbery and making an estimate of what the loss is. He reports it to the head office, to Mr. Taché. The first figures are estimated and after the audit, the actual loss, not the estimated loss, is determined. The figures I quoted are actual losses of closed out cases. If the committee wanted to know how many cases were not closed out as of 31 March and the amounts involved based on the estimates, I could give them also.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): May I ask a definition? You say recoveries—that is where the culprit is found?

Mr. MILLS: Not necessarily.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Or in some way the stolen material is recovered? Therefore if a man has stolen $5,000 in postage stamps from the post office and subsequently those stamps are found, it comes out at a zero loss from the post office? That makes it a little difficult, since the opportunity for him to steal the $5,000 from the post office in the first instance is the thing which should be examined, not the fact that ultimately we were able to get some of it back.

Mr. BYRNE: Perhaps we should discuss this on the Department of Justice estimates.

Mr. CHURCHILL: There was another question I raised yesterday with regard to the reported breakins in 1955-56, which were 273; and we were to have the figures of these breakins by the 14 regions.

Hon. Mr. LAPOINTE: We have those figures now.

Mr. TACHÉ: The breaking and entering cases involving post offices during 1955-56 are as follows, by region and district. For the maritime region, there were 23 cases involving St. John's, Newfoundland, 6; Halifax, Nova Scotia, 8; Saint John, New Brunswick, 9. For the Quebec region there were 52 cases, involving 42 in Montreal and 10 in Quebec. For the Ontario region there were 111 cases, being—Toronto 56, Ottawa 21, London 26, and North Bay 8. For the prairie region there were 31 cases, being 7 for the Winnipeg district, 7 for the Saskatoon district and 17 for the Calgary district. In the Pacific region there were 56, being: 26 for the Edmonton district; and 30 for the Vancouver district. As I mentioned, there were 72 of these cases solved involving 152 prosecutions which resulted in 109 convictions, 3 acquittals, and there are still 40 cases pending before the courts at this time.

The CHAIRMAN: Any further questions, Mr. Churchill, on that?

Mr. CHURCHILL: No, that is all.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, could we have an explanation of a situation in Port Coquitlam out in British Columbia? On August 7, 1955 a safe was removed from the post office. It contained, among other things, $100,000 I believe in negotiable money orders. I should say at once that ultimately everything but $1,500 in cash was recovered, so that this would seem to be, on the basis of the figures we got this morning, a minor theft. However, you can see that it was a potential theft of very great importance.

The interesting thing in that connection was that the total revenue of this post office for the year ending March 31, 1955 was $20,418. Is that not an abnormally large amount of money orders for a post office to have on hand when their revenue is of that nature?

Hon. Mr. LAPOINTE: Mr. Mills will answer that.

Mr. MILLS: Mr. Chairman and gentlemen, I think the first point that should be made is, I think the loss of money orders that was reported—and I think probably the honourable member is referring to a newspaper report of the loss rather than any official report—was probably arrived at by multiplying the blank money orders on hand by $100 and saying that was the loss. I would suggest that that is extremely misleading, because those money orders, in order to be worth anything, have to be forged and negotiated. This very seldom happens, which is evidenced by the fact that our forgery losses with regard to money orders over the past three years have averaged only $2,000, when we have in fact issued money orders with a total cash value of $700 million. You can see that our forgery losses are extremely small.

To answer the specific question relating to whether the number of money orders on hand was out of proportion to the volume of business done by the post office, I cannot answer offhand for this particular office; but our general rule, and this is a very strictly enforced rule, is that the post offices are authorized to hold an average two months issue of money orders based on the previous years issues. There is exception to that. During the period from the 16th of October to the 31st of December each year, post offices are allowed to increase that allowance by an average one month's issue. In other words, they would then be allowed to carry the equivalent of three months issue. In the sub-post offices located in large cities where postage stamp depots are located they are only authorized to carry money orders to the equivalent of one month average issues.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Has the post office made an investigation to discover whether in this particular case there was a proper amount of money orders on hand, or whether there were more than should have been on hand?

Mr. MILLS: In every case of robbery, if the amount of money orders on hand seems to be unduly large, we do carry out an investigation to see why and, if necessary, reprimand those employees who were responsible for permitting the quantity on hand to exceed what it should have been.

The CHAIRMAN: Was there any investigation?

Mr. MILLS: There would be an investigation in this particular case, but I do not remember particularly what happened.

The CHAIRMAN: You do not know whether the investigation was held in this case or not?

Mr. MILLS: Yes, I am quite sure that there would be an investigation. There is no doubt in my mind about that. I cannot remember the results of it, or whether the amounts were unusual.

Very often the stamp revenue of an office is extremely small, but it may be located in an area where there is a very large C.O.D. business, and the money order business may be out of proportion to their postal revenue.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I think in fairness to Mr. Tache, I suggested that the R.C.M.P. would be a good body to carry on investigations in this field across the country. I might point out that the investigating police in this case were the R.C.M.P., and the people who committed this theft were found and sentenced to jail.

Hon. Mr. LAPOINTE: I might also point out that in British Columbia the provincial policing is done by the R.C.M.P., under contract. In doing this investigation they did not act as federal police, but as the body doing the policing in the province of British Columbia. That is why they did it.

Mr. BYRNE: They cleared up a bank robbery there the other day, very rapidly too, in that same area.

The CHAIRMAN: Can we carry this item now?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, if we are off the question of thefts; what is the policy regarding special delivery letters? As I understand it, a letter carrying a special delivery stamp is taken out on a special delivery once, and if it is not delivered on that occasion it is turned back and goes out in the regular main; is that correct?

Mr. CRAIG: No, that is not right, Mr. Hamilton. Special delivery letters are left at the address. We have done away with the signature requirement. That was done away with quite a few years ago; and the special delivery is put right in at the point of address.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): And if it is a registered as well as a special delivery letter, what then?

Mr. CRAIG: If it is a registered as well as a special delivery, then there is a second try on the register and if after the second try delivery cannot be effected, a card is left.

Mr. REA: You get a signature with the registered letter?

Mr. CRAIG: Oh yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): There has been confusion caused I think in some cases. I have got such a voluminous file on that subject that I do not propose to explore it. But a special delivery letter going to a business house has been taken out for delivery, let us say, early in the morning, and let us say that the delivery gets there at 8.10 or 8.15 in the morning. If it is registered and the business house is not open, it then goes back and is delivered at some considerable time later, perhaps along with the regular mail.

Hon. Mr. LAPOINTE: It would be the registered part of the operation which would bring that about.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Could consideration not be given to the fact that when the two factors are put together, the registered mail and the special delivery, that business houses which are not normally open until 9 a.m. in the morning sometimes are inconvenienced because the letter arrives a few minutes before they are open.

Mr. CRAIG: I do not know just what you have in mind, Mr. Hamilton, but here we have a registered special delivery letter and it is for a business house which opens at 9. If we do not take it out, we are certainly going to deliver it later on that basis, and we could be wrong in that it may be a letter in which they are interested and there will be somebody there a little early in order to get it. So we have no choice but to deliver it as early as we can, and if we cannot effect delivery we obviously have to bring it back,

and it will go back again. I really do not know what else we could do. A possible alternative might be to defer delivery a little bit, and to send it out by special messenger after 9, but I think you will agree that that is on the impractical side, if there is any kind of volume to be handled.

Mr. HAMILTON (*Notre-Dame-de Grâce*): Has any consideration been given to a delivery service of some sort for mail which might be on a priority service over and above the current costs—that is, a service charged for over and above the current rates and which would have priority treatment over all other classes of mail?

Mr. CRAIG: There has been casual discussion of such an idea but I think it is right to say that we have never seriously considered it.

Hon. Mr. LAPOINTE: What you have in mind would be a sort of special delivery service for this particular type of mail?

Mr. CRAIG: The United States has introduced a premium type of thing and we are aware of their new experiments.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Are we watching it carefully, to use that very convenient expression?

Mr. CRAIG: Yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Have we given any consideration here in Canada to something which the United States calls snorkel mail boxes? That is, with so many people in automobiles today, some sort almost of a drive-in postal service.

Mr. CRAIG: We have some experimental installations, but we find that it is difficult except in new buildings, and even there it is difficult because of the land involved. The ideal is the sort of a drive-in arrangement, which is off the street and then those taking advantage of the service do not hold up the traffic in any way. We found that it was an unsatisfactory thing if the post office was located on the side of the street where the driver has to slide over to wind down his window and so on. He could actually get out of his car and put it in the drop in the wall as fast as he can do the other. We are attempting, where one-way traffic permits, to have it arranged so that the driver can drive up to the box on his side; that way the convenience is a little more. There is one drawback to the operation and that is that you have one box and one opening and all classes of mail are put in there, then you have the situation of mixing all the classes of mail and you have the job of unmixing them inside.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): What kind of pens are we purchasing for the post offices across the country? There is a reason for that question.

Mr. CRAIG: The pens used in the post offices are just ordinary pens. We have not, as they reportedly have in the United States, made a decision to install ballpoint pens. In the initial attempt which they made, I understand from some things which have appeared in magazines, there were thefts, but apparently it is steadying down.

Mr. SMALL: As soon as everbody has one.

Mr. CRAIG: My understanding is, from an article in a magazine, whether or not it is true, I do not know, that they are going to put ballpoint pens in the lobbies in the United States, but we have not taken that decision yet.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): In view of the fact that Canadian banks have very generally installed ballpoint pens and have now supplied the demand for ballpoint pens—

Hon. Mr. LAPOINTE: They have not as many branches as we have.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Might I suggest that the post office pen has been such a standing joke in all countries—this is not only in Canada—and the fact that ink was often used to fill your fountain pen in the post office, I think we should catch up with the banks in this respect and install ballpoint pens ourselves.

Hon. Mr. LAPOINTE: I would be glad to consider it, Mr. Hamilton, but I suggest that the banks have not as yet accomplished the job to date, in my mind, because I would think that most of the clients of the banks are not those who walk out with pens; in the post office that happens.

Mr. SMALL: You could put on the pens "with the compliments of the post office".

Hon. Mr. LAPOINTE: And give the address where they could obtain refills.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, I believe that the minister received some time in April a well documented set of observations with regard to a sub A post office in Goose Bay, Labrador. This was extremely critical of the lack of staff there, the delays which were experienced, the hours of closing, the location of mail slots—which was supported by photographs—and other factors. This is an important post office because many people are using it—not only Canadians—and I am wondering what steps have been taken to correct the situation which may exist there.

Hon. Mr. LAPOINTE: The matter was taken up immediately and I know our branch is active with regard to it at the present time. Have you any details, Mr. Craig?

Mr. CRAIG: I cannot recall the details exactly, but drawing on my memory it seems to me that there was some complaint about the hours during which the post office was kept open, and so on. I know the matter is in hand and that any improvements which are found to be necessary will be made.

Mr. BYRNE: Perhaps if you put ball-point pens in there they will all be happy.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Then I take it that those particular complaints were justified?

Mr. CRAIG: We do not know yet. This is under the jurisdiction of Montreal district. We asked them to send an area superintendent in, and we have not received a report yet. I would have to inquire.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Perhaps Mr. Craig would check this and give us more information when we are back on the first item again, because if certain changes have been made as the result of these representations I think we are entitled to inquire why it was that we have to wait until citizens come to us with complaints rather than check these things ourselves in order to keep our operations up to standard.

Item agreed to.

The CHAIRMAN: We will adjourn now and when we resume we shall be dealing with item 326—Transportation. We will reassemble after the Orders of the Day are called.

After recess.

The CHAIRMAN: Order, gentlemen. We are now on item 326, transportation. Details are on page 435.

326—Transportation—Movement of Mail by Land, Air and Water, including Administration, $46,388,302.

Mr. ENFIELD: I notice on page 11 of the report, Mr. Chairman, the policy is outlined that as of April 1, all domestic first-class mail up to and including 8 ounces in weight shall be delivered by air when delivery can be advanced by the use of existing air facilities. It seems to me to be rather a broad outline

of policy that makes the delivery of mail rather expensive. I would like to have a more detailed statement as to just what the department hopes to accomplish by this air mail service, and just what this statement of policy means. I think it might be very useful to the committee.

Hon. Mr. LAPOINTE: This was government policy which was implemented at the same time as the rates were increased for first-class matter from four cents to five cents. At that time it was instituted. That is called the all-up system whereby all first-class mail up to 8 ounces, at the rate of five cents, is transported by air, if that is the quickest way to get it to its destination. So all first-class matter will go by air automatically at five cents, if it is going from Ottawa to Winnipeg, or to Vancouver. It will not do so necessarily if it is between Ottawa and Montreal and can be conveyed by train as quickly. That is part of this all-up system which was instituted at that time to coincide with the increase in the rates from four to five cents.

Mr. ENFIELD: Purely a matter of timing?

Hon. Mr. LAPOINTE: Yes.

Mr. ENFIELD: That must mean that quite a volume of the mail then would be going by air—and I am thinking of the volume of mail that has to be moved out west. There would be quite a tremendous volume of mail?

Hon. Mr. LAPOINTE: Yes. It is to provide quicker service to most mail matter.

Mr. ELLIS: Mr. Chairman, in the event of overnight train service, and so forth, are air facilities used in the event of a rather short distance where the train service might be rapid?

Mr. BOYLE: Generally speaking, no. If we find that the air service, because of the schedule, would expedite the mail, it would be used.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, would the Postmaster General, or someone else care to comment on the problems arising from this all-up service as a result of the changes in the type of aircraft being used by the Trans-Canada Air Lines, which has brought in its wake certain problems?

The CHAIRMAN: Mr. Boyle could comment on that.

Mr. BOYLE: I will attempt to. Originally, as you know, Trans-Canada Air Lines operated with North Star equipment, which allowed for 3,600 pounds of mail on a given trip. In this change-over they have been making to Viscounts we do not have as much space. We are allowed a thousand pounds, as against 3,600 pounds. That makes it necessary for us to make a great many adjustments in our scheduling of mail by plane. That is, we have got to move over more than one trip, rather than getting it all on the one trip, and so on.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Has there been mail which could not be carried on this all-up service because of that change?

Mr. BOYLE: Not to any extent. There have been cases where, for instance, from the Ottawa standpoint—and this will also explain the other gentleman's question of moving to Toronto—by the time the plane gets to Ottawa there is not sufficient space. In that case we are advised, and we get it on the train during that period, until we can get a regular adjustment. At the moment, that situation is being corrected, and we hope everything will be all right in the future.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): In other words, all the mail which the post office wishes to carry on an all-up basis, with one or two minor exceptions—isolated cases—has been carried without difficulty, and long-distance mail is not being forced into surface transportation?

Mr. BOYLE: Long-distance mail is not being forced into surface transportation.

I want to make it quite clear that this change in the operation of T.C.A. has been a very, very big problem to us, but we are informed that the new scheduling of T.C.A. will be of assistance to us in moving the volume.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I got the impression from T.C.A., when their president Mr. McGregor appeared before the committee on government-owned railways and shipping, that they felt they were offering a quite adequate service. If I remember Mr. McGregor's words correctly, he said, "We have taken all the mail that has been offered at any time, with the exception of one occasion near Christmas time in Montreal". Since we are dealing with two government corporations and we want to keep track of them both, would that be a correct statement?

Mr. BOYLE: Generally, yes. I would not guarantee that there has not been a deplanement made at some point, at some time; but T.C.A. are endeavouring to correct the situation.

Mr. BYRNE: Does it not tend to improve the service, actually, in that you must meet more schedules and that a letter, for instance, being mailed here, it would be the responsibility of the post office to get it to a plane, and moving at the earliest possible moment, rather than letting the mail accumulate and go on a trip 12 hours later, or 8 hours later? I mentioned just the other day that the mailing of a letter to Ottawa from Regina on Monday morning and having an answer back in central British Columbia on Tuesday morning gives a good indication that there has been some improvement in the service, since Viscounts took over.

Hon. Mr. LAPOINTE: Yes, that is right.

The CHAIRMAN: Any further questions on this?

Mr. REGIER: Has the United States post office a similar policy of carrying mail by air at the ordinary rate?

Mr. BOYLE: The United States are following our pattern. They have not got it throughout the United States. They have adopted what we commonly call all-up, between certain points—for instance, Chicago to New York, and Chicago to Washington, and a few other places experimentally, to determine their policy in regard to an all-up service. They are studying our policy very closely.

Mr. REGIER: At the present time, if you live in the United States you still must have additional postage on a letter?

Mr. BOYLE: Generally speaking, yes.

Mr. REGIER: I wonder, could the department make an estimate of how much it is costing the post office to follow this policy, as opposed to the old policy of an additional two cents? Could we get a rough idea of what the Post Office Department has to pay? Is this costing us $5 million a year, or $10 million a year? The tables we have do not supply us with the revenue, or an estimate of what the revenue would be if we had the old policy of an additional two cents.

Mr. BOYLE: No. We cannot segregate the revenue applying to all-up mail. I think you will appreciate that if you put five cents on a letter, if that letter is going to be expedited, it goes air mail. We have not got statistics to segregate that revenue. I do not know whether we can get that information or not, it would be a most difficult problem, I would judge.

Hon. Mr. LAPOINTE: It would be very difficult to estimate what proportion of the mail that goes air mail now would go air mail if the rate was increased to seven cents.

Mr. MCLEOD: Can you tell us, Mr. Chairman, if the increase of one cent in postage has offset the increased cost of air transportation?

Mr. BOYLE: We shall—we hope—have that with our cost ascertainment figures, but we have not got it at the moment.

Mr. ELLIS: Could you give us the percentage, from the last year for which you have the figures, of first class mail carried by air at the 7 cent rate?

Hon. Mr. LAPOINTE: That would be for 1953.

Mr. ELLIS: Yes.

Hon. Mr. LAPOINTE: Would you have that? Well, Mr. Griffiths says that he can look it up and give it to you in a few minutes if you do not mind coming back to it.

Mr. REGIER: Following that up briefly, we have heard that the American Post Office Department is studying what is happening in Canada and is carrying on some experiments of their own with a view to implementing—or with a view to the possibility of implementing our policy in their country. I cannot imagine that they are not at work attempting to estimate how much their new policy is going to cost them. What I have in mind in asking my question is this: I am not myself convinced—although I would not like to advocate a return to the old arrangement; but at the same time I have a feeling that there must be an immense amount of mail which is taken by air for which there is no need. I know that with a lot of mail which I receive via air mail there is no need for it arriving by air mail, and that two or three days in the case of most of my letters would not make any difference at all. I wondered how many millions of dollars we might estimate it has cost us. Mr. McLeod asked whether the one cent increase was enough to offset that additional cost. I think it is rather a vital point, whether, it may be, we could consider returning to the four cent rate, and have an air mail rate as well, although I am not advocating it.

Hon. Mr. LAPOINTE: I see your point; but you will recall that at one of the previous meetings it was stated that we were proceeding at the present time to do some cost ascertainment and that we expected a report on that would be ready by September. I think that the figures would be available at that time and we would probably be able to give them to you, but at the present time we have not got them.

Mr. REGIER: You mean a year from now, when the estimates are down, you could?

Hon. Mr. LAPOINTE: Yes, definitely.

Mr. BYRNE: How is the member able to determine whether his mail comes by air or not?

Hon. Mr. LAPOINTE: He cannot, except that if it comes let us say from British Columbia, he will know whether or not it comes via air mail.

Mr. ROBICHAUD: If it is delayed four days there will be some kicking that it is taking too long.

Hon. Mr. LAPOINTE: I have never received any complaints because mail arrived too quickly; but I do get complaints when it takes only two days to come from British Columbia to Ottawa, for instance, and people figure that if it was mailed on a certain day there should be no reason why it should not go out on such and such a plane and be in Ottawa the next morning.

Mr. REGIER: We are attempting with a certain amount of money to give the best possible service. I realize that it costs a lot of money to give higher wages to mail carriers for instance, therefore I wonder if whatever the Post Office has been spending in a year is being most wisely spent, from the angle of giving the best possible service.

Hon. Mr. LAPOINTE: I think your question is quite justified, and we shall have the figures in September.

Mr. BYRNE: If we mail a letter in British Columbia, it will arrive here as quickly as possible by air, whereas it would take eight days to come by train and to go back to the coast. I cannot see any purpose in returning to the old arrangements. We might as well bring back ox carts.

Mr. REGIER: I received a letter this morning from my daughter. What the member has just said proves my contention. It is only a social letter and I am sure that she and I would not have minded if it had arrived four days later. Even if we had not had that little faster service it would have only taken two days more, since air mail takes two days anyway, and she might have decided to use the ordinary postage rate if she did not want to have speedy service.

Mr. MCLEOD: You still have letters coming through with air mail postage stamped on them. What is the idea of having those air mail stamps still available if they cannot get any preference?

Hon. Mr. LAPOINTE: The only priority it would have would be with respect to the loading capacity. The sender is sure that it will go by air mail. I think the chances are that even if they did not pay the extra 2 cents the letter would have gone by air mail anyway, but it is a guarantee. Mind you, I think there are a lot of people who are not aware of this "all up" system who do pay for an air mail stamp, and who would not do so if they knew that it would go by air mail anyway.

Mr. REA: You have them for use on "out of the country" air mail too.

Hon. Mr. LAPOINTE: Yes, yes.

Mr. MCLEOD: What is the need of keeping those stamps still in circulation?

Mr. BYRNE: The stamps are valid for air mail going outside of Canada; for example, if you send something air mail to New York.

Mr. MCLEOD: I can understand that it is perfectly all right, as long as they are available and these people are not aware that they do not have to buy them, that is one thing; but if they were given to understand that it was for a special form of delivery, that would be another thing. These are local stamps and for local use, and I cannot see the need of having them available.

Mr. BYRNE: With mail going from Ontario to British Columbia it takes four days to go at regular first class rates by train, from the day it is mailed. It takes four days! And if I mail a letter in British Columbia and it comes here by air, with good connections here it can be back in British Columbia the next day and I do not think we should do anything to curtail that service.

Mr. BOYLE: Those stamps in addition to being used for air mail going outside of Canada are also used for air mail within Canada for items which weigh over eight ounces, and for parcel post.

Hon. Mr. LAPOINTE: Yes, for parcel post!

Mr. HAMILTON (*Notre-Dame-de-Grâce*): The minister in answering one of the other members a moment ago referred to the use of air mail stamps on ordinary letters under eight ounces, and he made reference to a priority on a loading system as I remember it, and he later referred to it as a guarantee that it would go by air. Does that mean that there is a certain volume of this mail which might be speeded up by air, but which is not actually going by air?

Hon. Mr. LAPOINTE: Mr. Chartrand will answer your question.

Mr. S. CHARTRAND (*In charge of Transportation*): Mr. Chairman, generally speaking all classes of "all up" mail, up to eight ounces go by air; but if you consider the volume at Christmas, for instance, there might be a volume there which would be affected; for instance, anything which was pre-paid at that special rate would have priority over an ordinary letter up to eight ounces.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): That was the point I was getting at. We say "all up mail services", and we set ourselves forth as handling all mail under eight ounces at all times, when it could be speeded by air, as going by air. Also, our report itself says at page 11:

> There was a substantial increase in volume of mail given air lift due mainly to the policy, effective April 1, 1954, of conveying all domestic first class mail up to and including eight ounces in weight by air when delivery can be advanced by use of existing air facilities.

Mr. CHARTRAND: Providing we have the facilities!

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I think it should be brought to the attention of the public that this is dependent upon, shall we say, not too much mail being offered.

Mr. CHARTRAND: Providing we have the facilities. It says that in the report, too.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Oh yes; "by use of existing air facilities"; I quoted that. But we still have no positive guarantee that our mail is all going by air. I think we could agree that the great majority is actually going by air but we have no positive guarantee that this policy really applies to all mail. The point I am coming to is the possibility that at any point in time, and at any point geographically in Canada, we may suddenly have some bags of mail which do not get on the plane and which go by surface transportation.

Hon. Mr. LAPOINTE: Or it might wait for a later plane or a later schedule.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Yes. It might wait for a later plane or a later schedule, or it might get a 24-hour service by plane; but I think it is not too wise to depend on an all up mail service. If it is really vitally important that it go by air, we should still put on an air main stamp, should we not?

Hon. Mr. LAPOINTE: I would not say that, no!

Mr. REA: On page 12, Mr. Chairman.

Mr. CHAIRMAN: Just a minute please.

Hon. Mr. LAPOINTE: Would you kindly explain it, Mr. Craig?

Mr. CRAIG: I must take the responsibility for this as Director of Operations for not having made our present operating practice more widely known. When the limit of "all up" was one ounce, in every post office there was a segregation of the matter which was pre-paid at the air mail rate which existed at that time, as against mail which was carried at the ordinary postage rate, and if the question arose of planes being unable to carry any portion of the mail, the mail which would be de-planed or not en-planed would be mail which was not paid for at the air mail rate. But when the eight ounce limit was put on the segregation no longer took place. Perhaps I am at fault in not having made this more widely known in many ways, but in the service, all mail up to eight ounces is flown if it can be expedited in that way, subject to any exigency which might exist which would limit it; but there is no segregation based on a seven cent stamp giving a letter priority. A bag of letters is sorted, and if a letter is overpaid by having a seven cent stamp on it, that is an accident which is good from the revenue standpoint, but it is in the same separation as in the case of others, and it goes via plane, and there is no segregation since the eight ounce limit was established.

Hon. Mr. LAPOINTE: I stand corrected.

Mr. MCLEOD: I understood that was the fact and that was why I brought it up. I wondered why the seven cent stamp was still retained.

Hon. Mr. LAPOINTE: The answer was given by Mr. Boyle. It is used for out-of-the-country air mail, for mail going outside of Canada. It is used for mail inside of Canada which is over eight ouces, and it can be used for parcel post and it is used for parcel post.

Mr. MCLEOD: I think that our postmasters should explain to the public when they come to buy stamps for an ordinary letter that the air mail stamps are not necessary.

Mr. ELLIS: The minister suggested a few minutes ago that in the event of lack of space by air some of the mail might be sent by surface transportation. In the event of long distance flights, let us say from Ottawa to Vancouver, has there been a case where mail has been sent by train?

Mr. BOYLE: No, because in the case of a long distance flight the air mail schedules would permit the mail to be taken on a subsequent flight which would expedite it to a greater extent than if it had gone by rail.

Mr. ELLIS: There is no possibility of a person putting an air mail stamp on a letter and having it go by rail?

Mr. BOYLE: No.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): In the case of rural mail carriers, what protection do they have that they will get continued consideration? As I understand it, rural mail carriers operate on a tender basis; a route is opened and tenders are called—probably in the initial stages for a short period of time. When a man has taken a position and quoted a figure, and perhaps has made some changes in his way of life in order to carry that mail over a rural route, what protection does he have that he will continue on that route, provided that he does a good job on it?

Hon. Mr. LAPOINTE: Well, he knows when he tenders that he tenders for a four year contract, and he has no other guarantee.

Mr. BYRNE: Well, that's all I have!

Hon. Mr. LAPOINTE: There are no other guarantees. Of course his contract may be continued for another period of four years afterwards; but there are no guarantees given to him that he will have his contract, that the contract will be for a period longer than the four years as set down in the contract itself.

Mr. ELLIS: On page 13 there is a reference as follows:

> On June 15, 1954, operation of mail services by government owned trucks was introduced in Windsor Ontario on an experimental basis.

Am I to gather that the Post Office Department is now going, as a matter of policy, to purchase more trucks with which to transport mail in various cities across Canada, rather than by tenders from private carriers?

Mr. BOYLE: Down through the years all city services have been on a contract basis; but as we have been doing in other directions, we are experimenting in order to establish which is the better system. Government operation was inaugurated at Windsor because the contract arrangements there were such that we could go in without injuring or disturbing anybody.

In Ottawa here it was partially government and partially contract. We put it all on a government operation-basis and what we are doing now is trying to determine which is the more efficient and the more economical. However, I would say we are not going out to disturb any contractor whose rates are reasonable and whose services are satisfactory. I do not think there is any intention of doing that.

Mr. ELLIS: I note in the report the statement:

> It has been established that an improved service can be provided at lower cost than by private contract.

Mr. BOYLE: That is the case in Windsor. In the case of Windsor we have been able to operate the service more economically than at the rate charged by the previous contractor. That is the experience in Windsor to date. I have not read that statement, but I presume it means that there is an indication that it is good policy.

Mr. ENFIELD: I am interested in the nature of these private contracts. Is it really a question of tendering and leaving it to the private contractor to operate his company, to pay his men on an hourly basis or whatever he decides to pay them? Is he a free agent in so far as the operation of his trucking company is concerned or does the post office impose its own regulations on him on top of that?

Mr. BOYLE: We impose very many regulations upon these people in the performance of the service.

Mr. ENFIELD: Do you not find difficulty in drawing up a contract of that nature?

Mr. BOYLE: We find many difficulties both in drawing up the contract and in regard to the operation of the service, particularly these big services. In the transportation branch the operation of these services by vehicle have been a big problem.

Mr. ELLIS: In regard to the truck transport being carried on by contract work, does the agreement with the contractor have anything to do with working conditions of drivers and employees of the contractor? Is he required to maintain minimum standards of wages and so on?

Hon. Mr. LAPOINTE: The contractor is subject to the provincial and federal legislation.

Mr. SMALL: What about paying him the government rates?

Hon. Mr. LAPOINTE: That is done.

Mr. SMALL: What is the usual period of time coverd by these contracts?

Hon. Mr. LAPOINTE: It is usually four years. It is the same as the rural contract.

Mr. MCLEOD: In connection with city services, at the bottom of page 12, I find it is stated the cost is 9·21 cents per parcel to service mail in the cities. That is no doubt a direct loss. There is some loss incurred in there because the average postage including the letters and parcels would not come to 9·21 cents per article.

Mr. BOYLE: I have not got the figure before me just now but I would suggest that these are parcels. Further, I would suggest that as we are only delivering parcels of over two pounds in this manner the postage would be considerably more.

Mr. MCLEOD: Then your wording of this report is certainly misleading because it says:

> Transportation of mail in cities and towns approximated a cost of $6,000,000. This included delivery of almost 27,000,000 parcels at a cost of 9·21 cents per parcel.

does that mean that articles or parcels of mail cost 9·21 cents per article?

Mr. BOYLE: They are parcels.

Mr. ELLIS: On page 13 I note there is a reduction in the number of railway mail cars generally and I presume that is due to the reduction of train services in various parts across Canada. For information, I wonder if we could be told how the mail service is affected in the cases mentioned. The removal of train services which perhaps carried a mail car must, I presume, mean a considerable reduction in the quality of the mail service in the area.

Hon. Mr. LAPOINTE: No. Everywhere we move in with a motor vehicle service and replace the existing railway service in that way it has brought an improvement rather than a delay.

Mr. ELLIS: I was thinking in terms of the railway mail service, sorting the mail en route.

Hon. Mr. LAPOINTE: The sorting is done previously. The transportation as regards the post offices along the route is done by picking up the mail which is there and which is meant to go to another post office along the route. The carriers have what they call a "way wallet" which is for that mail say between points "B" and "C" along the route between and "A" and "D". If you have four points of collection, the mail between the two middle points would be carried in that way.

Mr. ELLIS: What about the mail destined beyond the final point along the truck route? Would all the sorting of that be done at the terminal offices?

Hon. Mr. LAPOINTE: Yes, that is correct.

Item 326 agreed to.

The CHAIRMAN: We will now take item 327, "Financial Services". The details are on page 436.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): How extensively is it proposed to introduce new stamp vending machines produced by the post office?

Hon. Mr. LAPOINTE: We have 500 now. We propose extending the use of them as localities where they can be usefully installed are brought to our attention.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Do you feel that at the present time 500 is sufficient to satisfy the obvious need?

Hon. Mr. LAPOINTE: No. That was the first order.

Mr. BOYLE: That was the initial order. This problem of finding a machine which has the necessary safeguards has been a difficulty. It has been a problem, as the department has been anxious down through the years to find such a machine. This machine which we have now will be a very servicable one, we feel. The initial order was for 500. We are installing the 500 in strategic locations and again, as has been said so many times in this committee, we are watching it carefully. We are prepared to add to the order to serve whatever localities require service.

Mr. RAE: I suppose you must have a certain volume of business in the spot concerned?

Hon. Mr. LAPOINTE: It depends on public demand. It is a convenience to the public.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): The minister made a remark a moment ago that "we will install the machines as requirements are brought to our attention".

Hon. Mr. LAPOINTE: For instance, the places where these machines are likely to be installed would be night lobbies of post offices and main post offices at the postal stations, at railway stations, airport terminals, bus stations, hotel lobbies and in strategic localities where we know there will be quite a flow of the public.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): The important point in that consideration is that the department should move ahead on its own initiative and attempt to install these machines as widely as possible. I hope that one inference which may be taken from the minister's remarks, that we would wait until the machines are requested, is not by any means correct.

Hon. Mr. LAPOINTE: That is so.

Mr. BOYLE: Our services have been contacted and we are endeavouring to spread the 500 machines out first, we are contacting our service to determine the most desirable places and then we will follow through.

Mr. SMALL: You have had them in the airport for some time.

Mr. BOYLE: There are different types of these little vending machines. The department has not been happy with some of them. This machine we have been discussing at the moment is a more substantial machine and more foolproof and this is the type we hope to handle.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): In that connection, these machines currently are designed to sell or to vend a book of five 5 cent stamps. I would assume that it would be a complicated business to make a machine which would sell say two or three different types of booklet. We might have an observation on that. Secondly, I wonder if someone would comment on the possibility of having a booklet which would contain five 4 cent and five 1 cent stamps. In that way the individual purchaser is able to use them either for local delivery with four cents or out of town delivery with five cents.

Hon. Mr. LAPOINTE: Mr. Mills will comment on that. He has been working on that point.

Mr. MILLS: Mr. Chairman and gentlemen, the original batch of machines is in a sense an experimental batch. We wanted to concentrate on one type of postage value which is most commonly used, that is, commonly used by people for forward delivery of mail that they may want to mail after the wickets are closed. However, we will in a very few weeks be taking delivery of the second book, which will contain five times four cent stamps and five times one cent stamps. We hope that people will be able to have the 4 cent for local delivery and can turn it into 5 cents by adding the 1 extra cent for forward delivery. The plan, as I understand it, is that as we find these machines satisfactory and the locations satisfactory we probably will put two machines in one location one of which will sell the five cents book and one which sell the new combination book I have mentioned.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I may say that I had no inside information on that: it is just that I am capable of performing simple mathematics.

Earlier this year there were some new stamps which came on the market which some of us commented on. I know that in some cases the comments were felt to be quite adequate and quite correct and I am sure that in other cases it was felt that perhaps they were a little picturesque.

Hon. Mr. LAPOINTE: Imaginative might be a more correct term.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): What measures do we go through in order to decide the stamp design and then try to see that when that stamp design reaches the public in the form of a useful postage stamp it is one which might, shall we say, get general public acclaim?

Hon. Mr. LAPOINTE: Mr. Mills is the expert on stamps and I think we will ask him to explain to you the whole process.

Mr. MILLS: Mr. Chairman and gentlemen, there is some danger in asking me to speak on postage stamps, as it is a subject on which I think I can wax fairly eloquent when given an opportunity. There are many people who very often are very critical of them, so may I very briefly give some useful information to the committee. In the first place, we have a well established design program. The subjects upon which we want to issue stamps are well established. Very generally, these subjects are: our primary industries, which have been covered for many years; our secondary industries; Canadian fauna

and avi-fauna, that is, animals and birds; Canadian prime ministers and contemporary events of national historical interest. Other matters are those which pertain to our Canadian character and heritage. In addition we have totem poles, national sports and so on; and Canadian flora, on which there are no designs yet but which we are commencing. There are also historic sites and Canadian explorers. In addition, there is a regular policy of the low denomination stamps, one cent to six cent, portraying the reigning sovereign and these stamps always are available. We try to fit all the stamps issued with the subjects I have mentioned.

When we decide it is timely for a stamp to be put out on one of these subjects, we commission an artist who, we are told, is competent in that field, to create a design. After his sketch is received we refer it to officials of the National Gallery for criticism as to its artistic merit. If it is of a technical nature, such as the recent mountain goat stamp, which was subject to quite a lot of comment, we also submit it to a zoologist. We ask him if it is a good goat, or is it a poor goat; and we certainly would not put it out unless it was a good goat. I can assure you in this particular case, we were told that the design was not only artistically good, but that it looked like a good goat.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): You mean morally or otherwise?

Mr. MILLS: Mr. Chairman, a goat is not a pretty animal. I understand they do not smell very "pretty" either.

Hon. Mr. LAPOINTE: That probably is not the opinion of the goat.

Mr. MILLS: The fact of the matter is that we feel there are many Canadians who really do not appreciate what wild animals we have in this country. We think we are helping our wild life authorities in drawing attention to the animals, and also stressing the importance of concerning and appreciating the wild life resources of the country.

Our animals are not pretty. It can be argued, for instance, that the artists should have done the whole animal rather than just the head. This particular artist is a master craftsman. As a matter of fact, I think I can say that he has taught many of our contemporary well-know artists a great deal of what they know. He chose to show the head rather than the whole animal. This was Emmanuel Hahn.

Prior to 1950 our stamps were based upon photographs; they were simply composite photographs. From that time forward we have made a very great effort to have every design created by competent artists.

You may be interested in knowing that in that time they have been created by, in one case, the Fairbairn Studio, Ottawa; Emmanuel Hahn; A. L. Pollock; Lawrence Hyde, Ottawa; H. A. Beament, who is a well known artist in Montreal; John Crosby, who is a zoologist with the National Museum; Dr. William Rowan, who was a zoologist on the staff of the University of Alberta; Walter Lohse, an engineer and an artist in Montreal; James Simpkins who is, as you know, the creator of "Jasper" in *Maclean's*. He did our hockey stamp. A. J. Casson of Toronto is the artist who created the pulp and paper stamp which will appear early next month.

Our difficulty, Mr. Chairman is that while stamps are mediocre in design, they call for very little comment. As soon as they are created by a recognized artist, they seem to become controversial, because I think there is a difference of opinion as to what is good art and what is poor art.

However, I have left with the minister some samples of our recent stamps, which Mr. Boyle has at the moment, and if the members are interested in looking them over I think they will see that most of them are a credit to this country. Obviously, the odd one is not quite as successful as it might be.

I almost hesitate to mention this one, but it was the one that was most criticized, and probably justly criticized. It was the coronation stamp. We

were extremely unhappy about it. The design we felt was good. The profile head of the Queen was a bas-relief sculptured head done by Emmanuel Hahn. In my opinion, and in the opinion of many others who have seen it, it is probably one of the finest profile heads of the Queen that has ever been done. The fact remains that I think we got a very unsatisfactory engraving. Time limits were set, we had already engraved it the second or third time, and we had to either issue it as it was, or it would not have been issued for the coronation. We decided to let it go as it was.

Perhaps I should mention that in Canada, in producing stamps, we have until quite recently been limited to the use of steel engraved printing. Steel engraved printing gives perhaps the finest quality of printing you can get, but you are dependent upon the artistic ability of the engraver to interpret the design.

Quite recently our contractor has installed an off-set press that will print stamps in up to four colours. I think you can anticipate that in the not too distant future,—and by that I mean within the next year or so,—you will see more multi-coloured Canadian stamps, wherever the design lends itself to that treatment. I think this will be applied particularly to Canadian flora.

There is probably a great deal more that I could say, Mr. Chairman, but I do not think I should take too long. However, I do think the committee will be interested in knowing that we are patronizing Canadian artists, and we have been since 1950. We encourage a Canadian artist, who has ability along the lines of the subjects which I have mentioned, to submit designs. They are subjected to the criticism of people who are experts in estimating the artistic quality. If there is any technical problem we refer them to technicians and get their approval.

I think the important thing for me to say before I sit down is that we feel that our stamps should be designs, not pictures, and we have been trying to accomplish that by using Canadian artists.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Would you just confirm the fact that the goat stamp was actually passed and examined by the officials of the National Gallery, along with all the other stamps, and they had no reservation on it?

Mr. MILLS: Mr. Chairman, in commenting on this, I do not want to be put in the position where we appear to be passing responsibility to anyone else. The fact was, in regard to that particular stamp, that it was referred to the officials of the gallery for comment as to artistic quality. It also went to the zoologists at the National Museum in order to find out whether it was a reasonable facsimile of a good Canadian goat.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): And everybody approved? In other words, there were no dissenting voices?

Mr. MILLS: There were no dissenting voices. We do not get written opinions, Mr. Chairman; we simply ask them for their opinions. I can assure you they did not think there was anything unsatisfactory about that design.

Mr. SMALL: The one that struck me as being particularly symbolic, and I think that is the pattern you work on, was the one you had of the goose. I think I mentioned in the house, at the time the postal rates were raised that I thought you were probably using the Canadian public like the goose that was laying the golden egg, because you were going to kill the goose and raise the rates. Then, after you raised the rates and you had a pretty good profit as the result of that, I suggested you bring out a stamp with a kind of slimy fish to indicate that you were using the public as a sucker. When you brought out the goat I thought you were following up my suggestion, indicating that is what you were using the public for, when you raised the rates. I think you have been running along a very good pattern.

Mr. MILLS: Mr. Chairman, I should point out that we have perhaps invited some criticism by virtue of the fact that our early publicity has been based on a blown up enlargement of an engraving. This process emphasises the slightest flaw there has been in the engraving. We have had very little criticism after the stamp went out. Most of the criticism was before people saw the stamp, and was based on newspaper publicity. The newspaper photographs,—and in fairness to the newspapers I should say that we supplied them with the photographs—are of the engraved stamp very much enlarged rather than of the design itself. When the stamp is blown up it emphasizes and distorts the detailled engraved lines and you do not get a true picture at all. That was particularly true in the case of the mountain goat stamp.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I do agree, Mr. Chairman, that there is that possibility. On the other hand, I think it should be pointed out that many other engraved stamps in the blown-up form that have been shown did not bring out the storm of criticism from the public generally across the country that arose as a result of that goat stamp.

Mr. SMALL: What size do you make the original design? For instance, the goat design, what size did they make that originally?

Mr. MILLS: I have not got the exact dimensions, Mr. Chairman and gentlemen, but it is about letterhead size, very roughly speaking.

Mr. SMALL: You have to reduce the size, and that may account for a lot of your difficulty, when you are trying to get the detail into a smaller size.

Mr. MILLS: Postage stamp designing, Mr. Chairman and gentlemen, is a very specialized medium of artistic expression. What happens is, if you do not get an artist who appreciates that fact his original design does not reduce satisfactorily and you do not get a clear story from the design when it is reduced.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Mr. Chairman, what will the estimated savings be when we move to off-set reproduction of stamps rather than engraved stamps?

Mr. MILLS: In the first place, I am quite certain that there is no intention of all our stamps being printed by off-set, the reason for that being, in the first place, that for many subjects it does not give the fine quality printing you get by the steel line engraving. In the second place, it does not give you quite the same security in regard to counterfeiting. We are not sure what the cost of office printing stamps will be. So far, when we have had quotations from printers in other countries printing stamps by that method, the cost has been very substantially higher than our present cost. As a matter of fact, the comparisons that we have made with other countries have led us to believe that the prices we are paying for our stamps are really quite reasonable.

Mr. ENFIELD: Mr. Chairman, as a matter of policy in producing these stamps, it seems to me there has been emphasis, and perhaps rightly so, on history, Canadian character, and Canadian heritage, as was pointed out by Mr. Mills. It has been my opinion that we should have put a little more emphasis on contemporary events and contemporary scenes in Canada. I got the impression from many of our stamps that the country is running alive with beavers, goats and geese, none of which I have ever seen. On the other hand, we have many happenings occurring in Canada, for instance, the St. Lawrence seaway, and in Toronto we have the subway, the first subway in Canada.

Hon. Mr. LAPOINTE: Surely you do not want a stamp for the Toronto subway?

Mr. ENFIELD: As a matter of fact I was just leading up to that. What would be Mr. Mills' feeling in regard to producing stamps that portrayed what you might call the events of a contemporary nature as opposed to the other type of thing?

Mr. MILLS: Mr. Chairman and gentlemen, our problem is this: our position is much different from some other postal administrations, in that we still take the view that postage stamps are issued primarily to prepay postage, and that that should be their essential purpose. We do not issue them simply to capture the money of collectors and philatelists. That is the first point. We are also restricted as to the number of issues there can be in any particular year.

Secondly, if you do start issuing stamps that portray contemporary events —and perhaps I should preface this by saying that we do, of course, for instance, there is the one you know of with regard to the International Conference of the Red Cross, the first time it had ever been held in Canada, and it was a very important event, you do not know where to draw the line, and you get so much pressure to recognize so many events. I think it would become physically impossible to issue the number of stamps that would be requested.

Mr. REGIER: Mr. Chairman, I was a little interested in the encouragement given Canadian artists. Do I understand that when you want a design—for example when you wanted a design of a goat, did you ask a number of artists to submit preliminary sketches, or was there a selection made and the work allotted to one individual artist? What is the procedure exactly?

Mr. MILLS: It has been recognized, and this is something we have discussed with other postal administrations, that it is not satisfactory to invite a number of artists to submit designs on any one particular subject and for any one particular stamp. You may have a number of artists doing designs within a special range. The reason for this is that, particularly in these prosperous days, good artists are busy, and they do not want to submit designs on speculation. They want to be commissioned to do a job. Our usual procedure, when we are dealing with a particular subject, if no one has come to us—very often they do come to us and say we would like to do something with regard to this—but if no one has come to us, we go to the officials of the National Gallery and tell them that we want to get designs for a series of stamps on Canadian flora, and ask them who the Canadian artists are that are outstanding in this field and who they would recommend we ask to submit the first design on the subject.

On this morning, for instance, a letter crossed my desk, as a result of that sort of consultation, going to an outstanding artist saying, "We want designs of flowers. Would you like to submit a design? If you do, you will be paid so much for it". We feel that that is much the more satisfactory way to do it.

Mr. REGIER: How much is usually allowed?

Mr. MILLS: The normal fee for an ordinary design is $300. If it is based on sculptured bas-relief it is a little more, because there is more work involved. Normally we pay about $300 for a design, and substantially less than that if their sketch is not accepted.

You may be interested in knowing that our suspicion is that our fees are a little low compared with what some other postal administrations are paying for their work.

Mr. REGIER: I was going to ask, has there been any protest made by organizations of artists with regard to the scale of fees that you pay?

Mr. SMALL: There would not be a protest, because they can get enough work without it; and if the situation were reversed and work were wanted there would not be a protest as long as they got enough work to keep them going and did not have to protest.

Mr. MILLS: There is another point. Some artists who are particularly interested in seeing the stamp designs improved also feel that there is a very high prestige value in one of their design appearing on a stamp. Therefore, I think they are willing to do the work for the fee which we have to offer and I would suspect, Mr. Chairman, that this committee would prefer that we err on the side of being a little low rather than a little high in the prices we pay.

Mr. REGIER: I would like to go on record that I think it is a disgrace to pay an artist $300 for a design that is accepted by the post office and used. Candidly I do not think that is doing very much to encourage Canadian art.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): There is one other item which comes under this heading, the Post Office Savings Bank. When the Woods Gordon report was presented, it advocated very strongly the complete elimination of the postal savings operations. It pointed out that when it had been instituted originally, it served a very useful purpose. I might say that was back at the time of Confederation. As the banking services of Canada were expanded it became essentially a duplication of those banking services. At the present time the opinion of those who studied the situation for the Woods Gordon Company is that the Post Office Savings Bank is very largely a duplication of existing services—and a costly one at that. The department saw fit not to accept this recommendation and to continue the operations of the Post Office Savings Bank. It may be that some justification can be found for the continued operation of this bank in centres where there are no existing banks or banking facilities. However, when we turn to the cities, we find that even at the time of the Woods Gordon report there were only 461 offices of the Post Office Savings Bank in communities where there were no other banking facilities. I would assume that with the extension of general banking facilities in Canada that number of points would be reduced even further today. On the other hand, we find that the Post Office Savings Bank operation has continued in a great many other points. As a matter of fact, the last figure given in the annual report was 1,457. I suggest to the minister for his comment that we should immediately and drastically reduce the extent of the operation of this savings bank and restrict it at the most to those communities where it is not in competition with existing banking services.

Mr. MILLS: Mr. Chairman and gentlemen, it is not for me of course to say why the bank is continued or why it was not discontinued. However, the committee may be interested in knowing that I think the wording of the Woods Gordon report on this particular subject was misleading. In the first place, it mentioned a total cost of $377,000 and while it may not have said this directly it inferred that if the bank were closed this amount would be saved. The fact is that this service is not costing the Canadian taxpayer anything, in my opinion. Our costs of administration including the apportioned costs of the post offices, is something about one per cent of the amount that is on deposit. Our interest rate is 2 per cent, but the effective rate, taking into account that the interest is paid only on minimum monthly balances, is in effect 1·8 per cent. That means that the money on deposit is only costing 2·8 per cent, including all costs of administration. I suspect that no cheaper money than that can be obtained.

The second point is that while it may not be a proportion of the total Canadian population, a large number of people use the bank facilities. The fact remains that there is a fairly large group of people who do enjoy using its facilities and even though there are other bank facilities available in centres where our banks are located. Our offices, where banking facilities are available, are open for 44 hours a week over six days a week and therefore they give a service which cannot be obtained through the chartered banks.

I would like to make it quite clear, however, that our service does not in most ways compete with the chartered bank service. It is really a straight

savings institution. You can draw only up to $100 in cash in any one day at approximately 1,500 offices authorized to do this business. It really is not competitive in many ways with the chartered banks' business.

Mr. ELLIS: I note in the report the number of accounts has been increasing in recent years. I note that in 1947 there were 237,000 odd accounts while in 1955 there are 293,000 odd accounts. That indicates that there is increasing use being made of the facilities provided by the Post Office Department. In reference to the statement made by Mr. Hamilton, about duplication, I think the point was well made a moment ago, that there are many people who find it extremely difficult to make use of chartered banks' facilities. There are working people who work until 5 o'clock and find it almost impossible to get to a chartered bank before 3 o'clock in the afternoon. I suggest that the people who are using the post office facilities are the little people, the small depositors, people who normally would never go near a chartered bank except to cash a cheque on pay day. I think the post office savings branch gives a lot of service in the country and I would be horrified at the suggestion that in order to perhaps throw a little more business to the chartered banks we should sabotage it in any way or impair its efficiency.

Hon. Mr. LAPOINTE: Many of the customers of the Post Office Savings Bank are new Canadians and because they have been used to such facilities in their country of origin—they use it a lot.

Mr. SMALL: Would it be because of their having no confidence in the stability of the ordinary bank in the country from which they have come?

Hon. Mr. LAPOINTE: They may have had a bad experience in their own country.

Mr. REGIER: Would the minister care to comment on the gradual but steady decline of the average amounts standing to the credit of the depositors? In 1946 the average depositor had on deposit $149.65. That figure has been reduced year by year with very few exceptions until in 1955 it is down to $125.17. Is that in line with experience of the chartered banks? I understand that chartered bank deposits are away up and going up from year to year. What would cause the average Canadian depositor to have less now in his post office account than he had in 1946? I thought prosperity was on the increase in Canada. Is there any reason for that gradual decline?

Mr. MILLS: Mr. Chairman, I cannot answer the second part of the question as to how it compares with the chartered banks, because I have not made such a comparison. However, the average amount per account is as the hon. member has mentioned. The average amount per account is a little misleading in that it is the result of dividing the total amount on deposit by the total number of accounts that are open. We do not transfer our inactive accounts to the Bank of Canada as do the chartered banks: we just segregate them and hold them ourselves. As a result the over-all average would have a tendency to decline as the years go by, on that score alone. The second point is that because there has been public discussion about the discontinuance of the bank I believe there has been a tendency for people not to patronize the bank to the same degree, since you do not like to be associated with an institution which might be discontinued, not that there is any danger of loss but that is just a natural reaction. We have found that since the Woods Gordon report came out and there was public discussion about the discontinuance of the bank, there has been a slowing down in the volume of work within the bank.

Mr. ELLIS: Would it not be wise for the post office to give a little more publicity to this operation? I think a great many people are not aware of the facilities at their disposal. In fact, there are some $37 million on deposit

at 2 per cent and it seems to me that if this operation were increased we are getting money at a very low rate and I do not think we would ever get money at that rate in any other way. I suggest that we would benefit a great deal through the increased scope of operations of the Post Office Savings Bank.

Mr. SMALL: Where is the money invested on deposit in order to get the revenue to pay the interest? Is it invested in government bonds?

Mr. MILLS: The money on deposit in the Post Office Savings Bank is part of the consolidated revenue fund. While I cannot answer authoritively as to how it is handled, it is not invested as such. It really reduces the over-all national debt. It becomes part of the consolidated revenue fund. It is a special account called the Post Office Account which is part of the consolidated revenue fund.

Mr. SMALL: The government pays the interest?

Mr. MILLS: The amount of interest paid, is not in our estimates but in the estimates of the Department of Finance.

Mr. ENFIELD: I think we will have to examine the policy and wisdom of keeping this bank. Originally the policy was stated to be to encourage thrift. I do not think there is any great validity in that statement now and it would seem that the operations of the bank are completely foreign to that idea. The second quesion is that it is no longer a question of encouraging people to save but is providing a service somewhere where no other similar service is available. I think we all agree that we will have to examine it sometime, as to whether that service is actually needed, in the light of existing services and it must certainly be an inefficient operation basically because it is dealing in a field which is entirely different.

Hon. Mr. LAPOINTE: I might point out that every foreign postal administration carries on a savings bank business and most of them are much larger than the one we have.

Mr. ENFIELD: I suppose if you had extended it on a larger basis and had increasing business you might develop a class of person who would be using it.

Hon. Mr. LAPOINTE: It provides a service to the population and to certain classes of people who patronize that type of service because of their particular circumstances.

Mr. ENFIELD: However, you notice in the figures that the amount of deposits has declined from $18 million in 1946 to $9 million in 1955. It is true the amount on deposit is remaining about the same, but that is because there are less deposits made and less money withdrawn. You have a declining situation in the actual service and use that is being made of the bank, from $18 million to $9 million over that period when we had an expanding economy. I am only making the point that you have to look at this thing and give it a hard look, to decide whether the service it is providing is really necessary and whether the aid is worth while.

Hon. Mr. LAPOINTE: I quite agree that we must watch it constantly. When the decision was made not to follow that recommendation of the report the whole thing was gone into at that time and the decision was arrived at on the basis of providing an existing service to a group of people who needed it.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): On this question of just whether it is needed or not—and after all need is usually represented by use—it may be pointed out that when the Woods Gordon commission made their analysis of it there were less than five transactions in the year of study in 92 per cent of the accounts carried by the Post Office Savings Bank and the remaining 8 per cent of the accounts accounted for over two-thirds of the total number of transactions. Therefore, we have a situation in which in that year at least

92 per cent of the depositors using this bank used it only five times or less in the course of the entire year.

Hon. Mr. LAPOINTE: It is meant to be a savings account, not a checking account.

The CHAIRMAN: Those people who are living in big cities who are close to banks must remember there are parts of Saskatchewan where if a school teacher might want to encourage savings amongst the children in many cases they live as far as 30 or 40 miles away from a bank. This is one institution such a teacher can use to encourage them to deposit money in that way. If you did not have these facilities, they would not be able to journey 30 or 40 miles to a bank to carry out a savings plan. I ask the people living in Montreal and Toronto to remember that we do not all live in big cities like theirs.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): I prefaced my remarks by stating that it was quite possible we would have to continue providing it in those districts where there are no other facilities. Let me ask the minister is there any provision of these facilities in, say, the cities of Montreal, Toronto, Winnipeg, and Vancouver.

Hon. Mr. LAPOINTE: Yes.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Does it not seem a little bit questionable, even to someone who argues they should exist in the hinterlands of Saskatchewan—if Saskatchewan has any hinterlands—to find that in Montreal where you have a bank on one corner and a post office on the other and trust companies and everything else your Post Office Savings Bank is still in full operation?

Hon. Mr. LAPOINTE: I would say that in those localities probably the type of person who makes use of the Post Office Bank is the type described by Mr. Ellis, working men who are not capable of making use of the chartered banks during their working hours. We give a long service for six days a week and they would be the persons who would I suppose be making use of those facilities.

Mr. ELLIS: I would say, as a teacher in a town of 1,000 population, the only way of getting to a bank is to get time off from school. The bank closes at 12 which is customary in small towns and reopens at the time when I have to go back to work and I have not a single moment of free time during which the bank is open. That is just one illustration of the kind of thing which occurs. There are not many people who are keeping banking hours.

Mr. SMALL: On the inauguration of the Post Office Savings Bank in the early years the idea was to establish the principle of thrift.

Hon. Mr. LAPOINTE: It is still a good principle.

Mr. HENRY: I think it serves a useful purpose amongst new Canadians, in the cities here. It serves as a psychological factor and prevents the possibility of finding some newcomer's money in a trunk or under a floor. That would not be serving a good principle.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Before you carry this item, Mr. Chairman, may I say I understand Mr. Mills has received in the last couple of weeks, one of the highest honours, if not the highest honour, available to anyone in his field. We have chartered accountants in great number, but was he not just appointed a fellow of the Chartered Accountants' Institute?

Mr. GRIFFITHS: Yes, a fellow of the institute.

(Applause.)

Mr. MILLS: Thank you very much.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Such experts are very much needed. I may say they are very rare birds, rarer even than those on the stamps.

The CHAIRMAN: Those are complimentary words and I am sure we are all delighted to hear this in regard to Mr. Mills, I think we all appreciated his able discourse before us on the stamp question.

Item 327 agreed to.

The CHAIRMAN: There is now item 528, on page 54, which may not take much consideration. We have already discussed this item, as the committee will remember. Are there any further questions?

Item 528 agreed to.

The CHAIRMAN: Now we come back to the main item 324—Administration.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): There is one general administrative question in which I have been interested in watching the department at work here. You have a division which devotes itself to a study of your budget and the relationship of your operating figures to your budget figures, is that correct?

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Is that normal practice throughout most of the departments?

Mr. GRIFFITHS: Not as far as we are aware.

Hon. Mr. LAPOINTE: I would not know but in the only department that I know of we have an equivalent thing. It is called by some other name but I know that that type of work is done. I would not be able to say in regard to other departments.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Has that been a help in keeping detailed control of departmental expenses and in many cases reducing them?

Hon. Mr. LAPOINTE: I am told it has.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): So it is a procedure which might be recommended for the consideration of other ministers?

Hon. Mr. LAPOINTE: Well, I think the whole postal administration might be so commended.

Mr. HAMILTON (*Notre-Dame-de-Grâce*): Yes, with a single reservation, with just a good natured reservation on that last observation of the minister—as I would not like to be carried away in this respect.

(The committee met in camera to consider its report.)

APPENDIX "A"

Letter Carrier Delivery

Two deliveries per day

Monday through Friday

No delivery on Saturday

Estimated Cost

Residential Walks	*Average Number*
Possible calls per residential walk	563
Possible calls per residential walk (Based on last national check in 1948 prior to introduction of one delivery system)	399
Possible calls on two delivery system based on 11 trips per week (suggested plan involves 10 trips per week) 10/11 of 399	363
Additional calls (This results from the time saved in travel and delivery on Saturday less extra time necessary on Monday to dispose of volume accumulated on Saturday.) Time involved 1½ hrs. or 14 more calls, making total calls	14 / 377
Total residential calls	2,047,068
Residential calls per walk	377
Residential walks	5,430
Increase over present residential walks	1,794

Mixed Walks

There are approximately 103,240 residential calls on these walks; each would get an additional delivery Monday through Friday. On the basis of 377 calls per carrier, 274 walks would be required. Present estimate of walks represented by residential calls is 181 walks. Net increase, therefore, is 93 walks.

There would be some saving in serving business calls on mixed walks because no delivery would be made on Saturday. These business calls represent 175 walks. Saving one trip would, in theory, mean a saving of 1/11 of these 175 walks. It is, however, problematical whether the Letter Carrier could work and carry the heavier volume of mail on Monday mornings. This theoretical saving is, therefore, not considered realistic and no attempt is being made to take it into account.

Business Walks

A theoretical saving similar to that referred to immediately above could be claimed. However, for the same reason it is not taken into account. It is estimated that it could range between $150,000 and $210,000 less the extra assistance given or the overtime on Mondays due to extra mail volume. The latter cost is not possible to figure.

Staff Required

Summing up, an estimated 1,887 additional walks would be required. Staffing needs for the present and proposed number of walks would be:

	Present Needs	Needs of Proposed Method
1 Letter Carrier for each walk	4411	6298
Supervisory Letter Carriers for rotation days—		
Residential walks (1 for 5)	727	Nil
Mixed walks (1 for 5)	71	Nil
Business walks (1 for 10)	42	Nil
Sub Total	5251	6298
Supervisory Letter Carriers for annual leave (1 for 12)	438	525
Sub Total	5689	6823
Supervisory Letter Carriers for sick leave (1 for 18)	316	379
Total	6005	7202

This is an increase of 1197 positions.

The number of Letter Carriers would increase by	1887
The number of Supervisory Letter Carriers would decrease by	690
Net Increase	1197

Cost —

	Estimated Cost Initial (Based on minimum salary)	Estimated Cost Ultimate (Based on maximum salary)
for 1197 Letter Carriers	$3,160,080.	$4,021,920.
less saving on Supervisory Letter Carriers	56,700.	289,800.
Net Increase	$3,103,380.	$3,732,120.

This initial dollar saving on Supervisory Letter Carriers would not be large as we would have to await vacancies to absorb the surplus Supervisory Letter Carriers who would meanwhile cover off Letter Carrier positions.

Note: The foregoing costs are based on what calls a Letter Carrier made on the old two delivery system. Since that time second class matter (newspapers and publications) has greatly increased in volume. It is problematical whether the same coverage could be given by a Letter Carrier today. This is an imponderable that is practically impossible to figure, but it is a factor that would no doubt increase the estimated costs as above shown.

INDEX

ESTIMATES, POST OFFICE DEPARTMENT

PROCEEDINGS Nos. 14-16 inclusive.

PAGES NUMBERED 593-715.

Item No.		*Pages*
324	Departmental Administration	597-623
325	Operations—Including salaries and other expenses of Staff Post Offices, District Offices, Railway Mail Service Staffs, and suppies, equipment and other items for Revenue Post Offices, also including Administration	623-694
	See also	712-714
326	Transportation—Movement of Mail by Land, Air and Water, including Administration	694-702
327	Financial Services, including audit of revenue, money order and savings bank business; and postage stamps	702-712
528	To authorize the operation of a revolving fund in accordance with Section 58 of The Financial Administration Act for the purpose of: (*a*) acquiring and managing material to be used in the manufacture of uniforms and satchels, and (*b*) acquiring and managing materials and fittings to be used in the manufacture of mail bags, the total amount to be charged to the revolving fund at any time not to exceed $895,000 of which $425,000 was provided under Vote 541, Appropriation Act No. 4, 1954, and $270,000 under Vote 543, Appropriation Act No. 5, 1955	712
	See also	655

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 17

FRIDAY, MAY 18, 1956
MONDAY, MAY 21, 1956

DEPARTMENT OF NATIONAL REVENUE

Hon. J. J. McCann, Minister of National Revenue; Mr. David Sim, Deputy Minister of National Revenue for Customs and Excise; Mr. R. C. Labarge, General Executive Assistant; Mr. M. H. Skelton, Assistant Director of Personnel; and Mr. S. G. Ogilvie, Chief of Accommodation Branch.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

74296—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Beaudry
Byrne
Deschatelets
Dupuis
Enfield
Fairclough (Mrs.)
Gauthier (*Nickel Belt*)
Henry
Knight
Macnaughton
McCann
McLeod
McWilliam
Meunier
Monteith
Nesbitt
Pallett
Power (*St. John's West*)
Purdy
Thatcher
Viau
White (*Middlesex-East*)
White (*Waterloo-South*)
Yuill
Zaplitny

E. W. Innes,
Clerk of the Committee.

ORDER OF REFERENCE

TUESDAY, May 15, 1956

Ordered,—That the name of Mr. McCann be substituted for that of Mr. Lapointe; and

That the name of Mr. White (Waterloo South) be substituted for that of Mr. Garland; and

That the name of Mr. Meunier be substituted for that of Mr. Hanna; and

That the name of Mr. Beaudry be substituted for that of Mr. Kirk (Shelburne-Yarmouth-Clare); and

That the name of Mr. McWilliam be substituted for that of Mr. Robichaud; and

That the name of Mr. Nesbitt be substituted for that of Mr. Churchill; and

That the name of Mr. Monteith be substituted for that of Mr. Hamilton (Notre-Dame-de-Grace); and

That the name of Mrs. Fairclough be substituted for that of Mr. Hodgson; and

That the name of Mr. Pallett be substituted for that of Mr. Rea; and

That the name of Mr. White (Middlesex East) be substituted for that of Mr. Small; and

That the name of Mr. Zaplitny be substituted for that of Mr. Regier; and

That the name of Mr. Knight be substituted for that of Mr. Ellis, on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

74296—1½

MINUTES OF PROCEEDINGS

FRIDAY, May 18, 1956
(31)

The Special Committee on Estimates met at 10.00 a.m. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Messrs. Byrne, Deschatelets, Dupuis, Enfield, Fairclough, Gauthier (*Nickel Belt*), Henry, Knight, McCann, McLeod, McWilliam, Meunier, Monteith, Pallett, Purdy, and Tucker.

In attendance: From the Department of National Revenue: Mr. David Sim, Deputy Minister of National Revenue for Customs and Excise; Mr. R. C. Labarge, General Executive Assistant; Mr. M. H. Skelton, Assistant Director of Personnel; Mr. S. G. Ogilvie, Chief of Accommodation Branch.

The Committee proceeded to the consideration of the Main Estimates 1956-57 relating to the Department of National Revenue.

Item numbered 285—General Administration of the Customs and Excise Division—was called.

The Minister made a preliminary statement thereon and tabled a chart showing the administrative set-up of the Customs and Excise division of his department.

Dr. McCann, assisted by his officials, supplied further information and answered questions on the operation of the National Revenue Department.

At 11.00 a.m. the Committee adjourned until 10.30 a.m. Monday, May 21.

MONDAY, May 21, 1956.

The Special Committee on Estimates met at 10.40 a.m. this day. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Mrs. Fairclough and Messrs. Byrne, Gauthier (*Nickel Belt*), Henry, Knight, McCann, McLeod, McWilliam, Meunier, Monteith, Nesbitt, Pallett, Purdy, Thatcher, Tucker, White (*Middlesex East*), and White (*Waterloo South*).

In attendance: From the Department of National Revenue: Mr. David Sim, Deputy Minister of National Revenue for Customs and Excise; Mr. R. C. Labarge, General Executive Assistant; Mr. M. H. Skelton, Assistant Director of Personnel; Mr. S. G. Ogilvie, Chief of Accommodation Branch.

The Committee resumed consideration of the Main Estimates 1956-57 relating to the Customs and Excise Divisions of the Department of National Revenue, the Minister and his officials supplying information thereon.

Item numbered 285—General Administration—was further considered and allowed to stand.

Item numbered 286—Inspection, Investigation and Audit Services—was approved.

Item numbered 287—Ports—Operation and Maintenance—was approved.

Item numbered 288—Ports—Construction or Acquisition of Buildings, Works, Land and Equipment—was approved.

At 12.35 p.m. the Committee adjourned until 10.30 a.m. Tuesday, May 22, 1956.

E. W. Innes,
Clerk of the Committee.

PROCEEDINGS

MAY 18, 1956,
10.00 a.m.

The CHAIRMAN: Gentlemen, we have a quorum.

We have before us this morning the estimates of the Department of National Revenue. The Hon. Dr. McCann is here and he will make a statement at the outset. The estimates of the Department of National Revenue are on page 52.

Customs and excise divisions—
285. General administration, $3,348,014.

The CHAIRMAN: The details of this items are on page 38. Dr. McCann will make a statement in respect to that item.

Hon. James J. McCANN: (Minister of National Revenue): Mr. Chairman, ladies and gentlemen, as you will see, the estimates for the Department of National Revenue are divided into two parts—or you might say three. The first has to do with customs and excise, and the second with the taxation division. What I propose, if it is satisfactory to the committee, as a matter of procedure, is to take up first the estimates of customs and excise.

As you understand, the set-up of the Department of National Revenue is divided into two distinct divisions; one under Mr. Sim here, who has for many years been deputy minister in charge of customs and excise; the other division, the taxation division is under the directorship of Mr. J. G. McEntyre.

Under the taxation division we also have the income tax appeal board. I propose, this morning, to go along with the customs and excise.

I have been questioned as to whether or not the estimates of the Canadian Broadcasting Corporation would come before the committee. They will not. They have nothing to do with the Department of National Revenue. It so happens that I am appointed as minister to report to parliament to whom the C.B.C. is responsible. I looked up again, yesterday, the order in council which appointed me twelve years ago and all it contains is my name as a minister of the crown and that I shall report to parliament. When the time comes, if there is any more question with reference to it, I will be glad to table the order in council.

Now, I have a short statement to make with reference to this particular branch of national revenue. I am following the custom of ministers, when the estimates are taken up on the floor of the house in committee, of making a statement somewhat in the form of a review of the year's departmental activities. I am sure that members will get from it some idea as to the scope of the department and probably suggestions as to questions which they might care to ask as we go along.

The estimates contained in votes 285, 286, 287 and 288 have been prepared for the financing of the operations of the customs and excise division of the Department of National Revenue—a purely administrative department whose task is to collect the revenue. The customs and excise division besides collecting revenue has because of its handling and control over the movement of goods a responsibility to render service to the public. It might be considered as a

mixture of banking and commerce as you will see from the outline I would now like to give you of some of the operations and the scope and responsibilities of this division.

The main acts administered by the customs-excise division are the Customs Act, the Excise Act, the Customs Tariff Act and the Excise Tax Act, but in addition to this they are required to assist in the administration on behalf of other departments approximately 40 acts, such as the Canada Shipping Act (coasting regulations), Animal Contagious Diseases Act, the Export Act, Immigration Act, Export and Import Permits Act, and all regulations relating thereto. Certain provincial statutes respecting the export of game, forest products, game and fishery laws, etc., are enforced in part by this division.

In addition to the headquarters branches here at Ottawa and their field offices in strategic points throughout Canada, there are over 400 offices operated as ports, outports, parts of ports and vessel clearing stations situated throughout the country.

The customs and excise division is, of course, closely associated with industry and must be prepared to expand its services in keeping with the growth of the country. In addition to this, the division is responsible for service to the public not only to Canadians, but to everyone who seeks to cross our borders. I think you would be interested in a few comparative figures showing the increase in business and travel, compared with the increase in staff and the cost of our operations. For this purpose I have taken the last five-year period because anything earlier than that might be considered abnormal due to conditions arising out of the last war.

Compared with the fiscal year ending March 31, 1952, the total number of import entries processed as of March last, has increased by over 880,000 or over 30 per cent. The revenue collected during this last year is $280 million more than was collected in the fiscal year 1952. During these years the cost of collections has remained comparatively constant, and now stands at 1·85 per cent less than 2 cents for every dollar collected. The staff strength during this period has only increased by 19 per cent. Moreover 3 per cent of this increase in staff was occasioned by the implementation of the five-day work week.

In the calendar year ending December 31, 1955, over 15,868,200 vehicles carrying returning Canadians and Americans entered Canada, which was some 3,250,000 more than during the calendar year of 1952.

As every member here knows developments in the field of transportation continue at a very rapid pace. A statement regarding the increase in importations as evidenced by customs entries does not tell the complete story. The movement of goods is no longer confined to rail and water and much is now being transported by truck and aircraft. The increased movement is reflected in all fields with periodic shifting from one form of transportation to the other. This presents the department with the need for flexibility—flexibility which is not always easy to achieve in time to meet the changing circumstances. A few years ago we endeavoured to meet the problem of trucking congestion by providing for inland sufferance warehouses which were a partial answer to the terrific pressure brought about by the traditional clearance of such movements at border points. In the field of air transportation, since airports are largely inland the same problem has arisen in a different form.

Airport facilities of all kinds have felt the strain of increased air traffic, larger and speedier aircraft. While the facilities of airports are being remodelled, expanded or even re-located, the business of customs must still continue with no decrease in efficiency of service. Those of you who have passed through our airport at Dorval or Malton, will have seen some of the changes

that are going on there and may even have felt some of the inconvenience which we have to overcome. We obviously have to anticipate as much as we can and as far in advance as possible what the development will be at any of these locations. Using Dorval as an illustration it will interest you to know that the forecasts for the present year indicate that we can expect 56 additional flights between the months of May and September. This was not foreseen at the time these estimates were prepared. 56 flights mean actually 112 in and out clearances of the aircraft. The number of passengers in the months of January, February and March just passed show an increase of almost 14,000. What can we expect for the coming period? Entries at the present rate of increase will reach some 50,000 at Dorval. Translated into terms of pieces of freight, express and baggage this reaches figures in the hundreds of thousands. Providing accommodation and personnel to cope with such rapid developments is, indeed a difficult problem and one which presents itself not only at Dorval but under present conditions at most of our ports throughout the country.

The examples given of expansion have been largely in terms of customs, but a similar trend, although to a lesser degree, is evidenced in the field of our sales and excise tax operations, as well as in the field of excise duties where, as you know, the main activity is the supervision of licensed establishments manufacturing or using alcohol or tobacco in the manufacture of their products.

Of the total vote for the customs and excise division which you have before you approximately 89 per cent is accounted for in salaries, wages and overtime. For this reason the largest increase in this year's estimates is for salaries and wages. In terms of this year's estimates it actually amounts to almost 86 per cent of the total increase. This increase as we have indicated previously is a result of the increase in business combined with an increase in staff brought about by the implementation of the five day work week, as well as the usual necessary provision for annual increases and positions reclassified. In terms of numbers of staff, provision is being made in these estimates for 205 additional positions, which represents 2·5 per cent over last year.

On the question of personnel employed in the customs and excise division, I should like to reassure you that the staffing of all ports is strictly controlled on a systematic basis whereby the department by use of work standards and formulæ can gauge with reasonable accuracy the number of staff required for various centres in relationship to the amount of business which is presented to and processed through the port, the hours of service required by the general and importing public and the number of points of duty which have to be manned by customs officials at international border points.

This brief statement has been directed to the main reasons for the estimates now before you and should there be any information which I have left out or any questions which the Committee would like to ask concerning our operations, I will be only too happy to provide what answers I can.

Now, I think on the basis of this statement, probably we might have a discussion with reference to it. I am going to table here what we call an organization chart. It starts in with the deputy minister, and we have two assistant deputy ministers—one assistant deputy minister of the excise divison, I am sure you all know him, Mr. Nauman, and one assistant deputy minister for customs Mr. Urquhart. Then we have under general administration, the general executive and M. Labarge here the Director of port administration; a drawbacks branch of the custom division; the secretary, customs division, etc. In the excise we have, which is very important, an audit division of the excise department, and the excise collection, and the refund branch.

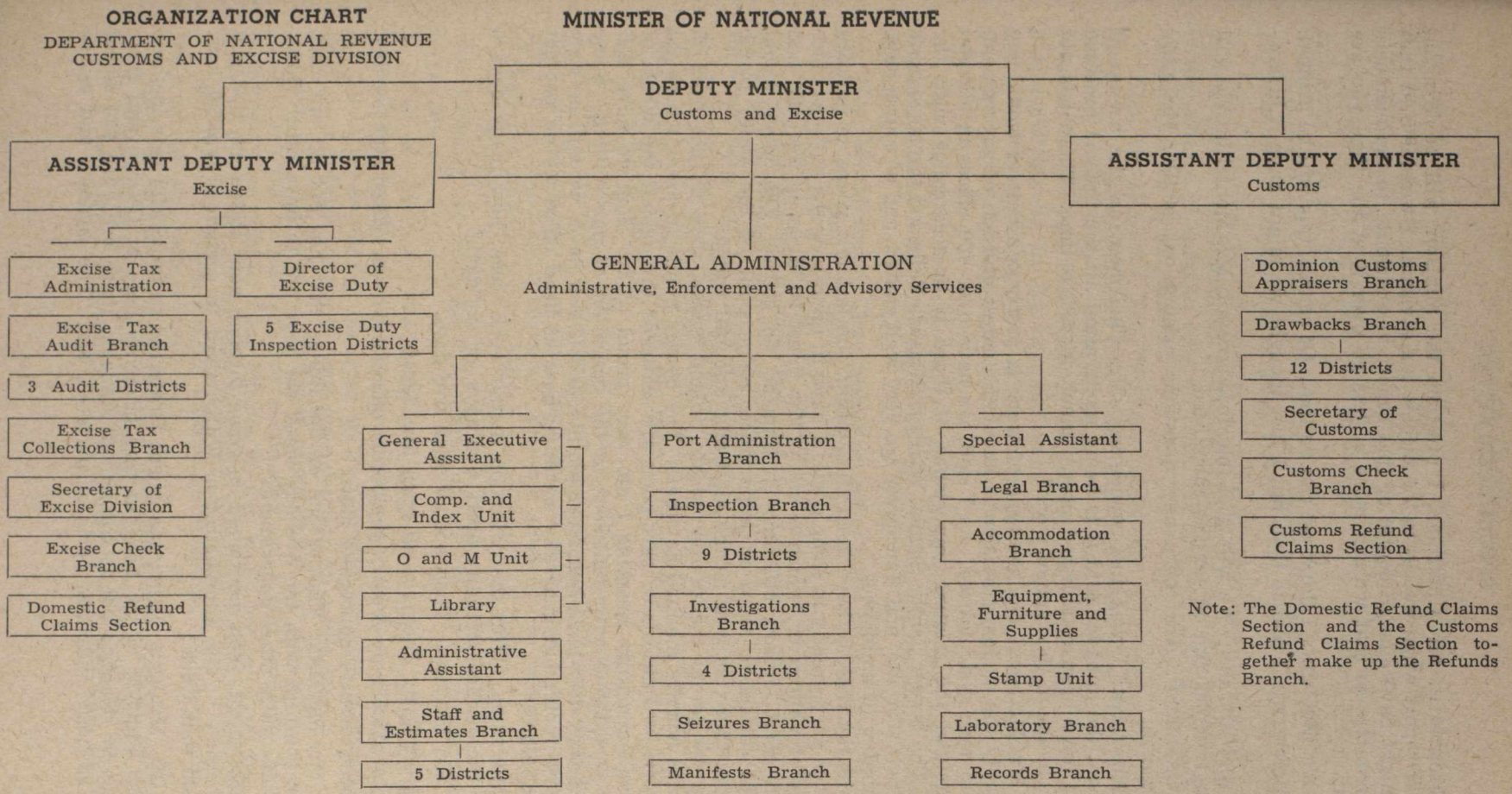
The set-up from a business point of view, I think you will all agree when you see this chart, is a very good one. It has been constantly changed. Just

a few days ago I made a visit to our head office where we have a system of double checking entries into the country with respect to goods that are brought in on the exemption of $100 every four months. All of those entries, or copies of them come in to head office, and they are re-checked and a comparison made as to whether people have declared rightly or wrongly, or truthfully with reference to bringing in another bill of goods at a time less than the statutory exemption of four months. If it is found out that there has been an entry that should not have been made these people are billed. As a result of that system our revenue has increased very considerably.

Mr. Chairman, the table is as follows:

ORGANIZATION CHART

DEPARTMENT OF NATIONAL REVENUE
CUSTOMS AND EXCISE DIVISION



Note: The Domestic Refund Claims Section and the Customs Refund Claims Section together make up the Refunds Branch.

445 CUSTOMS AND EXCISE PORT OFFICES

273 Ports
23 Outports
130 Parts of Ports
18 Vessel Clearing Stations
1 Postal Collecting Station

Mr. MONTEITH: Mr. Chairman, I presume the minister will be bringing in a similar report when we get to the income tax division. I wonder if at that time he might have enough copies of that report to distribute to the members of the committee so that we can more or less go over it at the time you are reading it.

Hon. Mr. MCCANN: I think we can do that. Of course, this will be printed.

Mr. MONTEITH: I realize that, but I just thought we might have it beforehand.

Hon. Mr. MCCANN: We will take that into account, Mr. Monteith. We will have enough copies run off for the committee.

The CHAIRMAN: Are there any questions arising out of Dr. McCann's initial statement?

Mr. MONTEITH: I was just wondering, Mr. Chairman, on the set-up of this division, the minister said it is being modernized all the time. I presume the duties have been established pretty much for some time. There has not been any change in the type of work?

Hon. Mr. MCCANN: No, the type of work is pretty constant. I would say that probably the customs division is about the oldest division of government. It has been well systematized. As I said, we have over 400 offices in all, you can understand the relative importance of those is in accordance with the situation. The border points, Sarnia, Windsor, Niagara Falls and the large ports like Montreal, Toronto, and Vancouver are very well staffed, and of course have a great number of employees.

I might say that we have been able, within the last few years, to improve our facilities very greatly in some ports. I have in mind now the customs office in the city of Vancouver, which is one of the finest buildings in the city, and one of the most modern buildings in Canada. Of course, Vancouver would rank about second or third in importance, on account of the water traffic that goes in there, as well as the air traffic and rail traffic.

When we get to the smaller places, inland towns, they do not need to be nearly as heavily manned as others. The border points in areas where we have imports, or outports or part ports are scattered throughout the whole of Canada; and generally speaking I am very proud to say that we have had very few complaints with reference to the operation of our stations. Some of the members may have heard complaints, and if you have, we will be very glad to hear them; but generally speaking here at head office we do not get many complaints.

Mr. MONTEITH: With the reduction in the work week, how many days a week are these offices actually open, five days, or six days?

Hon. Mr. MCCANN: They are all open five days.

Mr. MONTEITH: They are all open five days?

Hon. Mr. MCCANN: Most of the border offices are never closed night or day.

Mr. MONTEITH: I appreciate that.

Hon. Mr. MCCANN: That is one of the things that has put up our cost, because to conform with the five-day week we have got to have other shifts, just the same as in other departments.

Mr. MONTEITH: You mentioned, in going through your statement, that you had to do some of the administration with regard to certain provincial acts. How would that work?

Hon. Mr. MCCANN: In my statement I referred to provincial acts in these words: "In addition to the headquarters branches here at Ottawa and their field offices in strategic points throughout Canada, there are over 400 offices operated as ports, outports, parts of ports—", and "The customs and excise

division is, of course, closely associated with industry". Certain provincial statutes respecting the export of game, forestry products, game and fisheries laws are enforced partly by the division. If we saw somebody leaving the country and taking game with him, out of season, then it is the duty of the officers of the customs department at those ports to seize that game, I presume, and bring it to the attention—

Mr. MONTEITH: Of the provincial authority concerned?

Hon. Mr. MCCANN: Yes, that is right.

Mr. GAUTHIER (*Nickle Belt*): I notice in your report, Mr. Minister, that you have given consideration to the establishment of some new customs offices in the country. I want to refer to this: has some consideration been given to the Blind River uranium area?

Hon. Mr. MCCANN: Yes. We have established new offices there within the last two or three months to meet the demands of that area, because there had not been active business between Sudbury and Sault Ste. Marie before. With probably 10,000 people working in that district now, and the big mining companies starting up in the uranium fields, it made it necessary, if we were going to service that part of the country, that we have an office. That was established, and I think opened about the first of March, and it is now quite satisfactory.

Mr. GAUTHIER (*Nickle Belt*): Are there no airport facilities in that location, where is the clearing done for other countries such as the United States?

Hon. Mr. MCCANN: They would probably have to call at another airport —probably the Sault St. Marie or Sudbury.

Mr. KNIGHT: I confess, Mr. Chairman, that this business is new to me. The minister has mentioned some of the ports which keep open around the clock, but there may be a lot of remote places which do not keep open. I am thinking there must be a difficult situation in these remote places—for example, in the southwest corner of Saskatchewan. I remember going up there at one time from the United States and being informed I could not get through because the customs office was not open. I wonder if everyone is conscientious about not going through.

Hon. Mr. MCCANN: We do not know whether people are conscientious about it, but there are ports at the border at convenient places, and though someone might go through in a car by a back road, if there was a small office there I think they should know enough, if they are entering the country in the middle of the night, to go to a port which is manned at that time.

Mr. KNIGHT: I think that sometimes, where it is known that a small port will probably not be manned at night, drivers are given directions to go to a larger place.

Hon. Mr. MCCANN: We do not have much difficulty, because we soon catch up with the people who are trying to smuggle. We have the mounted police.

Mr. KNIGHT: But it occurred to me on that occasion that it would not have been difficult for me to have gone through on a side road.

Hon. Mr. MCCANN: A motorist might think he was safely over, but as he was driving to his point of destination he would probably encounter a mounted police patrol. These officers do our work for us; they know all the tricks of the game and they pay particular attention to after-hour periods.

Mr. KNIGHT: While we are talking about smuggling, could you say what the cigarette situation is now?

Hon. Mr. MCCANN: It represents a wonderful improvement, and the smuggling of cigarettes amounts at the present time to hardly anything. They tried it for a long time. The smuggling of cigarettes is principally, of course, an

attempt to make money, but the people who were trying to bring them over found this was not happening. In the last month there were only 68 seizures and 76,000 cigarettes involved. You remember that in the year 1952—I think it was in July—no, it was later than that—in September there were 3,817,000 cigarettes seized, and 273 seizures. That dropped, in October of 1955-1956 to 113,000, and in March of 1956 there were only 68 seizures of 76,000 cigarettes.

Mr. GAUTHIER (*Nickle Belt*): You would not have any figures on the amount of cigarettes that were not seized!

Hon. Mr. MCCANN: I can give you the early figures of cigarettes seized: in 1951-1952 the number was 14,300,000; in 1952-1953 it was 25,300,000; in 1953-1954 it was 9,400,000; in 1954-1955 it was 4,600,000, and the number seized in 1955-1956 was 3,200,000. Last year saw the lowest number of seizures in the past eight years.

Mr. MONTEITH: What happens to the cigarettes after those seizures?

Hon. Mr. MCCANN: They are all given to veterans' hospitals by customs officers. I doubt whether there is a customs office in Canada where there is no veteran employed on the staff. They take charge of these cigarettes and distribute them to the hospitals.

Mr. ENFIELD: This changes the subject a little, but in 1954—I think it was—we pased that so-called "anti-dumping" legislation, and I was wondering whether from the administrative viewpoint there has been much activity. Has it involved much work for your department?

Hon. Mr. MCCANN: Up to May 11, 1956—we have an appraisal staff, you know, which calls on exporters—535 calls were made on exporters. They are situated in the countries of export, some of them in Czechoslovakia and parts of Europe and a great number of them in the United States because that was where a good deal of the so-called dumping was coming from. As I said, up to May 11, 1956, 535 calls were made on exporters with a view to appraising goods under section 35(12) of the Customs Act and on many of these occasions our officers had importations of different goods under review. The merchandise included cotton fabrics, drapery fabric, ladies and girls clothing, mens clothing, nets and lace, refrigerators, synthetic fibres and towels. Three hundred and forty five appraisals were made in all, and the duty and taxes collected by reason of revaluation amounted roughly to $40,000. The number of importations along that line has fallen off very greatly. Ordinary duties amounted to $7,990 and the dumping duty, or special duty, amounted to $31,000.

Mr. ENFIELD: It looks as though the legislation has been quite effective.

Hon. Mr. MCCANN: It has, apparently. The main thing is that it has to have a deterent effect, because an exporter from the United States, exporting over a year, sells at a certain figure; he does not know what the figure is going to be for customs duty purposes, so this deters many of them from making end-of-season shipments into Canada.

Mr. BYRNE: Has the department ever been requested by provincial authorities to report entries into Canada or into the provinces for the purpose of their collection of sales tax?

Hon. Mr. MCCANN: I am informed we do help the provinces—statistical help with reference to quantities—but that it is not our privilege to give them the names of importers.

Mr. BYRNE: That is what I mean: have there been requests for such collaboration?

Hon. Mr. MCCANN: Yes, occasionally.

Mr. BYRNE: The reason I asked that question is because there was a rumour current in my home town that the customs office was collecting for a period.

Hon. Mr. MCCANN: Collecting the sales tax? No. The only sales tax we collect is our own.

Mr. BYRNE: So I thought there must have been some requests, or something of that nature. You say there have been requests made?

Hon. Mr. MCCANN: We have some, particularly in British Columbia.

Mr. BYRNE: And you supply the provincial treasurer with statistics showing the amount of merchandise imported, but with no information about the individual importer?

Hon. Mr. MCCANN: If they request it from us we supply it.

Mr. PALLETT: Now that sales tax has been mentioned, I might say that it has been called to my attention that in certain instances where a company both manufactures and sells in Canada there might be discrimination in the levying of the sales tax since it is levied on the sales price, whereas a company importing the same product must pay the sales tax on the cost of the product coming across the border. Are any steps being taken, or contemplated, by the department to rectify the situation which arises from that set of facts?

Hon. Mr. MCCANN: As you probably know there was a committee set up which has studied the whole problem of the basis of which sales tax should be levied. Its report was given us only a comparatively short while ago; it has been studied in part but no changes have been made as yet with reference to these matters. However, that is a question which comes within the jurisdiction of the Minister of Finance rather than my own, and questions on his estimates might well be directed to him with regard to the government's intention with reference to that. The value be that the 10 per cent sales tax goes on is the value of the goods plus the duty. It usually works out that it is higher than the price in Canada.

Mr. PALLETT: But not always.

Hon. Mr. MCCANN: There might be instances where it is not, but I do not recall any.

Mr. MONTEITH: In this committee, in the way we are constituted, it might save some time except with respect to matters of policy on which the minister might wish to answer himself, if Mr. Sim answered directly.

Hon. Mr. MCCANN: You can fire any questions you like at Mr. Sim, and if he can give a better answer than I can, I shall be well pleased.

Mr. Knight: In your statement you said that the amount of imports was up about 30 per cent this year. Is it over last year?

Hon. Mr. MCCANN: No; that period was from 1952.

Mr. KNIGHT: Might I have a breakdown of that figure? I would like to find out the imports; I am particularly interested in the imports as between Great Britain on the one hand, and the United States on the other. Could you give us a breakdown of them?

Hon. Mr. MCCANN: We could get it, but the increase has been predominantly from the United States.

Mr. KNIGHT: If you could get that figure, I would like to have it.

Hon. Mr. MCCANN: We can get it; however you will likely find it in the Bureau of Statistics' report.

The CHAIRMAN: We can get it and have it in the form of a statement for the next meeting.

Mr. GAUTHIER (*Nickel Belt*): I hope you get at it before the pipe line debate is on.

Mr. MONTEITH: The minister in his statement mentioned that there are 56 more flights coming into Dorval this year for which provision had not been made in the estimates to take care of the costs of examining them.

Hon. Mr. MCCANN: Yes.

Mr. MONTEITH: That increase has been continuous over the last few years; there have been some increases which you have not forseem in the last several years, possibly?

Hon. Mr. MCCANN: The forecast for the present year indicates that we can expect 56 additional flights between the months of May and September, and that means 112 coming in and going out. But you must remember when these estimates where made up—these estimates were started to be made up in November.

Mr. MONTEITH: All right, I agree that you cannot see into the future to that degree and that you would not know at that time; but over the past few years there would probably occur each year some additional flights, and some additional increase which you had not foreseen.

Hon. Mr. MCCANN: Yes.

Mr. MONTEITH: How have your estimates in the past been as compared with your actual expenditures over the years? Has this department shown a surplus or a deficit over the last few years?

Mr. SIM: In relation to the estimates?

Mr. MONTEITH: Yes.

Mr. David SIM (*Deputy Minister, Customs & Excise Division*): There is always a certain amount of balance lapsing.

Mr. MONTEITH: Even though this provision has not been foreseen, you still would have plenty there to look after it?

Hon. Mr. MCCANN: We sometimes ask for very small supplementary estimates, but it is usually in order to take on a few more people. We have to increase our staff by hiring temporary people during the busy summer months. As you may note in the statement, over 15 million or almost 16 million vehicles pass through and back every season.

Mr. MONTEITH: There were some 3 million more than in 1952.

Hon Mr. MCCANN: Nobody can figure out what it is going to be.

Mr. MONTEITH: Despite this unforeseen increased number of flights into Dorval, a similar situation would more or less prevail across the country and you have always had sufficient in your estimates to take care of these unforeseen operations in the past?

Hon. Mr. MCCANN: Yes. In the port operations to the end of March 31, 1956, we have a lapsing balance of money unspent of ·6 per cent ,so we are figuring pretty close. The lapsing balance in reference to inspection, at the end of March 31, 1956, was only 3 per cent which is a small amount of money compared to all the money we asked for. We consider that we are very fortunate that our supplementary estimates are practically negligible and as close as anybody could estimate them.

Mr. KNIGHT: Millions of cars come across the border, tourists and others. I have always been struck by the task of the customs men at any port to keep track of that sort of thing, and I wondered how much actual revenue, if any, you could get from that particular type of traffic, and what proportion of the cars—supposing we take 100 cars; how many cars out of that 100—what percentage are found to be carrying stuff that is dutiable, and are charged duty thereon? I think it is interesting. I have watched them cross the bridges by the thousands, and I have wondered if the customs' officers have been justifying their existence in being there.

Hon. Mr. McCANN: If it were to be justified in no other way, it is a preventive service!

Mr. KNIGHT: You mean from the mere fact that they are there?

Hon. Mr. McCANN: Yes, just because they know they are being watched. Take the port of Niagara Falls, for instance, on a pay day. If people get their cheques in time to do some shopping, that is the time you have to be on the watch. But if it is at the end of the month when they are short of money, they are not smuggling much.

Mr. MONTEITH: You mean that they are not trying to smuggle!

Mr. KNIGHT: A customs officer has to be a good judge of faces!

Hon. Mr. McCANN: He has to be a good judge of people! Experience is what counts a great deal with him because he learns all the tricks of the trade. A lot of people smuggle for the money value, while a lot of people simply smuggle in order to be smart. One of the good things we have done in our department is to employ a lot of women officers. They are very alert, and they are astute with reference to the type of goods which might be imported by women, and they can do it without any embarrassment to the women entering.

Mr. MONTEITH: You do issue at each border crossing a brief pamphlet on what can be done in the way of bringing in goods?

Hon. Mr. McCANN: Information, yes; they get that. Our system of checking cars was a revelation to me when I saw the way it worked. They will get an entry. Suppose the man says that he is crossing at Niagara Falls but that he is going to come back via Windsor. That information is immediately transmitted to the other office for them to be on the lookout for that particular permit which was issued to him. Most of it is done by an automatic machine. I think we have teletype between some of the different ports.

Mr. MONTEITH: You might have an instance where somebody would change his mind and come back via another port.

Hon. Mr. McCANN: That is true, but it is easy to get in communication with the other port and to check off the end of the stub.

Mr. GAUTHIER *(Nickel Belt)*: You will be using radar for these things in a few years.

Hon. Mr. McCANN: That is true.

Mr. MONTEITH: Do you have many informers?

Hon. Mr. McCANN: Yes, we do.

Mr. MONTEITH: Are they rewarded?

Hon. Mr. McCANN: Yes, they get what is called a moiety; but they very seldom give the information to the port. They give it to the mounted police. The mounted police are preventive officers all along the line; but in some provinces the mounted police are the local police, you see, there is no difficulty there, and that obtains I think in five or six of the provinces; out west in pretty nearly all, and in Nova Scotia and New Brunswick. But we do not have that system in Ontario because we have our own RCMP preventive police.

Mr. MONTEITH: You have not got any regular system within the department whereby you might say that detectives are hired?

Hon. Mr. McCANN: No.

Mr. MONTEITH: It is purely on an informing basis?

Hon. Mr. McCANN: The mounted police are responsible in the main for the prosecutions in regard to smuggling. We have not to do that. We supply them with the information we have and they take care of the prosecution.

Mr. KNIGHT: Have you become modern enough to have aeroplane smuggling, that is, planes deliberately crossing the lines with goods?

Hon. Mr. McCANN: Yes, we have lots of it. At the big airports like Gander or Montreal, there is a lot of European smuggling into Canada by aeroplane. For instance, we find the type of goods—diamonds, watches and so forth—which can be carried by plane.

Mr. PALLETT: In regard to your new cross reference checking system on the goods that are free up to $100 and your statement that you have collected quite a bit of money in that way, is there not something wrong when that system has to be employed? If a man goes to the customs and makes a declaration and is cleared through the customs, surely to goodness he should be considered cleared from that point out?

Hon. Mr. McCANN: He may make a wrong declaration.

Mr. PALLETT: Your cross reference system will not indicate where he makes a wrong declaration.

Hon. Mr. McCANN: His name is on it.

Mr. PALLETT: Then you go and examine the goods he has?

Hon. Mr. McCANN: No, we have a record of the goods he declares in the first instance—so much of this and so much of that, coming perhaps to $80. He is exempt because it is under $100. Two months after that he comes back and declares again so much goods, coming to $80. We have the itemized account of the goods. By the cross reference checking system those accounts are sent in here to the head office where we put the two together and say: "Here is a fellow who brought in $80 worth of goods and did so a second time within the time limit." Then we bill him for that duty.

Mr. PALLETT: It has only to do with the time limit, not the goods?

Hon. Mr. McCANN: Yes, the time limit.

Mr. GAUTHIER (*Nickel Belt*): You have given us a good explanation in regard to the disposal of smuggled cigarettes. In the case of other goods, what is the procedure?

Hon. Mr. McCANN: In the case of liquor, unfortunately it goes down the drain. Other goods are kept in the Queen's warehouse and at certain times sales are advertised and it is sold by auction to recover the amount of duty and taxes.

Mr. PURDY: Could you tell us what one has to do to be declared a drain?

Hon. Mr. McCANN: There is a story in the department, Mr. Purdy, that at one time there was a senior officer who acted as the drain—and he lost his job.

Mr. McLEOD: Let us move to western Canada. I am primarily interested in duties on fruits and vegetables, which has been more or less a bug-bear for some time. I am thinking of course of the duties on fresh fruit and vegetables. I understand this covers certain specified parts of the year.

Hon. Mr. McCANN: That is right.

Mr. McLEOD: Who sets the dates for the levies, who states when these duties are to become effective?

Hon. Mr. McCANN: That is what they call the application of seasonal tariffs. The length of time for a specified type of goods is set in the act, and on the advice of the Department of Agriculture we issue an order to our ports that are affected to operate this seasonal tariff for the time which it is in operation.

Mr. MCLEOD: There seems to be a general complaint that the effective date is usually too late.

Hon. Mr. McCANN: We rely entirely upon the Department of Agriculture. We do not pick the date.

Mr. McLEOD: There is another question in connection with the same thing. Is there any provision for dumping duties applying to these goods?

Hon. Mr. McCANN: Yes, if they are dumped, there is of course.

Mr. McLEOD: How is the value of these goods arrived at? You remember that in the revision of the act last year I spoke on that and there was some uncertainty as to the way in which the value was arrived at on the selling price of the goods in the country of export prior to the time they were shipped.

Hon. Mr. McCANN: The rate is set out in the customs tariff and everything is taken into consideration—the time of the year and the quantity of the goods and more particularly the locality. It would apply at a different time in Ontario from the time it might apply in British Columbia. It would depend on the season.

Mr. McLEOD: I can understand that. There is one more question in connection with the tariff on potatoes. We have heard a lot about that. Is there any proposed change in that respect?

Hon. Mr. McCANN: That is a matter of policy and I could not at this time or here tell you what changes in policy might be contemplated. That is a matter which would have to be given to you by the Minister of Finance.

Mr. PALLETT: Following Mr. McLeod, could you give the time lag between the time you receive the request from the Department of Agriculture and the time the duty is actually imposed?

Hon. Mr. McCANN: Lots of times it is the same day and it is never longer than 24 hours.

Mr. PALLETT: You can act within 24 hours?

Hon. Mr. McCANN: Yes, we act by wire. I sign the order and it goes out immediately.

Mr. PALLETT: What are the provisions under GATT in regard to the adjusting of the fruit and vegetable tariff?

Hon. Mr. McCANN: These items are negotiated with the Americans. You understand there is not much in the line of fruit or vegetables which comes in except from that area and they are items which are agreed to. That is part of the process.

Mr. PALLETT: Before the Department of Agriculture can direct you to adjust your tariff, they must have negotiated an agreement with the Americans?

Mr. SIM: The tariff sets a certain maximum time—so many weeks and so many days—but that is not negotiated each time with the exporting country. The tariff has been arrived at as a result of the negotiations conducted under GATT but the actual date on which it is imposed has been determined without reference to the Americans at all. Actually, I think that what governs the Department of Agriculture is an appreciation of the state of our own crop, how close we are to harvesting.

Mr. PALLETT: Do you know how often this takes place? Is it on an annual basis?

Hon. Mr. McCANN: One has just been completed, under GATT.

Mr. PALLETT: That was GATT. I have asked about one between the Canadians and the Americans on the agricultural problem.

Hon. Mr. McCANN: It only takes place in GATT.

Mrs. FAIRCLOUGH: Mr. Chairman, I would like to have a short discussion, if I could, on the system which is employed with respect to the levying of sales tax on printed supplies, mainly those used by churches. I think probably I should explain this. The churches generally pay the 10 per cent sales tax on all printed material such as church bulletins. I have brought this up previously

with respect to church bulletins; but I still think they should be exempted. They are not in the nature of advertising or anything like that; they are more in the nature of a program. When a church goes into a fund-raising campaign the supplies which it purchases are subject to sales tax. However, there is an organization known as the "Wells" organization which will move into a church and conduct the campaign. You are quite familiar with the manner in which they operate.

Hon. Mr. McCANN: Yes.

Mrs. FAIRCLOUGH: When the "Wells" organization comes in, the supplies which it uses for that church are tax exempt.

Hon. Mr. McCANN: No.

Mrs. FAIRCLOUGH: Oh, yes. What I want to know is why, when the Wells organization purchases these supplies, it is exempt from sales tax, and when a church orders the same supplies for the same purpose it pays sales tax.

Hon. Mr. McCANN: Generally speaking, that is not the case. We will have to look it up and will probably be able to tell you how much sales tax has been collected from the Wells organization. Are you inquiring about the printed matter?

Mrs. FAIRCLOUGH: Yes; printed matter, supplies and so on.

Hon. Mr. McCANN: Which they use in the campaign.

Mrs. FAIRCLOUGH: You know the manner in which they operate. They will probably move in and likely have prepared a history of the church and generally build up the thing in a more or less dramatic fashion. They do an excellent job. However, it seems all wrong to me when if a church itself does precisely the same thing it pays sales tax.

The CHAIRMAN: On what basis do you say that the Wells organization does not pay?

Mrs. FAIRCLOUGH: I have intimate knowledge of cases.

Hon. Mr. McCANN: We must have missed yours. On the general principle, they should be paying because they are in the printing business.

Mr. SIM: They are buying printing which should be taxed.

Mrs. FAIRCLOUGH: They have a sales tax exemption certificate for these campaigns.

Hon. Mr. McCANN: We will look into that.

Mr. MONTEITH: Mrs. Fairclough does not want to have the Wells organization taxable; she wants the churches not to be taxable.

Mr. KNIGHT: I am afraid what she wants then is out of her hands.

Mrs. FAIRCLOUGH: I would like to pursue this.

The CHAIRMAN: Yes. We will adjourn now to meet on Monday morning at 10.30.

The committee adjourned.

May 21, 1956.
10.35 A.M.

The CHAIRMAN: Order, gentlemen. We have a quorum.

We are on the first item, 285 on page 52.

You asked for some figures, Mr. Knight at the last meeting in regard to the imports from the United States and the United Kingdom in 1952-55. They have got those figures for you from the report of trade of Canada put out by the Department of Trade and Commerce.

Hon. JAMES J. McCANN (*Minister of National Revenue*): The comparative figures for the calendar year ending 1952: from the United Kingdom, $359,757,123, and the comparative figure for 1955 is $400,530,822, showing an increase of practically $40 million. In 1952 from the United States the figure was $2,976,962,332, and in 1955 the figure was $3,452,178,388.

There is an increase in both cases, a relative increase of $60 million from the United Kingdom in that period, and from the United States something like $460 million.

The CHAIRMAN: Those were the figures you wanted, Mr. Knight?

Mr. KNIGHT: Yes. There would be about eight to one?

Hon. Mr. McCANN: You mean the amount?

Mr. KNIGHT: No the increase.

Hon. Mr. McCANN: Yes, it would be relative.

Mr. BYRNE: The percentage would not be that far out?

Mr. KNIGHT: The percentage of the increase in imports from the United States would be about 16 per cent and the increase from Great Britain about 2 per cent, as compared with the previous years. That is just roughly.

The CHAIRMAN: It would be a higher percentage than that, Mr. Knight.

Hon. Mr. McCANN: $60 million on $360 million.

The CHAIRMAN: That is about 25 per cent?

Mr. KNIGHT: You mean 25 per cent increase on imports from the United States over the—

The CHAIRMAN: From the United Kingdom. Between 20 and 25 per cent.

Mr. BYRNE: And the increase from Great Britain is higher than the percentage increase.

Hon. Mr. McCANN: Of course, during some of those years the United Kingdom was pretty short on cash with which to purchase.

The CHAIRMAN: Will we pass to the next item, gentlemen?

Mrs. FAIRCLOUGH: Just a minute, Mr. Chairman. I was just waiting for you to finish on that. When the committee rose on Friday we were in the midst of a discussion on sales tax with regard to churches. I do not know whether the minister has any remarks he wants to make on the points that were brought up at that time, but I have a couple of others I want to pursue.

Hon. Mr. McCANN: Would you like to have this one answered first?

Mrs. FAIRCLOUGH: Yes, all right.

Hon. Mr. McCANN: I am going to ask Mr. Sim to answer that. He has the correspondence.

Mr. David SIM (*Deputy Minister, Customs and Excise*): The inquiry was with regard to the exemption of the Wells Organization Limited. I find, on consulting our records, that this company, as a company, never did get an exemption from sales tax. What happened was that an individual booklet was submitted to the department for a ruling. This booklet is the sort of thing that they will get together and establish for each church that they visit. It has pictures of the minister and chief officials of the church committee and the like, and ends with a supplication to support a good cause. Our people, I think were deceived by this first booklet, because they looked at all the sermons on the front and references to the Bible, and the like, and they concluded that this was a booklet of religious character. Essentially what it was was a publication designed to raise money. At any rate they gave it an exemption as a book, when the Wells Organization had written in From

Weston, Ontario, where they had been conducting a campaign, I think at one of the United churches there.

About a year later our people, finding that this letter was being quoted, and having had a second look at this booklet and similar ones in the interim, decided that that was really not a book, but was promotional literature, and a ruling was sent to the Wells Organization in June, 1955, withdrawing the previous exemption.

I have not had a chance, because of the holidays intervening, to find out whether the Wells company have taken advantage of the first letter, and have given that letter wide circulation, as would seem to be the case. Either they failed to receive the second letter withdrawing the first one, or have not given it the same publicity as they gave to the former letter. At any rate, the present situation, since June, 1955, is that the Wells Organization, on its booklets, is not getting the exemption, and is in precisely the same position as churches. That is the point which, I think, the member was concerned about.

Mrs. FAIRCLOUGH: Yes. As I said the other day, Mr. Chairman, I am not interested in having the Wells Organization taxed; I am interested in having the tax removed from the churches.

There are a couple of other items that I have brought up on various occasions in the House with regard to the sales tax on materials and supplies used by churches. The first of these is the material in service papers. I think it was in 1953 that I went into the matter rather fully. At that time, if my memory serves me well, Mr. Lesage who was handling the estimates of the department, as parliamentary assistant to the Minister of Finance, asked for particulars. I promised to supply him with a number of samples, which I subsequently did. Those samples, no doubt, are in the possession of the department. A great many of them are, as some churches call them, service papers, and some call them calendars. They are weekly publications which set out the order of the service, in some cases, and in the large churches they even print the hymns for one service on the back page of the paper. They list the activities of various church organizations for the coming week.

It was my argument at that time that they fall within the category of religious publications, which would be exempt from sales tax yet up to the present time that has not happened. I wonder if further consideration has been given to the matter, and if the department is prepared to reconsider the problem.

Hon. Mr. MCCANN: Of course this is a question of policy and, as you have already said, the matter was brought up when the finance estimates were up. Our estimates have to do entirely with administration. I can say that the matter has been given consideration, and when the bill is brought up this year I think you will see there is a change being made that in part at least, will meet your request.

Mrs. FAIRCLOUGH: I would be very happy if the department would consider that. This amounts to a sizable sum for any church to have to pay, and it seems to me that it is something which even under the existing act should have been allowed.

The next item I want to raise is the matter of sales tax on church equipment—by which I mean such things as pipe-organs, electronic organs, reredos—any such equipment used in a church. The situation as it now stands is that if such equipment is placed in a church as a memorial to service people—men who have given their lives in defence of their country—then the sales tax is removed—

Hon. Mr. MCCANN: Excuse me, it is remitted.

Mrs. FAIRCLOUGH: Excuse me, my word was wrong. If, however, the equipment is placed there by a congregation in the ordinary course of church renovation it is subject to sales tax; if, as I understand it, it is placed in the church as a memorial to anyone other than to service men or women—let us say to a missionary or to a past official or priest of the church, it is still subject to sales tax. It seems to me that this is a point to which consideration should be given here, because if members of a church are in the process of renovating the premises and if they wish to place some of this furniture in the church all they have to do is say: we will make this a memorial to the boys who came from this church and who gave their lives for their country. So you practically place these people in a position where they are conniving to avoid the tax, which does not seem to be right. It does not seem to me to be a proper position with regard to furniture such as I have mentioned; I believe that sort of thing should be free of tax.

Hon. Mr. MCCANN: Again, Mr. Chairman, this is a matter of policy and it falls within the province of the Department of Finance whether or not to make these articles subject to tax. One of the exemptions here is in respect of memorials or monuments erected in memory of members of the armed forces who lost their lives in the service of the country. Out of respect for those people, church members and others can install pipe organs and put memorial plaques on them but I doubt very much if the congregation would wish to be seated on the memorial, as they would be doing in the case of pews.

Mrs. FAIRCLOUGH: I was thinking rather of chancel furniture, reredos screens and so on.

Hon. Mr. MCCANN: I know. Well, that is about all I can say; it is a matter of policy and we have to follow the exemptions laid down. It states very explicitly that the exception relates to "memorials or monuments erected in memory of members of the armed forces" and the practice has been this: in most churches where they put in a new organ they put a plaque on it and we accept that.

Mrs. FAIRCLOUGH: I know, but that is just what I object to—the fact that they do that, because that is the way in which they get a remission of sales tax rather than by planning a specific memorial to these people. I will give you an example of what I mean: in my own church there is a very beautiful chancel screen—a carved screen which was placed there some years ago in memory of persons who had done an immense amount of pioneering work in the church itself. That screen does not, of course, fall within the classification of a war memorial and sales tax has to be paid. Sometimes chancel furniture is placed in a church in memory of a clergyman who has given long years of service to his parish, and I believe all these things should be considered. I believe it is right and proper that the sales tax should be remitted on war memorials, but I do not think that war memorials are the only memorials with respect to which remission of sales tax should be granted to churches.

Hon. Mr. MCCANN: Of course, if you recall it, there are a great number of exemptions made in connection with the building of the church.

Mrs. FAIRCLOUGH: Building materials, you mean?

Hon. Mr. MCCANN: Building materials of all types which are used in the church.

Mrs. FAIRCLOUGH: It does not matter whether it is a church or not. There are exemptions on building materials in respect of all kinds of buildings.

Hon. Mr. MCCANN: Well, I would suggest—though perhaps it may prolong the argument in the house—that this is a matter which might well be brought up again when the finance estimates are being considered. We shall carry out whatever is decided upon.

Mrs. FAIRCLOUGH: That course will probably be taken, Mr. Minister.

The CHAIRMAN: Are there any other questions on this general item?

Mr. THATCHER: I would like to ask either the minister or Mr. Sim what liaison exists at some of these customs points between the Department of National Revenue and the Department of Immigration. I ask the question because, at a number of these small border points, in the West particularly, a traveller passing through—and there may be only a few individuals using these points each day—finds both a customs man and an immigration man there on duty to examine him, and I am wondering whether an effort is being made to have one man do the work for both departments.

Hon. Mr. MCCANN: Yes, we suggested that ourselves, I remember, during a trip I made across Canada to many of these places that I saw what I thought was a duplication there. We have suggested—and the suggestion has been carried out at a great number of border points—that one officer should do the work; the customs officer would do both the immigration work and the customs work. At the larger centres, of course, it is necessary to have both customs officials and immigration officials on duty, and the examinations are done at the same time.

Mr. THATCHER: So a conscious effort is being made to remove the duplication?

Hon. Mr. MCCANN: Oh yes, a positive effort in that direction.

Mr. THATCHER: There is one other question, Mr. Minister. I was wondering what happens at these border points, for example on the St. Lawrence, where the water freezes over during winter and there are no longer ferries running. What do your men do at that time?

Hon. Mr. MCCANN: I am going to ask Mr. Sim to reply.

Mr. SIM: The fact that an officer is stationed on the border does not mean his sole function is preventive. It could be a manifesting port to which goods come in from over the border and there is work of an ordinary character for the customs officers to discharge, such as the receiving and passing of entries. At many of these points along the St. Lawrence when the river is frozen—the chief function of the officers is preventive, of course—we take cognizance of the freeze-up by gradually reducing our staff in the off-season; or, to put it more correctly, we increase our staff during the summer season when the traffic is heaviest.

Mr. THATCHER: I see. There is one other matter. I have noticed that there are customs points in western Canada on the Canadian side which close, perhaps, at 10 o'clock whereas the customs officers on the American side close down at 8 o'clock. What effort is made to ensure that the officers on both sides of the border close at the same time?

Mr. SIM: I am glad you asked that particular question at this moment, because tomorrow we are expecting to receive the commissioner of customs from Washington and he is going to discuss this very question with us, that is, greater collaboration between the customs officials of the United States and Canada all along the border with particular reference to western Canada. Obviously there is not much purpose in our maintaining an office open if the office on the American side is closed, and vice versa.

This is the first time we have ever been able to get a ranking official from the United States—in this case, the commissioner of customs—here with three of his staff, but he is coming here tomorrow for a two-day discussion with us and the first item on the agenda is this very subject; we are trying to bring about greater uniformity between us, and it will not necessarily mean longer hours of service.

Mr. WHITE (*Middlesex East*): The deputy minister will recall that earlier this session I inquired regarding the sales tax on imported ditching machines for farm purposes. Ditching machines are, of course, used for many construction jobs besides farm ditching, and the question was raised: to what purpose would the machine be put? This year, particularly, farms in Ontario are pretty well under water and the need of ditching machines is very apparent. I believe that other types of farm machinery intended to be used entirely for farm purposes can be exempt from tax if a declaration is made accordingly—I was wondering if any further consideration had been given to those very expensive machines because if you add a ten per cent sales tax to them it amounts to a great deal of money.

Hon. Mr. MCCANN: I shall ask Mr. Sim to answer you.

Mr. SIM: Once again the department can only interpret the tariffs and the exemptions as they are, and while certain machinery can be exempted if brought into Canada for bona fide farm operations, on the other hand some machinery which is brought in for farm operations may also be used to do general road work and therefore it is not exempt. This proves to be an embarrassment to the administration, but you can understand the principle. It has been said that the house ought to do something to assist primary producers but it would in practice make the work of the administration much happier if entire exemptions were given instead of conditional exemptions such as we have now on quite a number of items in the agricultural schedule. The only answer I can give is that it is a question for the Minister of Finance to decide whether or not he can grant total exemption to this and perhaps to some other types of agricultural equipment which are used for other purposes. It is a fact that sometimes exemption will be given for agricultural purposes and in the course of events the use becomes so widespread that finally there is very little left to tax, so the Minister of Finance says "I will give it up". I do not know what the situation is at the present time with regard to this particular type of machinery, but that is about the approach to it.

Mr. WHITE (*Middlesex East*): In view of the need of municipalities to have lowered costs, and in view of their difficulty in securing finances, might it not be wise for the department to consider the exemption of the sales tax for all ditching machines because they aid people anyway, and thus it would apply where they were going to be used solely for agriculture?

Hon. Mr. MCCANN: Of course, as you know, there is certain exemption given to municipalities for fire equipment and the like that is valued over $1,000; but again, that is a matter entirely for the Minister of Finance. What he wants to do in this matter is a question of policy as to what shall be taxed and what shall not be taxed. But if there is any criticism or question with reference to the application of that tax by our department, I would be very glad to hear about it.

Mr. WHITE (*Middlesex East*): No, sir, I think it was fairly applied.

The CHAIRMAN: The committee will understand that when a question of policy is mentioned that does not mean that questions of policy cannot be mentioned here; but if it is a question of policy of another department, that is something else again. I hope that point is well understood.

Mr. WHITE (*Middlesex East*): Thank you.

Mrs. FAIRCLOUGH: If we are finished with that point there is another matter I would like to bring up and that is the matter of the uniformity of treatment at various ports with respect to imports from the United States. At the moment I am speaking specifically of printing plates which come into this country for use in publications and which are probably the whole or a major part of all advertizing, by specific advertizers in the United States in Canadian publications.

In one port you will find a great deal of delay in the importation of the plates while in another port you will find that they come right straight through. Undoubtedly this is due to individual interpretation of the act. I am thinking specifically of companies which are forced to meet publication deadlines. Because of these things they are held up, and also due to failure on the part of agents, or advertising agencies in the United States to appreciate that one port has a different method of handling plates than another. It is most annoying, particularly if you take the situation for example at Hamilton and at Toronto where the two offices are only about forty miles apart. It does raise the point whether it would not be better to have the plates shipped to a port where you expect there will be easier processing and to drive the forty miles to that port to pick up the plates and thereby save time in the production of your publication.

I wonder if the minister and his deputy would not have some idea with regard to uniformity of treatment in that particular matter?

Hon. Mr. McCANN: Mr. Chairman, I think we pride ourselves in having uniformity of treatment in all ports applying to all types of people. But offsetting that, in the event of there not being uniformity, they all get the same instructions, but people are different! We have what we call a check branch, and every invoice which comes into the country is rechecked and is caught so that all people who make imports, or their brokers are billed for the right amount of tax. Therefore while it may be that in particular instances for the time being it would appear that some were let through or valued at less money for duty purposes, nevertheless we do catch up with them.

Mrs. FAIRCLOUGH: I did not mean that. I mean to say that all these people are quite willing to pay the tax. It is the question of delay which bothers them and the uncertainty of precisely what procedure to follow, and the loss of valuable hours when a publication deadline has to be met. This is not just one instance. This is a situation which has been going on for a long time and which is a matter of great concern to publishers in the Hamilton area. I wonder if some action could not be taken to expedite the entry of these plates?

Hon. Mr. McCANN: Would that be a delay on the part of our officials or on the part of the brokers there or the individuals in coming to release them?

Mrs. FAIRCLOUGH: No, it is delay in the department.

Mr. SIM: I think it must be admitted that this is a cardinal sin as far as our administration is concerned. Discrimination is a thing which we abhor, but in operations as widespread as ours, there is bound to be discrimination upon occasion.

Mrs. FAIRCLOUGH: Let us say it is difference of opinion, not discrimination.

Mr. SIM: Another interesting point is that in a situation of that kind the person who gets his stuff through at a more favourable rate than others is not going to come and tell us about it. It is only when one person has a more favourable situation as compared to another that we sometimes are called in, or the fact that some individual is slower in his interpretation of the regulations at a particular port.

The matter of plates is not too easy a subject for the ordinary layman because there are certain exemptions which are conditional upon the use of those plates. If they are to be used in a certain way in publications then they are exempt; but if they are to be used in other ways, then they are taxable.

Mrs. FAIRCLOUGH: I am not claiming that there is any difference in treatment of persons within a port. It is simply a question of one port as against another port which seems to have a different approach.

Mr. SIM: I will keep the matter in mind and I shall see if we can do anything to improve it.

Mrs. FAIRCLOUGH: I think it is mostly a matter of the interpretation of new regulations. I honestly think that the officials are trying to do their best, but it does bother the advertisers in respect to these various items.

Mr. KNIGHT: There is another question which is even more difficult along the same line, and that is the importation of books. It is perhaps unfortunate—I am sure it is unfortunate—for the department and I think for the Canadian nation that all the censorship we have—and I am not advocating it—but all the censorship we have is exercised by the Department of Customs and Excise. There are one or two questions I would like to ask.

May I say at once that I have asked the same questions in the house on the order paper but I am afraid that I cannot say that I have been too satisfied about the answers.

There may be some justification for the censorship of literature, but I think it is important for the Canadian public and the booksellers and shall we say for anyone who is interested, that as a matter of fact they should know first of all the principles upon which such censorship is applied, and secondly, when and in respect to what such censorship is exercised. I know that it is not well exercised; I know that it is exercised with some discrimination and used, not in the offensive sense of the word, but in the sense of a lack of uniformity rather than in the deliberate power of anyone in the Customs Department.

Before I get into that, I would like to ask one question about books which are ordered by professors in universities as supplementary works. I refer especially to books which are apart from those which are on the curriculum. Are those still liable to duty? Let me put it this way. There is a set curriculum in a certain university and a half a dozen books are required for the professor's use in a certain subject. If he wants additional reading, are those additional books subject to duty?

Hon. Mr. MCCANN: The answer I am told, is that they are subject to duty if they are over and above those which are specified for use in the curriculum.

Mr. KNIGHT: The specifications are usually pretty meagre for the curriculum and this is a thing which I think should be examined. I am opposed to stifling in this way. The professors are not as a rule too well paid—just like the teachers—and as far as I am concerned I would like to encourage them to read rather than put a brake upon their reading and that brake is exercised by economics in their case. I have had several complaints in this regard not only from my own university but from other universities across the country.

I wish to come to another point. This is a special case and the reason I bring it here, or about the only justification I have for bringing it up, is that I have not had a reply from the Customs and Excise Department. It is in regard to a constituent of mine, a doctor, by the way and probably some of the gentlemen here remember the case who got some medical goods or books from the United States and with them got a folder. This came in free under the regulations but he was—I will not use the word "soaked" as that would not be correct—charged duty on the container of these things. That is not important, but since I have the opportunity I want to bring it to the attention of your officials that as far as I am concerned the matter is not closed yet, or, if it is, I have not been informed of it.

I wish to go back to the question of the censorship of books. I said I thought the public were entitled to know on what grounds the books were censored. You are about to quote the act at me and coming to the term

"obscenity". We have never had a proper definition of "obscenity". I have struggled with this thing and I remember that away back in the old days I made the claim that a man who is to censor literature first of all must be, if not an expert in the subject, at least a man who has a pretty good knowledge of it and that he should have behind him the background of education and experience which would teach him to deal with the subject of literature and books. I never have been satisfied that this department has those men—or women. The chief censor as far as the department is concerned used to be a woman. By the way, is Miss Kittle still operating for the department?

Hon. Mr. McCann: The young lady to whom you have referred is not the chief censor at all.

Mr. Knight: I am aware of that, but she is a censor.

Hon. Mr. McCann: She is a reader. She points out to those who do know censorship that there is this particular book or part of a book which appears to be objectionable and to break the law with reference to entry into this country.

Mr. Knight: I am going to suggest that when I asked the other day who the readers in the department were, I should have been furnished with that information. I was not furnished with it: I was simply told that the minister assumes full responsibility for the importation of books.

Hon. Mr. McCann: Your question was, has the Department of Customs and Excise a staff of readers to examine the books. There is no particular staff for that. Books are reviewed by various members of the customs and excise division but not by a particular staff.

Mr. Knight: We need not split hairs. There are two or three people in this department part of whose job is the examination of books.

Hon. Mr. McCann: That is right, but the minister has to take the responsibility. I am going to object to the amount of time that I have to take to review a lot of these things which are absolutely rotten. There are no two ways about it, these are books which are pornographic and so on. There is a lot of scientific books which are illustrated. None of these are prohibited entry unless an order is signed by myself. I have within the department not a board of censorship but a number of very able people. Here is one of them here, Mr. Labarge, who is a graduate of Oxford University and perhaps as well fitted as anyone else. I feel that such censorship as has been put into effect is fully correct on account of the type of literature. I saw something the other day in the paper in regard to the Kefauver report, that this is a $500 million business in the United States—not the censorship, but the printing of this type of literature and they have to get a market for it. There are many devious ways which have been tried to get that material into Canada, shipping over the plates for the books and all the rest. When they come to the point of entry and they are examined by the local official, if it is thought that they should go to the head office in Ottawa they are sent here where they are further reviewed.

Mr. Knight: The minister has made a long speech and I would not wish to make another, but I would point out that there is a difference between mere obscenity and pornography which is produced in order to get profits or sell a book. I am glad that there is someone here with this background I have been told about. On the other hand, there is necessary surrealism often in a book which comes into a different category. I wish to admit at once—in fact, I claim —that one must have some experience in that sort of thing. You cannot turn that over to a customs officer—

Hon. Mr. McCann: No, no.

Mr. KNIGHT: —good as customs officers may be at points of entry. When you come to look at the question of uniformity, I know cases where books have been refused entry at one port, while ten miles down they were admitted. I know we are up against an impossible situation. I know also that there was a book banned in this country after 10,000 copies had been sold in the country. I am sure my friend is aware of that situation.

Hon. Mr. McCANN: None of the officers at the port of entry take the responsibility of refusing a book. If it is a type that is suspicious, it is sent to the head office here for examination.

Mr. KNIGHT: The minister is carrying on here today what I know has always been his opinion. He is entitled to that opinion but I do not agree with him that any one can tell a bad book.

Hon. Mr. McCANN: No, no.

Mr. KNIGHT: I can quote you in *Hansard* but I do not wish to do so.

Hon. Mr. McCANN: I may have said anyone can tell some of them.

Mr. KNIGHT: That was a statement I had from the department. The minister himself said this eight or nine years ago but I can dig it up. My claim is that a person must have certain definite qualifications for censorship and the Department of Customs and Excise cannot exercise censorship except in the most superficial way, as it is a question on which the public themselves and university people and others are completely at odds. Another question which I asked was about these books which are sent in or come in through the customs ports and are from other sources, I take it, such as authors, publishing houses, and sometimes from interested parties and organizations or institutions of various sorts.

Hon. Mr. McCANN: Yes.

Mr. KNIGHT: That is another source of danger. I think it is a source of danger where certain books are sent by institutions or organizations or individuals who have axes to grind and submit certain books to the department in the hope that they may be kept out of the country. There is also the question of these readers. I do not see any reason why the names of these people who make these decisions should be concealed. Is Mr. Stuart still in the department?

Hon. Mr. McCANN: No.

Mr. KNIGHT: He at one time had responsibility in respect to books. In another inquiry I was asking for his education and background and I was told he had a high school education. He had been doing this for 30 years.

Hon. Mr. McCANN: That is not correct. He did not make the decisions, nor do the other employees of the department make the decisions. The decisions with reference to the rejection of the material are made by the deputy minister and myself.

Mr. KNIGHT: The ultimate decision?

Hon. Mr. McCANN: Yes.

Mr. KNIGHT: I shall quote from a copy of a question dated April 28, 1947:

> Q. What is the name of the general executive assistant now carrying on the duties of censor?—A. William Booth Stuart.

Hon. Mr. McCANN: We have reformed since then; that was 8 years ago.

Mr. KNIGHT: There was another man who has gone out whom I will leave alone. Are Mr. H. M. V. Adams and Mr. D. H. B. Roberts still reading books for you?

Hon. Mr. McCANN: I have never heard of them.

Mr. KNIGHT: The minister was in charge of the department when this question was asked:

Q. If so, what are the names of such group or committee?—A. H. M. V. Adams, E. Kittle, D. H. B. Roberts.

I was interested in Mr. Roberts because I was informed that he is a son of the poet by the same name. I think probably we will let the matter drop. I believe that this whole question of censorship should have a shaking up. I have a good many suggestions but I do not think that perhaps this is the place for them. The point is that year by year we go along without anything too definite being done. I am not criticizing it in a political way or anything else. I am vitally interested in this subject. It is a tremendously difficult one. You have the question as to whether any man has the right to tell anyone else what he should read. I admit, when it applies to children in the formative stage, there must be some care exercised; but, generally speaking, I hope there will be better censorship.

Hon. Mr. McCANN: We would be very glad to hear any recommendations with reference to what should constitute a board of censorship. One has always to keep in mind that these come into the customs department and there is the question of whether a board of censorship should be there or in another place or go to some independent board. We have given that quite a lot of consideration and we would be very glad to get rid of this particular duty. I remember making a suggestion and talking it over with my deputy and we thought that it might well go to the library department or something like that. One thing is that I know they do not want it. They have been canvassed. Personally I do not want it because it takes up a terrible amount of time going over some of these things and they are not even fit to be burned.

Mr. MONTEITH: You are not suggesting that you read all of them?

Hon. Mr. McCANN: Not all, but a lot of them. The readers go along and point out the particular parts and perhaps I have only to read a chapter of the book to say the thing should be prohibited on the ground that it is immoral or seditious. I have no hesitation in giving my O.K. to the non-admission of that book and you would do the same thing.

Mr. KNIGHT: I am not sure that you should condemn a book on account of one passage.

Hon. Mr. McCANN: Not at all.

Mr. KNIGHT: For the same reason, I have no use for digests, literary or otherwise.

Hon. Mr. McCANN: I am not going through a book from cover to cover if I can determine in my own mind that I would not want that book to come into my family and that no father would. With the photographs in it, the dirty passages, the sedition and all the rest of it which goes into it, you can condemn it and it does not take long for you to see that that book should not be given entry to Canada. There is only one reason why they are bringing them in anywhere and that is to make money out of them and not for any cultural purpose.

Mr. THATCHER: Are the main books that are censored these 25-cent novels?

Hon. Mr. McCANN: Yes, and pictures and calendars, nude women and all the rest of it; all these magazines that are published by nudist colonies in Germany and France are creeping into the United States.

Mr. THATCHER: Would this pertain to types of scientific or political books?

Hon. Mr. McCANN: It depends. If you have a consignment of scientific books going into a medical library of a university, those books may not be such that the ordinary person could read them but they are all right for medical students or people connected with the university and there is no objection to them.

Mr. KNIGHT: This is the first time I have ever sat in on the estimates committee on customs and excise and I thought that I should bring the matter up. You have said that you would be pleased to save some positive suggestion. I know the thing is nauseating to you and must be to anybody, particularly those who have to wade through filth such as divorce evidence. The first positive suggestion which I have is that there should be no one reading those books who is not qualified by education, background and experience to make a literary decision in regard to them.

Hon. Mr. MCCANN: I do not know what that qualification would be. At the present time we have, among others within the department, three lawyers and eight university graduates and I suggest that they can censor any of these books that might be referred to these people and I do not know where you would get anyone better to give an opinion as to whether that type of literature should be in this country.

Mr. KNIGHT: Do those eleven people take turns?

Hon. Mr. MCCANN: Yes, it is spread around.

Mr. KNIGHT: It is part of their duties to spend an evening or two a week reading these things?

Hon. Mr. MCCANN: Yes.

Mr. KNIGHT: The second positive suggestion which I have is something that I am afraid there is little you can do about; that is that the censoring should be positive rather than negative. The difficulty in having people not read this filthy pornographic stuff is due to the absence of other material. It is the only thing they can buy in this country for 25 or 35 cents. The approach should be one where we could, by some method or another, have a lot of good children's and young people's reading put on the bookshelves. Canada is one of the most backward countries in the world in that particular respect. If you go over to Britain the book stores there are flooded with the classics. I do not like the term "good reading"; but at a cost of 7 pence or a shilling there are a lot of good books in the book stores there and there are more good book stores than there are grocery stores.

Mr. NESBITT: Mr. Chairman, just one question with regard to Mr. Knight's remarks. Does this board of censors, and ultimately, of course, the minister, have any reason, other than pornography, or sedition, which they use for the purpose of censoring books?

Hon. Mr. MCCANN: I think if I read the item you would understand, Mr. Nesbitt.

Mr. NESBITT: Yes.

Hon. Mr. MCCANN: It is item 1201. "Books, printed paper, drawings, paintings, prints, photographs or representations of any kind of a treasonable or seditious or of an immoral or indecent character." So that it is pretty broad.

The CHAIRMAN: You, Mr. Nesbitt, said a board of censors.

Hon. Mr. MCCANN: There is no board of censorship at all.

Mr. KNIGHT: I would like to ask one further question brought up by my first question. Is this censorship, or prohibition exercised some time with regard to questions of ideology, or religion, or both?

Hon. Mr. MCCANN: It is the strict definition that we have before us.

Mr. NESBITT: Might that not include communist propaganda?

Hon. Mr. MCCANN: If it is seditious or treasonable it would.

Mr. KNIGHT: And religious in the same way? For instance, books attacking a certain religious denomination?

Hon. Mr. McCann: No, we do not interfere with religions in any manner, shape or form.

Mr. Knight: Political or ideological?

Hon. Mr. McCann: Political propaganda that is of the seditious type.

Mr. Knight: Notably, I take it, communist?

Hon. Mr. McCann: No, no. If it is from communist sources and it is treasonable, that is what I meant to say, but not because it is politically objectionable.

Mr. Knight: Because it is treasonable.

Mr. Byrne: Something that advocates the overthrow of the government by force.

Mr. Nesbitt: Would that apply to books that ostensibly deal with matters advocating that people should not subscribe any allegiance to the state, or something like that?

Hon. Mr. McCann: Yes, that would be seditious.

Mr. Nesbitt: Such as the Jehovah's Witnesses?

Hon. Mr. McCann: No, no.

Mr. Knight: I am terribly afraid, Mr. Chairman, of any ideological censorship, because I know what happened behind the iron curtain with regard to the loss of freedom and I know what happened behind the other curtain during Hitler's time. We have to preserve that freedom.

Hon. Mr. McCann: I would say 99 per cent of them are objectionable because they are highly immoral.

Mr. Knight: And what are mores?

Hon. Mr. McCann: I wanted to point this out, if any of these are denied admission, there is an appeal to the Tariff Board. Since the Tariff Board was set up there has never been one single appeal as a result of our having banned something from the country.

Mrs. Fairclough: Mr. Chairman, there is one thing I do not think should be left on the record without some correction, and that is with regard to Mr. Knight's statement that this type of literature is the only type that you can buy in the 25-35-cent category. Because, there are a great many books that have now been published in these paper-backed editions. I think that statement should not be just left on the record, because it is not true.

Mr. Knight: Could we amend it by adding the word "almost"?

Mrs. Fairclough: I do not think that is true. I have seen whole racks of really good literature published in these paper-backed editions.

Hon. Mr. McCann: I think the majority of the committee will probably agree with your objection.

Mr. Monteith: Mr. Chairman, is there any duty in any form on magazines at all?

Mr. Sim: Not yet.

Mr. Monteith: Is there any duty on any form of prepared editorial or article coming into Canada and reproduced in a Canadian edition of a magazine?

Mr. Sim: Would you repeat that?

Mr. Monteith: Yes. Is there any duty on any form of prepared editorial or article coming into Canada and reproduced in a Canadian edition of a magazine?

Mr. Sim: There would only be a duty on the materials, that is all, but not on the subject matter.

Mr. MONTEITH: How do you mean "materials"?

Mr. SIM: For instance, if you brought in plates, or if you brought in printed matter, it would be dutiable and taxable as such.

Mr. MONTEITH: I was wondering if any of the officials have ever given thought to any such procedure as being a possible method of protecting Canadian magazines against unfair competition—that is, protecting Canadian magazines and Canadian writers.

Mr. SIM: It is obviously very difficult to enforce a tariff of that kind on what I gather is essentially manuscript that can be carried very conveniently by anyone. What value can you put on this? It is obvious too, that if an author chose to cross the border himself, we could not determine what he is bringing with him in his head.

Mr. MONTEITH: Would not the amount paid by any magazine for such article to be reproduced be a basis for placing the duty?

Mr. SIM: Not necessarily, because the value in Canada might not be the value as sold for home consumption in the country of origin.

Mr. MONTEITH: No. But, for argument's sake, a Canadian edition of a magazine would undoubtedly pay some price for such article coming over, would it not?

Mr. SIM: No, I think it is difficult to make the distinction that I am trying to make clear to you. There is a certain value in Canada for it, and there is a value in the United States. Dutywise we are not concerned with the value in Canada. We are concerned with the value in the United States. That is what we have to assess the duty on. We are not permitted by law to assess customs duties on Canadian valuations. It must always be the value of the country exporting it to Canada.

Mr. MONTEITH: What I am trying to get around to is this: would there be any possibility of some such method of placing a duty on these articles coming in, that are reproduced in Canadian magazines—being taxed, so that as an alternative or, first of all, as a protection against unfair competition in Canada and in Canadian editions of American magazines—placing that against the proposed 20 per cent magazine tax? I am wondering in my own mind if there is any method by which duty could be placed on such articles, to put these magazines on a comparative basis with straight Canadian magazines—

The CHAIRMAN: One of the difficulties there, Mr. Monteith—

Mr. MONTEITH: —without penalizing the advertisers.

The CHAIRMAN: If you put a tax upon a manuscript coming in, then you would have to put a tax upon books coming in, because you would certainly have to treat books printed abroad—

Mr. PALLETT: Is the chairman a witness before this committee, I wonder.

The CHAIRMAN: —as severely as you treat the manuscripts that are being sent in to be printed here. By your suggestion you would ultimately be putting a tax on the import of books and the import of ideas.

Mr. MONTEITH: I am wondering if, when an editorial comes in, or an article which has appeared in an American magazine, and it is reproduced in a Canadian edition of that magazine, an equalizing situation might be brought about so that these straight Canadian magazines might be protected to a certain degree from what is considered unfair competition. I am wondering if there is a method of placing a duty on these articles coming in, or something of that nature, rather than penalizing the advertisers in Canada to the tune of 20 per cent?

Hon. Mr. MCCANN: Do you not think, Mr. Monteith, that with regard to advertising you have got something that is tangible and that can be taxed?

I do not think that it is the editorial content of that particular American magazine that they intend to tax. That is my conception of what the proposed tax is going to be. However, I think this is not the place or the time to be discussing it, until we know a little bit more about it. I do think that it would be terribly hard to administer if you are going to put a tax upon the ideas. We do not want to do that at all.

Mr. MONTEITH: No, I agree.

Hon. Mr. MCCANN: Or upon the editorial context there, which is not tangible. With the advertising you have got something on which you can place a value, because they place a value on that relative to what it cost to produce it, I presume.

Mr. PALLETT: Does that not have the effect of creating discrimination against the Canadian advertisers in favour of American writers?

Hon. Mr. MCCANN: I am not prepared to answer those questions until I know something about what is proposed to be done.

The CHAIRMAN: Of course, you understand, gentlemen, that this is really getting away from our own estimates.

Mr. MONTEITH: Mr. Chairman, in that case, may I come back to something a little more at hand. Just what is the liaison, shall I put it that way, between the Customs and Excise division and the Tariff Board? How do they work together and so on?

Hon. Mr. MCCANN: The Tariff Board is an independent organization.

Mr. MONTEITH: Yes.

Hon. Mr. MCCANN: The Tariff Board is set up under the Department of Finance.

Mr. MONTEITH: Yes.

Hon. Mr. MCCANN: For instance if we take a case like this: a bill of goods comes in to this country and there are certain appraisals made, taxes are levied and collected. Then the importer wants to appeal. He can come back to our people and say, "I do not think you have correctly interpreted that, and it is not under the right tariff item". He has a right then to go to the Tariff Board and appeal his case. Similarly, we have the right, if we want to, to send certain references to the Tariff Board, or appeal from the Tariff Board to a higher court like the Exchequer Court.

Mr. MONTEITH: What happens, for argument sake, if some article comes into the port at Stratford and the local people there place it in such and such a category, and the importer is dissatisfied with that particular definition. Does he, first of all pay on the definition of the officials in Stratford and then, if he wishes to appeal, comes down to the head office here, and then if you agree with the local official he goes to the tariff Board?

Hon. Mr. MCCANN: That is right, the whole thing is set out here in the Customs Act, section 44:

> A person who deems himself aggrieved by a decision of the deputy minister as to tariff classification or value for duty or, as to whether any drawback of customs duties is payable under section 11 of the customs tariff or as to the rate of drawback so payable, may appeal from the decision to the Tariff Board by filing a notice of appeal in writing with the secretary of the Tariff Board within sixty days from the day on which the decision was made.

A notification is published, and if the Tariff Board has made its decision, either upholding the decision of the deputy minister of changing it, there is the right, on the part of both parties, to appeal. If the case had gone against us we might consider that it had not been accurately decided and we might make up our

minds to appeal it through the Exchequer Court. The work of the Tariff Board has increased to such an extent that—as you may have noticed from the order paper—we are increasing the board membership from three to five.

Mr. NESBITT: There are one or two questions I would like to ask Mr. Sim, or the minister, and on which they might care to comment. The first is that except in the case of very large ports—Montreal, Toronto, Windsor and so on, I presume—if persons who are travelling on business or pleasure ship their baggage, trunks or suitcases through in bond to their home point, should they arrive on a Sunday they have to pay a fee of $5 in order to get a customs man to come down and check the baggage. This causes very considerable inconvenience, too, because it is often very difficult to get a customs man to attend; in the end a person might well say: well, what difference is it going to make? We will wait until Monday or some other day.

This $5 fee is not, I suppose, exhorbitant, but could not some other arrangement be made, for example, that in each customs centre some official should be on call on Sundays and that his services would be available without people having to pay this $5 fee in respect of his attendance at the station.

Hon. Mr. MCCANN: That would be all very nice, but this is a special service and since it is a special service the person who gets the service should pay for it. We hire customs officers under certain conditions; they work a five day week, and in order to carry out the sort of arrangement suggested we would have to put a considerable extra force all the day along. When it comes to working on a Sunday this sort of requirement is a special service, and we believe that the person who is served should be the one to pay for it. After all, we have to pay overtime.

Mr. KNIGHT: Does that $5 fee go direct to the man who does the work?

Hon. Mr. MCCANN: He does not get that. He is paid overtime rates, and in a number of instances the overtime is made up by what we call compensating time, that is, a man can take that extra time within a month.

Mr. NESBITT: I can see the department's point of view with regard to this; in many cases there might be only one call every two or three weeks. Could not some arrangement be made so that if a call is made in these circumstances instead of the person concerned having to pay this fee of $5 the officer could receive compensation from the department? In very many cases it is not the fault of the person concerned that this special service is sought. A traveller may have to come back on business, perhaps on government business, and he is then, in a sense, penalized for having to come back on a certain day. I thought the minister might consider making some arrangement with regard to it.

There was another question I had in mind. It is my understanding that at the present time visitors from Canada to the United States may, once every four months, bring back $100 worth of personal goods duty free. Has the minister ever considered making an arrangement whereby if a person went to the United States once a year he could bring back $300 worth of such goods on one occasion? That would be one trip at $300 instead of three trips at $100 a trip.

Hon. Mr. MCCANN: That is entirely a question of policy laid down by the Department of Finance but I suggest it would take a lot of extra work and a considerable increase in administration costs to figure out the amount permitted. We would have to have an account for everybody who ever went to the United States, stating whether or not he had brought back goods within the prescribed limit and within the time period.

Mr. NESBITT: That does not necessarily follow—if you do it in respect of $100 three times a year why should it be more difficult to do it once a year with respect to $300?

Hon. Mr. McCANN: Well, we feel that administratively it would be very expensive, ad we are limited by the rule which states clearly that:

> Goods valued at not more than $100 and included in the baggage accompanying residents of Canada returning from abroad after an absence from Canada of not less than 48 hours and acquired by them for personal or household use or souvenirs but not bought on commission or as an accommodation for other persons or for sale under regulations prescribed by the minister.

Mr. MONTEITH: You are bound by that regulation? Who prescribes that regulation?

The CHAIRMAN: That is in the act.

Hon. Mr. McCANN: Parliament states that. That is in the schedule attached to the Customs Tariff.

Mr. MONTEITH: But the act can be revised. Every once in a while, I suppose, you run across items which, in your estimation, are not too easily administrable, and then, on your recommendation, revisions in the act are brought forward?

Hon. Mr. McCANN: Oh, we very often make suggestions and recommendations but it does not necessarily follow that they will line them up that way. That is for the Department of Finance. You should always keep in mind—

Mr. MONTEITH: Does the Tariff Board come in at that stage?

Hon. Mr. McCANN: It has nothing to do with that. You have always to keep in mind that you have got to get money in order to run the country; if you keep giving tax exemptions, where is your revenue to come from?

Mr. MONTEITH: Oh yes, but you should only get it equitably.

Hon. Mr. McCANN: That is true, and that is what we are attempting to do.

Mr. MONTEITH: I notice than on page 388, at the foot of the page—and Mr. Nesbitt's question referred to a matter of fees—there is a deduction in the estimates—"less, the amount recoverable from firms requiring special services: estimated $700,000 this year, and $500,000 last year."

Would these fees be included in that amount?

Hon. Mr. McCANN: They are included in this. We have many demands for these services from bonded warehouses, transportation companies and so on.

Mr. MONTEITH: This is all revenue which is going into the department?

Hon. Mr. McCANN: Yes.

Mrs. FAIRCLOUGH: I would like to raise another point along the same lines, that of special services. I had a copy of a communication sent to me—the original went to the Department of Customs and Excise—from a firm in Hamilton who supply and service machinery and parts, and they have inquired—probably the deputy minister or some of his officials may recall it—with reference to procuring services at odd hours with regard to emergency shipment of parts. They point out that when it comes to the processing and clearing of commercial shipments through the border points outside regular business hours of 8 a.m. to 5 p.m. no service is obtainable, despite the fact that sometimes there is a case of emergency.

They state one case where the Steel Company of Canada was involved and where the delay caused by failure to clear, or by reason of lack of opportunity to do so, meant that one whole shift in a certain department was laid off. They go on to say that they would be delighted to pay for these services if they could be obtained. Payment for special services, as Mr. Nesbitt has pointed

out, is common in the case of personal imports but I understand that with regard to commercial shipments appraisers are not available outside ordinary business hours.

One of the paragraphs of the letter reads:

> When our man arrived in Fort Erie he was informed that 8 p.m. was the deadline for clearing C 6 entries. The value of the unit was $109 approximately. These may be the rules laid down, but it is high time those rules were amended.

The writer of the letter goes on to point out that there was not a large amount involved, and if the customs had cleared it they could have valued it later, but in the meantime he was obliged to "cool his heels" until 8 o'clock in the morning before he could get this part, which was badly needed because there had been a breakdown of machinery in the plant. I think the writer has a point, and that some procedure should be established for the processing of customs dues with regard to parts needed by industry outside ordinary hours.

Hon. Mr. McCANN: I hardly like to say this, but if they know the procedure—most of the goods are cleared for the manufacturer concerned by a broker. All these people have to do is to get in touch with their broker and he in turn contacts an official—an appraiser—and the goods are released on the payment of a little extra fee. As far as the appraisal costs are concerned they can be met at a later time.

Mrs. FAIRCLOUGH: This is a three page letter and I am not going to burden the committee by reading it now; the particular instance may escaped the memory of the officials so I would like to pass it over, and ask them to look into the matter.

Hon. Mr. McCANN: Very well.

Mr. PALLETT: I would like to direct a couple of questions to the minister. The first is: what is the underlying principle that governs the levying of tariffs in Canada today? That is the question.

Hon. Mr. McCANN: There are two principles. The old principle, which has existed in this country from the start, is to give a measure of protection to our home industry and then, in addition, there are some tariffs which are for revenue purposes.

The CHAIRMAN: Mr. Pallett, you understand that this also is outside our terms of reference. I do not want to interfere improperly in the slightest way with the committee's questioning, but I must point out that the question of policy underlying the tariff is certainly outside the reference of the estimates of the National Revenue Department to this committee.

Mr. PALLETT: I am leading up to something further, Mr. Chairman. I think this department has to do with the adjustment of certain tariffs or certain items. You have a discretion have you not, in the department?

Hon. Mr. McCANN: We have not any authority to change the tariff in any way except through the law.

Mr. PALLETT: Even within the law?

Hon. Mr. McCANN: Where that might happen is in the classification of an article whether it comes in, let us say, under item 16 or item 104. Probably it has to do with machinery or parts thereof, and there have been some very close discretions exercised whether it should come in as a 17½ per cent item or as a 22½ per cent item.

Mr. PALLETT: What determines it in your mind, whether the item shall be a 17½ per cent one or a 22½ per cent one?

Hon. Mr. McCANN: In my own mind? The recommendation of the appraiser.

Mr. PALLETT: Do you know what is in the appraiser's mind in his recommendation? How does he determine whether it should be a 17½ per cent item or a 22½ per cent item?

Hon. Mr. McCANN: Appraisers are very highly informed people; they are among our best people. You do not just pick up an appraiser for any goods. Let us say Toronto: there are appraisers there who make appraisals of hardware; another group will make appraisals of textiles; another group will make appraisals of dresses, and there are other groups on different kinds of items. By reason of their experience over the years and of the judgment that has been given with reference to the same or to similar articles, it sets up a uniformity of appraising which is followed; and I might tell you this: here is something which is very interesting; it has to do with appraisers. They have to take an oath.

I shall now read from section 4 of chapter 58 of the Customs Act (RSC 1952):

> 4. Every such appraiser and assistant appraiser shall, before acting as such, take and subscribe the following oath of office before any collector, or other person duly authorized to administer such oath:
>
> I, A.B., having been appointed an appraiser of goods, wares and merchandise, and to act as such at the Port of (or as the case may be), do solemnly swear (or affirm) that I will faithfully perform the duties of the said office without partiality, fear, favour or affection, and that I will appraise the value of all goods submitted to my appraisement, according to the true intent and meaning of the laws imposing duties of Customs in Canada: and that I will use my best endeavours to prevent all fraud, subterfuge or evasion of the said laws, and more especially to detect, expose and frustrate all attempts to undervalue any goods, wares or merchandise on which any duty is chargeable. So help me God.
>
> A.B.
> Appraiser for
> (as the case may be)
>
> Sworn before me, this day of 19 .
> (as the case may be).

Mr. PALLETT: My question is not meant to embarrass any person; it is just a question seeking information. It seems to me that if some firm direction was given as to the classification of some items it would make for improvement. For example, the ports in question may be 100 per cent good ports, but at one port they may report the duty at a certain rate on one item while at another port you will have another duty reported—acting absolutely in good faith; I do not question their good faith.

Hon. Mr. McCANN: That is where our check comes in at the head office. You have these appraisers at all the different offices and if they feel that they cannot make an appraisal properly, one which the importer will accept, then they pass it on to our head office in Ottawa, to the dominion appraisers, and they do the final appraising.

Mr. PALLETT: I have one other question.

Hon. Mr. McCANN: I would suggest that the small number of appeals which we have against the appraisers gives a pretty good indication of what is being done by the appraisers and of the judgment which they exercise.

Mr. MONTEITH: As I understand it, the difference between Canada and the United States with respect to the method of admitting goods at ports of

entry is that in our case the rules and regulations are definitely set out by statute, and we must follow them; whereas in the United States I understand that the appraisers at the ports of entry have more discretion. Is that true?

Hon. Mr. McCANN: Well, I do not know about that. However, I am told that if you do not garee with the local appraiser, you have to go to the Customs Court. I know what you have in mind. You are thinking of an exporter in Canada who is selling a bill of goods to the United States and he may invoice it there and sell it and find that, with the customs duty which is applicable to it, he can sell those goods and make some money. But this has gone further and it may be that years afterwards they may come back with a re-appraisal, and that fellow has got to put up the money, or his brokers, and he is just out of luck, and has lost on the whole transaction.

That is what led further to what they call the simplified bill of customs which has been under advisement for years; and I noticed in the papers the other day where they have come to the decision that they are going to do something—or have done something—immediately with reference to that simplification which is all to the benefit of our Canadian exporters.

Mr. PALLETT: My next question is not related to that. It has to do with the administration in your department, at the offices at the airports. It has come to my attention that there appears to be quite a delay in clearing personnel returning to Canada, and coming to Canada for the first time. I have two questions to ask: first, in the enlargement of the Malton airport, are there plans included to enlarge the customs facilities and the building? Has any consideration been given to the setting up of customs clearances in more and more airports similar to the one at Malton, whereby Canadians or people coming back to Canada may clear the customs so that when they land here they may go home without unnecessary delay?

Hon. Mr. McCANN: I think that in our own country we do as good a job as can be done, having regard to the facilities that we have. Take a big airport such as Malton, or Dorval. We have not got the facilities to clear these people as quickly as we would like, and we do not have the right to have facilities there of our own. The service facilities there are provided for us by the airport authorities, and in the case of an airport like Dorval, and the like, they have to make application to the Department of Public Works. Probably they will put in an administration service building and will allot so much of it to the customs officer. The same thing arises at the Detroit tunnel although we are getting that cleared up. Not long ago I was in Detroit at the end of the bridge. The people there have warehouses and they built up a great port and building there and they give us excellent accommodation. We have forty appraisers out there, and we have the same thing at the truck terminal at Toronto. Within the facilities our job is to man them, and where they will provide the facilities we will see to it that we have men enough there to carry on the work expeditiously.

As far as having officials at the airports in the United States who can clear Canadians coming here, like you have at the stations, we have not advanced very much in that regard yet, but we have it under review.

Mr. PALLETT: I appreciate that. Now, Mr. Nesbitt has a question on customs, and I have one on excise.

Mr. NESBITT: My question is not suggested in a manner of criticism. I realize the rapid growth of air travel, and that facilities are not always immediately available. But in view of the fact that a great many Canadians are elderly people or invalids, who go down south for the winter, and in view of the rising number who come back via Malton, and who are held up there for a very long time because there are no facilities,—I know it is not the minister's fault—to sit down or anything else, even for elderly people and invalids, might it not be possible that when people such as that get off a plane carrying 60

passengers—might it not be possible for invalids and elderly people to be cleared first of all, rather than to operate in a haphazard way which is not even alphabetical or anything but which is a sort of first come first served basis, when usually the strongest people get to the counter first, leaving old ladies and invalids to get along the best way they can.

Hon. Mr. McCANN: I do not know what you can do about it. If you did it that way, you would be charged with discriminating as between people. Take your diplomats coming back. They will tell me that even though they had diplomatic passports and visas and everything, nevertheless they would be the last men to get their baggage cleared through.

Mrs. FAIRCLOUGH: They usually call them first.

Hon. Mr. McCANN: Yes, they do, and they have diplomats coming in from other countries as well as our own. As a matter of courtesy they may call them, but by the time they get their baggage cleared, they are sometimes the last to go through, and you can well imagine the objections there would be. There are certain people who are favoured and they just check in as they get there.

Mr. NESBITT: They do not re-check officials.

Hon. Mr. McCANN: No. I would think that when we get proper facilities there might be a special line for that type of people to be examined quickly.

Mr. BYRNE: When American citizens come here do they run up against the same thing as I did. On my last crossing from Vancouver to Seattle? I was the only passenger who was going on another flight. There was the possibility of making another flight. When I changed planes from the flight from Seattle to Spokane I was really in a hurry to get through the customs and the immigration authorities; but perhaps because I was the biggest person on the plane—after I arrived there I was asked if I was an American citizen. I said I was not, so I had to stand aside while all the American citizens went through, about 25 of them. I was the only Canadian citizen on the plane and I lost my flight as a result. I wonder if we try to do that, if we call out to Canadian citizens to line up first.

Hon. Mr. McCANN: We try in our own service to meet all these needs and objections. It boils down to a matter, not of discrimination but of courtesy and that takes time to work out.

Mrs. FAIRCLOUGH: In most cases, do they not call for those people who are making connecting flights? I have heard them do so many times.

Mr. BYRNE: It so happened that this was not a T.C.A. plane and they had trouble with the nose wheel and we were late in coming down. We had some difficulty. The plane had left but they did not tell me and I was still in some hurry to get through the customs. I could have said I was born in the United States and let it go at that and rushed through.

Mr. KNIGHT: What happens when you have people or goods coming in from the United States and there is no airport facilities on the Canadian side and they have to land at an American port, as in the case of Sault Ste. Marie? Is that the only one?

Hon. Mr. McCANN: That is a special situation. There is no airport there.

Mr. KNIGHT: There is no customs post on the American side and goods go through under bond?

Hon. Mr. McCANN: Yes. We send one over.

Mr. KNIGHT: Is that the only one?

Hon. Mr. McCANN: That is the only one I can recall and the people of Sault Ste. Marie hope to correct it and they are very anxious to get a port of their own.

Mr. HENRY: I have one question to ask. With reference to the Fort Erie Peace Bridge, I would like the minister to tell us, if he can, concerning the cooperation and as to the facilities provided by the organization which manages that bridge. Is he satisfied with what he is getting there in the supply of service and facilities?

Hon. Mr. MCCANN: The Fort Erie Peace Bridge is one of the latest international bridges we have. I have visited it personally on a number of occasions. I think it is one of the best run organizations that there is. The facilities which the bridge authorities have supplied on the Canadian side—and that is the one I am most particularly interested in—are excellent. They have put up fine warehouses there, they have fine facilities there. I think that probably the term for which the authority was given is pretty near at its end. It will depend entirely upon when the bond issue is retired. I think the arrangement there is that when the bond issue is retired it is handed over to the United States-Canadian authorities and will be run by them. One thing they have done over the past few years to my own knowledge is that while they might have been able to retire the bond issue they plowed that money back into improved facilities to meet modern conditions. We have no objection, at least we have nothing but commendation for the way the work is carried on there.

Mr. WHITE (*Middlesex East*): I have one question, following Mr. Knight's idea about Sault Ste. Marie. This has to do with the Windsor-Detroit area. I believe there are possibilities of establishing an international airport so as to facilitate traffic both ways across the border there. I understand it is arranged in some other countries. Has this been considered?

Hon. Mr. MCCANN: I remember that this was under active discussion about three years ago but it appears to have died down a little. As a matter of fact, the facilities are better at Windsor than they are in the Detroit area. However, with both the bridge and the tunnel Windsor is very well handled, except for the fact that the facilities at the Windsor end of the tunnel, due to the great growth of trade there, are very limited. On an inspection tour I made last summer I found the authorities there are giving consideration to improving the facilities they have at the Windsor end. The facilities are excellent at the far end of the city. That is where the bridge is.

Mr. WHITE (*Middlesex East*): There is another question. Over the past ten years I have had only two complaints about the customs officials at border points near London. I presume that some training and instruction is given from time to time to the personnel at the ports of entry?

Hon. Mr. MCCANN: That is right, of course. They are at it continuously.

Mr. WHITE (*Middlesex East*): It certainly makes a great difference to the first impressions visitors have, as to how they are received at the port of entry.

Mr. BYRNE: I was not very pleased when I arrived at an American port.

Hon. Mr. MCCANN: We get letters from all over the country, from people who come into Canada, expressing commendation of the service and the type of individual we have at our ports. That just does not happen automatically. Mr. Sim and other officers and inspectors and even myself on a number of occasions meet their branch associations. At Windsor there is a big one, at Niagara Falls there is a big one and there is also a big one in Toronto. I have been at the lunches, dinners and meetings. We meet them here every other year for the bi-annual meeting of the association. They are well organized and every time I get an opportunity I take advantage of the occasion to speak to them with reference to the work they are doing and to impress on them the necessity of creating a good impression upon people

when they come in here. I have always ended up on that with them—which is true in taxation also, and remember the taxpayers has some rights, too. As a result—and I do not say that personally—we have developed a pride and espirit de corps among our customs officers which I think is the envy of all other countries.

Mr. WHITE (*Middlesex East*): I should say I agree because, as I say, in ten years I had only two complaints and they were minor ones.

Mr. PALLETT: Can any consideration be given within the department to decentralization of the port staff. I know that some of the smaller ports are becoming much busier than they were and some of the personnel in those ports, to qualify for better ratings within the service, can only move from there into the central area, say Toronto port.

Hon. Mr. MCCANN: All our jobs are under the civil service. When there is a vacancy a test is held and this provides an opportunity for a customs man, say, in Brantford to look for an opening in, say, Niagara Falls. There is a competition in which he can compete and the best man gets the job.

Mr. PALLETT: I appreciate that but I wonder if consideration has been given to the merging of the ports apart from the central office, to a decentralization of customs handling?

Hon. Mr. MCCANN: That is being taken care of all the time, as that is based on the number of entries in a year. We follow the business. Take a town where there is half a dozen new industries, particularly if one of them is a branch of an American industry: we have to supply it with more customs facilities and a greater number of people to administer them.

Mr. PALLETT: I would like to put in a plug right now for Port Credit, as you are going to face that problem there.

Hon. Mr. MCCANN: Let me tell you there are other considerations too. If one goes back into this matter, one remembers that at the customs enquiry 25 years ago it was recommended that a number of these ports be closed. Transport facilities are very important. If you are on a highway and there is a customs office ten miles away which takes only ten minutes to reach it would not be good business or good expenditure of public money to open up another office. Take also the Ottawa valley in my own area. The customs station at Arnprior was closed up but the other day it was opened again after 25 years because Playtex, a new American industry, has opened there. The nearest port used to be Ottawa or Renfrew. You have to take this into consideration. One must consider the number of entries and the facilities there are for getting there. We try to give a service which will not unduly inconvenience people who are in business. As I said at the beginning, we follow the business in order to give it service.

Mr. MONTEITH: I take it the minister starts to set his estimates for, say, the 1956-57 period in the autumn of 1955?

Hon. Mr. MCCANN: Yes, about the end of November. We make it a point to do that. I vet all of the other departments and go over it with other members of the treasury board. We like to get that job completed if we can by new year. You do not know just exactly when parliament is going to meet. Supposing it meets, as it did last year, on the 10th of January, we have to get all the estimates of all the departments vetted with the officials in time. That job usually takes a month. Then we have to make them ready for printing, to be available about the time parliament meets. There are a great lot of regulations concerned. The estimates are presented at the conclusion of the debate on the Address. You will find that is either a matter of tradition or procedure. That is what is always done and the estimates have to be ready then. The year starts in March but back in October or November we have to

attempt to estimate what our costs will be from April 1st for the next year. Sometime there is a change in conditions with reference to the number of employees and that sometimes makes the estimates not just as accurate as we thought they would be when we put them up. Members of this committee now are discussing estimates in May or June which we prepared last November.

Mr. MONTEITH: Is it fair to ask this question then: does the treasury board, in the instance of the customs and excise division, ever cut back on the estimates you have requested?

Hon. Mr. MCCANN: Yes, that is very common practice. We are kind of watchdogs and we make these officials tell us why—every one of them. They are brought there and sit there for days and are asked to explain why they want an increase. We have to be shown. With a growing country and growing facilities, there cannot be much except advances in expenditure in a service department.

Mr. NESBITT: As I understand it, particularly with the increase in the number of American industries which are coming in and setting up Canadian plants here, very often their personnel have their private aircraft and fly back and forth. At the present time, if that is the case and their factory happens to be located near a place where there is no port and it obviously would not be worthwhile to keep a permanent officer at the private airfields, is it possible to arrange something in the form of a special service so that people coming back and forth every couple of days could have an official come out and clear them?

Hon. Mr. MCCANN: Yes, that is done as a special service.

Mr. NESBITT: A second question which I have is a matter which I have discussed with Mr. Sim, as I believe other members have, with reference to the particular part of the country from which I come. There is a certain form of exemption for the sale of tobacco twine and tobacco wrapping paper. I was wondering if Mr. Sim might have any comment to make on that?

Mr. SIM: There is an exemption for twine sold to tobacco growers. Unfortunately, it is not a distinctive form of twine and unless it is carefully supervised you might find that the twine which was supposed to be for tobacco growers was being used for other purposes and in effect you would be making a free item out of twine. We have a system of refund when we find that the sales of twine have actually been made to growers. I think that the member's representation has been that a good deal of time elapses before you get the refund because traditionally a government department like ours is perhaps quicker to collect than it is to pay back.

Mrs. FAIRCLOUGH: The understatement of the week.

Mr. SIM: We had decided, particularly with respect to tobacco growers in the tobacco-growing area, to give them their twine in advance free of duty but we then had complaints from other borderline areas where it was not clear that the twine was all going into tobacco growing and we had to retract that. We are now back on the principle of the tax being paid and applications for refund being made and checked. We do not think we can improve on that.

Mr. NESBITT: I know that Mr. Sim has been looking into this matter and I wondered if he had come up with any plan which would expedite the method of getting refunds?

Mr. SIM: As the minister will recall, the refund cheques were away behind and that is one of their legitimate grounds for complaint. At the present time, I believe, as a result of some changes made in the procedure and in additions to the staff, that our refund situation is well in hand and

running, I think, only a few weeks behind as compared to several months previously. I think that the main cause for criticism has been met. However, we have not reached the situation where we can say to the tobacco growers who want twine, "you may have it free of tax"; they have to apply for the refund.

Mr. KNIGHT: Has the Canadian Standards Association any connection with your department or have you any responsibility for that?

Hon. Mr. MCCANN: We have no connection whatever.

Mr. KNIGHT: Does it come under the Department of Trade and Commerce?

Hon. Mr. MCCANN: I am told it is not a government department; it is a private organization just the same, I presume, as the Manufacturers Association would be.

Mr. KNIGHT: Any decision it may make in respect to liability on goods from Germany or other European countries has nothing to do with you?

Hon. Mr. MCCANN: Mr. Sim advises me that we have been asked to enforce their standards but we have not thought it possible to do so. However, it is informative to the public.

Mr. PALLETT: Is there not some merit in considering that Canadian standards, whether prescribed by Canadian Standards Association or otherwise, must be met before goods can come into this country? I am thinking particularly of electrical products and the like. It might well merit considerable study.

The CHAIRMAN: I think you will find that the provinces enforce those matters and it is thought better to leave them in the hands of the provinces. Electrical products and so on cannot be used in the various provinces unless they meet the standards of those provinces.

Mr. KNIGHT: Who would keep them from coming in?

The CHAIRMAN: The province would prosecute on account of their being used but not on account of their coming in.

Mr. PALLETT: In respect to sales tax, it has come to my attention that a company had a ruling on a sales tax, they were sales tax exempted, and subsequently the inspectors came along and checked up and said that this item was not a sales tax exempt item. Is there any formula whereby a person tendering on a contract can get a definite answer from the department as to whether or not a particular item in a particular instance is sales tax exempt or otherwise? This occurred at a branch and subsequently the tax was levied and rather than carry it forward they just absorbed the loss. At what level do you consider yourself definitely committed to be bound by a ruling of your department; how high would it have to go?

Mr. SIM: The crown, strictly speaking, is never bound by the acts of its agents. You asked at what level are we bound. Obviously, if the minister told somebody in writing that an article was exempt and later it was proved otherwise, it would be very difficult for the minister to justify assessing an additional tax. Perhaps the same thing is true with respect to the deputy minister. Generally speaking, wherever it can be shown that a responsible official of the department in the sales tax administration has given a ruling, we find it almost impossible to go back to the person and say, as against that ruling so to speak, "we now require you to pay sales tax". Although legally it is not the case, in fairness you cannot do anything else in practice and we do not.

Mr. PALLETT: Perhaps they should have carried this forward.

Mr. SIM: If they had a ruling from the tax administration office it would have been very difficult for the department not to honour it.

Hon. Mr. McCANN: We do, very often, get requests for advice as to whether or not such and such an item is within the sales tax and we give those opinions.

Mr. SIM: We have never hesitated to give rulings even on hypothetical cases. This is not universally true of the government. In some branches of government you will find that if you ask a hypothetical question you are told to use your best judgment and they will tell you eventually whether or not that is the case. We have felt, as a service to industry, that we had to give our best judgment to questions that were asked in order to facilitate business.

Mr. WHITE (*Middlesex East*): In respect to Canadians going abroad, are any restrictions, or advice, given them as to how they should proceed if they want to bring in the $100 value which is exempt?

Hon. Mr. McCANN: That is given at border points.

Mr. WHITE (*Middlesex East*): As I understand it, it must be brought in in personal luggage.

Hon. Mr. McCANN: Yes. That is what it says in the act, personal baggage.

Mr. WHITE (*Middlesex East*): What prompted the question is that I knew of an elderly lady who, after many years of living in Canada, went back to her own home in England and when she returned as she did not bring too much luggage she brought some things in a trunk which came through express and she had to pay.

Hon. Mr. McCANN: That is right.

Mr. WHITE (*Middlesex East*): Is there no way in a case like that if she had declared it before she left the old country that it could be exempt?

Hon. Mr. McCANN: No. The statute is Item 703 (b):

> Goods valued at not more than $100 included in the baggage accompanying residents of Canada returning from abroad after an absence from Canada of not less than 48 hours, and acquired by them for personal or household use, or as souvenirs or gifts, but not bought on commission or as accommodation for other persons, or for sale, under regulations as prescribed by the minister.

Mr. WHITE (*Middlesex East*): She must bring them in her personal luggage and cannot even express them in?

Hon. Mr. McCANN: Yes.

Mrs. FAIRCLOUGH: Was there not, a short time ago, some provision whereby if at the point of entry you declared that you were bringing in with you certain articles but they were being shipped—

Hon. Mr. McCANN: That is United States practice. With us, if it is checked through on the ticket, it is allowed to come in as baggage; but that is not the case when sent by express.

Mr. WHITE (*Middlesex East*): In this case, she had more than excess baggage and she had a trunk which she expressed.

The CHAIRMAN: Can we carry this item?

Mr. MONTEITH: Mr. Chairman, you are going to leave this item open?

The CHAIRMAN: If the committee wants to, that is what we usually do.

Mr. MONTEITH: Yes. If you want to cover the details I have only one further question on it.

The CHAIRMAN: That is item 286?

Mr. MONTEITH: 285. Are you going to leave item 285 open?

The CHAIRMAN: That is the usual thing if the committee wants it left open.

Mr. MONTEITH: Yes. This one detail on item 285, being page 383, the fourth item after "Salaries Law and Other Costs, Customs and Excise Seizures", I notice it is $165,000 as against $130,000 last year. Then there is an item of miscellaneous R.C.M.P. services—customs and excise seizures last year for $55,000 and nothing for this year. Now, are those two combined this year?

Hon. Mr. MCCANN: Yes, they are.

Mr. MONTEITH: Right.

The CHAIRMAN: We will leave this open for the purpose of asking the minister any questions with regard to something that may occur, as we go through other items in the estimates. It will not be necessary, I take it, for Mr. Sim to come back.

Mr. MONTEITH: There is one further question on item 288 if you are up to that. On page 389 of the details, "Construction or Acquisition of Buildings and Works, including..."

The CHAIRMAN: Just before we go to that. On item 286, are there any questions?

Some Hon. MEMBERS: Carried.

The CHAIRMAN: Item agreed to.

287. Ports—

Operation and Maintenance, $24,616,357.

Item agreed to.

The CHAIRMAN: Now we are on your question on item 288. Mr. Monteith.

Hon. Mr. MCCANN: What page is that?

Mr. MONTEITH: The top of page 389.

The CHAIRMAN: We are on 288 now.

Item 288. Construction or Acquisition of Buildings, Works, Land and Equipment, $1,119,500.

Mr. MONTEITH: This is an increase of a quarter of a million dollars almost 33⅓ per cent. I am just wondering, is the department increasing their increased services, you might say?

Hon. Mr. MCCANN: Yes, that is true.

Mr. MONTEITH: Are they increasing the rate of increased services?

Hon. Mr. MCCANN: We have to review here the number of places where we have to have services.

Take for example the construction vote covering airports. There was $200,000 provided in the estimates of which only $80,000 was expended by construction with regard to the Department of Transport item. That estimate covered the most of warehouse expansion at Dorval and Malton, but because of technical difficulties no work was started at Dorval or Malton. The project was incomplete, so we had an unexpended amount there of $120,000. Then at Chief Mountain, Alberta, a contract was let for $10,000, but weather conditions prevented the contractor from starting last fall. "This vote covers all proposed new construction, including buildings, wharves, roads and other fixed assets, including construction of housing. It also covers major alterations or basic modifications of existing structures. This construction is performed by contracts let by tenders and construction is supervised by the department. The buildings, other than residence, are constructed for temporary purposes and are located at frontier points, generally on international roads where traffic is limited and does not warrant the construction of permanent facilities by the Department of Public Works. The Department of Public Works have declined to construct residence accommodation."

Mr. MONTEITH: Does the Department of Public Works look after all your main buildings?

Hon. Mr. MCCANN: Yes, the major projects at border points like that.

I will give you an example. I know this one, because I was down there and inspected it. It is at Coutts, which is a border point south of Lethbridge. There is nothing there except the highway, so we had to spend about $1 million there constructing terminal warehouses. The highway comes up from Montana, and then goes on to Coutts, to Lethbridge to Calgary and to Edmonton. That is all necessary because of increased necessity and changing conditions and more particularly because of the development of the oil fields. A lot of the special parts in regard to the oil business come in and go right up to Edmonton.

Mr. MONTEITH: Would that not be more or less a permanent building?

Hon. Mr. MCCANN: Yes, it is now. That was built by the Department of Public Works.

Mr. MONTEITH: That was built by Public Works?

Hon. Mr. MCCANN: Yes, but the houses there were built by us; we had to put them up ourselves.

Mr. MONTEITH: You had to put up residences for your employees?

Hon. Mr. MCCANN: We had to put up residences for our employees.

Mr. MONTEITH: What arrangement did you reach with your employees with regard to using these houses?

Hon. Mr. MCCANN: A rental basis fixed by the treasury board; it is fairly uniform for the type of house.

Mr. MONTEITH: And the revenue derived from the rent on these houses goes into the consolidated revenue fund?

Hon. Mr. MCCANN: That is right.

Item 288 agreed to.

Mr. HENRY: I had one question to ask. What is the department doing, and what can it do, about the prohibition of pornographic literature in Canada?

Hon. Mr. MCCANN: We discussed this for half and hour.

Mr. HENRY: I pass.

The CHAIRMAN: Now, we are on item 285. We shall carry that, if the committee is willing, because we will still be on general administration of the other branch of the Department.

Mr. MONTEITH: I have a remark or two to make on the over-all estimates on both these items.

The CHAIRMAN: I see. Then we will go on to item 289 at the next meeting and leave item 285 for the time being.

We will adjourn to meet tomorrow at 10.30.

The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 18

TUESDAY, MAY 22, 1956
FRIDAY, MAY 25, 1956

DEPARTMENT OF NATIONAL REVENUE

Hon. J. J. McCann, Minister of National Revenue; Mr. J. G. McEntyre, Deputy Minister of National Revenue for Taxation; Mr. M. F. Sprott, Assistant Director of Administration; Mr. D. J. Costello, Supervisor of Operations; Mr. D. R. Pook, Supervisor, Finances and Services Section, Assessments Branch; Mr. A. V. Neil, Supervisor, Miscellaneous Section, Assessments Branch, and Mr. J. F. Harmer, Assistant Director of Assessments.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

74591—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Beaudry
Byrne
Deschatelets
Dupuis
Enfield
Fairclough (Mrs.)
Gauthier (*Nickel Belt*)
Henry
Knight
Macnaughton
McCann
McLeod
McWilliam
Mèunier
Monteith
Nesbitt
Pallett
Power (*St. John's West*)
Purdy
Thatcher
Viau
White (*Middlesex East*)
White (*Waterloo South*)
Yuill
Zaplitny

E. W. Innes,
Clerk of the Committee.

MINUTES OF PROCEEDINGS

TUESDAY, May 22, 1956.
(33)

The Special Committee on Estimates met at 10.40 a.m. this day. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Messrs. Deschatelets, Dupuis, Enfield, Gauthier (*Nickel Belt*), Henry, Knight, Macnaughton, McCann, McLeod, McWilliam, Monteith, Pallett, Purdy, Thatcher, Tucker, White (*Middlesex East*), White (*Waterloo South*) and Zaplitny.

In attendance: From the Department of National Revenue: Mr. J. G. McEntyre, Deputy Minister of National Revenue for Taxation; Mr. M. F. Sprott, Assistant Director of Administration ; Mr. D. J. Costello, Supervisor of Operations; Mr. D. R. Pook, Supervisor, Finances and Service Section, Assessment Branch; and Mr. A. V. Neil, Supervisor, Miscellaneous Section, Assessment Branch.

The Committee considered the Main Estimates 1956-57 relating to the Taxation Division of the Department of National Revenue.

Item numbered 289—General Administration of Taxation Division—was called.

The Minister, Dr. McCann, made a preliminary statement on the work of the Taxation Division and, assisted by his officials, supplied additional information thereon.

At 12.30 p.m. the Committee adjourned until 10.30 a.m., Thursday, May 24.

(*Note.* The Committee did not meet on May 24.)

FRIDAY, May 25, 1956.
(34)

The Special Committee on Estimates met at 10.15 a.m. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Mrs. Fairclough and Messrs. Byrne, Henry, Knight, McCann, McLeod, McWilliam, Meunier, Monteith, Pallett, Nesbitt, Purdy, Tucker, Viau and White (*Middlesex East*).

In attendance: From the Department of National Revenue: Mr. J. G. McEntyre, Deputy Minister of National Revenue for Taxation; Mr. J. F. Harmer, Assistant Director of Assessments; Mr. M. F. Sprott, Assistant Director of Administration; and Mr. D. J. Costello, Supervisor of Operations.

The Committee resumed consideration of the Main Estimates 1956-57 relating to the Taxation Division of the National Revenue Department, the Minister and his officials supplying information thereon.

Item numbered 289—General Administration of Taxation Division—was further considered.

At 11.00 a.m. the Committee adjourned until 10.30 a.m. Monday, May 29.

E. W. Innes,
Clerk of the Committee.

74591—1½

PROCEEDINGS

TUESDAY, May 22, 1956.
10.30 a.m.

The CHAIRMAN: Order, gentlemen. We have a quorum.

Taxation Division—
289. General Administration, $2,702,629.

The hon. Mr. McCann, the minister, has a statement to make on this item.

Hon. James J. McCANN (*Minister of National Revenue*): Mr. Chairman and gentlemen, we now come to a review of the estimates of the section of the Department of National Revenue, which is known as the taxation division. Included in the taxation division estimates are those estimates for the Income Tax Appeal Board.

I am going to present to you a few items and explanations with reference to the amount of money which is going to be appropriated, we hope, for the carrying on of that division.

I remind you again that National Revenue is entirely an administrative department. We are not big spenders, and the amount of money that we spend is entirely for administration in carrying on the ordinary expenses in connection with our head office in Ottawa, and the district offices throughout the whole country.

The following are the more important and outstanding features of the operations and the estimates of the taxation division.

The division will require $27,538,323 to operate for the fiscal period 1956-57. This figure represents a small decrease when compared with the amount provided for the last fiscal year.

Although the division is continuing to recruit the necessary qualified assessors and supporting clerical staff in order to perform the work of the division most efficiently the money requirement for salaries is $147,574 less than last year, as the actual results of our recruiting campaign have not proven to be as successful as we had hoped.

Minor increases in other allotments totallying $146,880 offset the decrease in salaries. The total payroll provided for in these estimates is $23,995,393. As at April 1, 1956, the total regular staff of the division was 6,270 as compared with 6,301 at the same date last year. In addition, seasonal employees on strength as of April 1, this year, numbered 1,211 compared with 1,207 for last year.

We mean by "seasonal employees", that at the end of the year when tax returns are due, April 30, we do take on extra staff for a while. That staff is but temporary, and we call them seasonal employees. We recruit a great number of them in the spring, young people who have finished their university courses, if it is in a centre like Toronto or Montreal where there are universities, or people some of whom have been former employees.

4,985,128 returns were filed by taxpayers during the fiscal year 1955-56.

That is an enormous number, five million approximately. 968,261 of these returns were adjusted with a resulting net increase in the tax payable of $89,215,851 over the amount declared by taxpayers on their returns. The

additional revenue so obtained is due in good part to successful field investigation, as tax changes amounting to $70,489,768 resulted from field audits and investigations.

Now you will see that by the re-assessment, by field work and by investigation, $89 million was collected, which is three times as much as it takes to administer the whole of the taxation division from one end of the country to the other. So that in dollars, at least, this is well worth while.

"The increase of $65,000 in the district offices travelling expenses allotment provides for increased activity in the investigational field. Such expenditures amount to only a fraction of the additional revenue realized as a net result. Similarly an increase of $85,000 in law costs for general administration and $30,000 for district offices provides for the increase in the cost of legal work related to appeals and other proceedings taken to enforce compliance with the requirements of the Act.

In the 1955-56 fiscal year the total revenue collected by the division amounted to $2,498,000,000 as compared with $2,458,000,000 for the previous fiscal year.

I suppose you all realize that what we collect is the personal and corporate income taxes, and the succession duties

The tax deductions withheld at the source totalled $908,821,000, representing an increase of $33,821,000 over last year's figures. Refunds issued from April 1, 1955 to March 31, 1956 numbered 2,922,348 for a total dollar value of $201,179,000.

You will see there gentlemen, we get fine assistance from manufacturing companies and employers who make the deductions at the source. That comes to a grand total of $908 million.

The benefits of the mass production procedures developed to process returns promptly are apparent in the fact that, at the end of May 1955 or one month after the final date for filing returns last year, 2,273,800 refund cheques, or 77 per cent of all refund cheques issued during the year, had been sent out.

I suppose some of you may wonder why there are so many refunds. We collect 100 per cent of the taxes. The difference in the status of people makes it necessary to make a lot of refunds. For instance, people's marital status changes, people get increases in salary and they get increases in deductions, such as medical expenses or donations which they may make. So that actually there is collected more than the actual tax, or it works out that way for the reasons I have indicated, as well as other reasons. The point I wanted to stress there is that at the end of the month after the 30th of April last we had given out 2,273,800 refund cheques or 70 per cent of all refunds that were issued during the year.

The appropriation requested for the operation of the Income Tax Appeal Board is approximately the same as last year, although there is an increase of $9,000 in the amount required for the salaries of the members of the board. There were 359 appeals filed in 1955 and 341 were disposed of by the board. During the first three months of 1956, 99 appeals were disposed of and 31st March, 1956, 237 appeals were currently outstanding.

Of course you know that the Income Tax Appeal Board is made up of four men who act as judges on these income tax appeal cases.

It was set up a few years ago in order to dispose of appeals quickly. Secondly, because of the fact that the fee charged was very light—it only amounted to $15—whereas in an appeal to the Exchequer Court, I think there has to be a deposit of $400, that worked against the smaller taxpayer in that it was rather expensive, as compared to the amount involved in his appeal.

These appeals go on in this court, if we might call it that. It sits here in Ottawa, and in addition to that it sits in all the principal cities in Canada at some time during the year. In some cases where there are a number of appeals it might sit either as a full court, or two members, or even one, several times a year.

I do not know that there is anything more I can say at the present time. We hope that these few remarks will give you some insight into the internal operations of the taxation division, whose estimates are now tabled.

There was some little explanation here, and perhaps we can use it as we go along, or I can give you a little in brief now. This first vote, which is the taxation division general administration vote, provides for the operation and maintenance of the head office of the taxation division, which is responsible for the administration and enforcement of the act, and the Dominion Succession Duty Act.

In the interests of uniform application of the law by district offices, the head office establishes policies, gives direction, finalizes difficult assessments and provides centralized services for the district offices spanning the country. A constant review of methods and procedures is made and improved systems are developed to ensure efficient and economical implementation of the provisions of the acts.

The headquarters staff is organized under the following branches: deputy minister's office—the deputy minister, Mr. McEntyre is here today, as well as several of the officials. Then: the administrative services branch; assessments branch; inspection branch; legal branch and planning and development branch.

To a degree the administrative services branch and the assessments branch have corresponding components in the district offices.

The administrative services branch is responsible for maintaining the working force, overseeing accounting and collection procedures, controlling the crown revenue and divisional expenditures, providing supplies and services to district offices, gathering statistical data, preparing procedure manuals, and other administrative functions. It now performs many of the functions which had previously been in the field of the planning and development branch.

The assessments branch develops programs of assessing, finalizes certain returns sent to head office for approval, carries out fraud investigations, assesses foreign estate duties, and generally establishes assessing policies. An organization and training section was set up fairly recently and a change in policy in the review section requires the senior officials to keep in closer direct touch with the district offices and to depend less on the routine checking of returns submitted to head office.

The inspection branch carries on an internal inspection of the offices of the division and reports thereon to the deputy minister. During 1954-55 the inspection operation involved visits to 14 offices while future planning is based on an extension to the inspection program to include 21 offices during each fiscal period. As the policy of borrowing staff from district offices has been discontinued, additions have been made to the permanent inspection staff, but it is not expected that the number of inspectors engaged in district office inspections will exceed the previous complement.

The legal branch reviews appeals made against tax assessments and represents the division in cases appearing before the courts.

The reorganized planning and development branch is a small body doing research work in methods and procedures, space planning, trends in the use of manpower, machinery and equipment and other allied subjects with a view to achieving and maintaining maximum efficiency in operations.

The net increase of $178,200 in the general administration vote is due mainly to increases of $71,800 and $85,000 respectively in salaries and law costs. The increase in salaries results principally from the provision made for 12 additional positions, while the increase in law costs provides for possible costs of $100,000 in respect of the Annaconda appeal to the Privy Council.

It has been before the Privy Council. The full amount will not be required as the decision rendered favours the division.

The increase for advertising reflects major increases in advertising rates.

Provision is now made in the district offices vote for the publication of departmental reports, which was included in the general administration vote last year.

I may say further that we have opened up an office up in Rouyn, Quebec, and we contemplate opening one in Penticton, British Columbia this year. If there are any further questions as we go along we will be very glad to answer them.

Mr. GAUTHIER (*Nickel Belt*): Mr. Chairman, I notice that the official opposition is not present here today.

Hon. Mr. MCCANN: That is true.

Mr. GAUTHIER (*Nickel Belt*): I think it would be proper for some of us to ask intelligent questions.

The CHAIRMAN: Mr. Thatcher, do you want to start, or do you want to start, Mr. Gauthier?

Mr. GAUTHIER (*Nickel Belt*): I had a question there with regard to the first brief that was presented to us here concerning temporary employees and employees in general. I notice here that it does not seem to be as easy for the taxation division to get employees to work for them, as it is in other industry. What is the cause of that? Is it because you do not offer them enough money, or what?

Hon. Mr. MCCANN: Our salary scale is fixed by the Civil Service Commission and it is comparable with that paid in other departments for similar work. The general policy of the government is to pay these employees salaries that are comparable to the best paid in several lines of industry. I know on the treasury board, when we study this, we get the pay sheets, and the general salary range of companies like the Sun Life Assurance Company, the Bell Telephone Company and other large companies like the Steel Company of Canada, and other large organizations, and we attempt to set the schedule of wages so that it will be as good as any of those, for comparable work.

Mr. GAUTHIER (*Nickel Belt*): Is it a fact that you lose a lot of employees during the year to industries?

Hon. Mr. MCCANN: What I have said applies more directly to people working the year round, who are permanent. With reference to temporary employees, we pay them the prevailing rate in the community. They might be on for a month, they might be on for two months, or three months at the very busiest time of the year. They are doing assessing, but they are doing mainly clerical work; they are receiving and tabulating returns as they come in. The 1,200 seasonal employees shown there are not so many when you spread it over 28 offices, and the head office.

Mr. GAUTHIER (*Nickel Belt*): Are there any localities where you have trouble getting temporary help?

Hon. Mr. MCCANN: Oh, yes, there are some. I would say that probably up in your country that is true. The Sudbury office is one of the busiest offices. We found that on account of the increased activity up there this year, there

were more returns than ever filed at the end of April. That is a particularly busy section of the country, and as a result of that there are more returns filed.

Mr. GAUTHIER (*Nickel Belt*): There is another item here with regard to your field investigators. The field investigators are the high-power guys, are they not?

Hon. Mr. MCCANN: You can name them that if you like. Just what do you mean, Mr. Gauthier?

Mr. GAUTHIER (*Nickel Belt*): I mean, they have brought in some $70 million?

Hon. Mr. MCCANN: Oh, yes, the field investigators.

Mr. GAUTHIER (*Nickel Belt*): Yes.

Hon. Mr. MCCANN: They are the men of the division who go out and go to certain firms and ask for certain particulars about their returns, if they have reason to believe that there should be an investigation: In following all these methods that are used, they are very helpful to the taxpayer in that they put him in the right position to file a return that is in accordance with the requirements. Of course, there are other field investigators who go out to make investigations because of the fact that the return that has been put in does not look as if it is a full return. Or it may be that as a result of certain things that have come to the investigator's attention, it does not look, perhaps, as if it was a correct return. They go out in pairs. Two will go out from the office, and they will go to John Jones and Company, show their identification, say that they are from the income tax office, and that they would like to have the cooperation of the company with regard to a little more information on the return. They will ask them questions about this particular expense that they have put in as a deduction in that given year. Perhaps they want more particulars about it. There may be a thousand and one questions that they ask. These people are called field investigators. If we had more of them who were competent, we would collect more money, possibly. We did collect $80 million last year. Although it is increasing some, it runs about that figure from year to year.

Mr. GAUTHIER (*Nickel Belt*): How many men would you have employed in that division across the country?

Hon. Mr. MCCANN: Mr. McEntyre, the deputy minister says about 1,500. That is all across the country.

Mr. GAUTHIER (*Nickel Belt*): Across the country.

The CHAIRMAN: Mr. Thatcher, if Mr. Gauthier is through.

Hon. Mr. MCCANN: Anything else Mr. Gauthier?

Mr. THATCHER: Mr. Chairman, one of the main complaints I get in my constituency about the income tax department comes from the farmers. It seems that the income tax collector will go up to a farmer and ask for records which may go back many years. Farmers notoriously are not good bookkeepers and I suppose invariably they cannot find those records. What progress is being made in getting those assessments up to date, and how long must a farmer keep records?

Hon. Mr. MCCANN: I shall have to ask Mr. McEntyre the deputy minister to answer you.

Mr. J. Gear MCENTYRE (*Deputy Minister, Taxation*): The Income Tax Act as it is presently in force permits the tax officers to review the returns back six years. With respect to farmers, what is found is that in many cases the farmers do not have the records: and if a return appears to report an income that you would expect from such a type of farming operation that the farmer is doing, usually it is accepted. But there are cases where it is shown that the farmer

has incurred expenses over a period of years and has added to his farm equipment; perhaps he has purchased an automobile and perhaps he has bought a neighbouring farm, or in other words it indicates that perhaps his means are beyond what he reported them to be in his income tax return. So in those cases we feel that we should make a little more thorough investigation and try to find the source of the wealth that he had accumulated, let us say, over three or four years. It is in those cases that we have to go back—if he has not got records of his own—and try to make up records from the bank account, or from third party records, for example, from the people to whom he has sold the produce of his farm, and in other words try to determine what his true income is.

Mr. THATCHER: Are the assessments of the department kept up to date as far as farmers are concerned?

Mr. MCENTYRE: So far we have not been able to get sufficient staff to review every farmer or every taxpayer every year; so we have to make a selection of returns that seem to require investigation and just do as much as we can. So it does happen that the taxpayer does not get visited by the tax officials—it may be for three or four years.

Mr. THATCHER: There is one other factor which seems a little harsh to me. If the department comes in and finds that the farmer has not paid as much tax as he should, they suddenly may assess him a very substantial sum and there is a very limited time within which he must pay that sum. I was wondering about that. In my part of the country they cannot sell their grain and the like. Could the department not be a little more lenient in extending the time for payment? What is the policy in that regard?

Mr. MCENTYRE: Our policy is to collect the tax just as fast as we can. I suppose everybody has had the same experience in collecting bills. Some people are very prompt and do not like to owe money, and they pay up very quickly. On the other hand others may be a little careless and they only pay the people who press them the hardest; and there are others who are really hard up and cannot pay at all. Our thought is that we should concentrate particularly upon those who perhaps do not pay as much attention to paying their bills as they should, and to press them and make them pay us as quickly as they pay anybody else. But we do run into the occasional case where the man just has not got the money. In those cases we have to make arrangements and follow him from month to month, and in such cases we take our part of it.

Mr. THATCHER: Would it not be reasonable—let us say—in Saskatchewan, to wait until the crop was taken off, rather than to force a man to liquidate his assets, let us say, in June or July? Do you try to give him some leeway at that time?

Mr. MCENTYRE: Oh yes, we know pretty well when farmers will come into some money, and that is the time, naturally, when we concentrate on our collections as much as we can.

Mr. THATCHER: I have another question on capital gains. I know that it is the policy of the government not to tax capital gains. Incidentally I agree with that policy, but in recent years it seems to me there have been cases where real estate transactions have been taxed, and I think upon odd occasions stock market transactions and sometimes the buying and selling of mortgages. There is so much confusion on the question that I wondered if either the minister or the deputy minister could tell the committee precisely what it considers as capital gain, and what it considers as income. Could we have some clarification of the position at the moment in that regard?

Mr. DUPUIS: Mr. Chairman, before the answer is given may I tell Mr. Thatcher about a case of a man who sold a tavern for which he had paid $40,000; about six months afterwards he sold it for from $60,000 to $80,000. Isn't that a straight matter to be taxed?

Mr. THATCHER: If the department could clarify that question, a lot of people would know better where they stood on transactions of this kind.

Mr. ENFIELD: Perhaps while you are at it, you would make a remark on that recent case where the farmer subdivided his land and then sold lots, but since he was considered not to have improved the property, the surplus was considered as capital gains. That seemed to me to be quite a new departure from your past policy in that regard. Would you mind commenting on that at the same time?

Mr. MCENTYRE: We naturally attempt to administer the act in the terms in which it is written. One of the things which has to be taxed is income from business. Now, business is defined in the Income Tax Act and it includes a profession, a calling, a manufacturer, an adventure or concern in the nature of trade, but it does not include the office or employment which is taxed under another section. Our problem is to decide what is an adventure or concern in the nature of trade. For the last four or five years we have had a number of cases before our Income Tax Appeal Board, and that board has laid down a number of decisions which we study very carefully and which we apply in future assessments. Such things are considered as the frequency of the transaction which the particular taxpayer has put through, and the normal occupation of the taxpayer; the length of time which he held the particular item that he has bought and sold; then, dealing with real estate, for a time we felt—the Income Tax Appeal Board considered that if a man bought property and sub-divided it, that indicated that he was trading in real estate, and that he should be taxed on the profit which he made from that sub-division.

The case which was mentioned was one where the farmer had bought this piece of property and held it for a number of years. He had actually farmed it. It was felt that having farmed the property in this way is represented a capital asset from which he drew his revenue and the court said that notwithstanding the fact that in disposing of it he sub-divided it, that it did not constitute trading in real estate. So we now have the principle laid down that the fact that there is sub-division does not necessarily make it a transaction in real estate which is subject to tax as a business profit.

Mr. THATCHER: I am still not clear though on this definition. You say that where real estate is concerned, you might tax the capital gain depending on how many times the individual has turned over real estate in a year. Why should that make any difference? If the law says that capital gains are not taxable, why should you tax a man who has had three real estate deals in a year? Why should it still not be capital gain? How could that be income under the act?

Mr. MCENTYRE: If the man is found to have been buying and selling real estate as a continuous investment, or if he is making a business out of buying and selling real estate—there are people who do.

Mr. THATCHER: I am speaking of an individual. I am not concerned with a real estate company, but only with an individual who has made the odd real estate transaction. What is the line? How many times can he turn over his property? What is your definition?

Mr. MCENTYRE: We have no cut and dried rule that we follow in that respect. We have to look at all the circumstances. The courts have held that there is no one test that can be applied such as to say that while in this case there were five transactions, while in another case there were only three transactions and that does not constitute a business, while six transactions do.

Mr. THATCHER: Then it is left to the discretion of the department, in other words?

Mr. McENTYRE: And to the courts. We of course are governed by precedent established by the Income Tax Appeal Board and the Exchequer Court, and we also have some judgements from the Supreme Court of Canada.

Mr. THATCHER: Would the same apply to profits made in the stock market by an individual?

Mr. McENTYRE: Yes, sir; the same rules would apply, because it all has to come within this definition of adventure or concern in the nature of trade.

Mr. THATCHER: If I may make one comment: it does seem to me that there is a good deal of danger in that situation. If parliament says there is to be no capital gains tax, I think it would be regrettable if the department, by decisions, actually brought about a capital gains tax. I think there is a good deal of danger in that happening. I think we may wake up one of these days to find that we have a capital gains tax. If we are going to have it, it should be parliament who decides rather than the administration of the department. I have no further comment.

The CHAIRMAN: Now, Mr. Knight.

Mr. KNIGHT: I would like to ask one or two questions with respect to the recruiting of the staff, first of all, concerning young people. I am interested in how they are obtained? What is the method by which you do so? Do you advertize for them, or do you send out to the universities, or what?

Hon. Mr. McCANN: You mean for our regular staff?

Mr. KNIGHT: No, for this temporary staff.

Hon. Mr. McCANN: Well, we have advertized in some places. We usually have a list of the people who are seeking temporary employment. Some of them may have been with us on different occasions. There are a lot of people who are not in a position to do full time work, even as temporaries. Some of them may be working for us for half days; I mean for half the day throughout the week, or they are recommended by various people. They may come to us through the Civil Service Commission. In most places where we have offices there are branches of the Civil Service Commission in the locality, and we may tell them that we need, let us say, fifteen clerks for a period starting April 1st or May 1st, for two or three months.

Mr. MONTEITH: There are pamphlets which go out to all the members covering these jobs, are there not?

Hon. Mr. McCANN: That is true.

Mr. KNIGHT: There is a regular staff called income tax inspectors?

Hon. Mr. McCANN: Yes.

Mr. KNIGHT: Somebody called them the "high pressure boys". That was not my description. Are these people assigned to provinces as such, or are they rather wandering inspectors who go anywhere they are sent?

Hon. Mr. McCANN: No. They belong to the division.

Mr. McENTYRE: They are assigned to a particular district office.

Hon. Mr. McCANN: That is right. They may be assigned to the Toronto, the Hamilton, or any of our offices.

Mr. KNIGHT: On a permanent basis?

Hon. Mr. McCANN: Oh yes.

Mr. KNIGHT: I would like to have a breakdown. Are they assigned to provinces perhaps on the basis of the population of each province, or on any other criterion?

Hon. Mr. McCANN: No, not necessarily. For example, some of the district offices include parts of more than one province. For example, Ottawa includes the Ottawa Valley and it also includes part of Quebec, the county

of Pontiac, which goes away up as far as Noranda, and up into that area. There are a lot of fine towns up there such as Malartic, Rouyn, and Noranda. But we have opened an office there now to serve that particular district. However, the lower part of Pontiac county is still represented by the Ottawa office.

Mr. KNIGHT: I am interested in whether or not they are assigned on the general basis of the population in a province and in that case we could perhaps get a breakdown of the numbers which are operating in a particular province.

Hon. Mr. MCCANN: We could give you a breakdown with reference to the basis.

Mr. KNIGHT: Are there any provinces which seem to have an over abundance of inspectors?

Hon. Mr. MCCANN: You mean that there are more of them in Saskatchewan than in some other places? But that is not a fact.

Mr. KNIGHT: I think that Dr. McCann's point is out of order. I am not a provincial member. I am a member of the federal parliament of Canada and I am just as interested in the people of the province of Quebec as I am in the people of the province of Saskatchewan.

Hon. Mr. MCCANN: I withdraw that statement. But I have heard it said in the house throughout the last ten or fifteen years that we do not give the same attention to the farmer in Quebec as we do in some of the western provinces.

Mr. KNIGHT: Not through me!

Hon. Mr. MCCANN: No, I did not say it was through you.

Mr. KNIGHT: It was something on your mind.

Hon. Mr. MCCANN: All right.

The CHAIRMAN: If you are interested, I might say that it was one of your colleagues, Mr. Knight, who does not sit very far away, who mentioned that.

Mr. MCENTYRE: I have a breakdown of the total of employees in the different district offices. Would you like me to read off the list?

Mr. KNIGHT: Yes. Let us have it on the record.

Mr. MCENTYRE: In Newfoundland, St. John's—there are 68 on the staff at that office. In Charlottetown there are 37; in Sydney 56; at Halifax 159; at Quebec 247; at Montreal 913; at Ottawa 290; at Toronto 833; and at Hamilton 262; at St. Catharines 128; at Kitchener 148; and at Sudbury 132.

Mr. KNIGHT: If you have the provincial figures, that would serve my purpose and it would be easier for you. But go ahead otherwise.

Mr. MCENTYRE: I only have them by district offices.

Mr. KNIGHT: I am asking for the investigators, the people who go and investigate special cases.

Mr. MCENTYRE: At Winnipeg there are 311; at Regina, 172; at Calgary, 225; at Saskatoon, 162; at Edmonton, 220; at Vancouver, 452; and at Whitehorse 4.

Mr. KNIGHT: Is that the same list which you read to me before, or is that a new one of the inspectors?

Mr. MCENTYRE: This is the total staff in each of the district offices.

Mr. GAUTHIER (*Nickel Belt*): Why not table the permanent staff in each district office?

Mr. MCENTYRE: Yes; and for about three months of the year we would also have a casual staff.

Mr. GAUTHIER (*Nickel Belt*): In the field investigators division across Canada you told us that you had 1,500 employees.

Mr. MCENTYRE: That is a very approximate figure.

Mr. KNIGHT: Were the figures you gave me for the permanent staff attached to the various places?

Hon. Mr. MCCANN: That is right.

Mr. KNIGHT: My interest was in the field investigators, in regard to field investigations, the people who go out and investigate these cases. That is what I want actually.

Hon. Mr. MCCANN: Mr. Argue asked a question in the house as to how many income tax inspectors or other officials have been employed in each province in each of the years 1951 to 1955. We will bring you right up to date and give you the 1955 figures. Newfoundland, 18; Prince Edward Island, 18; Nova Scotia, 77; New Brunswick, 48; Quebec, 474; Ontario, 952; Manitoba, 134; Saskatchewan, 141; Alberta, 173. So that there are as many in Quebec as in Manitoba, Saskatchewan and Alberta; British Columbia, 208; and Yukon Territories, 2.

Mr. PURDY: Where do those show up on page 392? What is their classification?

Hon. Mr. MCCANN: I did not hear you Mr. Purdy.

Mr. PURDY: Where are they classified on page 392 in the estimates? What is their official designation—inspectors or special investigators or what?

Hon. Mr. MCCANN: Special investigators. Most of them are assessors.

Mr. MCENTYRE: These figures that were given were all assessors, chief assessors and special investigators.

Mr. PURDY: It takes the whole lot of them in?

Hon. Mr. MCCANN: That is right.

Mr. KNIGHT: I do not mind giving way if Mr. Monteith has a question on investigators.

Mr. MONTEITH: This "special investigators" is a separate department. You go ahead.

Mr. KNIGHT: I may be asking one or two questions which I found interesting from the presentation of this report, and I would be finished as far as I am concerned.

Your statement here is that your recruiting campaign has not proven to be as successful as you had hoped. That would mean that you have actually less staff than you would like to have from the point of view of efficiency?

Hon. Mr. MCCANN: That is right.

Mr. KNIUHT: And the fact that you have not got that staff does decrease the efficiency, in your opinion. That is the gist of this paragraph.

Hon. Mr. MCCANN: That is the logical result. If we had more people qualified, then there would be more field investigators, and the time required to do a year's work would be less than it is now.

Mr. KNIGHT: You have a very small compensation in that it is a very small saving in salaries of $147,000 a year; but you do not even have that compensation, because below that you state that that saving is offset by some other allotments; I think that is the word you used. Could you tell us what those allotments are, or those extras that eat up the saving you have made in salaries?

Hon. Mr. MCCANN: I have indicated in the statement there that the increase of $65,000 in the district office travelling expense allotment is part of the reason.

There were extra law costs, or at least we are providing extra law costs of $85,000; there is also an additional amount of $30,000 for the district offices. That is taken up principally by the increase in salaries.

Mr. KNIGHT: Then there is the question with regard to what you call income tax appeals.

Hon. Mr. MCCANN: Yes.

Mr. KNIGHT: You have already given us the number of appeals, with 237 outstanding. There were 359 in 1955, and 141 of them were disposed of by the board. In technical terms, "income tax appeals", I take it applies only to those appeals which were formal appeals? That is to say, those which were either before the special court set up for that purpose, or were destined to come before that court?

Hon. Mr. MCCANN: No, they are special cases where the taxpayer makes an appeal to that board.

Mr. KNIGHT: I know, but you must have thousands of little appeals, people writing in?

Hon. Mr. MCCANN: I get what you mean. A man gets an assessment, he does not agree with it and he files a notice of objection. That then comes before the appeal division within that office. He can go there and review his case with them. If he can present facts to the extent that he can prove that certain them. If he can present facts to the extent that he can prove that certain claims that he has made should be allowed, then they are allowed. That is an appeal within the department. Now, if he is not satisfied with that, he can appeal to a division we have in the head office called the appeal division, with the department at the head office. If he is not satisfied with that, then he makes a formal appeal to the income tax appeal board. If he is not satisfied with that, he continues it and makes an appeal to the Exchequer Court or the Supreme Court.

Mr. KNIGHT: The point I make is this. These appeals, of which statistics are here given, are actually formal appeals that came before the board as distinct from the little appeal that might be made by letter, that a man has been charged $5 too much.

Hon. Mr. MCCANN: Yes. They are formal appeals which come before the board. They have given notice and a date is set as in any other court, for the hearing of the appeal. They can be represented by counsel and in certain instances, if they request it, those appeals can be held in camera.

Mr. KNIGHT: One last question.

Mr. THATCHER: May I ask one question on this point? When one of these appeals is made from—say it is a corporation appeal?

Hon. Mr. MCCANN: Yes.

Mr. THATCHER: Can the expenses be deducted from the next year's income tax, that is the expense of making the appeal?

Hon. Mr. MCCANN: No.

Mr. THATCHER: Why would that not be a legitimate expense?

Hon. Mr. MCCANN: That is not an expense of earning the income.

Mr. THATCHER: No, but it is an expense of the business.

Hon. Mr. MCCANN: The law says an expense of earning the income is deductible. This is an expense after the income has been earned.

Mr. THATCHER: Yes, but the company feels that it has not been properly assessed and it goes to the expense of making an appeal. That would seem to me to be an expense.

Hon. Mr. MCCANN: That is not regarded as an expense of earning that income and is not allowed.

Mr. THATCHER: Would you not think, Doctor, that the law should be changed, if that is the case?

Hon. Mr. MCCANN: Those cases have come before the courts, and the courts have so held that it is not an expense.

Mr. THATCHER: Maybe the law should be changed.

Hon. Mr. MCCANN: Do not forget that we are administering the law. If you want the law changed you should bring it up in the house, or before the Minister of Finance. If he says it should be this, that or the other thing, or parliament says that, we will administer it in that way.

Mr. MONTEITH: Just in that respect, Mr. Chairman, and along this particular point, are costs ever awarded against the crown?

Hon. Mr. MCCANN: If the crown loses—the man pays $15 to have his appeal before the Income Tax Appeal Board. If he wins his appeal his $15 is returned to him.

Mr. MONTEITH: He has got, shall we say, extra expenses to defend that appeal?

Hon. Mr. MCCANN: No.

Mr. MONTEITH: They are not awarded?

Hon. Mr. MCCANN: No.

Mr. MONTEITH: Are those expenses, if he wins his appeal, allowed as a deduction from income before tax is determined?

Hon. Mr. MCCANN: No. You mean for his counsel, or law, or accounting expenses?

Mr. MONTEITH: Yes, the auditor?

Hon. Mr. MCCANN: No, they are not allowed.

Mr. MONTEITH: It does not seem right to me.

Mr. KNIGHT: My last question, and then I will be finished. Dr. McCann, you have already stated that you have some loss of efficiency due to the shortage of staff with respect to your recruiting campaign. The expression makes me believe that you have been holding a recruiting campaign. Have you any particular plans, or extra plans for this year, or any method that you have devised by which you can attract more people to your department?

Hon. Mr. MCCANN: Yes, I think we have.

When I said loss of efficiency, I think it might be more accurately put to state that had we the staff there would be increased efficiency. We are not losing on the ones that we have. We do make special appeals in most every city where there is a university. Our people canvass the graduating class and try to induce them to enter the government service, first, and then in this particular branch of taxation.

For the young fellows who have taken courses in commerce and business, we indicate to them that we can offer them a pretty good professional life by starting in as junior assessors and following that up.

One of the difficulties there is that the top positions in the department are not particularly numerous. We have a very big turnover because of this. These people will come in to our division and stay three or four years, learn something about it, and then industry attracts them at more pay. We have got a continuous shift of employees from one end of the country to another, because of the inducements that are offered to them by private industry, particularly with regard to salaries and the opportunities that they present over and above what he is paid by the government, or the opportunities that are offered with respect to getting to the top. Every fellow with any ambition feels that at some time in his career he would like to be the top man. There are just not enough positions to satisfy the ambitions of everybody.

Mr. KNIGHT: You are describing the condition that exists, and the condition that existed previously. My question was, have you any special plans for this year which you think might be effective, or are you simply going to step up the things that you are doing?

Hon. Mr. MCCANN: We are stepping up, principally, the things that we have been doing. One further inducement would be the recent revision in the civil service salaries.

Mr. WHITE (*Waterloo South*): That is the point.

Hon. Mr. MCCANN: That has already been done.

Mr. MACNAUGHTON: Mr. Minister, you are almost providing a public service because you are operating a training school. These chaps come in and get very good training and then they usually go out into business. It is beneficial to business and the community. It is unfortunate, but it is the way we operate.

My question, sir, is this: someone said we have 913 permanent employees in the Montreal area as opposed to 833 in Toronto. I presume that one of the reasons for this is the size of the city and also probably the French-English division in Montreal.

Hon. Mr. MCCANN: Yes. We take in a bigger territory. The Toronto area is practically the city of Toronto. In the case of Montreal, the next office is at Sherbrooke, and then at Quebec City. We have only four offices in the whole of Quebec, and we have about eight or nine in Ontario.

Mr. MACNAUGHTON: You have the language difficulty too, you have two sets of people, at least, to satisfy. I understand, sir, some years ago the Montreal district was away behind in their, shall we say, processing of returns, and that considerable improvement has been made. Can you tell us if we are up to date?

Hon. Mr. MCCANN: We pride ourselves in that. I am talking now of 1945 when I first took over the department. It took between 11,000 and 12,000 people to do the work throughout Canada. We did not have as many offices then as we do now. We had a tremendous backlog of work, and that backlog of work was occasioned principally because of the war. During the war a great number of our employees were taken, and went into industry. Very naturally, the government got its money where it was the easiest to get it,—that is, the big taxpayers—so that there was a backlog of work.

It took 11,000 people, but gradually we have worked that backlog off now, to the point where we are doing the same, if not more work with 6,500 people, as I have just told you, collecting a great deal more money.

As a result of that campaign that was carried on for years everything in Canada is on a current basis. That is, a year's work comes in, and the great bulk of the returns are made at the 30th of April; and although other returns and payments are made quarterly and by corporations monthly or whatever it is, a year from that 30th of April that work will be all done. I mean, the great majority of it is cleaned up, and we are ready to start in on the next year's work.

That is a situation which is of help, not only to the government but to industry as well. Because of that backlog, we have been able to bring in the revenue that we have been bringing in during these past few years. That does not mean that every single case is cleaned up, because there are cases that require investigation, and that will go back probably one, two, three, four, five, or six years.

Mr. MACNAUGHTON: Mention has been made, sir, of field investigators. I would just like to say that I have had some experience with them, and I find them all to be extremely polite, and as fair as you could ask, and helpful—because, of course, every case investigated is not necessarily a criminal case by any means.

Hon. Mr. McCANN: No, very few.

Mr. MACNAUGHTON: It may be as the result of a mistake in practice or a change in circumstances. I know of many cases where these field investigators, with their superior training, have stepped in and suggested improvements in bookkeeping and various other things, and have been really quite helpful, even though it may be painful.

There is one other thing, sir, and I refer to the 6 per cent interest charge. Some people call it a penalty, but I understand the theory is that when an amount of money is due as income tax, if it is not paid it bears 6 per cent interest. In the case of re-assessment where it may not be possible to get the re-assessment for one or two or three years and the interest is still running, it seems to me that, while I understand the purpose of the 6 per cent is to induce the taxpayer to clean up his situation, nevertheless, in some cases it sort of works a hardship when the fault is, not admitted, but at least acknowledged, shall we say, by the department. Nevertheless, the 6 per cent is still chargeable, and it is quite a handicap. I suppose you are bound by the law as it is now.

Hon. Mr. McCANN: We are bound by the law; but my concept has always been that any tax is a hardship and this is an added hardship.

Mr. MACNAUGHTON: One thing more, sir, with regard to deduction at the source. I understand that the cooperation of firms is very good?

Hon. Mr. McCANN: Yes.

Mr. MACNAUGHTON: It certainly is very efficient. It is so efficient that when you are offering salaries now it is the net which the person sees, not the amount of tax which is deducted. The person is not apt to realize how much he or she is paying in tax. Is there any possibility of our undertaking some sort of process of education whereby the taxpayer, the employee could appreciate a little bit more how much he or she is paying in taxes? What I mean is, you get your weekly pay cheque and the net is so much, and that is all you think of. Over a period of time the companies are doing all of the tax collecting work. It is coming to the point that a person does not appreciate that he gets $60 a week—let us say they are paying $5 or $6 in tax—as far as they are concerned, they think that they are only getting $50 a week, whereas, in fact, they are getting $60, and the difference is the tax they are paying.

Hon. Mr. McCANN: They get all that information at the end of the year when the return is made up. But there is a certain element in the country—and one cannot perhaps help agreeing with them at times—who feel it might be well to show every tax, for instance to show the sales tax and other taxes, with a view to making people probably a little more economical and a little more saving.

Your question, though, is as to whether we are doing anything to educate people to that effect. I cannot conscientiously say that we are, because I do not think that that is our particular function.

Mr. MACNAUGHTON: That is all.

The CHAIRMAN: Mr. Monteith, you are next.

Mr. MONTEITH: Mr. Chairman, first I would like to apologize for being late, and if any of the questions I may ask have been answered previously in the evidence, I will be very glad to just pick it out of the evidence.

There are one or two things that have occurred to me as a result of other questions that have been asked. I think Mr. Knight was dealing with the staff and so on. Is there any difference, shall we say, or are there two categories, temporary and permanent? I am not talking about casual at the moment, but do the employees go on temporary staff before they become permanent?

Hon. Mr. McCANN: Just within the requirements of the civil service.

Mr. MONTEITH: What is that period, six months, or so?

Hon. Mr. McCANN: I think there is a period there during which, if you are not satisfactory—six months I think is the time.

Mr. MONTEITH: And after the six months, if they have been satisfactory they automatically become permanent?

Hon. Mr. McCANN: Yes.

Mr. MONTEITH: Then, Mr. Thatcher was speaking of capital gains, and the question, I think, was, if a person appeared to be making a business, we might say in stock market operations, a private investor, these moneys in such an operation might be taxable. Is that pretty much the situation?

Mr. McENTYRE: If a person is making a business of stock market transactions we would naturally have to look at the act and decide whether it was a business under the terms of the act, in which case we would have to tax him. But, of course, he would not be simply an investor who was changing his investments from one to another, because he felt that perhaps one type of investment, at a certain time, was no longer as attractive as another type of investment.

Mr. MONTEITH: Let us take a different category. A man is on salary, or he has a business, and he is also interested in the stock market. I presume then you would not look for any capital gains in his stock market operations?

Mr. McENTYRE: The courts have said that—

Mr. MONTEITH: I call them capital gains, but you might disagree.

Mr. McENTYRE: —it may be possible for a person, simply because he is a stock broker, to have an investment portfolio.

Mr. MONTEITH: I am not talking about the stock broker, but about a person in an entirely separated business. He deals through a stock broker and has an account with him, and is investing in the market. He makes a few dollars on some stock, and loses a few dollars on another, and so on, but he deals, shall we say, very frequently. What would be your approach in that instance?

Mr. McENTYRE: We have to look at all the circumstances, and we have to come to some conclusion, either that he is an investor who simply changes his investments, or that he is a trader who is trading in the stock market as a business.

Mr. MONTEITH: As a secondary business, though?

Mr. McENTYRE: Oh, it could quite possibly be a secondary business. No person is restricted to one business.

Mr. MONTEITH: In the instance of, shall we say, a retired person. He has an amount of money, maybe a couple of hundred thousand dollars. He has it in stocks. He deals fairly frequently. Would you be curious about his transactions?

Mr. McENTYRE: Of course we are curious about every taxpayer, but I do not think in that case we would be particularly curious about that individual.

Mr. MONTEITH: Do you think that if parliament should see fit to, shall we say, make better definitions as to what stock market transactions are, or what capital gains are, that it would assist you in your department with respect to whether or not you should investigate a certain person's stock market transactions, for example?

Mr. McENTYRE: I think perhaps it would.

Mr. MONTEITH: In other words, you might be inclined to think, or say that the law as it exists now does not sufficiently determine whether a transaction is a capital gain or not?

Mr. MCENTYRE: I think as we go along, and with the courts examining more of these cases, that more principles are laid down, and in that way the law is becoming more certain in that respect.

Mr. MONTEITH: Of course, the courts and the appeal board, and so on, determine their cases according to how the law stands at the moment, do they not?

Mr. MCENTYRE: That is right, sir.

Mr. MONTEITH: If the law were changed to determine or to clarify exactly what a capital gain is, then the Appeal Board would naturally follow the law as it existed then?

Mr. MCENTYRE: Yes, sir.

Mr. MONTEITH: So it would stand to reason that if the law were clarified, the taxpayer would have more protection with regard to his being taxed on what certain people consider capital gain?

Mr. MCENTYRE: Of course, if you lay down arbitrary rules, it is possible that some people, under the present position of the law, would suddenly become taxable, whereas others who are presently taxable would escape. So that there is something to be said for and against a set of arbitrary rules of that kind.

Mr. MONTEITH: I cannot say that I agree with you altogether in that, Mr. McEntyre. Anything that goes to clarifying a situation, I would think, definitely stating what is what, would make the administration of your department easier. I think it would clarify your situation.

Mr. MCENTYRE: Yes, it would make it much easier for our assessors to determine on a certain set of facts whether the tax was impossible, or whether it was not. We feel that as the courts go along, laying down these principles and deciding the cases, gradually a set of rules is being built up.

Mr. MONTEITH: According to the present law though.

Mr. MCENTYRE: According to the present law, yes.

Mr. MONTEITH: And the present law, apparently does allow some leaway, at least there is a difference of opinion as to whether or not certain items may be capital gains.

In your department, I understand there are directives sent out to your various district offices. I suppose some of them have to do with capital gains, the possibility of a capital gain being income, shall I put it that way?

Mr. MCENTYRE: We do not consider that capital gains are taxable at all. We look more on the other side of the picture to see whether, under certain circumstances, a business is being carried on.

Mr. MONTEITH: There are these directives, however, are there not, that go out to the various offices as head office interpretations of certain situations?

Mr. MCENTYRE: Yes, there are instructions and directives.

Mr. MONTEITH: And those directives deal with certain items in the Income Tax Act, certain sections of it, giving your opinion as to how it should be interpreted, is that right?

Mr. MCENTYRE: We are talking about these business profits and transactions and that kind of thing. I do not recall actually whether there has been any instruction of that nature with regard to business profits. We have not specifically laid down anything like that.

Mr. MONTEITH: You would not have sent out any directives as regards, shall we say, these real estate deals, some of which apparently have been found taxable, and some of which have been found to be not taxable?

Mr. MCENTYRE: No. Our district offices have copies of the judgments of the Income Tax Appeal Board and the Exchequer Court. As we go around

from office to office we discuss some of these decisions and try to find the principles that have been involved. The chief assessors, who are responsible people, and many of them chartered accountants, use their own judgment in determining on a particular case as to whether they think that would come within the terms of an adventure in the nature of trade.

Mr. MONTEITH: Do you think your department would be justified in recommending any changes in the act to assist in clarifying certain sections so that an interpretation would be much more readily made, and much more readily determined?

Mr. MCENTYRE: We do make reocmmendations to our friends in the Department of Finance from time to time as to various sections of the act which we think could be clarified, or where certain changes could be made that would make the administration easier. We have on occasions talked about this definition of business profits. I do not think that we have anything particular to add at this point.

Mr. KNIGHT: Mr. Monteith, I wonder if I could just insert this remark; I think this is the place where it should come. This discussion, I think, on the record would look a bit confusing to people as to what the actual condition is. For that reason I am going to ask this question: is it not actually the practice that people engaged in other businesses, workers, doctors, lawyers, and other professional people have been actually going along merrily making money on the stock market, for the last ten years, and actually those people are not contributing anything in the form of tax revenue on those particular gains? Does that not about size up the situation?

Mr. MCENTYRE: I think with the growing economy of Canada, people who have invested in the majority of industries have been able to show a profit on their investments. In the natural course, the value of stocks of many companies has risen because of a greater demand made by other people wanting to invest in those securities.

Mr. KNIGHT: I was not actually interested in your agreeing with me that people were making money on these stocks. I was asking you, was it not actually the practice, the actual state of affairs that those people are not making any tax contribution on gains so received. Is that not the practice? There may have been odd exceptions; I do not know whether there were.

Hon. Mr. MCCANN: I think that is a correct statement.

Mr. MONTEITH: In looking at the second page of the minister's report, it says, 341 appeals were disposed of by the board in 1955. Would you have the figures as to how many of those were found in favour of the department and how many dismissed, or found in favour of the taxpayer?

Hon. Mr. MCCANN: In 1955 of 354 appeals there were 132 allowed in part or in full and 212 dismissed. Do you want any other years?

Mr. MONTEITH: Just with regard to the 99 for this year. Have you got the other years there?

Hon. Mr. MCCANN: Yes.

Mr. MONTEITH: Wait a minute. Could I get that designation "allowed in part or full again"?

Hon. Mr. MCCANN: 132.

Mr. MONTEITH: Yes. Have you got any other years there?

Hon. Mr. MCCANN: Yes, we will give you 1954. There were 404 appeals filed. 189 were allowed in part or in full, and 224 dismissed. We will go back to 1950, or 1951. There were 469 appeals filed, and 180 were allowed in part or in full, and 233 dismissed.

Mr. MONTEITH: The difference between the sum 233 and 180 and the total number of appeals would be the outstanding at the end of the year?

Hon. Mr. MCCANN: Yes.

Mr. GAUTHIER (*Nickel Belt*): On this question of appeals, would you have the percentage of the appeals that were settled by the taxpayer appealing to the district, or to the regional office?

Hon. Mr. MCCANN: We have not the figures, but there are thousands of them. We try, if possible, in the tax offices, or in the head office, to settle these.

It is interesting to note that the number of appeals settled by the districts in the fiscal year just ended is 49·3 per cent of the number received. The number confirmed is 27·4 per cent and the number appealed to the Income Tax Appeal Board is 8 per cent of those received. So that only 345 cases, or about one out of every 12 objections goes as far as the board. The comparison of the volume of the appeals for the last two years is as follows: in 1954-55 on hand at the beginning of the year—2,315, and in 1955-56—2,283. Appeals received during the year—4,961 in the year 1955 and 4,320 for 1956. Appeals disposed of during the year 1955—4,993 and for 1956—4,221. Outstanding at the end of 1954-55, 2,283 and for 1955-56, 2,382.

Mr. GAUTHIER (*Nickel Belt*): It amounts to about one in 12 actually going to the Appeal Board?

Hon. Mr. MCCANN: Yes, that is right. About one in 12 objections go as far as the Appeal Board.

Mr. KNIGHT: Is that appeal Board on a permanent basis? Does it sit continuously and permanently, or are they just called together?

Hon. Mr. MCCANN: No, it is a permanent board. It is a court of record.

Mr. KNIGHT: In other words, they are continuously employed in the decisions of appeals?

Hon. Mr. MCCANN: Yes. It is a travelling board. They cover the whole country. Either the full board or two at a time, or in some instances one. There are one, or two of the board that are on the road all the time, and they sit in Toronto, here and in Vancouver and all over the country.

Mr. WHITE (*Middlesex East*): Wherever there is a district office?

Hon. Mr. MCCANN: Yes, if there are appeals.

Mr. MONTEITH: This is going back to a question I was speaking of earlier, Mr. Chairman. If an appeal is made by a taxpayer, and he files his $15 an appeal is held?

Hon. Mr. MCCANN: Yes.

Mr. MONTEITH: He has some expenses in connection with that.

Hon. Mr. MCCANN: Yes.

Mr. MONTEITH: He gets his $15 back?

Hon. Mr. MCCANN: If he wins his case.

Mr. MONTEITH: If he wins his case; but his expenses involved in winning a case which resulted because a member of the department was incorrect in his approach, those expenses are not allowed as a deduction from taxable income?

Hon. Mr. MCCANN: That is right.

Mr. MONTEITH: The person who receives that money does pay tax on it. The lawyer, for argument's sake, that receives his fee pays tax on it.

Hon. Mr. MCCANN: That is right.

Mr. MONTEITH: Is that not one place where the law could well be changed, or the act could well be changed?

Hon. Mr. MCCANN: You should convince Mr. Harris of that.

Mr. MONTEITH: I will have a try at that anyhow.

Another thought occurs to me, the interest on the arrears of taxes is not deductible from income in determining the tax in the following year. If that man had borrowed money at the bank and paid the tax his interest then would be deductible. Say you estimate your taxes at the first of the year.

Hon. Mr. MCCANN: Yes.

Mr. MONTEITH: And you pay a certain amount, and it is overpaid.

Hon. Mr. MCCANN: Yes.

Mr. MONTEITH: He has had to borrow that money from the bank.

Hon. Mr. MCCANN: Yes.

Mr. MONTEITH: That interest paid to the bank is deductible from income for taxation purposes.

Mr. MCINTYRE: Not necessarily. Only the interest on money borrowed and used in your business to produce income is allowed.

Mr. MONTEITH: Are you going to go to the bank and determine that amount. If a man has to pay tax instalments and he starts out the first six months—I am talking about a corporation—he starts out six months in advance of the end of the year, and he pays, for argument's sake, $1,000 a month, to meet the provisions of the act so that he will not have to pay interest on insufficient instalments.

Hon. Mr. MCCANN: Yes.

Mr. MONTEITH: He has to, along with his ordinary trade, borrow money from the bank so he automatically has an extra $1,000 borrowed from the bank, we will say, and is paying interest on it. How can you determine, how in the world can the department determine, the interest portion applicable to the tax instalment? I do not think they have ever made any attempt to do that.

Mr. MCENTYRE: What would happen in the ordinary course is, of course, if he has to pay instalments of $1,000 a month, he probably has a profit of $2,000 a month, so that he is putting $2,000 a month into his bank account and taking $1,000 out. We would consider that our $1,000 came out of the $2,000 profit he makes.

Mr. MONTEITH: He may be buying new machinery, but I see your point. The $1,000 is coming out of profits?

Hon. Mr. MCCANN: If he did not pay that he would be paying us 6 per cent interest on the balance. He may be able to go to the bank and borrow it for 5 or 5½ per cent.

Mr. MONTEITH: What I am trying to get at is, with regard to that non-paid assessment there is no penalty attached. It is actually tax, and if he had known at the time he would have paid that assessment. He would have paid that assessment, and maybe he was in to the bank at that time. Now, why should not the interest which he has to pay on the arreas of tax be deductible for income tax purposes? I am referring to the interest only; I am not suggesting that with regard to the tax.

Mr. KNIGHT: If he is liable for deductibility of interest that he has to pay to the bank, he should also be allowed deductibility for the interest which he has to pay anywhere. Whether he gets it from the bank, or where he gets it does not matter to the Income Tax Department, to pay his so-called arrears.

Mr. MONTEITH: He does get the interest on overpayments, if they are refunded, as far as that is concerned. I am just wondering why the reasonable interpretation would not be that this interest on tax arrears should be deductible from income before calculating tax.

Mr. ENFIELD: Is it not true, Mr. Chairman, that that is not part of the cost of earning the income, and it is in the nature of a penalty for non-payment of taxes?

Mr. MONTEITH: It is not necessarily a penalty. It is only interest. Penalty is an entirely different thing, in my interpretation, from interest. Interest is a straight business transaction. A penalty is for not having fulfilled some obligation.

Mr. GAUTHIER (*Nickel Belt*): It is a stimulant.

Mr. MONTEITH: Are there no further comments?

Hon. Mr. MCCANN: No, I have no further comments, except that according to the Income Tax Act we are not in a position to allow these things. They may be very desirable, and there may be some justification for them, but as I say, we have not the authority, and have not the power to do these things.

The CHAIRMAN: You can see how it would work out, Mr. Monteith. It would lead to charges of discrimination. If a big taxpayer, we will say a corporation, was paying roughly 50 per cent taxation and were allowed this as an exemption, they would in the final analysis only be paying roughly 3 per cent on their arrears of taxes, whereas the smaller taxpayer who was paying at the rate of 10 per cent, taking advantage of this deduction, would be paying between 5 and 6 per cent on the arrears. So, you can see that it would be said that the big taxpayer was actually not paying as much interest, in the last analysis, on his arrears as the small taxpayer. If you allowed interest paid as an income tax deduction, you can see that it would meet with objection, I think.

Mr. MONTEITH: I am afraid I cannot, because I figure interest as a straight business transaction.

The CHAIRMAN: Let me point this out to you. Supposing there were a large corporation paying interest at the rate of 50 per cent. We will say that they pay interest on their arrears at the rate of 6 per cent. That cuts down their taxable income by the amount that they paid. If that cuts down the amount of income tax they pay, they get their tax reduced by that amount, and in effect they would be paying interest on their arrears at the rate of 3 per cent. The smaller taxpayer who received an income tax deduction in respect of interest paid on arrears which would only reduce his income tax by the amount of tax he paid. In other words the deduction would amount to far more with regard to the higher income bracket than with regard to the lower income bracket.

Mr. MONTEITH: I see what you are getting at, but I do not just hold entirely with your thinking, Mr. Chairman.

The CHAIRMAN: That complaint would be made in any event.

Mr. MONTEITH: I think I see your point, but to all intents and purposes a lot of the tax that is actually paid, and the interest that is paid on the tax arrears is money that is borrowed from the bank to enable them to make that payment. A lot of the taxpayers have to borrow it, or the Mounties will step in. If it has to be borrowed from the bank at some stage or other, whether he pays it by instalment, or pays his arrears later. I do not think that the department actually try to find out what proportion of the interest paid to the bank is paid because of tax payments, do they Mr. McEntyre?

Mr. MCENTYRE: I do not think we would be warranted in going into it too fully, because if a man has to pay tax he must have made a profit and if he made a profit he must have the money there.

Mr. MONTEITH: Not necessarily. Lots of people make money but owe the banks money on bank loans and are still in a pretty high tax-paying category.

Mr. McENTYRE: The loans were originally made either to buy assets to carry on his business, or else for his current working capital; and the fact that he has this tax assessed, he must have had a profit at some time, so that the profit goes to reduce his bank loan, or he is simply taking part of it back to pay his tax. Surely the tax has to be paid out of the profits.

Mr. PURDY: If that profit was in inventory would it reduce the bank loan?

Mr. MONTEITH: If it was in inventory it would increase the bank loan.

Mr. PURDY: Surely it would. I am just arguing along with you Mr. Monteith.

Mr. MONTEITH: I realize that.

Mr. PURDY: If he has not got it in inventory, he certainly does not reduce his bank loan.

The CHAIRMAN: As the minister pointed out, this really comes up under finance estimates.

Mr. MONTEITH: That is all for the moment.

Mr. PURDY: I have one question in connection with the staff which is recruited by the civil service. You, of course, lay down the duties of the staff when you advertise. Do you also lay down the qualifications of the people who are supposed to carry out these duties?

Hon. Mr. McCANN: Yes, that will appear in the advertisement that is put out by the Civil Service Commission.

Mr. PURDY: Yes. I wonder if you agree with the qualifications that are required, or whether it is the civil service designation of qualifications that they think should be required.

Hon. Mr. McCANN: No, no, that is given by us. We designate what shall be the qualifications of people for particular jobs. It is pretty uniform. For instance, if you want a stenographer, you know what the qualifications are, or if you want an assessor, they are different qualifications.

Mr. PURDY: Supposing you need an assessor for small retail businesses, and I recall you advertised not so long ago for one. A gentleman who is highly qualified in that line, having had 10 or more years of practical experience in the small retail business and knowing all the ins and outs of the business, was not allowed even to have consideration; but on the other hand a young lad who had just graduated from college, and who had no experience in applying the theory to the practice was given consideration. Now, do you think that is a wise selection of employees?

Hon. Mr. McCANN: I would say yes. I think the one has gained his experience by the practical method of having been in business. The other fellow has gone through the university and he has got his qualifications. Now, then, it is far easier to determine the qualifications of the man who is sufficiently good to receive a degree as a chartered accountant or—

Mr. PURDY: Not a chartered accountant.

Hon. Mr. McCANN: —or a public accountant, than it is to see—

Mr. PURDY: A degree in commerce.

Hon. Mr. McCANN: A degree in commerce.

Mr. PURDY: From some college.

Hon. Mr. McCANN: But with regard to the other fellow who has gained his experience the hard way, it is very difficult to get a measuring rod for that.

Mr. PURDY: I can tell you, sir, from practical experience that that is a very poor way of getting—

Hon. Mr. McCANN: No, no, what I am saying, in the outlining of the qualifications in the advertisement, if you call it that, that is put out by the

Civil Service Commission, it is much easier to say the minimum qualifications shall be a C.P.A. degree, or whatever it is.

Mr. PURDY: Then you immediately exclude the man that knows how to get after the income of the small retail business.

Hon. Mr. MCCANN: Yes, but how do you tell whether he does know or not?

Mr. PURDY: Because he has been in the game.

Hon. Mr. MCCANN: There are lots of fellows in the game who do not learn very much.

Mr. PURDY: I see.

Now, coming again to your special investigators, I suppose they all receive special instructions before they go out?

Hon. Mr. MCCANN: That is right.

Mr. PURDY: Then do you have them in for refresher courses?

Hon. Mr. MCCANN: Yes, we do.

Mr. PURDY: And do you, when you have them in for their refresher courses, question them with regard to the methods they have been pursuing in an attempt to have some uniformity of those methods?

Hon. Mr. MCCANN: Yes, as much as we can.

Mr. PURDY: You feel that some of the methods they use are in the interest of public relations?

Hon. Mr. MCCANN: It depends upon the individual.

Mr. PURDY: Do you think, sir, that it is in the interest of public relations to go into a farm house and insist on seeing how many dresses the farmer's wife has, or seeing if she has two coats or three coats, or how many shoes she has?

Mr. KNIGHT: Or whether the hens are laying?

Hon. Mr. MCCANN: That again depends upon the common sense of the investigator, and it will depend on what he should do in that particular instance.

Mr. PURDY: I would think, sir, when you get them in for their refresher courses, it would be a good thing to tell them after all, there must be some other way. They should be able to tell from the outside appearance that these people are not able to support a great closet full of clothes. In my mind it is simply an insult to a Canadian woman to have to expose her wardrobe to people like this.

Hon. Mr. MCCANN: And I suppose, Mr. Purdy, you are probably picking out one particular case, perhaps from your community. I think that is hardly fair when you consider the hundreds of thousands of cases that are investigated where we do not have objections of that sort.

Mr. PURDY: I agree, sir. I have had personal experience where it was quite effective, but I think my wife would take a lot of objection to it. However, there is nothing personal in what I am saying. It does seem to me that it is pretty tough to ask a poor farmer to show how little his wife has rather than how much she has.

Hon. Mr. MCCANN: It depends entirely on the circumstances. That women may have had a visit to the United States. When she comes back with a few hundred dollars worth of stuff, at that particular time it may be reported to the Royal Canadian Mounted Police that she smuggled in this stuff. It may just happen at that particular time an inventory was being made with reference to what they have on hand, which includes the recent purchases they have made when they have had a trip abroad. This applies even to farmers' wives.

Mr. PURDY: I think that is a tough attitude, doctor, even for a hard-hearted fellow like you. I suggest you have these fellows in for a refresher course and just check on them.

Hon. Mr. McCANN: We do that. Let me tell you, every year, or at least every second year we call the people in from every office and we have a week's course in order to bring them up to date, so that there may be uniformity from one end of the country to the other in that application. It is true, it might look like a great expense but it is very beneficial. In November, they come down here to the senior club, when it is not too busy, and for one week representatives from every office, the head assessor and the director and probably about five or six or seven from each, and all of these matters are discussed. We do everything that we possibly can to make the application of the carrying out of the regulations as agreeable as is possible to the taxpayer. I go down and address them, and one of my emphasized remarks to these fellows is: "Do not forget that the taxpayer has got rights too".

Mr. MONTEITH: Just stress that a little more, Mr. Minister.

Mr. PURDY: Just one more question. My next door neighbour is a professional man in the same profession as your own. How would you like a man to come in and ask you how many pairs of shoes you bought for your wife last year?

Hon. Mr. McCANN: It would not take me very long to count them.

The CHAIRMAN: Mr. Deschatelets?

Mr. DESCHATELETS: Mr. Chairman, in cases where an individual is making a voluntary assignment of his assets, I understand in most cases the sheet of dividends would not show anything. What is the policy involved in these cases? Are you trying to get back the amount owed to the department, or do you simply forget about it? Is there anything in the law covering these cases where there is a voluntary assignment made through a trustee?

Mr. McENTYRE: In the ordinary course the trustee would advise the department that a voluntary assignment had been made. We would then look at our returns and make sure that they were assessed up to date. We would look at our accounts and make sure there was no outstanding balance due to the department. Then, if there was anything due, we would make a proof of claim and file it with the trustee so that we would be included in the division of the estate according to the law.

Mr. DESCHATELETS: In most cases there is no dividend available, so what would you do then?

Mr. McENTYRE: We are governed by the provisions of the bankruptcy law, and if the debtor gets his discharge then the liability is simply wiped out.

Mr. DESCHATELETS: You are not making usually specific objections to the deliberations in these cases?

Hon. Mr. McCANN: Of course, it depends on the circumstances; but in the ordinary course, presumably the Bankruptcy Act has been passed by parliament to relieve debtors who get themselves in trouble. We, as creditors, would go along with whatever the bankruptcy court decided.

Mr. PALLETT: Do you not occupy the position of a secured creditor?

Mr. McENTYRE: We are the last of the preferred creditors.

Mr. PALLETT: The last or the first?

Mr. McENTYRE: The last; although, under the Bankruptcy Act we share equally with the provincial governments as the last of the preferred creditors. I have not looked at the Bankruptcy Act for a couple of years now.

The CHAIRMAN: Before any distribution to the creditors there has to be a clearance from the department, although they do not make them pay taxes

out of any asset that is the subject of a secured debt because that is provided from somebody else. But, once the secured debts are paid and there is about to be a distribution they have got to get a clearance from the Department of National Revenue; I think that is right.

Mr. MONTEITH: How about income tax deductions from employees in the case of bankruptcy, where do they rank?

Mr. MCENTYRE: Those are considered as trust funds, and there is preference. They are a little higher in the rank, although I have forgotten just where it is.

The CHAIRMAN: Are you through Mr. Deschatelets?

Mr. WHITE (*Middlesex East*): I have some questions along the same line as the gentleman was just asking. I have this in mind: when were the most recent amendments to the Income Tax Act brought in as it relates to bankruptcy?

Mr. MCENTYRE: I do not remember if there was an amendment at the same time as the new Bankruptcy Act came into force or not. It would simply be an incidental amendment to make our act fit in with the Bankruptcy Act, but I cannot remember whether there was an amendment.

Mr. WHITE (*Middlesex East*): Does the Bankruptey Act lay down a definite course of action as to the liability of the individual to the Income Tax Department?

Mr. MCENTYRE: Yes, there are some specific provisions in the Bankruptcy Act dealing with income tax.

Mr. WHITE (*Middlesex East*): Can you give me the clause numbers?

Mr. MCENTYRE: I am sorry, I have not got them here, sir.

Mr. GAUTHIER (*Nickel Belt*): They are down in the library.

The CHAIRMAN: Any further questions on this general item of administration?

Mr. PALLETT: I have two questions. The first is this, dealing with the hobby farmer; I understand that the hobby farmer may write off half of his cash loss in any one year. Does the principle of carry forward and carry back apply in his farm operations?

Mr. MCENTYRE: Yes.

Hon. Mr. MCCANN: An active loss, but it cannot exceed $5,000.

Mr. PALLETT: I should have mentioned that. Over that period, is it a five-year average for the farmer, or is it the same for the corporation on the carry-back and carry-forward?

Mr. MCENTYRE: It is the same rule that would apply to other taxpayers. The loss may be carried back one year and forward five years.

Mr. PALLETT: That is the theory of it is it?

Mr. MCENTYRE: Yes.

Mr. PALLETT: That could be carried forward to a year of his selection, is that correct?

Mr. MCENTYRE: He must carry it back first the one year, and then if there is anything left over he can carry that forward one year, and if there is anything left over then he can carry it forward the second year, and so on until he has used up the amount of loss or else the five years has run out.

Mr. PALLETT: There is one other question. I was just wondering if there was any possibility in the department of getting advanced rulings on taxation problems similar to the question of sales tax? Now, I think there are certain endeavours in Canada that would be of benefit to the country as a whole, in which certain risk capital would be invited providing that the compensation

at the end offset the risk. Some people say it will not if they have to pay taxes on it. You cannot tell them whether it is taxable or not, and I do not think anybody can; no layman could, and no professional could. Has consideration of the department been given—and I am not suggesting you give rulings on hypothetical questions—but if the taxpayer wrote to you and said, this is the enterprise which I have been invited to participate in, or I am contemplating investing my money in, and it looks at the present time that there may be a profit at the end, of "X" dollars, and there may also be a loss of "Y" dollars, would you be in a position to say to the taxpayer, whether you would consider that capital gain, or income? I certainly think it would be most important if you could. I understand, of course, a full disclosure of all the facts would have to be made.

Mr. McENTYRE: We do make rulings, of course, many rulings with regard to simple cases, like whether a man can claim his mother-in-law as a dependent and that kind of thing. In some of the larger transactions, occasionally these companies will come to us and say "we propose to make this transaction", or some other transaction. Provided that the circumstances fall within the provisions of the act we do give them the information as to what we think the law will be as applied to that particular circumstance. Of course, what people want mostly is a favourable ruling, and sometimes that is a little more difficult to give.

Mr. PALLETT: Do you reduce that information to writing? I have known people who tell me that they have been told at the local tax office that this is such and such,—"but do not quote me, and we will not give you a letter", and all that sort of stuff. At what level do you have to go before you can get a letter on a taxation opinion?

Mr. McENTYRE: We do give letters where we are satisfied that the law is clear with respect to the circumstances. Those letters are usually issued from head office after the circumstances have been examined by our legal branch.

Hon. Mr. McCANN: Wherever people have letters from high officials who have the authority to give them. But these things of word of mouth, my experience in the last 12 years in respect of people being told so and so by so and so, we ask where he is, and we are told he is dead. So is the promise dead. I do not accept them at all. If they are in the form of a letter from a high official, the deputy minister or the assistant deputy minister, our word is good and we will honour it.

Mr. PALLETT: I am very pleased to hear that, because I was under the impression that an opinion was not obtainable.

Mr. ENFIELD: Mr. Chairman, an opinion is only obtainable if all of the facts of the transaction are available, and some transactions are very complex. It is not until after all of the facts are produced.

Mr. PALLETT: There is no reason why they could not be produced. After all, the taxpayer at some time is going to be faced with that situation.

Mr. ENFIELD: That is true.

Mr. PALLETT: And it is his responsibility to produce them.

Mr. ENFIELD: But is that not a difficulty in giving them an opinion?

Hon. Mr. McCANN: That is right, to get all the facts.

Mr. PALLETT: That is the taxpayer's responsibility.

Mr. KNIGHT: All the facts would have to be stated in their original request for the opinion.

Mr. PALLETT: Of course that is understood. The opinion, though, is the thing that is important.

Mr. McENTYRE: Of course, the opinion is based on the law as it existed at that time. If there should be an amendment to the law, or if there should be a judgment of the courts contrary to the opinion given we would have to be bound by that.

Mr. PALLETT: This may be policy, and I do not know exactly how far you have gone, but are you going to take any further steps with regard to these farmers who, I understand from Mr. Enfield, were successful on the subdivision?

Hon. Mr. McCANN: You will find that that was pretty well discussed before you came in.

Mr. PALLETT: I am sorry, sir.

Hon. Mr. McCANN: If you look at the record tomorrow you will see Mr. Enfield was one of the ones who brought it out.

Mr. PALLETT: Is that considered to be final as far as the department is concerned?

The CHAIRMAN: What he is getting at is, because that man was ruled to be exempt, have you in mind changing the law in that regard?

Mr. PALLETT: Or do you intend to proceed further in that particular matter?

Hon. Mr. McCANN: We will follow the precedent of the law.

Mr. ENFIELD: It is settled law.

Mr. McENTYRE: We do not propose to appeal that further.

Mr. PALLETT: That is what I wanted.

The CHAIRMAN: Are there any questions on the district offices, item 290?

Mr. MONTEITH: Mr. Chairman, I have some more general questions. I do not know how long you want to go on.

The CHAIRMAN: I took it that we might be through with the general questions, but if we are not, then we will adjourn until Thursday morning at 10.30.

The committee adjourned.

FRIDAY, May 25, 1956,
10.00 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. We are still on item 289—General Administration, Taxation Division.

You had some questions, I believe, Mr. Monteith?

Mr. MONTEITH: Mr. Chairman, as I understand it there was a big back-log in unprocessed tax returns a number of years ago, but the department has now largely caught up with the arrears. By what date is the processing of a return in your department supposed to be more or less complete? Let us take, for example, a return for 1955.

Hon. Mr. McCANN: A return for 1955 must be in by April 30.

Mr. MONTEITH: Yes, but by when is it processed?

Hon. Mr. McCANN: We try to have them all processed within a year from that time; millions of them are done very quickly because they are short forms. Take, for instance, the case of a man on a salaried income where deductions are made at the source and there is no evidence of any other income. Perhaps he has a refund coming to him. We gave you the figures the other day. Many of these are done within a month of the time they are received. With regard to a great number of people those returns, for the calendar year, come in through

January, February, March and April—April is the "deadline"—so we are continuously dealing with them in the first four months. After that the "core" is left, and it is this core which takes the time for the other eight months of the calendar year.

Mr. MONTEITH: You first of all send out a notice of assessment to the taxpayer which acts, more or less, as a receipt, too—I am thinking of the T1 generals and that sort of thing. Now, if there is no adjustment in the return does the taxpayer ever get a notice of reassessment?

Hon. Mr. MCCANN: I do not think so.

Mr. MONTEITH: He never gets one?

Hon. Mr. MCCANN: It is not necessary.

Mr. MONTEITH: Suppose there is some adjustment, interest, or something like that, and a man gets a notice of reassessment; there may even be a subsequent notice of reassessment, is that not right?

Hon. Mr. MCCANN: There could be cases.

Mr. MONTEITH: In the end you count on having all this information returned. If there is no back-log with regard to a certain taxpayer his return should be processed in your department and he should feel he is "in the clear", let us say, by what date?

Hon. Mr. MCCANN: I would say probably by at least the end of March in the next year.

Mr. MONTEITH: It has come to my attention that when investigators go out to look over a person's books—that is quite all right, and there is no reason why they should not do so; I am not complaining about it at all—they frequently cover two years in their inquiries. The man has been cleared, let us say, for 1954, because March 31, 1955 has come and gone and he has not heard anything at the end of 1955. The department might have some one go out to that taxpayer's office and look over his books to question some repair bills, or something like that. But then the investigator will frequently cover two years in his inquiries, so the man concerned is, actually, not clear in his mind—and the matter is not clear in the mind of the department—as at March 31 following the year of the return.

Hon. Mr. MCCANN: If an item occurred in the taxpayer's second return which indicated that, probably, the same item should have appeared in the return for the previous year it would be necessary to examine the two years together, inasmuch as they have a relationship to each other.

Mr. MONTEITH: Can I put it this way: there is no policy in the department —possibly in order to save time, or work by the staff—of leaving the inspection to run over a two year period?

Mr. J. Gear MCENTYRE (*Deputy Minister*) (*Taxation*): When an investigator goes to examine a taxpayer's books he would have with him a file containing all the recent returns and if he was looking at a point with respect, for instance, to a 1955 return and he found there had been some misinterpretation perhaps some item of expense that he thought should be capitalized had been charged off as a current expenditure—he might look at the previous return to make sure that the same mistake had not been made in that, and so on. He has the right to go back six years, and while he was on the spot if he found an irregularity in one year that he thought might possibly exist in another year he would, naturally, look at that too.

Mr. MONTEITH: Is there any policy or practice in the department of looking over the books of a certain taxpayer, missing them in the following year and coming back to them a year later? Do you run a "staggered" system?

Mr. McENTYRE: No, it is simply a question of choosing the returns which, on the face of them or from other information that we have, show it is most likely there could have been an error contained in them.

Mr. MONTEITH: All right. I have another question; it is purely a matter of the thinking of the department, I would say, but it strikes me, over a period of years, that the attitude—I do not know whether it starts at the top or at the bottom—has changed somewhat. I used to believe that the department wished to collect the actual tax due and not a penny more, but I have found that investigators—if a taxpayer inadvertently paid too much and maybe had not taken enough depreciation—I know that depreciation is a different picture today because you can take any amount up to the maximum—but I am trying to pin it down to a certain time; and in that respect I feel that the department is more inclined to accept a taxpayer's return if he appears to have overpaid—I do not mean in calculation because that is all adjusted; but if he appears to have overpaid or to have paid more than he should have paid, there is no advice which goes back to him and that sort of thing. It seems to me that there is a different approach in the department; in other words, you are out to get all you can get!

Hon. Mr. McCANN: Not all we can get, but all that is due!

Mr. MONTEITH: That is the way it should be, I grant you.

Hon. Mr. McCANN: That positively is not the departmental policy. We do not want one cent more than is due from the taxpayer, and as far as I know we never have felt otherwise.

Mr. MONTEITH: I just rather sense that the attitude appears to be changing, but that is my personal opinion.

Mrs. FAIRCLOUGH: If that is true, then does the minister think that it is conducive to the carrying out of that policy to have the assessors in local offices recorded as to the amount of tax that they are able to levy on the taxpayer?

Hon. Mr. McCANN: Madam, that is entirely a misconception. I have been asked that question before in former years: if the assessors and employees are rated and given preference because they happen to have files that bring in a lot of money. They are there to do their work and whether or not they might be dealing entirely with files that have to do with giving money back in the form of refunds or collecting more money, there is no difference made in them as far as their advance or reimbursement goes.

Mrs. FAIRCLOUGH: Is it not true, Mr. Minister, that in the local offices they do list the assessors and show whether there has been an increase or a decrease in the amount of tax collected under the assessments which they have made as compared to the previous year or to previous years.

Hon. Mr. McCANN: Is there any listing of that? I have never heard of it.

Mr. McENTYRE: We have at various times thought that we should keep statistics on increases by industries or groups of taxpayers to give us an idea of what returns require investigation more than others, but we were loath to keep lists of increases of that kind because sometimes an assessor might be working on a group of files which would, in their nature, be of a kind which would produce increases, whereas another assessor might be working on another group of files which were clean and where he would not run into increases; and it would result in the fact that the man who was getting the increases would feel that he should have promotion over the man who was doing an equally good job but who, because of the files which were handed to him, would not get increases. We found that in most of the district offices the assessors, themselves, would keep a list of the increases they got, and at the end of the year—or when

the time came for promotional competition, they would come along with their lists and say "look at all the increases I got last year! I must be a good assessor! Why can't I get promotion?"

For two years we kept a list of assessors by the amount of increases and the type of files they were working on, and then I think now we found we could not use that information, and we found, too, that it cost more to gather it together than it was worth to us as statistical records, so we have given it up now.

Mrs. FAIRCLOUGH: By the very nature of the explanation given it would seem that the assessors have in their minds the idea that the thing to do is to collect the tax, and that the fellow who collects the most tax is going to be the most valuable man in the department. As Mr. Monteith says, that should not be the principle in which they operate; that all we should pay is the just and fair tax and we should not pay one cent more or one cent less than what, under the law, we are required to pay; and when you run into an attitude in the department where the whole idea of the thing is to collect as much tax as you can collect, you run into a type of thinking which, in my opinion, is not conducive to efficient operation or administration, and which certainly does not tend to promote proper relations between the tax-paying public and the department.

Hon. Mr. MCCANN: You could see how unfair that would be. We divide both district and head office assessors into groups with reference to the type of files and different industries or business with which they are dealing. There is a group which does professional ones, there is a group which deals with small business, grocers' stores and so on and there is another group dealing with departmental stores, the pulp and paper industry, the mining industry and so on. They are all different groups. In this last few years, everyone knows the textile industry has been in more or less a slump and not making as much money as formerly. Take another industry—it may be a professional or mining industry—which is making a lot more. Would it be fair to compare that with the textile assessments? They would be showing returns which were going down continually and in the case of the other one the graph would be up. Surely it would not be fair to put those two in the same comparison and say that this man can collect more money than the other man who is in the depressed industry. In a depressed industry one would not collect more money.

Mr. MONTEITH: One moment, Mr. Minister. It is the case of reassessment we are considering.

Hon. Mr. MCCANN: Even in reassessments it would be most unfair to put them on a comparative basis, as far as advancement or preferment goes.

Mrs. FAIRCLOUGH: Of course. That is precisely what we are talking about.

Hon. Mr. MCCANN: I say there is no policy to advance people on that basis.

Mrs. FAIRCLOUGH: I think we are talking along the same lines. What I am pointing out is that apparently that is precisely what entered into the minds of those people in some district offices.

Hon. Mr. MCCANN: It never entered into my mind.

Mrs. FAIRCLOUGH: You had better inquire into what is going on in the district offices.

Hon. Mr. MCCANN: I know pretty well what is going on.

Mrs. FAIRCLOUGH: With respect, Mr. Minister, obviously you do not, because when you get a group of assessors who rate themselves—even, as has been said, whether the department condones it or not—if the department

receives from them representations that because of the amount of taxes they have collected they are entitled to advancement, it proves the point I am making, that these people definitely do have the idea in mind that they are there to collect taxes. It is not many years ago, as Mr. Monteith said, that you could walk into a tax office and get the advantage of the experience and learning of the assessors in the department. They were there in an advisory capacity and were very helpful. Today you do not get that except in rare instances.

Hon. Mr. McCANN: I do not think it changed in that regard at all, as far as giving advice goes. They do stop at making returns for people.

Mrs. FAIRCLOUGH: That is a different thing entirely. I do not think they should do that.

Mr. KNIGHT: There is one signfficant thing in Mr. Monteith's question, or part of the question, in which I think I detected—and maybe I am wrong—that it is his opinion, that nowadays, as in comparison with the past, when the department discovers that a man has a little bit of a claim on some little bit of refund, they are not too anxious to tell him about it, that they are more or less accepting what he has sent in and do not perhaps act in this advisory capacity by pointing out to him that he might adjust these figures and thereby give a little less. I do not know whether Mr. Monteith meant that.

Mr. MONTEITH: Yes, that was it, more or less. My thinking was that the over-all attitude of the department had changed somewhat, so that the taxpayer, in my humble estimation, did not get quite the same break—a just break, let me put it that way—that he might have in past years. As Mrs. Fairclough said, it occurs to me that the investigators and so on are urged on—should I put it that way—by the possibility of making a reassessment so that they may eventually get an increase in pay.

Hon. Mr. McCANN: There is nothing in that.

Mr. KNIGHT: Could I put this question directly. Does the department consider it part of its duty or responsibility, where a man sends in a tax return with the money, if they detect a spot where he may have saved himself a few dollars by a different type of figuring, do they consider it is upon their conscience to draw his attention to that fact.

Hon. Mr. McCANN: Yes, Mr. Knight. They do, and they do that. Here is an interesting figure. In the assessment of 1955 there were 176,990 assessments made in which there was a decrease shown by the assessors.

Mr. MONTEITH: Is that an actual decrease on a reassessment?

Hon. Mr. McCANN: That amounted to $2,214,000. To be fair, on the other side there is an increase in the number of assessments, 434,690, amounting to an increase in taxation of $12 million odd, as against 3 million odd, so the net increase there was $9.4 million.

Mr. MONTEITH: In your report, in the second last paragraph on the first page you mentioned 968,000 odd returns which had been received in 1955-56 and were reassessed, with a total increase of $89 million odd.

Hon. Mr. McCANN: I am giving only, in the 1955 period, the immediate assessing tax changes we have been doing.

Mr. BYRNE: Does the assessor move in on instructions from some one in authority above him?

Hon. Mr. McCANN: He moves in on instructions with a letter of identification, and they go in pairs.

Mr. BYRNE: He is instructed, because of some apparent discrepancies?

Hon. Mr. McCANN: Yes.

Mr. BYRNE: It is only natural that he should look for whatever he is sent there for. If an assessor is out to make a good fellow of himself, by making 100 assessments and comes back with nothing, I do not think I would recommend him.

Hon. Mr. McCANN: They go out in the field to get information and they do not finalize the assessment. The assessment, if it amounts to anything, is brought to the attention of the head assessing group. The men are in the field to get information.

Mr. BYRNE: They should come back with what they are sent for. It is nonsense to say he should not try to do his best. If he does his best, is it not because there is an apparent lack of tax being paid? I would think the department feels that this particular person or industry has failed to pay their proper amount of tax. Do you send in an assessor because there seems to be a large overpayment or a small overpayment? Is the assessor sent in on that basis?

Hon. Mr. McCANN: The taxpayer is usually called in or asked to communicate with the office.

Mr. BYRNE: Is the assessor asked to make an assessment on an industry because you feel the industry has overpaid?

Hon. Mr. McCANN: You find that out in the process. All corporation profits are gone into and with the big corporations you get a certificate of the accountants. That is a certificate that they have audited the books. It is not necessary to go into these accounts as meticulously every year when you have reputable accountants who have certified that the returns are correct.

Mr. MONTEITH: I am not concerned with the corporations or individuals who hire accountants, and pay them to look after the matter. I am thinking of the individual filing his return as an individual without any outside help, not paying for service or advice but just going on his own, as so many millions do.

Mr. BYRNE: He is usually in a much better position than the man on salary or wages. If he has something to be assessed, he is better looking after his taxes than a person getting a straight deduction of income tax from pay and I do not think he is badly treated or misses anything.

Mr. PALLETT: What is the principle that the assessor applies in determining whether there should be a reduction or not? Is it a mathematical basis or is there a certain breakdown in the comptuation of tax which shows the connection or is it because he was not legally liable to pay it?

Hon. Mr. McCANN: It probably is ignorance on the part of the taxpayer. Perhaps he does not know he has a claim for medical expenses over 3 per cent. Perhaps he got married during the year, perhaps on the last day of December and thinks he is entitled only to a single man's allowance whereas he is entitled to $2,000 allowance in that year. It is things like that which are brought to his attention and we may show him his position is different from what he thought it was and by reassessment we show there is a refund coming to him. On the other hand, there may be certain charges which he makes there, charges estimated for medical expenses or charitable donations and for which he has not got receipts. We have no authority to allow those things unless they are accompanied by receipts.

Mr. KNIGHT: Then it would be correct to say that the department always does initiate the readjustment which would result in him paying less taxes?

Hon. Mr. McCANN: Exactly. No matter which way it goes, we are just as fair one way or the other. If money is coming back to the taxpayer, we

are very happy to give it to him, and the reports indicate that we have given it back in the amount of millions of dollars, and also indicate that we have collected it where due.

Mr. PALLETT: I asked if there was any indication—and I gather Mr. McEntyre has it now—as to the percentage between different matters concerned in readjustment.

Mr. MCENTYRE: This is in the assessing of the returns: of the 176,000 returns assessed downwards, there were 6,000 having to do with the income declared; 13,000 deduction from income; 15,000 donations and medical expenses; 3,000 married exemptions; 4,000 dependent children; 1,000 for other dependants.

Hon. Mr. MCCANN: For instance, if a man was entitled to this because he was keeping his father-in-law, mother-in-law, or ill sister or brother.

Mr. MCENTYRE: About 2,000 had been part-time residents of Canada; and there were 80,000 tax credits. The procedure for claiming tax credits, either for provincial tax or foreign tax paid, and so on, is a cause of considerable difficulty for a number of taxpayers. 40,000 had to do with changes in tax calculation.

Hon. Mr. MCCANN: They could not do the arithmetic.

Mr. PALLETT: Are those all matters which were indicated on the form?

Hon. Mr. MCCANN: On the back of the form. You turn it over and there is a notation made there as to what the difference is for.

Mr. PALLETT: And there is also an indication shown on the form itself apart from that?

Mr. MCENTYRE: This review would have been done only with the form.

Mr. PALLETT: There is another question having to do with the same thing. Has any provision been made for reassessment by the department where they have found themselves to be wrong, under the law as has subsequently been found, in assessing taxpayers in previous years? What I am getting at is this: in some instances a taxpayer has been paying, and you have been assessing, on a present understanding of the law, and a couple of years later the court says that both the taxpayer who has paid and the department which has collected were wrong and that the law was different to what they understood it to be. There was a time when you could do it and a claim was made by reason of the decision.

Hon. Mr. MCCANN: When that was passed, I think the period was two years. We are not authorized to go back further.

Mr. PALLETT: I am thinking of a number of instances, and one in particular having to do with the Mutual Life Assurance Company of Canada, where the tax was paid, and then the law was cleared up in that respect by legislation and those who had not paid were not required to pay but those who had paid were told that they could not get it back. I know that actually happened in the department. I can give you the illustration if you like.

Mr. MCENTYRE: Was that a case where the Supreme Court of Canada said that the department's interpretation of the act was wrong?

Mr. PALLETT: Yes.

Mr. MCENTYRE: Then the taxpayer was naturally entitled to be reassessed on the court's interpretation given to the act. In respect to other taxpayers, there would be some other cases pending in appeal and perhaps those appeals were not pressed awaiting the decision with respect to those which had gone to the court. With respect to those cases under appeal, we would naturally adjust them in accordance with the judgment of the court and the others who had not appealed would, under the terms of the act, have a period of one year from the time of the payment of the tax in which to claim the benefit of the court's judgment.

Mr. PALLETT: That is what I am getting at. The court's judgment did, I think, take place a year after the money had been paid. The time lapse worked against them and there was money received because they had paid when requested to do so by the department. I think there are other instances where that has happened where there has been a mistake in the law, both on behalf of the department and the taxpayer. It seems to me, in equity at least, that there should be some provision within the department, or some practice, where the minister should be allowed to reassess in those instances so that the taxpayer could receive a repayment. It looks to me as if there is some sort of discrimination between the one man who pays and the other man who does not pay. As we know, even if you do file an appeal you have to pay to get the money back where the money is paid and the law is shown to be wrongly interpreted. I am talking about money which has already been received by the department incorrectly as subsequently found.

Mr. MCENTYRE: That could happen. But under the terms of the act now, our authority to reopen is limited to one year from the time of the payment.

Mr. PALLETT: That is, to reopen for the purpose of giving refunds?

Mr. MCENTYRE: Yes.

Mr. PALLETT: But you are not bound by one year for reopening for the purpose of collecting extra taxes.

Mr. MCENTYRE: That is right.

Mr. MONTEITH: Then, is that not a point where the minister should suggest to parliament that the act be changed?

Hon. Mr. MCCANN: I have said on many occasions, although we do bring these things to the attention of finance, that that is a good opportunity for you fellows to get up on the floor of the house and argue these things.

Mr. PALLETT: Would we have the support of the minister?

Hon. Mr. MCCANN: Yes, I have supported many things.

Mr. BYRNE: Would there be any chance of this thing working against others where you are not assessing the amount that would be required?

Mr. NESBITT: It could not possibly work in reverse because they have unlimited powers.

Mr. BYRNE: I am just asking. I am not an expert on tax assessment. In this 176,000 reassessments in which there was a rebate coming to the individual taxpayer, those were not matters of investigation but rather matters simply which came up on the tax returns?

Hon. Mr. MCCANN: Simply routine.

Mr. BYRNE: Then, there were 434,000 in which there were increases. How many of those were made on the basis of an investigator going in on the individual or the corporation? Were any of them such, or were they also matters just on the basis of the files?

Mr. MCENTYRE: That figure of 434,000 is on the same basis of simply examining the return and from the information on the return those increases were made.

Mr. BYRNE: I thought at that point we had been discussing cases where investigators had been asked to go in and make a reassessment?

Mr. MCENTYRE: In those cases, there may have been some of them where, for instance, the taxpayer claimed a dependant, and from other information on that file we questioned that and we might write a letter to the taxpayer to obtain some additional information on that basis; but it would not be done by investigation.

Mr. BYRNE: But investigations are always made on the presumption that the taxpayer has not paid his full amount or that you have some reason to believe that there was a discrepancy in favour of the individual. Is that not correct?

Mr. MCENTYRE: There is a certain amount of what we call police work which has to be done simply to show the departmental flag. This is done by talking to the taxpayers and showing them that we are on the job. We do call on a great number of taxpayers simply to see how things are going and to show them that we do check their returns, without really anticipating that there is anything wrong.

Mr. BYRNE: Have you any figures to show that there have been decreases in the amount of the tax payable where an investigation has been ordered?

Mr. MCENTYRE: We have figures, but I do not want anybody to be misled, because these figures would not show whether the decrease resulted from an assessor simply finding something on his own that indicated that there should be a decrease, or because the taxpayer had brought something to the assessor's attention, or claimed some particular item which resulted in a decrease.

Mr. KNIGHT: I would like to ask one question, Mr. Chairman. I think it might be of interest to have it on the record because many people are interested in it. What is the department's policy in regard to the amount of deduction at the source? I am thinking of the salary worker, or the salaried man whose affairs are pretty well open to everybody. You know his marital status and you know his salary and so on. What do you aim at? Do you aim at a deduction which is as close an approximation as you can get to the amount of tax he will have to pay, and so deduct it at the source so that there will be nothing payable or do you aim at a little less?

Hon. Mr. MCCANN: The objective, Mr. Knight, is to deduct the full amount of it by deduction at source. We do even get complaints, where the full amount has not been collected, and an individual is perhaps billed for another $30 or $40 or $50. He raises the devil with his employer. He says, "I thought that you were taking off my full tax". He does not, of course, if there are a few dollars refund by reason of certain changes in his status. I do know of a number of cases where individuals have gone to their employers and said, "I thought you collected the full tax. How is it I have to pay more?" There may have been a change in the wage level during that year.

Mr. KNIGHT: Would that mean then that there would be actually, on the average, more refunds to those people than there would be demands for further payments?

Hon. Mr. MCCANN: A great many more.

Mr. NESBITT: Mr. Chairman, I am interested in these rules regarding assessment. For example, under certain circumstances a farmer, or a farmer's estate is entitled to certain advantages under the basic herd rule, for example, under the rules providing an average over a period of years. Now, it is my understanding that some local assessors claim that their instructions are, in handling a file, that they are not to point out these advantages to the taxpayer. I was wondering if there would be any comment on that.

Hon. Mr. MCCANN: You say there are instructions given not to point them out?

Mr. NESBITT: That is my understanding.

Hon. Mr. MCCANN: That is entirely wrong.

Mr. NESBITT: I am very glad to hear that, because that is why—

Hon. Mr. MCCANN: We give no instructions to any assessor not to point out advantages that may work to the benefit of the taxpayer. That has been the

principle, and as long as I have been in the department it has been followed. So, with all deference to you, I think you have been misinformed.

Mr. NESBITT: Mr. Minister, would it be possible then to send out some information of a positive nature to the local offices around the country that they are to point out these advantages?

Hon. Mr. MCCANN: I do not know that information goes out in the form of a circular, but, as I have told you, we have these meetings of the head men from every division. Those matters are talked over. The chief assessor will be there, and it is his business to inform his juniors as to what the policy is.

Mr. NESBITT: On the same line, Mr. Minister,—and these may be things with which you are entirely unaware of,—but in the country practice of law, in my part of the country—and I have discussed these matters before I came with a great many lawyers who do nothing but deal with estates,—I have been informed by them that this is their experience; and I have found from my own experience that this is the case: certain rules permit favourable adjustments to the taxpayer, but only if his estate elects to apply for these things within the six-month period. It has been the experience, I know, of a great many of us that these files are not processed sometimes for six months. I was wondering if it would be possible for you to provide us with information as to the number of files, say last year, that were not processed in a period of six months?

The CHAIRMAN: Is it not the practice in those cases where it is quite clear that the estate has not been in a position to get legal advice and make its election within the time provided by law, that the department does give them the benefit of the law, in spite of the fact that the claim was not made strictly within the time limit? That has been my experience. I would be surprised if that was not the case in Ontario.

Mr. NESBITT: I am very pleased to hear that, Mr. Chairman. If that is the case I would like to have some confirmation, if I can, from some of the officials of the department. There has been a great deal of suspicion among a great many people that some of these files are deliberately left to stand for six months, until the time limit is up.

Mr. MCENTYRE: I do not know how to explain that, because certainly it would be contrary to all our policies. I cannot imagine that it does happen. We have an inspection service that visits all the district offices about once every 18 months. They certainly do check up to find out what the condition of the work is, and whether they are falling behind in their work. I would be very surprised if that situation existed and we did not know about it. I certainly do not know about it now.

Mr. NESBITT: I realize quite well, Mr. Chairman that the minister and senior officials of the department do not, and I am not suggesting for one second that they do, condone some of these things that go on. I am only pointing out as information some of these things that have been the experience and practice of people that deal with these things daily.

Another thing I am rather interested in is this question which arises regarding gift taxes and succession duties. There have been—

Mr. BYRNE: Mr. Chairman, before that point is left, I think I am being left with a wrong impression, and I wonder if the rest of the committee is. Did Mr. Nesbitt infer that these files have been filed with the local offices for processing, and that the local offices left them lying in abeyance until after the six-month period had elapsed, and because of the fact that they have not been processed they are losing some advantage under the income tax laws? That is the impression I have.

Mr. NESBITT: That is the impression I intended to give.

Hon. Mr. McCANN: That impression is not correct.

Mr. BYRNE: What I wanted to know is, if it did happen that it had been filed at a certain date, say one month after a person has deceased, then the file is permitted to lie there for a period of six months, after that period, would the person not be given some consideration because the department itself had been lax in processing the file? It just sounds ridiculous to me.

Mr. McENTYRE: I must admit, I do not quite understand the tenor of the question. I do know that there is one section in the act where it is a question of taxing amounts receivable at the date of death, and where an election is provided it may be taken advantage of up to the time that the tax is assessed. So, the longer we take to assess the tax, the more time the solicitor has to decide whether he wants to make his election or not.

The CHAIRMAN: Ladies and gentlemen, we will meet at 10.30 o'clock on Monday. We have not been able to get a room for Tuesday, but the clerk is working on it. We do hope to meet on Tuesday, but we will meet on Monday anyway and if we do or do not meet on Tuesday we will meet on Thursday and Friday anyway.

The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 19

MONDAY, MAY 28, 1956

DEPARTMENT OF NATIONAL REVENUE

Hon. J. J. McCann, Minister of National Revenue; Mr. J. G. McEntyre, Deputy Minister of National Revenue for Taxation; Mr. M. F. Sprott, Assistant Director of Administration; Mr. D. R. Pook, Supervisor, Finances and Service Section, Assessment Branch; and Mr. A. V. Neil, Supervisor, Miscellaneous Section, Assessment Branch.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

74830—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,

and Messrs.

Beaudry
Byrne
Deschatelets
Dupuis
Enfield
Fairclough (Mrs.)
Gauthier (*Nickel Belt*)
Henry
Knight
Macnaughton
McCann
McLeod
McWilliam
Meunier
Monteith
Nesbitt
Pallett
Power (*St. John's West*)
Purdy
Thatcher
Viau
White (*Middlesex East*)
White (*Waterloo South*)
Yuill
Zaplitny

E. W. INNES,
Clerk of the Committee

MINUTES OF PROCEEDINGS

MONDAY, May 28, 1956.
(35)

The Special Committee on Estimates met at 10.45 a.m. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Mrs. Fairclough and Messrs. Byrne, Knight, McCann, McLeod, Nesbitt, Pallett, Power (*St. John's West*), Purdy, Tucker, Viau, White (*Middlesex East*), White (*Waterloo South*) and Zaplitny.

In attendance: From the Department of National Revenue: Mr. J. G. McEntyre, Deputy Minister of National Revenue for Taxation; Mr. M. F. Sprott, Assistant Director of Administration; Mr. D. R. Pook, Supervisor, Finances and Service Section, Assessment Branch; and Mr. A. V. Neil, Supervisor, Miscellaneous Section, Assessment Branch.

The Committee resumed consideration of the Main Estimates 1956-57 relating to the Department of National Revenue, the Minister and his officials supplying information thereon.

Item numbered 289—General Administration of the Taxation Division—was further considered and allowed to stand.

At 12.30 p.m. the Committee adjourned until 10.30 a.m. Tuesday, May 29, 1956.

E. W. INNES,
Clerk of the Committee.

74830—1½

PROCEEDINGS

28th May, 1956
10.45 a.m.

The CHAIRMAN: Order, gentlemen, we have a quorum. We are still on item 289, page 52 of the Estimates Book.

Mr. NESBITT: Mr. Chairman, at the end of our last sitting I was asking some questions in regard to the method of assessment. I believe at that time I mentioned that I had received numerous complaints that very often the assessors and officials in some of the local branches of the department make it a point not to let the people concerned know of certain rules of which they might take advantage to gain certain tax advantages with respect particularly to succession duties. It has been the impression, I know, of some people that the department has instructed the officials not to disclose these rules unless specifically asked, but as the minister has said, that was not the case at all.

Over the weekend I have been doing some additional homework on the subject and I know at least of one very prominent lawyer in my part of the country who does nothing but estate work. He tells me that departmental officials in London told him that—excuse me I believe it was in Hamilton—that they are instructed not to be missionaries, so to speak, and that if people do not know some of these rather obscure rules, it is to their disadvantage.

In this particular case the lawyer in question went to the department with one estate and asked—it had to do with the net worth rule—if they would assist him in the matter, if they would show him the method of how to make up the tax to the best advantage. The file was held in abeyance for some considerable time. Meanwhile the lawyer in question made some enquiries from accountants, and after some six months had elapsed, and after there had been conversations back and forth, he apparently went back to the officials, and they had not helped him to make out the tax to the best advantage. They said they probably had not, and he said: "I would like to take advantage of this special rule." And they said: "It is over six months now, and if you did not know it before, it is too bad!" That is just one instance.

Apparently some officials in the department, local officials—I do not mean at points here—are of the impression that they are not to disclose some of these rules on which estates or individuals can get certain advantages unless they are specifically asked. I was wondering if the minister would give us a little further clarification in that respect.

Let me put it this way: are officials in the various branches of the department told not to disclose these rules unless specifically asked, or are they there so that every person who goes in and asks if he can come under a specific rule in certain circumstances—are they there to assist?

Hon. Mr. MCCANN: Are not most succession duty cases processed through lawyers?

Mr. NESBITT: That is true, most of them are, but succession duty now has become quite a specialized problem and it involves very often the services of an accountant. With lawyers, just like members of any other profession, some are better than others. Some lawyers do not deal very much in estate work. If a lawyer makes a speciality of it, naturally he knows more about these things. But just as in the medical profession, some lawyers are often

not aware of all these rules and regulations, such as those regarding taxes. I know in theory they should be, but it is a highly specialized field, and I know that most lawyers who deal very widely in estate work usually consult accountants, because some of these rules are outside the legal profession and involve questions of accounting rather than questions of law. Very often lawyers simply are not aware of or familiar with how to work out some of these things such as the basic herd rule and and the net worth rule.

It is quite true that estates usually are handled through lawyers, but some of these rules are rather obscure, and some of them fall within the field of an accountant rather than that of a lawyer.

Hon. Mr. McCANN: Personally I have not any knowledge that any employees in any office have been advised to the effect that they are not to help the taxpayer as much as possible. Now I am going to ask Mr. McEntyre if he wishes further to expand on that.

Mr. J. G. McENTYRE: (Deputy Minister, Taxation): Well, in our publicity, at the time of filing returns, we do stress the fact that our offices are available and open for the taxpayer who may have any particular problem in filling out his return. He may come in and ask the staff for assistance in completing his return. Then with respect to the basic herd, we do get out a little bulletin every year addressed particularly to farmers and fishermen explaining to them the various provisions of the act as it applies with respect to basic herds, and the carrying forward and backward of losses, and the method of obtaining capital cost allawances. Perhaps these things are not always understood by the taxpayers who carry on that business and it may be helpful to them to know something which refers them directly to these special provisions.

Then with respect to estates, there is one provision which says where there is an accumulation of income at the date of death, the estate has an option to elect to pay in any one of three ways, and that election is open until the return has been assessed. My people here tell me that the instructions to the assessors are that when these returns come in, before they are assessed, the legal representative of the estate is to be asked directly whether he wants to take advantage of any of these particular options that he has. Now our assessors do not necessarily know all the circumstances with respect to the estate and certainly it is not for the assessors to tell lawyers or accountants how they are to do their business, but simply to point out to the legal representatives that these elections are available, and that the election must be made before the assessment is made. The longer we take to make the assessment, the longer the legal representative has to make his election.

Mr. NESBITT: I am very glad to hear that is the rule. One of the purposes of this committee is to bring out these things, and I think that you, Mr. Minister, and the senior officials of your department should be made aware that apparently there is some confusion with respect to the officials out in the various offices such as London, Hamilton and elsewhere as to what they are supposed to do.

The question was asked of one of the officials there and he understood that their obligations were not to be missionaries, and that if people could not find out for themselves, they were certainly not going to help them. The general attitude seemed to be "get as much as you can". I wonder if in the future it might be that instructions from the head office, so to speak, might go out to these various branches so that if officials are asked; they could point out certain elections and certain choices—because apparently some departmental officials are under the impression that they are not to do so. I am not suggesting that other instructions have been issued, but apparently they have been misunderstood or may not have been clear on that. Perhaps in the future more specific instructions could go out, because all these things are influenced by the

human factor; one official in the department may feel that if he can collect, more tax, he may have a better chance of advancement. That is probably a common feeling with any person in any job, not necessarily applied to the Department of National Revenue. But in my opinion I think a clarification of these instructions as to what the officials should do, would be very helpful to people and would increase their respect for the department in every way, because I know that people have the feeling—and I know that lawyers have the feeling—that some branches of the department sometimes are not as helpful as they might be. I was wondering if the minister might pass the information to the officials that they are to do so and make it quite clear that they are to point out the various aspects of a problem to the legal representatives—I would not say necessarily to the accountants, because that is something they should know,—lawyers are not necessarily accountants and sometimes they run into things which they do not know.

I checked this matter very carefully over the weekend before I brought it up again. I discussed it with a lawyer who deals with estates all the time, and he told me that is the attitude they have run into.

Hon. Mr. McCANN: Did some employee of the London office tell you directly what you stated?

Mr. NESBITT: No. They told it to a man—I shall mention the name of the lawyer, it is Mr. Donald Gibson, one of Her Majesty's counsel, of Tillsonburg, and he does nothing but estate work. He was told by an official at the Hamilton or the London office that they were not to be missionaries and that if people did not know all these things, it was their own fault, and if within six months' time they had not elected a certain form of assessment, it was just too bad!

Hon. Mr. McCANN: I shall have the matter investigated, but I want to correct again the impression which you and apparently some other members have, that the amount of tax collected by any officer has an effect upon his preferment or advancement within the office. Advancements and promotions are made by the Civil Service Commission and to my knowledge they have never inquired how much money any particulier assessor or employee collected.

Mr. NESBITT: Mr. Chairman, I also want to make one thing quite clear. I do not disagree with the minister at all and I am not suggesting for one minute that the department takes that attitude. However, I think that often that idea is in the minds of the officials. It does not necessarily apply to the Department of National Revenue alone, but also to people in the ordinary course of business who believe that if they can produce more they get more; I know it applies in the police force, that if they get more convictions they think they might get on better in the police force. I think a lot of people do have that idea, that if they produce more they are more likely to get advancement. I think that it should be made clear to them that they are more likely to get advancement if they do a good job and explain to the people the choices which they have and so on; and I believe that instructions should be issued in that way. It may be that they have been, to some extent, confused.

There is another matter which I would like to bring up at this point; that is, this question of joint properties. This is a subject which has caused a great deal of confusion and a great deal of difficulty both with respect to the question of gift tax and with respect to succession duties. Now, as you probably know, Mr. Minister and other members of the committee, very often a man and wife have property which is put in both their names and this is largely for the purpose of the legal convenience that if the husband dies the property automatically goes to his wife or vice versa. I know there has been a question in the legal profession as to whether or not, if a man who owns property and puts it in the name of himself and his wife, it will be liable to gift tax. I know, in many parts of the country, that the transferring of real estate is done not by lawyers but by conveyancers, and I do not think they should be permitted

to do so but this is not a federal but rather a provincial matter—a lot of these conveyancers, knowing nothing at all, hold themselves out to the public as people who are familiar with this thing and advise householders and farmers to transfer the property from the husband's name to his name and his wife's name in order to save estate fees later on and also to protect the wife and so on. It is my understanding—and possibly Mr. McEntyre can correct me on this—that, practically speaking, the question of gift tax does not arise unless there is a very large amount involved or a flagrant disregard of the rules. Time after time this thing happens if you get a property over $8,000 and if it is transferred from the husband to the wife it would be subject to gift tax, at least in theory. I understand that the department does not too often go into the matter. Then the reverse side of the situation comes up; the property is in the name of the husband and wife under joint tenancy. The husband dies and then the department says, "Oh, well, this really was the husband's property and they only put it in their joint names as a matter of convenience and therefore the whole property will be subject to succession duty." The whole thing is not very very clear as to what the attitude of the department is to be in these matters. If the property is put in the joint names, will it be subject to gift tax if only put in their joint names as a matter of convenience? Is it going to be subject to succession duty when the husband dies? It seems to me that it should be clear; it should be one way or the other and not left up in the air. I know Mr. McEntyre will probably say, "Oh, well, it is quite clear there will be no question of gift tax if the wife had actually contributed to the property; in other words, she had helped earn the money for it, if that can be shown, or had been left the money and had paid her husband." I know the department does not like making decisions on theoretical cases, but before I go any further—and I have some specific examples—I would like to hear some comment from Mr. McEntyre on that matter.

Mr. McENTYRE: The gift tax, of course, is under the Income Tax Act. There are several sections which deal with gift tax. The tax is imposed whenever there is a transfer of property from one individual to another. I am a little surprised to hear that the impression is that we do not check on those things, because I think it is our duty as administrators of this act to check up and collect the tax wherever it is properly due under the terms of those special sections. When we come to the succession duties, that is another statute and there is a specific provision that deals with a case where there is joint property held by a deceased and some other person at the time of the death and the test there is how much was contributed by the deceased towards the joint property and how much was contributed by the surviving owner. Where the contribution was made by the deceased, to the extent that he has contributed an amount has to be included in his estate for succession duty purposes. I do not think that the administration has set up any special rules of its own that would differ in any way from the sections of the act. We certainly try to keep as close to the meaning of the words in the various sections as possible because that is the only thing which we are authorized to do.

Mr. NESBITT: I have in mind one specific case at the present time. I believe it is in the files of the department referred to as the Rosehart estate. This is a case of a man and wife who are, I believe, of Hungarian extraction and had settled in the part of the country where there is a lot of tobacco growing and hand labour involved. The man and wife came to this country years ago and became tobacco growers, both working very hard in the fields, both of them going down on their hands and knees to do this work. There is very little doubt that people from Hungary and Belgium are the main people growing tobacco in this part of the country and these people are used to hard work. These people both worked equally hard to make money. In this case the money had gone into a joint account which these people had had for years,

and, with the money in the joint account, when eventually these people decided to retire, they bought a house in town. The house cost $9,000. It was put in their joint names. It has been held by the London office that it was a gift and that gift tax is payable. The money was taken from the joint account, and there was no claim that the moneys in the joint account were gifts at all. It was agreed they were made by both parties equally. That money was taken to buy the house. When one of the parties died they made the excess over $4,000 taxable as a gift. It does not seem reasonable.

I know in one succession duty office it was ruled that even if a wife does work she is supposed to honour and obey her husband and regardless of how hard she worked the moneys must be considered as the property of the husband and assessed entirely as part of his estate. Again, another succession duty office, in situations of this kind, follows the principle that this is true as far as people of Anglo-Saxon extraction are concerned but not as far as people of mid-European extraction are concerned because those people are supposed to work harder.

I wonder if you have any comment to make. I know it sounds a bit peculiar but I have gone into the matter very carefully and have every confidence in my informants. They are capable people and if the minister wishes I would be glad to produce these witnesses before the committee.

Mr. McENTYRE: I am afraid I am not familiar with this Rosehart case. It seems to me that if both parties contributed towards the money which was used to buy this house, it would be very difficult for the department to hold that there had been a gift of the wife's contribution—if in fact it was her money and she had earned it and put it into the house.

Mr. NESBITT: Now I am using the same estate as an example—I have the whole file here—because it brings out several of these points. These people worked very hard on this farm.

Mr. BYRNE: Did they own the farm themselves or were they working it for someone else?

Mr. NESBITT: They owned the farm themselves and built it up over a period of years, before they retired and bought the house at Tillsonbury. It was a very valuable farm. Tobacco farms often run to $100,000, dependent on the number of tobacco rights they have. In any event, in this particular case these were people who came from Europe and were not familiar with our ways. The husband thought the farm was in his name. Then he decided it should be put in his name and his wife's name jointly. The lawyer he went to apparently made a mistake and put it in a tenancy in common, in other words, the tenant had an undivided half interest. I have the lawyer's letter here saying that he had made a mistake, but that is not particularly relevant. When the farm was sold, when the Roseharts sold the farm, as is usual in this case, they received so much money, a small percentage, and took back a very large mortgage, as is the usual custom in these things. I believe the mortgage amounted to $57,000. They put the mortgage in their joint names and the husband, until such time as his wife died, dealt entirely with the mortgagor, he collected the interest on the mortgage and the payments made, put them in his own account, declared them in his income tax and paid income tax on them as returns from the mortgage. The fact the mortgage was in the joint names of himself and his wife was merely a question of convenience in case one died. The husband dealt entirely with the mortgage as if it were his own completely. He paid income tax on it and did everything else. Yet when the wife died it was held there was a gift tax payable on the half share she had had. It would seem to me, Mr. Chairman, that this again is a case for comment. I do not like using specific examples as we are supposed to discuss in this committee general

principles but sometimes you have to use these examples to show the general principles which are or are not being carried out. I wonder if Mr. McEntyre would have any comment to make on that situation?

Mr. McENTYRE: It appears to me that we have to go back to the time when they bought this farm and find out who put the money into the purchase of the farm.

Mr. NESBITT: I would point out that in this case the husband and wife worked equally hard.

Mr. BYRNE: Had they any children?

Mr. NESBITT: I do not know. Usually in this type of farm the husband and the wife—and children if there are any—all work equally hard and contribute to it by their work. I say that in this particular case the Roseharts had the property transferred and I think the objection of the department may have been in regard to the farm having been put into a tenancy in common rather than a joint tenancy, but that was a mistake. In any event the husband always treated it as his own and made returns of it on his income tax and the fact that it was a joint tenancy subsequently was merely a matter of convenience. I know these cases depend on the individual merits and it is very difficult to expect Mr. McEntyre to comment in general principles on an individual case, but I mention this case only because it illustrates the lack of uniformity amongst some of the officials in the offices outside of Ottawa in dealing with estates. I have no doubt you will probably look into this matter of the Rosehart case. In a broader sense, I would hope that some more definite rules could be laid down with the various offices as to what procedure they are to follow. I know it is a very confusing matter to lawyers and to tax people, accountants and so on, to know just what to do. This question of putting the property as a joint tenancy is the most confusing of all and I would be very glad if we could get some definite information from the minister as to what the minister's attitude is going to be. I do not suppose there is a lawyer in the province of Ontario—I do not know about elsewhere—who is sure, if he puts property in the joint names, whether or not it is going to be subject to gift tax —where it is over $8,000. The question also arises in the case of young people buying a house. I understand from the legal profession that among conveyancers the normal custom is to put the house in the joint names—although one only contributes. There is one general principle probably you could give us a decision on right here, that is, you could tell us whether or not, if properties are put in joint names in respect to husband and wife, they are going to be liable for tax or not. It would seem to me—I know this is a comment—there should not be gift tax, because eventually when the husband dies succession duty has to be paid anyway. If you could give us an indication of what decision the department makes in these cases, it would be helpful to many people not only in Ontario but also in Canada.

The CHAIRMAN: Would it be fair to say that if they charge a gift tax in respect to the house then they would not charge succession duty in regard to the same thing? As I understand it, probably they would charge one or the other and if they charged the gift tax it would avoid succession duty; or if they do not charge gift tax and regard the property as still the husband's then there would be a question of succession duty. I do not suppose the department tries to have it both ways.

Mr. McENTYRE: There are two separate statutes in this respect and the only place where the two tie together is in the case where they are assessing succession duties and gift tax has already been paid. There is provision that credit will be given against the succession duties for the gift tax paid. That is the only place where the two taxes tie together.

Mrs. FAIRCLOUGH: That is in a three year period?

Mr. MCENTYRE: I do not know how that works but there is a credit for the gift tax paid.

Mr. PALLETT: When do you consider that a gift *inter vivos* is part of the estate? How long before a man's or woman's death does it have to be made?

Mr. MCENTYRE: It is three years.

Mr. PALLETT: That is a statutory rule?

Mr. MCENTYRE: That is in the law.

Mr. KNIGHT: There is a statement by Mr. McEntyre which rather intrigued me. He said it would depend on whether this woman had some money of her own and if she had perhaps earned it and put it into the purchase of this joint property. Is the wife not considered to have made a contribution to the building up of the family estate? I mean, our friend has told us about the woman who did her share of the work on these tobacco farms. Of course, we have thousands of cases, and I am thinking now of the homesteaders out in the west, where the women probably made a greater contribution in the building up of the family estate than the husbands. I am wondering about that statement of Mr. McEnyre's. I am interested in the rights of women in this whole issue. I know this is a question that has been taken up by the Canadian committee on the status of women, and I have had some correspondence in respect to this question. I wonder if the minister, or you, sir, have received letters from them in regard to this whole question? They have three or four points at issue that they want to have laid before the government, or before this committee, or the appropriate place. I wonder if Mr. McEntyre would not like to revise that statement, or if it was a deliberate one, that these things depend on whether the woman had some money of her own which she had earned as wages, or in some other way, which she contributed. I am not a lawyer, and perhaps some of the lawyers here might straighten me out on this matter. Is the wife not granted credit for having built up this family estate during a period of 30 or 40 years. If that is not the case, and she is not allowed some credit, I think she should be.

The CHAIRMAN: Mr. Knight, I do not want to interfere with your questioning, but what you are getting at is—I think I know what you are referring to: it is a question of the wife and husband working together, and the husband passing away, the estate should be regarded as jointly held and it should not be regarded as being entirely his, in which case the succession duty has to be paid on the full amount. Where you have got a similar situation where the land is jointly held, as in the province of Quebec, a civil law province, it is jointly held and succession duty is only paid on half. That is a question of taxation policy, which would really be a matter for the Department of Finance.

I have been trying in my mind to decide the questions that have been directed by Mr. Nesbitt in regard to these matters he has brought up. I am inclined to think that they are getting into that field too. In other words the answer has been given that "We are following the law." Unless you can bring up a question which indicates that they have not followed the law, Mr. Nesbitt, you are getting into the same field as I have suggested Mr. Knight is. I do not want to cramp the committee in respect to their going into the question of administering the law, but it seems to me that we should be asking questions with regard to how the law is being administered.

Mr. ZAPLITNY: That point, Mr. Chairman, I imagine boils down to a correct interpretation of the law, and the regulations that they have under the law.

The question I would like to ask is: I would imagine that there are instructions issued to the various branch offices and officials as to the interpretation of the regulations, and as to how they should be interpreted where there is room for some doubt. Are those instructions, if there are such

instructions, available to the public or to the legal profession, or to people who have to deal with the opposite side of the question, so to speak? In other words, is it possible for lawyers and citizens to see the instructions which are given to the officials for the interpretation of the regulations, in order that they may be on the same level in approaching the question?

The CHAIRMAN: I think that is right; it is a matter of administration. That is why I thought that Mr. Nesbitt's questions were more or less in order, because he was trying to get at the administration of the law. But, to go into a question on the law along the lines of a philosophical argument, I think you are then getting into finance department questions.

Mr. KNIGHT: I grant you that my question perhaps had to do with policy rather than administration, but I felt that I was on good ground, and I was following along in those footsteps.

The CHAIRMAN: I was trying to draw a proper line here.

Mr. KNIGHT: There is one thing in this brief that I am not going to raise now, because Mr. Chairman has told me that this is not the right place, and I know that is correct; but there is one thing that is applicable, and I am going to quote about three lines from the brief of this particular organization in regard to double taxation. This is a matter that I think may be applicable to this committee. The statement reads: "That life interest or pension be not subject to succession duty as this results in double taxation, succession duty and income tax on the same money." Would that be within your jurisdiction—the resolution apparently that they had passed with respect to life interest or pension? I know something about double taxation on pensions, because I have a case of that myself.

The Minister of Finance has admitted fairly frankly that there was double taxation on money in regard to these pensions, but it was because of the difficulty of administration, and the difficulty of separating certain moneys, one from another. On that general point might I ask this: is a life interest or pension subject to succession duties? Does it undergo a double taxation being taxed as succession duty and as income tax? This is a situation that they would like to have clarified.

Mr. MCENTYRE: All these representations are presently being considered by our friends from the Department of Finance. They have consulted us to some extent as well, particularly in the drafting of a revised Dominion Succession Duty Act. I know those matters, those representations and resolutions that were passed by this Canadian Council of Wowen and by other organizations are being given every consideration by this group who are re-drafting the Dominion Succession Duty Act.

Mr. KNIGHT: So far as I am concerned, I think I have done my duty in raising it. I am pleased to hear that answer, that they are receiving consideration. That is what these people want.

The CHAIRMAN: Could you deal with Mr. Zaplitny's question, as to the instructions that are given in regard to the matter? Do you tell them to observe the act, or what?

Mr. MCENTYRE: We have no particular instructions dealing with these problems. The officers in the district offices who deal with succession duties, come to head office and receive a course of instructions here. They then gradually built up a list of precedents of various cases that they have had to deal with in the past. On the basis of these they learn what the act means and how it is to be applied to the great variety of circumstances that exist in each different case.

Mr. ZAPLITNY: Mr. Chairman, I was wondering whether or not there was a folio of instructions issued, as is being done in other departments of the government, where a definite folio of instructions is issued to the officials who

administer the regulations of the act, taking the regulations clause by clause on the basis of precedent and former decisions, and explaining to them just how the regulations should be applied? If there is such a document, my question is, and what I really want to find out is: are those instructions available to the general public, or are they treated as confidential material within the department?

Mr. McENTYRE: With respect to succession duties, we did have a booklet that was issued seven or eight years ago. I am afraid that that is out of date now. That was the last effort that we made in that way with respect to succession duties.

Mr. ZAPLITNY: Do I take it then, Mr. Chairman, that no definite instructions are issued in folio form to the officials, and any interpretation question that arises is treated individually and separately by the department?

Mr. McENTYRE: In respect to succession duties, the assessments are reviewed at head office before they are sent out, so that with one small staff dealing with all the assessments, it is possible to keep a reasonable amount of uniformity in regard to the treatment of various cases.

Mr. ZAPLITNY: Let me put the question in another way. Mr. Chairman, supposing that an ordinary average citizen who wished to inform himself as to the correct interpretation of the act, or the regulations, perhaps without even seeking legal advice were to write to the department to get that information, what would be sent to him? Would it be the act itself, or the act and the regulations, or would there be any other material which would be in the form of an explanation of the regulations themselves, or an interpretation of the regulations?

Mr. McENTYRE: The succession duty form, of course, is written in an explanatory fashion in order to give as many instructions as possible to the person that has to complete the form and send it in, on the death of some person. We have no information bulletin or anything of that kind that we issue to the public, since the bulletin that was issued, as I said, seven or eight years ago.

Mr. ZAPLITNY: I take it, Mr. Chairman, that if a person had a problem in connection with such a matter the only thing to do would be to take it up as an individual case and ask the officials of the department to explain to him how this would apply to that particular case—is that correct?

Mr. McENTYRE: I think that is right, sir.

Mrs. FAIRCLOUGH: I presume the booklet which has been referred to was one compiled for general distribution and not just for the officials of the department?

Mr. McENTYRE: That is right.

Mrs. FAIRCLOUGH: It was distributed to any who were interested in having a copy?

Mr. McENTYRE: Yes.

Mrs. FAIRCLOUGH: I hope I am not putting words into Mr. Zaplitny's mouth but I have a "hunch" that what he was trying to find out was wether the directives which go to the officials of the department were available to citizens —whether their contents were available.

Mr. ZAPLITNY: Not exactly—I was not really asking whether directives or instructions in connection with a particular case were available—

Mrs. FAIRCLOUGH: Oh no—general directives.

Mr. ZAPLITNY: I had in mind general instructions and directives dealing with the interpretation of the act. I want to make this clear: supposing the department is dealing with the case of a Mr. X and I inquired as to what

directives were received in connection with this particular case I would imagine that they would be regarded as confidential. I am asking about general instructions or directives dealing with the interpretation of the Act and of the regulations.

Hon. Mr. McCANN: Would that be, Mr. Zaplitny, where an executor was processing a case for an estate? I suggest this, from whatever experience I have had: we do not tax estates of a value less than $50,000. Estates of a higher value than that usually have the services of a lawyer or a trust company and they are pretty conversant with all the rules and regulations.

Mr. ZAPLITNY: If I were to comment on that I would say you were giving the lawyers a little more credit than is, probably, justified. There have been inquiries made by individuals who for one reason or another have not engaged a lawyer, and I have found from my own experience, when I have referred their particular cases to the department and received the different explanations, that they were explanations dealing with the specific questions raised and that they had nothing to do with the general question of interpretation. I understand that there are no general directives issued?

Mr. McENTYRE: No.

Mrs. FAIRCLOUGH: I am rather surprised at that last answer. Do you mean that there are no directives issued by the department to its officials? Surely they get directives all the time?

The CHAIRMAN: You are speaking about succession duty?

Mrs. FAIRCLOUGH: Succession duty and income tax law—general directives. I do not mean in the case of a particular person, let us say John Jones; I mean general directives. They are continually going out, are they not?

Mr. McENTYRE: That is right, but those deal only with income tax. These cases, however, are fully reviewed at head office before the assessments go out, and we therefore feel that it is not necessary to issue a guide of the type we do with regard to income tax.

Mr. NESBITT: So there are no general directives issued with respect to succession duty to the various offices throughout the country? Is that correct?

Mr. McENTYRE: Well, I suppose that if there were to be an amendment to the Succession Duty Act or something of that kind a letter would go out to the district officers explaining what it is intending to do, or something along those lines.

Mr. NESBITT: Is every estate reviewed at head office here in Ottawa?

Mr. McENTYRE: Every estate which is subject to succession duty is reviewed. Of course, we get returns from estates where the total value is less than $50,000—where it is a question of getting releases for transfer of the property and they are processed in the district office without reference to Ottawa. But all the estates which are subject to duty are review at head office.

Mr. NESBITT: But the actual processing is done at the district offices, and then the matter is forwarded to Ottawa for review, after which it is sent back—is that right?

Mr. McENTYRE: That is right.

Mr. NESBITT: Despite the fact that estates are reviewed at head office in order that the processing of them in the district offices might have some uniformity, there are no directives at all sent out to these district offices?

Mr. McENTYRE: No regular set of directives. From time to time instructions are sent out dealing with particular problems which have arisen; or if the work in the district offices shows that there is something lacking in any particular respect, then, perhaps, a letter would go out to say: "Be a little more careful with this type of thing, or that type of thing."

Mr. NESBITT: Some of these matters would be strictly within the knowledge of the officers in the local offices, would they not? For instance, this question of where the source of funds had arisen in respect to joint properties, or matters of that nature—it would be very difficult for anybody at head office to have that knowledge; that sort of information would be peculiarly within the knowledge of the people in the local offices and it would be very difficult, would it not, for head office to check the decisions which were made in the local offices with regard to sources of funds and so on?

Mr. MCENTYRE: With respect to joint property that information is given in the succession duty return. Particulars as to the ownership, or part ownership of property would have to be filled in, and presumably details would be provided by the executor of the estate as to the value of the property. If that information was not provided on the return, the district officer, in order to apply this section of the act, would have to ask: "What part of the value was contributed by the deceased and what part by the survivor?" Eventually that information would all be incorporated into the report which would come to head office for review.

Mr. NESBITT: I am very glad to know that all these cases are reviewed in head office because the general impression among the public is that the local office makes all these decisions. There are one or two other questions which I raised earlier, and I would like to know whether we could have a definite statement with regard to them. What is the rule governing joint property? Is there a general rule or is the question determined in each individual case where property between husband and wife is put in joint names—when it is not clear whether the wife has contributed anything or not?

Mr. MCENTYRE: I think that where property is transferred by the husband into the joint names of husband and wife there woull have to be an inquiry as to whether the wife had contributed anything towards the value of the property, and unless this were so the gift tax provisions would apply as in the case of a transfer of property from one person to another.

Mr. WHITE (*Middlesex East*): The onus of proof would seem to be on the wife that she had contributed anything, and it seems to me that she might not be able to prove that 20 or 30 years earlier, when she married, she had some money—

Mr. MCENTYRE: That is a question of fact and we have to try to get to the root of that as best we can.

Mr. WHITE (*Middlesex East*): She might not be able to prove it.

Mr. MCENTYRE: That is possible.

Mr. NESBITT: There is another question I had in mind, somewhat related to that, and it concerns the method of evaluation of properties with respect to succession duty. Members of the committee know that certain provinces have succession duty. In Ontario—the province with which I am most familiar—the evaluators for the purposes of federal succession duty may value a property at, say, $25,000 and the evaluator for the provincial government with respect to provincial succession duty may value the same property at $20,000 or $30,000, and vice versa. I realize that both branches of government are jealous of their prerogatives, and that there would be certain administrative difficulties in possibly working together to get a common valuation. The question I have in mind is this: has any attempt been made, or does Mr. McEntyre think that any scheme could be worked out in Ontario or in other provinces for succession duty purposes—a scheme of common valuation? It is very very difficult to explain to a layman on the street why one government should value property at one figure and another government value it at another figure. It is very difficult and it does not bring the governments, federal or provincial, into any better repute with the general public, to say that the federal government says

it is so much and the provincial government says it is so much more or less as the case may be. Could not some common system of valuation be worked out from a practical point of view? I realize the difficulties but would it not be possible to work out something in that way?

Hon. Mr. McCANN: Well, I think in the majority of cases the valuations are very much the same as between the provinces and the dominion. There are cases of course where we do not always accept the valuation that is put on by the province, and in that event we obtain the services of the best appraisers possible. It is not left to the appraisers entirely in our own offices, or at head office; but we seek the services of appraisers within the community. On all the factors that determine the value, such as the assessed value, the assessment, the appraised value—I mean the replacement value, and the sale value—we get the opinion of appraisers, and all these things have to be taken into account. There are instances where we find there is a difference between what we think the real value is and the value that is put on it by some province.

Mr. NESBITT: I realize that.

Hon. Mr. McCANN: You can see the difficulty of having a uniform valuation because why should we accept the value of the province or why should the province accept our value? It is the fair market value that we always seek.

Mr. NESBITT: I quite realize that. As the minister says there are a great many difficulties and I also realize that in the case of a great many assessments, probably with the majority of them, the valuations are the same; but in the case of those that are not—those are the causes of trouble and complaint from an ordinary citizen's point of view who does not realize the intricacy of these things. Might it not be possible to work out between the federal and provincial department some scheme whereby they use the same method of valuation, and possibly even the same valuators?

Hon. Mr. McCANN: We exchange information on these things all the time between the succession duty departments. Take Ontario and the federal department. They do not always agree with our valuation and sometimes they think we are a little low.

Mr. NESBITT: I quite realize that, and I was careful to point that out that I was not suggesting for a minute that the federal department always puts it higher. Sometimes the province values things higher. I know of one case where they did that; but could not some effort be made, possibly by the federal department, whereby some co-operation could be worked out between the provincial authorities for a common valuation both as to the method and as to the actual valuator himself, to be set up in certain districts? I think it would be to the advantage of all concerned if a common valuation could be reached. I realize that the province is equally jealous of its own rights, but could not some attempt be made to work that out?

Hon. Mr. McCANN: Well, some of the difficulties arise because of the fact that some of the provinces do not enjoy the tax agreement with respect to succession duties.

Mr. NESBITT: Those things are matters of high policy but here we are concerned more with administration. It would be more helpful to the average citizen if that could be done, but I take it that the practical difficulties are too great?

Hon. Mr. McCANN: They gradually will be worked out and we hope for some success when the act which follows the Succession Duty Act comes into effect. I am not telling you any secret when I say that it will be an estate tax rather than a succession duty. I think it is on the order paper or it will be there shortly.

Mr. NESBITT: There is just one other thing I want to mention in this regard: I mentioned earlier that I discussed a number of these problems—and while I am a lawyer myself, most of my practice of law before I came here had largely to do with court work rather than with estates; but I made careful enquiries in this regard from a member of the profession who deals almost exclusively with estates. I wonder if the minister might, some morning—perhaps I should ask the chairman—say at our next meeting; I know the committee has no power to call witnesses, but the committee might be interested for one morning to hear evidence by one or two people who deal constantly with the department, and then questions could be asked by members of the committee, let us say, one morning.

Hon. Mr. MCCANN: With reference to succession duty?

Mr. NESBITT: Yes.

Hon. Mr. MCCANN: I have no objection to that, but I suggest that in view of the fact that the Succession Duty Act will be up for review, or rather the estates tax, and it will likely be referred to a committee, that that probably would be a better place to call witnesses than before this committee on estimates. We would be getting outside our field should we deal with policy.

Mr. NESBITT: I realize that, but I think it would be interesting since this committee has to do with administration only and nothing to do with policy—if some of the administrative practices being done in some of these branch offices that I have been bringing up were examined. That it might be helpful for the future consideration of the act if in advance some of these situations are brought before the senior officials who may not be aware of them, and that it might be helpful if one or two witnesses came here. They would not be compelled to come, but invited to come, let us say, for one morning, so that we might hear them because I think it would be interesting to the committee as well as to the department.

Hon. Mr. MCCANN: That is up to the chairman of the committee. I am only one member.

The CHAIRMAN: You know that we decided not to call witnesses. You can ask questions in regard to departmental officials and ask them about their practice in regard to these matters, but quite obviously there would be a tendency, if we started to hear witnesses, to have disputes arise between witnesses and the department officials. That might arise and we are not in a position to decide things like that.

Mr. NESBITT: I know that we have no power to call witnesses and I merely suggest, possibly for our next meeting or for the one after—I do not want to prolong this committee—it would be to advantage to have witnesses—I would like to invite a witness and I have in mind Mr. Donald Gibson Q.C. of Tillsonburg who does a great deal of work in this respect. I received some of my information for the questions I asked this morning from him, and it might be that some other members of the committee might like to ask him others and after he had finished the members of the department might comment on his remarks. I really thought that it might be helpful for the department in the drafting of the act. I know it would not be compulsory, but I think that to hear from these people who deal with the act every day in connection with these things, some of which would not come to the attention of the minister nor to the attention of the senior officials of the department, might help the senior officials of the department in administering the department a little better. It might be of help if some of these suggestions and observations of the people who deal with these branch offices came to the attention of the committee. It might save time in the future when the estates act is referred to in the committee at a later time.

The CHAIRMAN: You can understand that if we had any particular lawyer here that he would deal with individual cases, and if we heard from one then there would be the question that we should hear from others. I do not think that the committee would want to start going into individual cases as to how they were handled by the department. I think that all they would be interested in is the practice of the department in respect to administering the law. I am sure that it would not be in order for us to hear from any individual about individual cases.

Hon. Mr. McCANN: It ought to be kept in mind also that any of these decisions with reference to succession duty are subject to appeal to the Exchequer Court.

Mr. NESBITT: Yes. The only purpose I had in suggesting this was not that we go into individual cases but I know, from what the minister said, in reference to some of the suggestions which I made, the inference was that—although there was no personal reflection on myself—some of the information I brought up possibly was not the truth. I would like to convince the minister and the committee that some of the difficulties which I have mentioned have arisen from time to time and I would like to invite the witness to come, say, for the session after next.

Mr. BYRNE: Mr. Chairman, as one very faithful representative in this committee, I do not propose to start listening to outside witnesses at this time. We had the argument time and again last year. I know we can always find some persons who would like to appear before this committee to show the department that they could run the department better than the department can itself. They can always appear before a committee when the matter of policy is being decided and when legislation is before that specific committee.

The CHAIRMAN: Even there they would want to hear from some organization like the Canadian Tax Foundation or some organization like that.

Mr. BYRNE: In these matters to which Mr. Nesbitt refers, I think that much of which he has put forward is not entirely without holes in it, so to speak.

Mr. NESBITT: Perhaps you could suggest one.

Mr. BYRNE: For instance, you suggest that a wife—now, I am not one to say that a wife should not enjoy 50 per cent of the value of any property that accrues during their lifetime or during their marriage, but because a woman works in the field every day instead of in the house producing children one should not say that that woman, who is the one producing the family, does not do just as much to create an estate as the one who works in the field; that is an argument that does not hold water.

Mr. WHITE (*Middlesex East*): What if she does both?

The CHAIRMAN: As I pointed out to Mr. Knight, this is a matter of taxation policy. I do not think we should start discussing it because there are many different opinions about that matter. It is not really within the terms of our reference.

Mr. NESBITT: I was trying to keep off the policy.

The CHAIRMAN: I do not think that there was any suggestion of disbelief of what you said, but merely that they said they would look into this particular case to see how it was handled. Anyway, we should not be in the position of trying to act as reviewers of the work of the department in any particular case, because we would be getting into a field into which we should not get. I allowed you to continue on because I thought that you should be able to ask questions as to what the position of the department is on this. But this gentleman could not add anything to that.

Mr. NESBITT: As the minister has suggested, when the estate act is referred, there will be witnesses called before that committee which will no doubt be helpful. But I merely suggested calling one of several witnesses—(I did not acquire all my information from one lawyer)—who deals constantly with the department and who could point out cases about which others are not so familiar. I hear things from people which they have ben told by the departmental officers and I think it is much better if it comes from these people themselves who have been told that, rather than have this information handed down by myself or any other member of the committee. However, if we are going to be given an opportunity to hear witnesses on a fairly broad scale at a future date, that is satisfactory.

Mr. ZAPLITNY: I have a question referring to this matter of evaluation of property. The statement has been made, in the case of an evaluation that does not suit the opinion of the owner, that he has the option of going to he Exchequer Court. Is there any interim step which he can take other than appealing to the Exchequer Court? For example, an evaluation is made by the appraiser and the owner of the property has reason to believe that it is a long way out; is there any appeal which he can make to the department before going to court?

Hon. Mr. MCCANN: Yes. We have at the head office what we call an appeal section of the department. He can make an appeal to that section.

Mr. ZAPLITNY: How is the question of evaluation arrived at? Does the department appoint an appraiser or evaluator who handles all the evaluations in that district, or do they seek the services of appraisers as individual cases come up.

Hon. Mr. MCCANN: As cases come up they are dealt with usually—always I would say—by a resident of the community who is conversant with values in that community. They take into consideration, as I said, the assessment in that particular community. An awful lot of the communities have a high assessment and others a low assessment. The community where I live has an assessment of 60 per cent of the real value. That is one; then, the value of adjacent properties in the community, the sale value of similar properties in that community; there are a lot of yardsticks which they use in order to arrive at a fair value of the property.

Mr. ZAPLITNY: I can understand that. I do some of this myself.

Hon. Mr. MCCANN: Take the city of Ottawa, for instance; they value property here on location for one thing; what it has cost, what it is worth per square foot or foot frontage, and the cubic contents of the building. They hit pretty accurately at what the value is with reference to recent sales.

Mr. ZAPLITNY: My quesion, Mr. Chairman, was—while I appreciate the information given—slightly different. I wanted to ask whether the actual job of appraising is a one-man job done by the firm appointed by the department, or is there any effort made to do it on a tribunal basis; that is, has the owner of the property any privilege in presenting his case to appeal? Does the assessor go in and do it entirely on his own without consulting with the owner?

Hon. Mr. MCCANN: No. The owner, or the executors, are consulted.

Mr. ZAPLITNY: Is it done on the basis of the appraiser being given the authority to express his opinion as to what the value is? There is no effort to do it on a tribunal basis?

Mr. MCENTYRE: What usually happens is that the estate will file a return and place a value on a particular piece of property and when our assessors have looked at the value placed on it and considered various factors they may agree that is a fair valuation or they may feel there is some other factor which which should be taken into consideration and that the value should be different.

In those cases they would usually get in touch with the estate representative and say: "You have placed a value of so much on this piece of property and we think it should be perhaps a different figure". It is quite open for the estate representative then to come into the office and discuss all the various circumstances relating to that piece of property with the man at the district office. Then, if he is not satisfied with that, he can go to head office and discuss it with the people here. Sometimes, the estate representative if it is important enough, will appoint what he would call an independent appraiser to give him a value. If the department is still not satisfied, the department may appoint an independent appraiser also to give an independent appraisal. As everyone knows it is very difficult to place a definite value on a piece of real estate and we might have three or four appraisers who all give a different valuation. Finally, by negotiating and arguing the circumstances backwards and forwards, it is possible to arrive at a figure which is more or less satisfactory to both the estate and the department. If they cannot arrive at that kind of settlement, then an assessment is issued and the estate can appeal to the Exchequer Court and let the Exchequer Court weigh the various factors and decide what the value should be.

Mr. ZAPLITNY: Perhaps a good test of the effectiveness of that method would be if statistics were available to show in how many cases appeals were made to the appeals division within the department, say in the last twelve months, and how many of those cases went to the Exchequer Court.

Hon. Mr. MCCANN: It is very much the same as it is with reference to expropriated property. You have seen a lot of examples of that here in Ottawa, where property is expropriated and people will not accept the value and it goes to the Exchequer Court and they put a value on it.

Mr. ZAPLITNY: There is a difference, of course, in principle, because in this case it is the department which is seeking to place a value for the purposes of taxation. However, if that information is not available immediately it can be brought in later.

Mr. MCENTYRE: All I have is the figure for the month of March. As at March 1, 1956, there were 60 succession duty appeals at various stages.

Mr. ZAPLITNY: For what period?

Mr. MCENTYRE: That is just the number outstanding on that date.

Mr. ZAPLITNY: That is not for any definite period, it is not a twelve month period? This is an accumulation?

Mr. MCENTYRE: Yes, it is an accumulation. During March there were six succession duty appeals filed to the minister and during the month of March there were two succession duty appeals disposed of at the district office level and there were two which were disposed of at the head office level, so at the end of March there were 62 appeals outstanding.

Mr. ZAPLITNY: Those are appeals to the appeals section of the department?

Mr. MCENTYRE: These are in all the various stages—appeals still within the jurisdiction of the district office, or of the head office, or before the courts.

Mr. ZAPLITNY: Have you any breakdown to show how many were before the courts as such?

Mr. MCENTYRE: Yes. Of the 62 outstanding at the end of March there were 19 that were within the juridiction of the Exchequer Court of Canada.

Mr. ZAPLITNY: You have no way of telling us for what period this accumulation is, whether for twelve months, two years or two months? Actually, those figures do not tell us much unless we know for what period the figures are. Have you any figure which would show what, on the average per year, would be the number of cases and how many appeals there would be on the average?

Mr. McENTYRE: This would include also questions of interpretation as well as valuation.

Mr. ZAPLITNY: In other words, they would be unsettled estates?

Mr. McENTYRE: Unsettled succession duty assessments of all kinds.

Mr. ZAPLITNY: In order to make these figures more meaningful, could you give us the percentage or proportion? For example, you have given the number of cases on appeal. Out of how many succession duty cases would those cases arise? What would be the total coming to the attention of the department as compared with the number of appeals?

The CHAIRMAN: The information is not available, but it can be obtained and given to the committee at the next meeting. Would you have it tomorrow morning, Mr. McEntyre?

Mr. McENTYRE: Yes, sir.

Mr. ZAPLITNY: In order to understand well what is being sought, perhaps I should put it this way. Let us take a twelve-month period and take the total number of succession duty cases coming to the attention of the department. How many of those were appealed at the district level, how many at the department level and how many at the Exchequer Court level? How many have been disposed of at a certain date and how many are outstanding? That will give us a sensible proportion.

Mrs. FAIRCLOUGH: I would like to have a discussion on the manner in which rental income is assessed when it becomes rental income from a trustee rather than rental income in the hands of the taxpayer directly. It is just a little over a year ago that the Minister of Finance announced that in future rental income would be treated as earned income. That has been the case with regard to that income in the hands of the taxpayer directly but when the rented properties are administered by an executor or trustee it appears that it has different treatment. I refer to the T-3 form, where under the surtax box there is a note which says:—

> Rental income from real property and income from a business or a farm operated by the executor or trustee are not subject to surtax in his hands.

However, I understand that the departmental practice definitely puts income from estates into the investment income category regardless whether the income has been derived in whole or in part from rental. I do not believe there is any actual basis in law for that practice and I am sure the minister will agree with me that over the years it has been the decision of courts in various cases that income does not change its character by passing through intermediate hands. Could the minister or his deputy give us some comments on that practice?

Mr. McENTYRE: The person who receives income may receive it as rents from properties which he owns or he may have an interest in an estate which either carries on a business or has income from rentals or income from investments; but in assessing the individual the Income Tax Act breaks these things down and there is a particular section which says that income from an estate is subject to tax—

Mrs. FAIRCLOUGH: You mean surtax, investment surtax?

Mr. McENTYRE:—subject to tax and to surtax, so that in assessing the individual on his income from all sources we must include this income from estates and trusts and then decide whether that is earned income or whether it is investment income. The opinion is that income from an estate is investment income. We do not look through the estate to see whether that income of the estate as distinct from the income of the individual was income from rentals or from carrying on a business.

Mrs. FAIRCLOUGH: Yes, but even supposing that the income from the estate was 100 per cent rental income, then if the total income within a given year passes entirely to the beneficiaries, you have the taxpayer in an anomalous position of paying surtax as investment income, on income which would be treated in the hands of the taxpayer himself as earned income. That is further shown in the fact, of course, that the 1955 T-1 form has no place for reporting income from estates or trustees other than as investment income.

I realize that this announcement made by the minister—was it a year ago in the budget of 1955, or 1954?

Hon. Mr. MCCANN: I think 1955.

Mrs. FAIRCLOUGH: 1955, and applied to 1955 income?

Hon. Mr. MCCANN: That is right.

Mrs. FAIRCLOUGH: I believe that was it. Time goes so quickly it is hard to remember just how long ago it happened. In my estimation this whole thing could be an oversight, but I suggest to the minister that he should confer with his colleagues with reference to having the same rule apply to rental income where it is in the hands of an executor or trustee, bearing in mind that in a good many cases, what the beneficiary or beneficiaries receive is 100 per cent rental income. As I said before, there are numerous cases that have passed through the courts in which the judgment has been that income does not change its character by reason of passing through intermediate hands.

Hon. Mr. MCCANN: It would be only with reference to the surtax.

Mrs. FAIRCLOUGH: Of course, that is the only place it does apply here. That is what I am talking about—the fact that if it is earned income in the hands of the taxpayers, it should be earned income, whether he gets it through an estate, through an executor or a trustee. Will the minister take that into consideration?

Hon. Mr. MCCANN: We will have to get the Department of Finance's opinion on it.

Mrs. FAIRCLOUGH: Yes. The minister is in a much better position than the members of this committee are to bring that to the level where it can be considered as a policy matter.

Hon. Mr. MCCANN: I will do that.

Mr. NESBITT: Just a few questions. One is—it is rather a simple little question—regarding medical receipts when people attach them to the income tax form. I understand those are retained permanently in the files of the department, is that correct?

Hon. Mr. MCCANN: That is correct.

Mr. NESBITT: Would it not be possible to have those things photostated and kept in the department, and the originals returned? Because, I have been informed on several occasions that there has been a question of people not having paid their medical bills, due to sloppy records, or something. If they wish to keep permanent receipts, would it not be possible in future to have those receipts photostated and kept so that they have a permanent record in the department, and the originals returned to the taxpayer?

Hon. Mr. MCCANN: Of course, it is possible. It is a lot more work.

Mr. MCENTYRE: It would be rather an expensive proposition. We do have occasional requests for medical receipts, in which case we usually either simply return the receipt, or if we feel we have to keep a record of it, we photostat it. But, that only occurs on the odd occasion. To set up an organization which would photostat these things and mail them out to the taxpayers, it seems to me that that would be an additional cost that would not be required for the majority of taxpayers.

Mr. NESBITT: Yes. Mr. Chairman, if the department is going to do that, that of course would be quite in order. I have a letter here from one of the officials of the department, in regard to a case where a man requested some medical receipts to be returned. Apparently he required them for some purpose. They refused to return them. I have the letter right here and I can read it. It reads as follows:

March 12, 1956.

Mr. Robert McKillop,
229 Graham street, Woodstock, Ontario.

Dear Sir:

Re: Medical receipts:

We have for reply your letter of March 9, 1956 in which you have asked for the return of medical receipts filed with your income tax return. The Income Tax Act, section 27-1(c) provides for the allowance of a deduction from income in respect to certain medical expenses if payment of the expenses is proven by filing receipts with the minister. A deduction was allowed from your income in respect to the receipts filed and the receipts must be retained in support of the allowance made.

Yours truly,
R. Collins,
for Director of Taxation.

Mr. MCENTYRE: I am surprised about that, because in the ordinary course if a taxpayer does want his receipts back we have been sending them back.

Mr. NESBITT: Possibly a directive can be sent out that in future that can be done.

There is one other question arising out of the situation that Mr. McEntyre told us about a moment ago. All succession duty files are scrutinized and checked at head office before they go back. How many estates in the last year, or the year before went through the departmental office? You may not have the information available now, but possibly for our next meeting you could have that information?

Hon. Mr. MCCANN: Yes, we could have that information for you at the next meeting.

Mr. NESBITT: And also how many officials are there in the department at the head office that go over those files? In other words, what I am trying to get at is, of course, the number of estates that each official would review each year.

Hon. Mr. MCCANN: I can get that information too.

Of course, one big estate might require more work than 50 little ones, one that involved a large amount of money.

Mrs. FAIRCLOUGH: Mr. Chairman, following up this matter of the return of medical receipts, it seems to me that once the return has been assessed, and it has been ascertained that the receipts actually have been filed, and there is a certificate of an officer of the department to the effect that the receipts actually were filed, the return of the receipts upon the request of a taxpayer would be in order, would it not? I mean, there is no reason in particular why the receipts would have to be there for any length of time?

Hon. Mr. MCCANN: No, but there are millions of these receipts.

Mrs. FAIRCLOUGH: I do not mean all of them, but just in the case of a request.

Hon. Mr. McCANN: Yes. Mr. McEntyre has said that we have been in the habit of sending them back. This must be an oversight in regard to this particular case.

Mrs. FAIRCLOUGH: Yes, because actually once they have been scrutinized the purpose has been served.

With regard to receipts, though, I am concerned about this matter of charitable donations. There are a great many rumours afloat to the effect that a person may claim $25 as donations without providing any receipts. I should follow that up by saying that I have had a good many people ask me if that is right, and can they do it, and I have invariably said "No". Now I find myself in the peculiar position of having a number of people tell me that they have done it, not once but repeatedly, and that their returns have been assessed and nothing has been said about it. It makes me feel like somewhat of a fool when I have been telling people that the law says that they must provide receipts, especially now that the rumour is growing that you can definitely claim $25 worth of charitable donations without proving them. I would be very much interested in knowing what the department's policy is in that regard.

Mr. McENTYRE: The policy certainly is, if a claim is made for charitable donations, that it must be supported by proper receipts. There is that principle of de minimis non curat lex. Occasionally you get into the question of a very small adjustment which requires you to write the taxpayer a letter and ask if he has the receipts for this amount of $5 or some small amount. When you think of the amount of tax involved, 20 per cent of $5 it may be only $1, so that we do overlook sometimes very small items that are not going to make any particular difference in the tax involved.

Mrs. FAIRCLOUGH: I can understand that point, because I know that those things do happen. I am talking about the impression that is abroad, and is growing, to the effect that you can claim $25 worth of charitable donations without receipts. I do not mind telling the committee, and I am sure Mr. Pallett will not mind, that Mr. Pallett was one of the people who said to me, "Do you know anything about this $25 donations for charitable purposes that you do not have to produce any receipts for?", and I said, "Do not let anybody kid you, it just is not true." To my consternation, last week when I was in Montreal, I had three young women tell me that they had done just that, they had done it for two or three years and their returns had gone through. They said they had been able to claim the benefit of those contributions and they had filed no receipts at all. Once a thing like that gets going, particularly in a large office, everybody in that office will claim $25 worth of charitable donations. My point is, is it right or is it wrong, and if it is wrong, let everybody be treated alike, because I have always had to support my charitable donations with receipts, and my clients have had to do likewise. I would hate to be placed in the position of having people say, "If I take my work to John Pallett he will put through $25 worth of charitable donations for me".

Hon. Mr. McCANN: I am glad you brought this to our attention because we will sharpen up with regard to it and see that it does not continue. It is certainly not the policy of the department to allow any deduction for charity donations unless they are supported by actual receipts.

Mr. ZAPLITNY: Would it not be the case that with regard to many tax returns that the item dealing with charitable donations does not affect the actual assessment because other factors have already made that person ineligible for income tax? In cases like that the presence or absence of receipts makes no difference one way or the other.

Mrs. FAIRCLOUGH: I am not thinking about people who are not subject to taxation. These people were definitely liable for tax.

I have very strong views on the matter of allowable deductions and I think there are a great many things that should be allowed but which are not allowed. However, I believe that when you do have anything set out as clearly as the charitable deductions regulations it is a little disconcerting to find, when you take the view that the letter of the law must be followed, that there are people who can prove to you that when they have not followed the letter of the law they have benefited personally; it is a little "hard to take" when it affects your own practice.

Hon. Mr. McCANN: Perhaps we are depending too much on people's honesty.

Mrs. FAIRCLOUGH: That may be. I did not think it was the policy of the department. It is certainly not the policy in other respects. Apparently this practice has made some headway in the vicinity of Montreal; I do not know whether it has done so in other parts of the province of Quebec, but certainly it has made a little headway in lower Ontario, in the district around the Niagara Peninsula, where people have been successful in claiming deductions unsupported by vouchers.

Mr. ZAPLITNY: What method is used, Mr. Chairman, to inform the public as to what are, properly speaking, charitable donations? A great number of organizations appeal for funds during the year and quite often the question is asked: is this, properly speaking, a charitable donation within the meaning of the act? I do not know how precisely this matter is defined in the regulations—I have not looked at them recently—but is there any way by which the public is kept informed as to what can be considered a charitable organization within the meaning of the act?

Hon. Mr. McCANN: When campaigns are organized for educational and charitable purposes those in charge usually write to the department; we have a form which they fill out, and it is then determined by the department whether or not they may put out a statement to the effect that contributions to the particular fund are allowable for deduction as a charitable donation. The other way would be for people to apply for information individually. I do not think there is much lack of information on this subject because we deal with a lot of applications asking that contributions should be allowed for deduction. Suppose it is a case of a skating rink or of a community hall; as long as the property is a non-earning property a donation would be eligible as a donation to a charitable organization.

Mr. ZAPLITNY: But it is not necessary in every case for the organization concerned to obtain permission or clearance from the department in order to become eligible?

Hon. Mr. McCANN: If it is definitely to a charity it is known; if it is to a hospital, it is known. If it is some type of organization that is being set up as a community effort, those responsible get a form which they fill in; this goes before the proper officials of the department and they would reply to the effect that donations to that particular objective might be claimed as charitable donations. Then, when people make contributions, they claim accordingly and send the receipt along in order to secure the deduction.

Mr. ZAPLITNY: Supposing a taxpayer has made a donation to an organization in his community which has not attempted to obtain clearance or permission to declare itself a charitable organization from your department. Does that mean that the donation is not allowed to rank for deduction?

Hon. Mr. McCANN: It is not allowed.

Mr. ZAPLITNY: Every organization, in other words, has to appear on the list of the department's agreed charitable organizations?

Hon. Mr. McCANN: Not exactly, unless it is well known; if it is a particular one which is a borderline case. If you make a donation to the hospital in your community, to the church in your community or to the school in your community it is well known that these are contributions to charitable organizations; educational institutions are regarded as eligible for that deduction.

Mr. POWER (*St. John's West*): In any case, Mr. Minister, whether an organization has got the "say so" from the department or not this is a matter between the taxpayer and the department and a decision is made in each case as to whether donations have been made to a charitable organization or not?

Hon. Mr. McCANN: That is right.

Mr. POWER: Even if the organization to which the donation is made has taken no steps with respect to contacting the department?

Hon. Mr. McCANN: No, there are no requirements for approval there.

Mr. POWER: In each case the taxpayer says: "I gave so many dollars to a particular organization" and the assessor decides whether that contribution is deductable or not?

Hon. Mr. McCANN: That is right.

The CHAIRMAN: Can we go on to item 290 now?

Mr. PALLETT: I have one or two questions, Mr. Chairman. How about capitalization for valuation of life income for purpose of succession duty? What is the basis of that capitalization?

Mr. McENTYRE: There is a regulation which sets up the rate of interest and life expectancy—a table of life expectancy is part of the law, and it is used for that purpose.

Mr. PALLETT: Do you have any arrangement whereby the tax may be paid from income?

Mr. McENTYRE: There is a provision in the present act which provides that the duty with respect to a life interest can be spread over four years, I think it is.

Mr. PALLETT: What do you charge on the unpaid balance? Is there any interest charged on the unpaid balance?

Mr. McENTYRE: The general rate of interest charged under the Succession Duty Act is 5 per cent. I do not think that applies to cases where people take advantage of this four year spreadover; the interest only applies from the date on which the instalment is due.

Mr. PALLETT: I see.

Mr. McENTYRE: That is in section 29 of the act.

Mr. PALLETT: I was rather interested to hear the minister's explanation of the evaluation of real estate for succession duty purposes. I would suggest that perhaps he might get together with valuers working on behalf of the Canadian Farm Loan Board because there would appear to be a marked difference between evaluation of real estate—in so far as it affects farmers, at least—when a government agency is considering lending money and when a government department is collecting it. I just point that out, now.

Hon. Mr. McCANN: Do you think that there is a big variation?

Mr. PALLETT: I think there would be, today. At one time this might not have been the case, but I think that today there would be a marked variation between the two processes; I think the farm loan evaluation would be considerably lower than the market value today.

Hon. Mr. McCANN: We have regard to the fair market value; we are not out to "blow these things up" at all. If someone puts into a statement of assets a value in respect of a farm or house which is known to be way out of line as compared with the values of similar property in the same neighbourhood we would not be carrying out our duty if we did not look into the matter.

Mr. PALLETT: I am not quarrelling with that. The valuers for the Canadian Farm Loan Board base their assessment on the productive capacity of the farm which would, I think, be lower than the market value—

Hon. Mr. McCANN: A lot would depend on the ability of the farmer himself; one farmer might make a good living and secure a good financial result while another might make nothing.

Mr. PALLETT: I think that is all.

The CHAIRMAN: We will pass on to item 290.

Mrs. FAIRCLOUGH: You are leaving item 289 open, I take it?

The CHAIRMAN: Yes. Are there any questions on item 290? If there are any questions I point out to the committee that our time for today is up. We will call item 290 the first thing tomorrow morning at 10.30. We will start with that item, and meet tomorrow at 10.30 a.m. in this room.

The committee adjourned.

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 20

TUESDAY, MAY 29, 1956

DEPARTMENT OF NATIONAL REVENUE

Hon. J. J. McCann, Minister of National Revenue; Mr. J. G. McEntyre, Deputy Minister of National Revenue for Taxation; Mr. D. H. Sheppard, Assistant Deputy Minister; Mr. M. F. Sprott, Assistant Director of Administration; Mr. D. R. Pook, Supervisor, Finances and Service Section, Assessment Branch; and Mr. A. V. Neil, Supervisor, Miscellaneous Section, Assessment Branch.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

75024—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,
and Messrs.

Beaudry
Byrne
Deschatelets
Dupuis
Enfield
Fairclough (Mrs.)
Gauthier (*Nickel Belt*)
Henry
Knight
Macnaughton
McCann
McLeod
McWilliam
Meunier
Monteith
Nesbitt
Pallett
Power (*St. John's West*)
Purdy
Thatcher
Viau
White (*Middlesex-East*)
White (*Waterloo-South*)
Yuill
Zaplitny

E. W. Innes,
Clerk of the Committee.

REPORT TO THE HOUSE

TUESDAY, May 29, 1956.

The Special Committee on Estimates begs leave to present the following as its

FOURTH REPORT

Your Committee has considered and approved items numbered 285 to 291 inclusive, listed in the Main Estimates 1956-57 relating to the Department of National Revenue, referred to it by the House on March 2, 1956.

A copy of the Proceedings of the Committee in respect thereof is appended.

Respectfully submitted,

WALTER A. TUCKER,
Chairman.

75024—1½

MINUTES OF PROCEEDINGS

TUESDAY, May 29, 1956.
(36)

The Special Committee on Estimates met at 10.40 a.m. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Mrs. Fairclough and Messrs. Deschatelets, Henry, Knight, Macnaughton, McCann, McLeod, McWilliams, Monteith, Pallett, Power (*St. John's West*), Purdy, Thatcher, Tucker, Viau, White (*Middlesex East*), White (*Waterloo South*) and Yuill.

In attendance: From the Department of National Revenue: Mr. J. G. McEntyre, Deputy Minister of National Revenue for Taxation; Mr. D. H. Sheppard, Assistant Deputy Minister; Mr. M. F. Sprott, Assistant Director of Administration; Mr. D. R. Pook, Supervisor, Finances and Service Section, Assessment Branch; and Mr. A. V. Neil, Supervisor, Miscellaneous Section, Assessment Branch.

The Committee resumed consideration of the Main Estimates 1956-57 relating to the Department of National Revenue, the Minister and his officials supplying information thereon.

Item numbered 290—District Offices, Taxation Division—was considered and approved.

Item numbered 291—Administration Expenses of Income Tax Appeal Board—was considered and approved.

The Committee reverted to item numbered 289. The Minister supplied information requested at previous meetings and was further questioned. The item was approved.

Item numbered 285—General Administration, Customs and Excise Division, was further considered and approved.

The Committee, *in camera*, considered a draft "Report to the House".

On motion of Mr. White (*Waterloo South*), seconded by Mr. Deschatelets,

Resolved,—That the "Report" be adopted, and that the Chairman present it to the House.

At 12.20 p.m., the Committee adjourned until 10.30 a.m. Thursday, May 31.

E. W. Innes,
Clerk of the Committee.

PROCEEDINGS

MAY 29, 1956.
10.30 A.M.

The CHAIRMAN: Order, gentlemen, we have a quorum. We are on item 290.

Taxation Division—
290. District Offices, $24,835,694.

Mr. MONTEITH: Did we finish item 289, Mr. Chairman?

The CHAIRMAN: We did not pass it. We went on to take up 290 with the idea of coming back to 289 to clear it up afterwards.

Hon. JAMES J. MCCANN (*Minister of National Revenue*): Mr. Chairman I have here a return with reference to succession duty statistics requested by the Estimates Committee. I think it was Mr. Nesbitt who asked for this information. Would you sooner we wait until he comes?

Mr. MONTEITH: Yes, if you would not mind.

Hon. Mr. MCCANN: We will leave it until he comes, and proceed with something else, in case he wants to ask more questions about it.

The CHAIRMAN: The details of item 290 appear at page 391. Are there any questions in regard to that item?

Mr. MONTEITH: I notice the number of special investigators, and this is on page 392 actually—the number of special investigators seems to have increased. Do you find that department more and more necessary as time goes on?

Hon. Mr. MCCANN: I think we might say yes, but not only necessary, advantageous.

Mr. MONTEITH: I can believe that, yes. Do most of the men in the special investigations department come up through the ranks, more or less?

Hon. Mr. MCCANN: Yes. That is the usual way.

Mr. MONTEITH: It is just a small item. What dates are the student assistants seasonally employed as a rule? Would it be during the summer?

Hon. Mr. MCCANN: The summer months, yes. We try to get them at the end of April so that we will have them when the big volumn of returns are coming in.

Mr. MONTEITH: Do you hire these people with the idea of eventually keeping them in the department, and giving them some training?

Hon. Mr. MCCANN: We always have that in mind. If they like the work, we usually have room for those who prove themselves to be adapted to that type of work.

Mr. MONTEITH: In respect of the seasonal assistance in the amount of $600,000-odd, you would employ quite a few of those people out around the district offices, mostly, I presume. There would not be many of those employed in the head office?

Hon. Mr. MCCANN: No, mostly in the district offices.

Mr. MONTEITH: What would that season be; just the first part of the year?

Mr. J. GEAR MCENTYRE (*Deputy Minister, Taxation*): From about the beginning of March through April and May. Just about three months, we figure.

Mr. MONTEITH: Do you have any difficulty getting these seasonal employees?

Mr. MCENTYRE: Not in the majority of the locations.

Mr. MONTEITH: Are they the kind of people who have been pensioned from other jobs and that sort of thing, who have some qualifications; or might they be young people?

Mr. MCENTYRE: They are young people. We get a list from the Civil Service Commission of people prepared to take on that kind of seasonal work, and we take them right off the Civil Service Commission's list.

Mr. MONTEITH: I notice the cost of armoured car services is up $10,000. Are you providing armoured car services in some extra localities?

Mr. MCENTYRE: No, I think that is the increase in the charge they are now making.

Mr. MONTEITH: Is it sort of a contract with them?

Hon. Mr. MCCANN: We use the Brinks people. It is perhaps the extra charge too; but we find that since that big robbery it is more important to use that or a similar service.

Mr. MONTEITH: The commissionaire services is up $20,000, from $65,000 to $85,000. What is that exactly?

Hon. Mr. MCCANN: That is due to the increase in salary that has been given to the commissionaires.

Mr. MCENTYRE: Also, the Royal Canadan Mounted Police are not looking after some of the buildings the way they did. They have given up that service.

Hon. Mr. MCCANN: The Royal Canadian Mounted Police have given up some of the services that they used to render in protecting the buildings, and as a result of that we have had to employ more commissionaires.

Mr. MONTEITH: The law costs are up $30,000.

Hon. Mr. MCCANN: That is an increase in fees, I think.

Mr. MONTEITH: I beg your pardon?

Hon. Mr. MCCANN: That is an increase in the fees, I think.

Mr. MONTEITH: I was wondering, do you use outside lawyers most of the time with regard to this? You do not use your own departmental lawyers to plead your cases?

Hon. Mr. MCCANN: Oh, yes, we do sometimes. Take in the case of the Income Tax Appeal Board, we use our own lawyers mostly and they plead the cases, but for National Revenue a lot of outside lawyers are used.

Mr. MONTEITH: This might then cover cases where the department has taken a case to court, and may have nothing to do with the Income Tax Appeal Board, but you sue somebody, and so on, and you hire a lawyer in a certain locality to look after it for you?

Hon. Mr. MCCANN: That is right.

Mr. PALLETT: How many lawyers are actually represented in that figure of $170,000? Are you able to tell us that?

Mr. MCENTYRE: We have to engage legal agents through the Department of Justice in various locations, depending upon the work that has to be done there, so I do not think there is any fixed number.

Mr. PALLETT: That seems like quite a large amount for one department to be paying out in legal fees in respect of lawyers outside of the departmental staff, and I was just wondering how many lawyers are participating in that $170,000. I think it is information that would be useful to the committee.

Hon. Mr. MCCANN: There was a question asking for a report showing how many lawyers were engaged by government departments and the amount paid to them by way of legal fees during the fiscal years 1953-54, and 1954-55. We answered our part of it this way: we made a report in so far as the taxation division of the Department of National Revenue is concerned. There are 5½ pages giving a total of about 350 to 400 lawyers from one end of the country to the other.

Mr. PALLETT: And the average would be about $500 each?

Hon. Mr. MCCANN: The fees run all the way from $42 to $1,450. Then, Browne and Harvey of Prince Rupert, $2,400; Mr. Carson of Toronto was paid $12,000. That was the Anaconda case, and it was a result of the decision we got there that we collected $700,000 or $800,000 extra in taxes. I do not know whether that enters into consideration, but the fees for the main part are small—$31, $61, $160, $137, $949. There are no more that run into as large a figure as the one I gave you there.

Mr. MONTEITH: I am thinking of the $39 fee, or $42 fee, or some of the smaller items. Somebody does not file a tax return and you prosecute him. What is your procedure? Do the Royal Canadian Mounted Police eventually take over your case? Do you have any legal fees attached to an instance such as that?

Mr. MCENTYRE: We have an agreement worked out with the Royal Canadian Mounted Police whereby our prosecutions in most cases are handled by them, but in certain places the local courts insist that we be represented by a legal agent, and in some of those places we have to hire a lawyer to look after those cases for us.

Mrs. FAIRCLOUGH: How much was actually expended for legal fees for last year, or has that already been answered?

Hon. Mr. MCCANN: The law costs that we asked for were $170,000, were they not?

Mrs. FAIRCLOUGH: That is for this year?

Hon. Mr. MCCANN: That is everything.

Mrs. FAIRCLOUGH: No, no. How much was actually expended?

Hon. Mr. MCCANN: For the year?

Mrs. FAIRCLOUGH: Yes, for the year just ended.

Hon. Mr. MCCANN: In 1954-55 it was $152,835, and we forecast $160,000 will be spent in—

Mrs. FAIRCLOUGH: No, you forecast $140,000. Oh, that is 1954-55. I wanted 1955-56.

Hon. Mr. MCCANN: For 1955-56 the forecast is $160,000.

Mrs. FAIRCLOUGH: $140,000.

Mr. VIAU: $160,000.

Mr. MONTEITH: Where is that?

Mrs. FAIRCLOUGH: It is $140,000.

Mr. MONTEITH: $140,000 on page 393.

Hon. Mr. MCCANN: I think probably when it went through treasury board it was cut down a bit.

Mrs. FAIRCLOUGH: What I am trying to get at is the relationship between the appropriation and the amount actually expended. What did you tell me the amount actually expended was?

Hon. Mr. McCANN: The actual expenditure for 1954-55 was $152,835.

Mrs. FAIRCLOUGH: For 1955-56?

Hon. Mr. McCANN: We have not got the actual, but we have forecast it at $160,000.

Mrs. FAIRCLOUGH: Yes, $160,000.

Hon. Mr. McCANN: Yes.

The CHAIRMAN: Is that carried?

Hon. Mr. McCANN: I might say there is a little note here: "That provides for the cost of sheriffs' and bailiffs' fees and witness fees and fees of legal agents employed by the division in proceedings instituted to enforce the payment of overdue taxes in compliance with other requirements of the act. Also when prosecutions in view of breaches of the act are dismissed or when the decisions do not direct that the costs be paid by the defendants they are chargeable to the division."

Mrs. FAIRCLOUGH: Mr. Chairman, it seems to me that in respect of an item such as this you cannot actually gauge how much you are going to need. You can with regard to salaries, and you can with regard to supplies and so on, but you do not know many cases you are going to have to take to court. What I was trying to find out is, how do you arrive at the amount to put in your estimates? I presume you take what you expended last year and add to it?

Hon. Mr. McCANN: Yes, we make provision for the gradual increase in prosecutions, and with the understanding that law costs will continue to increase at the same rate from 1956-57, the estimate for law costs for that period has been estimated at $170,000. Now, if it appears less it was because it was cut down. This was the estimate that went before treasury board in the fall, and it was made up last November.

Mr. MONTEITH: Are any costs recovered?

Mr. McENTYRE: Certainly.

Mr. MONTEITH: Where do they appear?

Hon. Mr. McCANN: I do not know that. We know the amount of our receipts. They are turned into the consolidated revenue fund.

Mr. MONTEITH: They go directly into the consolidated revenue fund?

Hon. Mr. McCANN: Yes.

Mr. MONTEITH: Have you any idea how much that would be?

Hon. Mr. McCANN: I do not know that.

Mr. MONTEITH: I beg your pardon?

Hon. Mr. McCANN: I cannot answer that, but I presume we can get that figure.

Mr. McENTYRE: They are not used to offset the expense on the estimates.

Hon. Mr. McCANN: They go in as revenue, and they are turned into the consolidated revenue fund, but not as an offset against what we spent.

Mr. PALLETT: It might be an interesting figure, sir, for your own information, to say exactly what the net cost to the department is of collecting these taxes. It certainly would be useful to the committee to have that figure if it could be obtained from some source.

Hon. Mr. McCANN: We can find that out. It may take a little while.

Mr. MONTEITH: I do not know whether this is the spot or not to bring this up, but I want to ask a question with regard to item 289.

The CHAIRMAN: We might as well finish with this one and carry it and then go back.

Mr. MONTEITH: It is a general question more or less.

The CHAIRMAN: Yes.

Mr. MONTEITH: All right.

The CHAIRMAN: Any further questions on item 290?

Mr. MCLEOD: In connection with the over-all cost of taxes, and I presume this is the place you can answer this, a few days ago there was a reply made to a question that was asked in the house wherein you presented a table of the total of income and succession duty taxes, and the total cost by provinces. I notice that in the prairie provinces, for instance Saskatchewan the total collections were just about half of what they were in the province of Manitoba, and yet it cost some $70,500 more to collect them. What would be a reasonable explanation for that? Are there more offices maintained in Saskatchewan, or did it take more legal work?

Hon. Mr. MCCANN: One of the reasons is the fact that we have two district offices in Saskatchewan, one in Saskatoon and one in Regina, and we have only the one office in Manitoba, located in Winnipeg.

Mr. MCLEOD: It would appear from that, then, that you locate your offices with the main consideration being that of providing service to the taxpayers for their convenience.

Hon. Mr. MCCANN: That is the idea. There are lots of small offices where the amount collected is not comparable to the amount collected in the large offices, but they are maintained to provide service for the public. We feel that we should have those offices there.

We have a very interesting book which we put out and of which I think all the members of the committee should avail themselves. It is a compilation of tax statistics for 1955. Table I is the annual collections and costs of the taxation division. We find that it gives the income tax, excess profits tax and succession duty and the total cost of collections for the year. Now, last year, 1956 we collected $2,498,000,000. The cost has not been extended, but in the year 1955 the cost of collecting $100 was 1.05.

Mr. MCLEOD: Yes. I worked that all out on a percentage basis from those figures you gave and that is just about what I had, 1·05 per cent which was your over-all national cost.

Mr. MONTEITH: By the way, is that made up on a calendar year or fiscal year basis?

Hon. Mr. MCCANN: Fiscal year.

Mr. MONTEITH: Is that the 31st of March, 1955?

Hon. Mr. MCCANN: Yes.

Mr. MONTEITH: That booklet will have been distributed, I presume, by now?

Hon. Mr. MCCANN: Oh, yes, it has. We do not make a general distribution of it, because, you can understand, these books are costly. For people who are interested we always have copies for them, and I think each year I table one of these. However, any members who want a copy of this can just call at my office and I will be very glad to give you one.

The CHAIRMAN: Carried.

Item agreed to.

The CHAIRMAN: Now we go on to Income Tax Appeal Board and deal with that and then will come back to the general item. I suppose that would be the best way.

Income Tax Appeal Board

291—Administration Expenses, $80,580.

Mr. MONTEITH: There is only one question I would like to ask, Mr. Chairman. Apparently you have the same employees holding the same positions as in the previous year and so on, but you have actually estimated that the salaries are down $210. I was wondering why that is, because salaries have been going up as far as I can see.

Hon. Mr. MCCANN: There was one less stenographer, I think.

Mrs. FAIRCLOUGH: No.

Mr. MONTEITH: No, it is the same number. As Mrs. Fairclough says, it is probably due to the fact that some person took over a job that was previously held by another party at a lesser rate for the time being.

Hon. Mr. MCCANN: No, I hardly think that would be the reason.

Mr. MCENTYRE: When we replace a stenographer the new stenographer would start at the bottom of the grade.

The CHAIRMAN: Carried.

Item agreed to.

The CHAIRMAN: Now we go back to the general item—289.

Hon. Mr. MCCANN: Excuse me, but I think perhaps Mr. Nesbitt may not be coming, and I think I had better put this information on the record.

Succession duty statistics requested by Estimates Committee.

1. Number of dutiable returns dealt with annually.

There were 5,005 dutiable returns assessed during the latest fiscal year and 4,776 returns in the previous fiscal year. In the latest fiscal year, these returns were comprised of 2,901 returns filed in the district offices by residents of Canada. These returns were assessed in the district offices and reviewed at head office. In addition, there were 2,104 returns filed by non-residents of Canada. These returns are filed directly at head office and are both assessed and reviewed at head office.

You see the distinction there is that if they are non-residents they come to the head office at Ottawa, and if they are residents they go into the district offices. The non-residents do not pass through the district offices.

There are six persons engaged at head office in reviewing the succession duty assessments submitted by the district offices. This figure includes the chief assessor.

2. Appeals.

During the latest fiscal year, 59 assessments were appealed. 52 appeals were disposed of by head office and one was disposed of by the Exchequer Court. No succession duty appeals are disposed of in the district offices.

The CHAIRMAN: In regard to the question asked about receipts of fines and forfeitures in the year ending March 31, 1955, I find that the fines and forfeitures brought in $604,186. The law cost receipts were $238,236. You will find that in the public accounts at page Q-50.

Mr. MONTEITH: Is that for income taxation division only?

The CHAIRMAN: Yes.

Mrs. FAIRCLOUGH: It will be for everything within the division no matter what the money is expended on?

The CHAIRMAN: You were asking for the receipts in the taxation division.

Mr. MONTEITH: Would you mind reading the designation?

The CHAIRMAN: Non-tax Revenue (0) is Miscellaneous, Fines and Forfeitures $604,186, Law Costs, $238,236 and Sundries $3,838. So the fines and the costs together amounted to over $842,000.

Are there any other questions on this general item?

Mr. MONTEITH: I would like to take up one item again Mr. Chairman. I do not know whether a question has been asked on this, particularly, but I must admit that in some instances at least I do not like the way in which certain investigators of the department come into farmers' places presumably to take a net worth statement. We all have discussed this before but I would like if Mr. McEntyre or someone could give the committee some idea as to just what the procedure is if an investigator goes into a farm. The man is taxable—I am not asking about that at all—but what is the procedure followed, supposing an investigator goes in to take net worth statement over three years. six years, or whatever it might be?

Mr. MCENTYRE: The assessor, when he goes to visit a taxpayer, would have with him of course, an income tax return filled in by the taxpayer.

Mr. MONTEITH: If one had been filled in.

Mr. MCENTYRE: Well, of course, as soon as we think an individual is taxable, if a return has not been filled in we would ask for the return; so in most cases there is a return. The assessor would have the return with him and then he would try to check the figures shown on the return with whatever books of accounts and so on the taxpayer might have, and where he finds a taxpayer does not have any records and is not able to indicate the sources of the figures on the return the assessor would have to use some other method of evaluating the correctness of those figures, and he would probably fall back on the net worth basis. We do not like the net worth basis; we do not think it necessarily brings out the true income, but failing any other method of approaching the problem that is the only step that can be taken. Thus, an assessor would say: one way in which we could tell what your income is would be to find out whether you have secured any increase in your worth, and what has been your cost of living. The two, taken together, would show, approximately, what was your income for the year. The assessor would then ask the taxpayer whether he had added to his equipment during the year, whether he had saved any money, whether his bank account had increased. and information with regard to any other items which would show a general increase in worth. Then he would say: we have to figure out what you have spent during the year for your personal living expenses. The assessor usually has a sheet of paper which he uses to remind him of all the various types of expenditure that there are—rent, insurance, automobile expenses and so on, and he would go through this list with the taxpayer and try to arrive at some approximation of the money that had been spent on personal living expenditure, and using these two items he would arrive at an approximation of what the man's income for the year was, so that we could verify the figure shown on the return.

Mr. MONTEITH: Have you any idea how many of your investigators who go out on this sort of job have ever had any farming experience?

Mr. MCENTYRE: I do not know if we have any information on that; we have it somewhere. Some of them are graduates of farm colleges, and others have had practical experience in farming.

Mr. MONTEITH: You cannot give us any figure at all? My own experience would lead me to believe that very few of them have ever been on a farm before, or know what this is all about. They do not seem to know just what a farmer does spend in a year. It occurs to me that a good many of these assessors do not know how a farm operates.

Mr. MCENTYRE: I know that some of our senior officials have had farming experience—the head of our assessment branch in head office was brought up on a farm out west. I think it is true to say that within our organization we have people who know about farming and who have had farm experience while some, as I said just now, have been to farm colleges.

Mr. MONTEITH: All right, your senior officials undoubtedly know what it is all about, but these investigators who come out and scare the daylights out of farmers—I do not believe many of them know what goes on on a farm. Where do the R.C.M.P. come in?

Mr. MCENTYRE: The investigation is all done by officials of the taxation division.

Mr. MONTEITH: Then when does the R.C.M.P. enter the picture?

Mr. MCENTYRE: The R.C.M.P. has an arrangement with us to handle some of our court cases for prosecution in respect of failure to file returns, and where there is a fraud case and we get an order from the Exchequer Court to make a seizure of documents the R.C.M.P. would go along with our investigators in order to keep the peace. In that case the R.C.M.P. officers are not entitled to do any of the searching; they are simply there to keep order. The search would be done by income tax officers.

Mr. MONTEITH: Would a previous attempt at a search have been made before the R.C.M.P. went along?

Mr. MCENTYRE: There is only one procedure under the Income Tax Act with regar dto a search. It requires an order from the judge of the Exchequer Court, and I do not know what you mean by a "previous search".

Mr. MONTEITH: I see what you mean. Let us put it this way: an investigator goes to a farm and discusses the situation with the farmer; the farmer gives the assessor an answer, as he sees it, but the assessor, when he gets back to his office, is not satisfied. He goes back to the farm and wants to look around and so on, and the farmer refuses to let him. Then he will issue a court order and take the R.C.M.P. officer with him the next time—is that it?

Mr. MCENTYRE: An order from the Exchequer Court can only be obtained if there is a definite allegation of suspicion of fraud. The officers of the taxation division have power to request records and other documents necessary for the verification of income tax returns and if taxation officers meet with resistance from the taxpayer that would constitute an offence under the Income Tax Act, and presumably at that point a charge would be laid against the taxpayer for interfering with the officer in the performance of his duty; but that happens on very rare occasions; I cannot remember any in the last year or two.

Mr. MONTEITH: The whole approach seems to me to be incorrect from the viewpoint of British justice. It has always been my understanding that a person is innocent until proven guilty, but in the case of anything to do with the income tax department a person is always considered guilty unless he can prove his innocence. That does not seem right to me.

Mr. MCENTYRE: When it becomes a matter of an offence under the criminal code or an offence under the Income Tax Act, the regular principles of British justice apply, and the burden of proof lies on the department to show that a man is guilty. Perhaps there is a distinction between that and a civil liability under the Income Tax Act where a person contests an assessment and it is a question of appearing before the income tax appeal board or the Exchequer Court. The burden of proof is then on the taxpayer to show that the assessment is wrong.

Mr. MONTEITH: To show that he is, in other words, innocent.

Mr. MCENTYRE: But if there is any allegation of fraud, or of an offence, then the department has the burden of proof and it must show that the allegation is correct.

Mr. MONTEITH: All right, at that stage, but is it not your experience that the farmer is "scared green" to begin with, and as a consequence, the burden is always upon him to prove his innocence?

Mr. McENTYRE: Our experience is that the farmers know how to look after themselves pretty well.

Mr. MONTEITH: I do not think a good many of them do.

Mr. MACNAUGHTON: Is not this the point—that you are "stuck with the law" and it is up to you to enforce it? If we do not like the law it is up to us to change it.

Hon Mr. McCANN: I think we ought to bear in mind that the investigator does exactly that. The investigator goes out to get the facts with reference to the taxpayer's position. He does not necessarily do the assessing; he takes the figures back to the office and they are considered there by people who have experience in methods of accounting and actual experience—some of them—in the business of farming.

Mr. MONTEITH: I quite appreciate that; let me be the last to say that you have got an easy job. I know what you are up against in a lot of instances. At the same time I think the pendulum swings the other way to a great extent. Could the committee be told whether these people, when an investigator comes into a farm in these circumstances—are given any warning that what they say may at some later date be used against them, or anything of that nature?

Mr. McENTYRE: The investigator who comes in is identified as an income tax assessor; he has a card with his picture on it to show. I do not think the farmer is given a police warning, or anything of that kind, but he must appreciate that when a man comes in with his income tax return and identifies himself as an income tax assessor that the information he gives will certainly be used to determine what his income is and verify that he has paid the proper taxes.

Mr. MONTEITH: Is it a common practice for the investigators, when they come to farms and discuss this situation—maybe they are only there for one morning, and the farmer is guessing his cost of living during each year for the last six years, or something like that—to ask the party concerned to sign a form saying that the notes, which the assessor has taken down in writing, are correct? Is that common practice?

Mr. McENTYRE: Yes, on occasion that is common practice, because what we are trying to get from the taxpayer is information which the taxpayer is certain is correct, and the feeling is that if he signs a document he will put more effort into making sure that the information he is giving is the right information.

Mr. MONTEITH: Is that information, at some later date, used to represent the final picture, the farmer having signed it without any possibility of restatement after sober second thoughts?

Mr. McENTYRE: Naturally, the information which is obtained by the assessor is used ot determine the taxpayer's income but if a taxpayer comes along later and says he made a mistake, and could show that what he put on the paper was incorrect, naturally we have to make the correction.

Mr. MONTEITH: I wish you would send that information out in the form of a directive.

Mr. McENTYRE: That is what is happening every day. I do not think any of our asssesors are unaware of this procedure.

Mr. DESCHATELETS: Even in court you have a right to correct a statement at any time.

Mrs. FAIRCLOUGH: I am reminded of the case of a farmer who called to see me some years ago regarding his assessment. He did not live in or near a town, but they had him charged up with $250 a year for entertainment expenses. Obviously whoever had assessed it said: he must have paid $5 a week for entertainment. Since the farmer in question was a teetotaler I do not see how he had spent $250. He had also been assessed with regard to his son's

college fees, room, board, and all that sort of stuff, and it turned out afterwards that the boy had gone to college and worked during his holidays and the father did not contribute one cent towards his education. All these things were added in. They were, of course, removed because it was proved they were wrong but the very fact that they were in there in the first place meant that somebody had used their imagination. The farmer quite frankly admitted that he had not read the forms properly and had signed without knowing what he signed. When he got the bill for tax, however, he began to realize that something was radically wrong. All these things came out in a subsequent investigation but a lot of trouble could be saved if the investigators would not use quite as much imagination.

Hon. Mr. McCANN: Would it not be natural to think that the farmer was contributing to his son's education? If he was not, all he had to do was to say so.

Mrs. FAIRCLOUGH: He was probably never asked.

Hon. Mr. McCANN: Well, he must have been asked if he put down an amount.

Mrs. FAIRCLOUGH: He did not even know the amount was there, and when they said: how much have you paid for your son's tuition fees? He said: I never paid anything.

Hon. Mr. McCANN: Then there would not be anything put down.

Mrs. FAIRCLOUGH: Well, you had it down in the first place, and I think there is something to be gained, as Mr. Monteith has suggested, by instructing these people to investigate more fully before they come to conclusions.

Mr. WHITE (*Middlesex East*): Is there a standard form on which you would take a statement?

Mr. McENTYRE: The various district offices have their own forms, depending on the type of taxpayer to be interviewed.

Mr. WHITE (*Middlesex East*): You mean you have 10 different types of forms?

Mr. McENTYRE: There is no standard form for this.

Mrs. FAIRCLOUGH: All the ones I have seen have just been mimeographed.

Hon. Mr. McCANN: The form which would be applicable to the farmer who is carrying on a tobacco farm would not be suitable for use in the case of a farmer who is operating a poultry farm; so different forms are necessary in various sections of country depending upon the type of farming operation carried on.

Mr. WHITE (*Middlesex East*): Are net worth examinations carried out in respect of any classes of people other than farmers?

Hon. Mr. McCANN: Oh yes.

Mr. WHITE (*Middlesex East*): What kind of forms are used for them?

Hon. Mr. McCANN: Whatever forms might be applicable to their business. A man running a grocery business would be asked about his stock, fire insurance and so on—

Mr. WHITE (*Middlesex East*): I think these things would apply to a farmer just as well as they would apply to a grocer. I would like to see some of these forms. Are they available?

The CHAIRMAN: Have your constituents not shown any to you, Mr. White? Most members have seen them.

Hon. Mr. McCANN: We have none here, but there will be no objection to showing any of them to you. We have no objection to showing you the forms we use in any district.

Mr. WHITE (*Middlesex East*): I will apply for them.

Mr. DESCHATELETS: Does the investigator give a man a copy of his statement when he signs a form of this kind?

Mr. MCENTYRE: I do not think there is a standard practice.

Mr. DESCHATELETS: It might be useful for the taxpayer to keep at least a copy of what he has signed.

Hon. Mr. MCCANN: They are always subject to appeal. The information that an investigator gets on a particular form, he brings in to the office, and on that basis an assessment is made. A man who is the subject of a net worth statement has an opportunity of going to the office and pointing out whether there are any errors with reference to the information he claims to have given, and what is on the form. He can go further; he can appeal his assessment to the district office, and, if he is not satisfied with that, he can ask that the matter be referred to the head office. Where he enters what is called a notice of objection, the case comes before the appeal section of the department.

Mr. WHITE (*Middlesex East*): It would seem to me, Mr. Chairman, that when these forms are prepared a carbon copy should be inserted so that the taxpayer might have a copy. As it is, 99 men out of every 100 who sign such a form would not be able to remember an hour later what they had signed.

Hon. Mr. MCCANN: That is a good suggestion, and we will take it into account.

Mr. WHITE (*Middlesex East*): I think it would be helpful.

Mr. MONTEITH: Mr. Chairman, just to follow up the continuity of the minister's statement, is it not true to say that this man has to pay a certain sum of money before he gets to the appeal board? He has to pay a sum of money, and if he succeeds in his appeal it is refunded.

Mr. MCENTYRE: That is the law. There is a certain time limit.

Mr. MONTEITH: He has actually to put this money up before the appeal is heard by the appeal board?

Mr. MCENTYRE: That is the appeal board—within the time limit he can make an appeal to the office.

Mr. MONTEITH: I agree.

Mr. MCENTYRE: But if he says: "I am going to appeal this case to the income tax appeal board," he must, as you suggest, pay the amount which he has been assessed whether or not he proceeds with his appeal and whether or not he wins it. That is in the statute.

Mr. MONTEITH: How soon does he get his money back if he wins his appeal?

Mr. MCENTYRE: About as quickly as we can give it to him. We make an order on the treasury department and it is paid.

Mr. MONTEITH: About how long does that take?

Mr. MCENTYRE: It would not be more than a month.

Mr. MONTEITH: With interest?

Mr. MCENTYRE: Yes, he gets 6 per cent interest.

Mr. WHITE (*Middlesex East*): Returning for a moment to this question of the form used to determine a taxpayer's cost of living. Is that a standard form?

Mr. MCENTYRE: No, it is not a standard form.

Mr. WHITE (*Middlesex East*): I saw one the other day—I think there were about 30 questions on it. You say it is not a standard form?

Mr. McENTYRE: No sir. Each district office would have its own form, the kind of form depending on the type of taxpayer they are investigating.

Mr. WHITE (*Middlesex East*): I do not think there is much variation in the types of taxpayer, whether they are in Vancouver, Kitchener or any other place; they are all people, they are all similar.

Mr. McENTYRE: The fact of the matter is that we do not like this net worth procedure; it is only something we do when recourse to books of accounts is not available, in order to verify the figure shown on the income tax return. The net worth approach is not the assessment procedure we like to use. As anyone can realize it is very difficult to remember what you have spent on various items of personal use during the year, and it is not a satisfactory way of approaching an income tax assessment. On the occasions when we have to do that type of assessment we always write a letter to the taxpayer and say: in future, you keep records and books so that we can check your returns more carefully than by this rough and ready method.

Mr. WHITE (*Middlesex East*): But it would seem to me that if there is a different set of questions for each taxation office there is certainly not going to be uniformity in the administration.

Mr. McENTYRE: It is certainly not a pure science, making a net worth assessment—it is a bit of a guess.

Mr. WHITE (*Middlesex East*): It usually is. One taxpayer alleged to me that there were 70 questions on one of the forms he was asked to sign, so I got curious and asked to see one of them. It turned up with about 30 questions on it, and that is what prompted my question, leading me to ask whether this one is a standard form.

Hon. Mr. McCANN: You are talking, Mr. White, about different types of form. I know that in my own county they have made investigations of farmers, and half of the farmers there derive a good deal of their revenue from pulp wood. I do not suppose there is any pulp wood up in Kitchener, for example, and that is one of the items which shows there is an important difference. If we had a standard form, asking farmers in Kitchener, for instance, what revenue they were deriving from pulp wood they would think we had gone out of our minds. I can think of dozens of other instances of a similar kind. Farmers in my area raise milk, and their winter operation is pulp wood. They have to buy all the feed they use for their cattle in the winter time because this is not a type of farm which produces sufficient coarse grain.

Mr. WHITE (*Middlesex East*): Mr. Chairman, the minister has pointed out the various and different types of agriculture, but when it comes to the cost of living it does not vary a great deal.

Hon. Mr. McCANN: Oh, yes, it does vary a lot. I can tell you where the farmers make an awful lot of mistakes. When they are giving their cost of living they appear to think that the higher their cost of living is the less their tax is going to be. It operates exactly the opposite way to that. When they give these figures they give a very inflated figure. If they ask for the facts as we do, from the Bureau of Statistics on the average cost of living of farmers in certain districts, they would see that they are cheating themselves all the time. We bring the figure down to that cost of living that is applicable to a particular section. We get these figures from the Bureau of Statistics.

Mrs. FAIRCLOUGH: You sometimes have a difficult time convincing them that they should bring it down.

Hon. Mr. McCANN: It is the hardest thing in the world to convince them that they are not robbing themselves. You have a man who has children who have to go to school. He says it must have cost him $3,500 last year, and perhaps it cost him $1,800. They have got the wrong concept. They think that the more they inflate their cost of living the less their tax will be.

Mr. MONTEITH: I am talking about the farmer who is just not as highly educated as others, possibly, and he does not know about business practices, and things like that. Although he may be provided with a booklet to help him, I think it would be a reasonable approach to tell him these things when the investigator starts to ask him these questions.

Hon. Mr. MCCANN: If you can get a word in edgewise.

Mr. MONTEITH: Oh, I do not know. My experience with farmers has been that they are not too talkative. It is rather difficult to get them to talk sometimes.

Hon. Mr. MCCANN: I have never done investigation work, but I have been told by people that do.

Mr. VIAU: Mr. Chairman, have we exhausted this type of question for the time being?

Mrs. FAIRCLOUGH: As far as I am concerned.

Hon. Mr. MCCANN: I just want to end up with an observation. For many years I have observed that they are dealt with on as fair and equitable basis as we have been able to work out.

Mr. MONTEITH: I will say this, I think that they are, when the case gets to the office and gets back to the district office. I would agree with the minister there. But I do not think the farmer is getting a fair break when the investigator goes out the first time. I think the investigator is inclined to use his own imagination, to a degree as Mrs. Fairclough has said and I am inclined to differ with you at that stage. When it gets into the investigation phase I will agree with you.

Mr. WHITE (*Middlesex East*): Mr. Chairman, what about the documents that are seized and held up for quite some time?

Hon. Mr. MCCANN: Accounts and the like of that?

Mr. WHITE (*Middlesex East*): Yes.

Hon. Mr. MCCANN: They are released as quickly as we possibly can release them. Take for instance a doctor's cards that we seize, and the like of that. The way the doctors keep books nowadays they usually have a card system with the history of the patient on one side of the card and the account on the other side. When those are taken into the office, as I have said on one former occasion, we have photostat machines in every office throughout the country, and photostatic copies are taken of these different cards, and the accounts, and they are released as quickly as possible. But, at all times the taxpayer has access to his records. It may cause him trouble, but he can come to the tax office at any time and ask to see certain records. Now, probably he will not be given the opportunity to take them home with him, but until our officials have made a study of those records, and have made photostatic copies of them, the taxpayer has access to them. We think that we are within our rights in retaining them until that can be done.

Mr. WHITE (*Middlesex East*): Would it be wise from the taxpayers point of view and from your department's point of view that somewhere in the regulations you should be subject to a time limit just as the taxpayer is subject to a time limit, say a year? I would think a year would be a reasonable time in which you could process them.

Hon. Mr. MCCANN: I do not know of any case where we retained records more than a year, unless there was going to be a criminal prosecution. In some instances we have got to retain them, because they are evidence.

Mr. WHITE (*Middlesex East*): I would not like to contradict the minister, but it seems to me that I directed a letter to the London office in respect of

one account which had been kept over a year. It evidently was a mortgage record book.

Mr. DESCHATELETS: Was there any prosecution in that case?

Mr. WHITE (*Middlesex East*): No. It does not lend itself to good public relations. The taxpayer may realize that the documents are going to be there for six months, or a year, but when it goes on beyond that, then he commences to talk and to complain, and the neighbours hear about it, and it builds up a certain amount of enmity that is not good.

Hon. Mr. MCCANN: If the taxpayer would comply with the law, the regulations, there would not be any difficulty between the taxation division and himself in a great majority of cases.

Mr. MONTEITH: Now, just wait a minute. A lot of them may not have complied with the law purely through ignorance. You can say that it is up to him to have a knowledge of the act, and so on, but human nature is a different sort of thing.

Mr. WHITE (*Middlesex East*): No one knows it all. Even the minister has to refer to his deputies here.

Hon. Mr. MCCANN: Certainly. My job is not administration at all.

Mr. WHITE (*Middlesex East*): The farmers business is to produce food, and this is something aside from that that has been added in the last few years. He is not an accountant. I have told many farmers that if they paid more attention to their bookkeeping and less to producing food they would be better off.

Hon. Mr. MCCANN: This thing has been going on for 40 years. 1917 I think was the first year I paid income tax, and I have paid income tax ever since. In that time you are bound to get to know what the requirements are. I want to say this, that at all times we will compromise with ignorance, but we do not compromise with people who commit fraud.

Mrs. FAIRCLOUGH: You are quite right, but there have been too many cases, in my estimation, where a person tried his best to comply with the law, but he was subject to what can only be described as persecution. I know of two or three cases like that myself. I hesitate to even describe them because of their nature: I would be quite glad to tell the deputy minister about them personally. I think it is a crime that people are subjected to persecution, and that is the only word I have for it. These people have done everything in their power to comply with the law, and they have actually paid their tax, yet they are suspected and placed in the position where they themselves are really quite annoyed.

Hon. Mr. MCCANN: I see the press taking that down, and I want to make this statement: I deny absolutely on my own behalf and on the behalf of the officials of the department that in any instance have we knowingly persecuted anyone.

Mrs. FAIRCLOUGH: Not at your level, Mr. Minister, I grant you that; but I have one case in particular that I intend to tell the deputy minister about that is a clear case of injustice.

Hon. Mr. MCCANN: I would be very glad, Mrs. Fairclough, if you would bring that to the attention of Mr. McEntyre.

Mrs. FAIRCLOUGH: Yes, I shall.

The CHAIRMAN: There is one problem that I know you must be giving a lot of attention to, because it comes up so very often. It arises out of the way a lot of people actually carry on their farming operations. Their operations have been carried in the name of the father. The children have worked for maybe 10 years, and even sometimes after they get married. At a certain time

the father will pay them off for the work they have done by giving them a piece of land, or something. This creates a very difficult case. Where there is a large family and the father is supposed to have a large income, because the family has contributed to the building up of the estate, and I think they really regard it as belonging to them all. The father intends to pay them at least the equivalent of ordinary wages when he sets them up for themselves. However, this is all considered as his income. I do not know what can be done about it. I have known of very terrible cases developing, particularly in respect of people of European origin where they are used to the father being the head of the household and they carry on like that. They do not pay the children off so much a month, or so much a year, but pay them off when they are set up in business for themselves. But, it is all regarded as income.

I do not know what the solution is. I think that your department does the best it can. I think it would be better if there were more discretion given to the minister to take situations like that into account. I recognize that there has been a big drive on in the past to take away discretion from the minister. I have run across numerous people who say that parliament have taken that discretion away from the minister. I have known of cases, as I have said, of large families all contributing in the manner I have mentioned, but the income has been regarded as the father's income. This person has had to pay a very high rate of income tax and he really feels that he owes a large portion of it to his family, and everybody realizes that he is going to pay it to them. I know it must be getting attention all the time, because it must bother you as it has bothered me.

Hon. Mr. McCANN: There were a great number of discretions left to the minister back in 1945, and you will remember the Senate started an investigation which resulted in changes in the act which relieved the minister of the power of discretion in all but a very few cases. I have been told by tax foundations, and by big companies that these discretions should have been left with the minister. I have been told this by farmers. They have all said that they made the mistake of their lives in trying to have a rule of law being the guide in everything rather than having it as before, where it was left to the discretion of somebody in the department who knows something about the actual cases, and who has had some experience in business.

The CHAIRMAN: It is a very difficult problem.

Hon. Mr. McCANN: I know quite well the type of case that you are speaking of. A farmer with his sons carries on his operations and never gives them anything but a few dollars for spending money, when he should have been paying wages, and he could have deducted those wages from his income every year. Instead of that he waits until the time his son wants to leave, or has left, or gets married and wants a place of his own, and he then says "All right, you can take this farm." The farm is worth about $10,000. Now, is that not a gift, or income according to the law; and somebody should be taxed on it. He has not been paying taxes, or at least, he has not been deducting the expenses that he should have paid throughout the years. We have realized that those are difficult cases, and we have tried to be as lenient as we possibly can. We are held down by the law, and we are always subject to the Auditor General. We have got to do our job throughout the year so that we are not bawled out at the end of the year in public accounts.

Mr. MONTEITH: I believe, Mr. Minister, you should recommend to the Department of Finance that something should be written into the law to make possible an adjustment in this particular type of case.

Hon. Mr. McCANN: Every year for the last 12 years my officials and myself have sat in with the Department of Finance, when it gives the matter of preparing the budget consideration, and consideration to amendments that have

to be made to the Income Tax Act. We have brought these things to their attention time and time again. We have gained some concessions that we think tend to give greater justice. We have not been successful in respect to changes which I would like, and I will only speak for myself.

The CHAIRMAN: I know the difficulties involved in asking for concessions like this. I have gone over the act myself very carefully, and I have found myself that there is very little discretion left with the minister, that the law was that—and that was that.

Mr. WHITE (*Middlesex East*): I think the chairman set forth the position of many farmers in this country, but they are going to find themselves in a more difficult position because of the increasing value of properties. A few years ago this $4,000 would have been a fairly valuable gift, but today, when inflationary prices are two or three times what they were, the problem is much greater. I think that the value should be reviewed from time to time, and increased in order to help these people over that difficult situation. The chairman has just mentioned the farmers in his own area in Canada who have worked together as father and son for 20 or 30 years and then found themselves subject to taxes. It may be the law, but it certainly does not seem fair.

Mr. MONTEITH: You mean in respect to exemptions on gifts?

Mr. WHITE (*Middlesex East*): Yes.

Mrs. FAIRCLOUGH: That is not only true in respect to farmers, but it is also true in respect to a foreign person who may own a grocery store, and gradually brings all the youngsters into the business. Ultimately something happens—they may get married—and the father says, "I will build you a house".

The CHAIRMAN: Of course, they are gradually learning that the way to do is to keep track of the wages and pay them. If they want to lend the money back, that is another matter.

Mrs. FAIRCLOUGH: We do have a great many people coming into the country all the time, and they do things, for at least one generation, the way they did in the country from which they came. They are the ones who suffer when they are finally assessed for tax purposes. It is a bad situation, and I do not know how you are going to correct it, because the thing does not come to your attention until it is a problem taxwise. I do not know what you can do about it unless the whole matter can be handled under the gift tax provisions. It might be handled there.

The CHAIRMAN: Of course, the difficulty is in knowing where to draw the line. If you give too much discretion you are getting into difficulty again.

Mr. MONTEITH: I am just wondering now if something could be put into the act to protect these people in some way. The chairman says he has gone over the act a few times, but in my experience I have had difficulty in getting through some of these sections. They are worded in such a way that you have to refer all over the place. It is a very complex act. Surely one more complexity would not do any harm, and it might give some relief somewhere along the line.

The CHAIRMAN: You will remember the drive, Mr. Monteith, to take various discretions away from the minister so that the law would be certain?

Mr. MONTEITH: I realize that. I am just saying, something could be put into the act, some maximum, or something of that nature. I do not know; it was just a thought.

I do not suppose you have any idea at all, of course, as to the number of new immigrants who are paying taxes, or filing tax returns?

Hon. Mr. MCCANN: No, we do not keep statistics on that.

Mr. KNIGHT: I suppose there is no way in which some of these people could be given instruction in regard to income tax laws and that sort of thing? I know Mr. Tucker will remember quite vividly the notorious case in our part of the country. I do not know how many years ago it was. Was it 40 years that that man had been in this country?

The CHAIRMAN: He had married sons, and they had families.

Mr. KNIGHT: He had married sons of 45 years of age to whom he used to give a dollar on Saturday night, to go down and buy some pop, or whatever they wanted. He took charge of his daughter's clothes, and gave them so much. He was a European monarch. It was 40 years before they caught up to him. When he found out how much income tax he had to pay he went down and hung himself in the barn. I wonder how he got away with it for 40 years.

Hon. Mr. MCCANN: Probably some of his neighbours informed on him. That is a very common thing.

The CHAIRMAN: If he had been willing to make returns and put the whole thing in the hands of the Income Tax branch I think they would have worked out something, but he just refused to give any information at all. It was very unfortunate.

Mr. KNIGHT: I am not blaming the department for the way in which they handled it, because they gave him every opportunity to help himself.

The CHAIRMAN: It was a very sad affair. He would just not give any information at all.

Mr. KNIGHT: I was wondering just how that situation could develop and go on for years and years without anybody discovering it. I know it is old straw now.

Mr. VIAU: My question is much different and it does not concern farmers at all. It is in regard to a political party which operates under a provincial charter, what I would call a gambling joint to raise funds for a political organization. Would they be subject, over and above the provincial amusement tax, to corporation taxes? Would the directors be treated like co-operatives in respect of profits paid to them? What I have in mind is this, a few years ago in Manitoba the C.C.F. party obtained from the provincial secretary a charter to operate what they called the Commonwealth Recreation Society. They wanted to operate in the city of Winnipeg, but they were warned by the chief of police who was the Attorney General's representative, in safeguarding the Criminal Code, that they would have to close them up, and they would have to operate somewhere else. They moved into the city of St. Boniface, and they have been operating there for the last three or four years. The directors of that society are: First, the Rev. Lloyd Stinson, the provincial C.C.F. leader in Manitoba; then there is Mr. Dave Mulligan, C.C.F. aledrman, ward one, Winnipeg; Mr. A. R. Pauley, C.C.F. M.L.A. for Transcona which is part of the federal riding for St. Boniface, and other directors. They operate 13 nights a month. They charge 75 cents to all their clients over and above all the extra cards that they sell. As this is a club, under the provincial charter they have to pay an amusement tax. I was just wondering, in such a case, if the money is used for the purpose of a political association, if they are treated as a corporation, or if these directors were receiving this money personally for a political organization, could that be charged to their personal income tax.

Hon. Mr. MCCANN: If they are running a business or a corporation to the extent that they make profits they would have to pay tax on it.

Mr. VIAU: We all know by experience that anyone who runs a bingo game, which is the main source of the profits, makes a huge profit, because there are

a number of organizations in St. Boniface making money in this way. The Native Sons, for instance, have recently built a $80,000 recreation building out of profits made on bingo games. So, naturally the C.C.F. party in Manitoba—

Mr. McENTYRE: Political parties are not charitable organizations.

Hon. Mr. McCANN: There is no exemption there as far as the federal corporation tax is concerned.

Mr. VIAU: Yes, but would the returns be treated like dividends from a "Co-op" if they are paid to individuals?

Hon. Mr. McCANN: Are they incorporated as a cooperative organization?

Mr. VIAU: They call themselves the Commonwealth Recreation Society.

Hon. Mr. McCANN: It does not matter what they call themselves. If they are incorporated as a "co-op" they come under the cooperative tax provision. If it is an ordinary business organization and they are making profits they would have to make a return, and any individual getting money from them would have to make a return.

Mr. VIAU: That is what I wanted to find out.

Mr. MONTEITH: Can anybody join this club, Mr. Chairman?

Hon. Mr. McCANN: I do not know.

The CHAIRMAN: Can we carry item 289 now?

Mrs. FAIRCLOUGH: I have one more question. Mr. Chairman I think the minister and the deputy minister will recognize the situation which I am going to speak about. This is a case which I have to cite. I am sorry; I know we decided not to go into individual cases, but since this is a matter that leads up to a question of policy I have to describe this case.

There was a man living apart from his wife. Apparently in the province of Ontario there is no provision for a judicial separation. The woman sued for alimony purely as a procedure to establish the legality of the alimony payment. He paid her $125 a month. When he came to claim this amount on his income tax return he was just laughed at. An appeal resulted. It was heard before Mr. Justice Fordham. I have a copy of the judgment here, and I can remember reading about it at the time, because the judge expressed himself as being of the opinion that when the act was drawn up this was an oversight, in that there was no provision made for the claiming of alimony payments where there was no divorce. These people did not want a divorce, but they were living apart. Mr. Fordham in his judgment said that he reluctantly and with regret held that the appeal could not succeed and would have to be dismissed. He also said, "The matter reveals for the first time, where the board is concerned, what appears to be a remarkable and unfortunate oversight or omission in the drafting of the foregoing enactment." He was referring to section 11(1)(j).

Now, Mr. Chairman, I asked the minister the other day if he would consider the matter of recommendations in respect of rentals through trustees, and I now ask him if he will also consider making a recommendation with reference to this clause in the act, because apparently had the word "alimony" been placed in that section after the word "divorce" so that it would read "divorce, alimony, or judicial separation" it would have taken care of this particular situation. The appeal number was 289, Mr. McEntyre.

Hon. Mr. McCANN: That is the case number?

Mrs. FAIRCLOUGH: 289, yes. I wonder if the minister would look into this matter and try to have the law amended, or the act amended, to provide for payments such as this?

Hon. Mr. McCANN: I would be very glad to bring it to the attention of the Department of Finance.

Mrs. FAIRCLOUGH: Yes.

Hon. Mr. MCCANN: Or to the attention of the minister.

Mrs. FAIRCLOUGH: It does seem most unjust, because in the meantime the payments are being made and the family is being supported, yet he cannot claim anything for them.

I just want to ask one question of the deputy minister if I may. For how many years can a return be reviewed by the tax board, or for how many years can they ask for a review where they have been improperly assessed? I do not mean when it was an oversight. For instance, we have a woman who was maintaining two children, and she found she could no longer afford to maintain them both and had to give up one child. She is now maintaining one child in a self-contained domestic establishment. She was not aware that under the circumstances she could claim marriage status, and as a result she has been claiming single status with one dependent. Now she has just filed a return for this year in which she can claim marriage status, and I presume she can claim marriage status for last year. How far back can she file a return in this manner, Mr. McEntyre? I do not suppose it would be for any more than three years, in any event.

Mr. MCENTYRE: Section 57 of the Income Tax Act says two years from the date of payment.

Mrs. FAIRCLOUGH: From the date of payment. She can only really claim for 1955 and 1954 then, can she?

Mr. MCENTYRE: I am sorry, it says:

> 57. (1) If the return of a taxpayer's income for a taxation year has been made within two years from the end of the year, the Minister
> (a) may, upon mailing the notice of assessment for the year, refund, without application therefor, any overpayment made on account of the tax, and
> (b) shall make such a refund after mailing the notice of assessment if application therefor has been made in writing by the taxpayer within 12 months from the day on which the overpayment was made or the day on which the notice of assessment was sent.

So that it is 12 months from the later of either the date of assessment or the date of payment.

Mrs. FAIRCLOUGH: This again is a case of a woman of foreign birth who, although she speaks English very well, obviously is not acquainted with our income tax laws. She has been paying taxes when obviously she does not make enough money to pay taxes, if she has a married exemption, or files an income tax return on a married status.

Hon. Mr. MCCANN: Does she get the marriage status?

Mrs. FAIRCLOUGH: No, she has not claimed it. You see, she has had to give up one child because she could not afford to keep two children.

Hon. Mr. MCCANN: On what grounds could she claim it?

Mrs. FAIRCLOUGH: By reason of the fact that she maintains a self-contained domestic establishment and maintains one child.

Hon. Mr. MCCANN: Is she a widow?

Mrs. FAIRCLOUGH: No, she has a legal separation from her husband, who contributes nothing to their support.

The CHAIRMAN: Is item 289 carried?

Mr. MONTEITH: Mr. Chairman, I would like to ask Mr. McEntyre if this is the actual situation concerning a farm on which a man has lived for a number of years: he will have depreciated it practically down to nothing, and I am thinking of the buildings and so on. If he sells that farm to his son at a fair market value the son can still not take any depreciation because the deal is not at arm's length?

Mr. McENTYRE: The capital cost allowance carries on from the father to the son. In other words the son is considered to have acquired the farm at the depreciated cost to the father.

Mr. MONTEITH: All right, but if the son is left the farm in the father's will he is allowed to take depreciation on a fair market value.

Mr. McENTYRE: Yes, the act provides that where it is left from father to son on the death of the father then, of course, for succession duty purposes the value of the farm would be taken at fair market value, and then the son who inherited the farm would start claiming his capital cost allowance at that same fair market value.

Mr. MONTEITH: This all seems very silly to me in that—and I know of your arm's length provision and everything else—but it is very reasonable to expect that as the years go by the son would undertake to buy the farm from the father. Why cannot the fair market value be established in that case as well as in the case of a farm having been willed to a son?

Mr. McENTYRE: I know that the matter has been before the Department of Finance in respect to a possible amendment, but I do not know whether any amendment is anticipated with respect to that particular matter this year.

Mr. MONTEITH: I would certainly like to see you press the Department of Finance to give that some serious consideration, if you would.

One other question, Mr. Chairman. I am thinking in terms of actors, theatrical people, or artists. I understand that an artist's home address, or his place of business is considered to be the theatre where he may be playing at a particular time. His home may be in Ottawa, and he may be out on tour. As a consequence he is not allowed his travelling expenses while on that tour earning his income. Is that not right, Mr. McEntyre?

Mr. McENTYRE: It depends whether the artist is engaged as an employee or whether he is a freelancer carrying on a business.

Mr. MONTEITH: Yes, I agree. If he is an employee he is not allowed the expenses, but if he has a partner, or he is freelancing, sometimes he is allowed his expenses?

Mr. McENTYRE: That is right.

Mr. MONTEITH: Does it not seem to be a little odd that this differentiation should be made?

Mr. McENTYRE: It is a question of law again.

Mr. MONTEITH: I wonder if you would mind referring that to the Department of Finance for consideration.

Mrs. FAIRCLOUGH: When you say "employee" I take it he may be an employee for a few weeks, of a specific employer, but he may in the course of a year take a dozen engagements, and in each case he is employed maybe for two weeks or he may be on contract. But there is a difference as to whether he has a contract, or whether he is an employee in a given capacity for a given period of time, is there not?

Mr. McENTYRE: Different rules under the act apply according to the circumstances of the particular case, but the rules are not provided specifically for people in the theatrical business. We do have employees who take different jobs at different times of the year. A man may be working in Ottawa for part of the year, and then his job in Ottawa gives out. He goes to Belleville and takes another job there. He may take three or four jobs in the year, but in each case he is an employee, and his expense of travelling from one job to another are now allowable as deduction from his income.

On the other hand you may have a case of a professional person carrying on a business. He does part of his work in one city and then he goes to do

part of his work in another city. The act provides that we should tax the profits of that business, and in the ordinary course the expenses of travelling from one engagement to another would be properly allowable.

Mrs. FAIRCLOUGH: If you take the case of a magician or maybe a bandsman who plays in a band for one leader for a period of six months, during which time he is an employee; then he goes out and plays in a cocktail lounge or somewhere else and plays for a theatre. During those times he is on his own and is a freelancer, and he can charge his expenses against his income which he earns as a freelancer. But, during the period which he played for one leader for a specific number of weeks he is an employee and cannot charge his expenses during that period. Is that not pretty well the interpretation?

Hon. Mr. MCCANN: The expenses should be included in the salary that he is paid.

Mrs. FAIRCLOUGH: I understand that; but that is pretty well the situation, is it not?

Hon. Mr. MCCANN: Yes, that is right.

Mr. MONTEITH: The expenses should be included in his salary, but he is paying tax on those expenses?

Mrs. FAIRCLOUGH: He pays tax on the total amount he makes.

Mr. MONTEITH: He pays tax on the total amount he makes and he is not allowed to deduct his expenses.

Hon. Mr. MCCANN: He does not pay them.

Mr. MONTEITH: No, but he has to pay taxes on it. Say he was receiving $50 a week, for argument's sake, and $20 presumably to cover expenses. He has to pay taxes on $70, but he has to pay $20 to earn that income. Would that not be so?

Hon. Mr. MCCANN: If you want to put it that way. What about the fellow who is earning $5,000 a year and has the expense of going to and from work, and keeping up his car for his family?

Mr. MONTEITH: Now, wait a minute, that is entirely different.

Hon. Mr. MCCANN: That is a comparable case.

Mr. MONTEITH: No, that is a different type of thing.

Hon. Mr. MCCANN: He is paying tax on the full $5,000 that he is getting.

Mr. MONTEITH: Sure.

Hon. Mr. MCCANN: Unless you have to spend money to earn that income you cannot deduct it.

Mr. MONTEITH: No, I do not think that is comparable at all, because this man has got a home to keep up at home while he is out on tour with a company. The expenses may be taken into account in the amount he is receiving weekly, but he has to pay a tax on the full amount he receives without any provision for deducting those expenses which he has paid. I know of a lot of cases that actually happened up in my own home town of Stratford.

Hon. Mr. MCCANN: All I can say to that is, so do we all have expenses.

Mr. MONTEITH: No, I do not think it is a comparable situation.

The CHAIRMAN: Can we carry this item now?

Mr. MONTEITH: Yes, Mr. Chairman. I would like to stress this point now; I think some consideration should be given to this, because I think it is an inequity as far as the actor is concerned.

I would only like to ask one further question; has the department noticed any trend in the number of companies having less than 5 per cent of equity ownership in Canada? There is no doubt that the number has been increasing,

but has it increased more rapidly in the last few years due to the tax situation which benefits companies which have less than 5 per cent ownership in Canada?

Mr. McENTYRE: I do not think we have noticed any particular trend.

Mrs. FAIRCLOUGH: Do you have any records as to how many there are?

Mr. McENTYRE: No, we have no statistics on that.

Mrs. FAIRCLOUGH: You do not know how many firms are claiming the benefits of reciprocal tax exemption?

Mr. McENTYRE: No, we have no figures in regard to that at all.

Mr. WHITE (*Middlesex East*): Mr. Chairman, I just want to return to the question which Mr. Monteith asked in regard to the depreciation of farm properties, where the son either through purchase or through a will became the owner of the property. In the case where the son purchased the father's farm he would not be able to claim depreciation, but if he had gone down the road a mile and bought a neighbour's farm then he could start depreciating. Because he takes his father's farm, which is likely the old home farm, he is actually penalized to the extent of that depreciation.

Hon. Mr. McCANN: He probably got more preferments with reference to the price because the deal was not at arm's length. He purchased it from his father and he would probably get more preferments.

Mr. MONTEITH: Yet the fair market value could be established there just as well.

Hon. Mr. McCANN: The fair market value as between father and son.

Mr. WHITE (*Middlesex East*): I think it is an advantage to Canada that sons carry on the tradition of their parents. If they are good farmers and they want to carry the farm on, they should be encouraged. But this is a case where they are really discouraged rather than encouraged.

Hon. Mr. McCANN: My point was that any preferment that he gets makes up for the different method of handling the depreciation. I think that is what is behind the law.

Mr. MONTEITH: It comes down to the arm's length provision, but I think the law should be changed to give some consideration to what Mr. White suggests. It does not seem sound to me.

Hon. Mr. McCANN: I am not attempting to defend it.

Mr. POWER (*St. John's West*): It seems to me the big difference between the farmer selling his farm to his son and willing his farm to the son, is that while the sale has been made, the father has money, and there is a very good chance that when the father dies the son instead of being willed the farm will be willed back the purchase price of the farm.

Mr. MONTEITH: And the money probably has to go to other children.

The CHAIRMAN: Of course that is a matter of policy anyway, and it is something that can be brought up in the finance estimates. It has been brought to the attention of the minister so that he can take it up with the Minister of Finance when they are discussing these various matters. It is really a matter for the finance estimates, and I think the committee will realize that.

Hon. Mr. McCANN: I might just tell the committee, with reference to these questions that you have asked me and my deputies to refer to the Department of Finance, that every year in the fall representations are made in writing, as a rule, or by delegations and by individuals, or by organizations that are interested in these subjects, and they are all filed. They are then taken up at the time that the budget resolutions are being formulated

and discussed. While we will do what we said we would in regard to these matters, I would suggest that if any person is interested enough in respect to changes that should be made in the law, I think he should make those representations to the Minister of Finance, in writing. We get representations like that by the hundreds every year, and they are all grouped and considered.

The CHAIRMAN: Carried?

Mr. MONTEITH: Mr. Chairman, in the details on page 391 there is an item just after salaries, "Bank Charges for Ownership Certificates"; just what is that?

Hon. Mr. McCANN: We have got to pay the banks a fee for giving us the information with reference to the amount of coupons and the like.

Mr. MONTEITH: Then in law costs under this particular item they have increased more than 100 per cent. I just wondered why?

Hon. Mr. McCANN: Law costs increased from $80,000 to $165,000, is that the one?

Mr. MONTEITH: Yes.

Hon. Mr. McCANN: There was that one particular Anaconda case which cost a lot of money. That went, as you remember, to the Supreme Court of Canada and the Privy Council.

Mr. MONTEITH: That $12,000 was included in the list there, was it not? Are there still a lot of charges pending?

Mr. McENTYRE: One charge on the list I think had to do with the application to appeal to the Privy Council. We have not yet had a bill for the actual pleading of the case before the Privy Council.

Mr. MONTEITH: Another item, Mr. Chairman, "Publication of Departmental Reports". I notice there is no item in there at all for this year. Just what type of report was that?

Hon. Mr. McCANN: Publication of departmental reports; it must have been special cases. I think it is transferred to another item. Publication of departmental reports provides for the publication of departmental reports, including those provided for in the general administration vote of last year. As the costs of publishing legal factums and taxation statistics are incurred mainly in respect of district offices it has been found desirable to include those costs with the costs of other reports which are allocated to district offices. It is just a transfer.

Mr. MONTEITH: I see. All right.

The CHAIRMAN: Carried.

Item 289 agreed to.

The CHAIRMAN: We are on item 285 now, the general administration of customs and excise division.

Mr. MONTEITH: This is not on customs and excise actually?

Hon. Mr. McCANN: We left that open to go back to it.

The CHAIRMAN: We left that open in case there were any general questions anyone wanted to ask.

Mr. MONTEITH: I would just like to make an observation. I notice the estimates for 1952-53 for the whole department were $49,714,000-odd, whereas the actual expenditure was $47,313,000, odd dollars. In other words, the excess of estimates over expenditure was roughly $2,400,000. There was an excess of estimates over expenditure in 1953-54 of $1,200,000, and in 1954-55 of $1,700,000-odd. My only thought was that this works out to an average of around 3 per cent, and I think Mr. Sim mentioned that figure in his evidence.

It occurs to me that if we had an excess of estimates over actual expenditures in all government departments on total estimates of $4,500,000,000.00 there would be an estimated surplus of something in the neighbourhood of $135 million. I am just wondering if that is close enough estimating. I know it is nice to have a cushion, but I am wondering if the taxpayer likes you to have a cushion to that degree. There would also probably be supplementary estimates.

Hon. Mr. McCANN: We submit them, that is true. They are gone over by the treasury board and the Department of Finance and they consider them in their best judgment, but those are the amounts that are submitted.

Mrs. FAIRCLOUGH: Would it be fair to ask you how much of a cushion you had before the treasury board knocked it down?

Hon. Mr. McCANN: In some years we have had them cut down as much as 10 per cent. It depends a good deal on the department. There are certain estimates put in covering undertakings that we decide should not be gone ahead with this year, and out it comes.

The CHAIRMAN: Carried?

Item agreed to.

The CHAIRMAN: Might I say in appreciation I am very pleased that we have finished this Department's estimates this morning.

The committee adjourned.

INDEX

ESTIMATES, DEPARTMENT OF NATIONAL REVENUE

Proceedings Nos. 17 to 20 inclusive
Pages Numbered 721 to 854 inclusive

Item No.		Pages
	CUSTOMS AND EXCISE DIVISIONS	
285	General Administration	721-760, 853, 854
	Preliminary statement by Minister	721-725
286	Inspection, Investigation and Audit Services	760
	(*see also*)	721-760
287	Ports—Operation and Maintenance	760
	(*see also*)	721-760
288	Construction or Acquisition of Buildings, Works, Land and Equipment	760-761
	TAXATION DIVISION	
289	General Administration	765-825, 836-853
	Preliminary statement by Minister	765-768
290	District Offices	831-835
	(*see also*)	765-835, 836-853
	INCOME TAX APPEAL BOARD	
291	Administration Expenses	835, 836

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956

SPECIAL COMMITTEE

ON

ESTIMATES

Chairman: W. A. TUCKER, Esq.

PROCEEDINGS

No. 21

Including Index of Items relating to the Department of Labour

THURSDAY, JUNE 14, 1956
THURSDAY, AUGUST 2, 1956

DEPARTMENT OF LABOUR
(UNEMPLOYMENT INSURANCE COMMISSION)

Hon. M. F. Gregg, V.C., Minister of Labour; Mr. J. G. Bisson, Chief Commissioner, Unemployment Insurance Commission; Mr. L. J. Curry, Executive Director; Mr. W. Thomson, Director, Employment Service; Mr. G. M. Morrison, Supervisor, Executive and Professional Division, National Employment Service; and Mr. J. McGregor, Director, Unemployment Insurance.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY
OTTAWA, 1956.

75214—1

SPECIAL COMMITTEE ON ESTIMATES

Chairman: W. A. TUCKER, Esq.,
and Messrs.

Barnett	Hahn	Pommer
Blanchette	Hanna	Power (*St. John's West*)
Byrne	Henry	Purdy
Cannon	Hollingworth	Small
Churchill	McLeod	Starr
Deschatelets	McWilliam	Thatcher
Fairclough (Mrs.)	Meunier	White (*Waterloo South*)
Gillis	Monteith	
Gregg	Nixon	

E. W. Innes,
Clerk of the Committee.

Note: On August 1, the name of Mr. Weaver was substituted for that of Mr. Pommer, the name of Mr. Houck was substituted for that of Mr. White (*Waterloo South*), the name of Mr. Bell was substituted for that of Mr. Monteith, and the name of Mr. Goode was substituted for that of Mr. Byrne. However on August 2, Mr. Byrne was re-appointed to the Committee in place of Mr. Goode.

CORRECTION

PROCEEDINGS No. 11—Tuesday, April 24, 1956

Page 463—The fifth paragraph should read.

"Now, were the Department of Veterans Affairs, or the Department of Labour to take over that organization and make it a national body directly responsible to government, I am sure, in either case, it would cost the taxpayer a great deal more, and I am *not* sure it would be as effective as it is now."

ORDERS OF REFERENCE

FRIDAY, June 8, 1956.

Ordered,—That the name of Mr. Gillis be substituted for that of Mr. Knight;

That the name of Mr. Barnett be substituted for that of Mr. Zaplitny;

That the name of Mr. Gregg be substituted for that of Mr. McCann;

That the name of Mr. Blanchette be substituted for that of Mr. Dupuis;

That the name of Mr. Cannon be substituted for that of Mr. Macnaughton;

That the name of Mr. Hollingworth be substituted for that of Mr. Enfield;

That the name of Mr. Hanna be substituted for that of Mr. Beaudry;

That the name of Mr. Nixon be substituted for that of Mr. Gauthier (Nickel Belt);

That the name of Mr. Pommer be substituted for that of Mr. Viau;

That the name of Mr. Starr be substituted for that of Mr. Nesbitt;

That the name of Mr. Small be substituted for that of Mr. Monteith;

That the name of Mr. Churchill be substituted for that of Mr. Pallett;

That the name of Mr. Bell be substituted for that of Mr. White (Middlesex East); and

That the name of Mr. Hahn be substituted for that of Mr. Yuill on the said Committee.

WEDNESDAY, June 13, 1956.

Ordered,—That the name of Mr. Monteith be substituted for that of Mr. Bell on the said Committee.

WEDNESDAY, August 1, 1956.

Ordered,—That the name of Mr. Goode be substituted for that of Mr. Byrne;

That the name of Mr. Weaver be substituted for that of Mr. Pommer;

That the name of Mr. Houck be substituted for that of Mr. White (*Waterloo South*); and

That the name of Mr. Bell be substituted for that of Mr. Monteith on the said Committee.

THURSDAY, August 2, 1956.

Ordered,—That the name of Mr. Byrne be substituted for that of Mr. Goode on the said Committee.

Attest.

LEON J. RAYMOND,
Clerk of the House.

75214—1½

REPORTS TO THE HOUSE

THURSDAY, June 14, 1956.

The Special Committee on Estimates begs leave to present the following as its

FIFTH REPORT

Your Committee has considered and approved items numbered 179 to 195 inclusive, listed in the Main Estimates 1956-57 relating to the Department of Labour, referred to it by the House on March 2, 1956.

A copy of the Proceedings of the Committee in respect thereof is appended.

Respectfully submitted.

G. E. NIXON,
Acting Chairman.

FRIDAY, August 3, 1956.

The Special Committee on Estimates begs leave to present the following as its

SIXTH REPORT

Your Committee has considered and approved items numbered 196 and 197, listed in the Main Estimates 1956-57 relating to the Department of Labour, referred to it by the House on March 2, 1956.

A copy of the Proceedings of the Committee in respect thereof is appended.

Respectfully submitted.

WALTER A. TUCKER,
Chairman.

MINUTES OF PROCEEDINGS

THURSDAY, June 14, 1956.
(37)

The Special Committee on Estimates met at 10.30 a.m. The Chairman, Mr. Walter A. Tucker, was unavoidably absent.

Members present: Mrs. Fairclough and Messrs. Barnett, Blanchette, Cannon, Churchill, Deschatelets, Gillis, Gregg, Henry, Hollingworth, McLeod, Meunier, Monteith, Nixon, Power (*St. John's West*), Starr, Thatcher and White (*Waterloo South*).

In attendance: From the Unemployment Insurance Commission: Mr. J. G. Bisson, Chief Commissioner; Mr. L. J. Curry, Executive Director, Mr. W. K. Rutherford, Director of Administrative Services; Mr. James McGregor, Acting Director of Unemployment Insurance and Mr. W. Thomson, Chief, Analysis and Development Division, Employment Branch.

On motion of Mr. Power (*St. John's West*), seconded by Mr. Meunier;

Resolved,—That Mr. Nixon be the Chairman of the Committee for this day.

There being no other nominations, Mr. Nixon took the Chair.

The Committee further considered the Main Estimates of the Department of Labour.

Item numbered 196—Administration of the Unemployment Insurance Act, including expenditures incurred in connection with other duties and responsibilities assumed and carried out as required by the Governor-in-Council on the recommendation of the Minister of Labour in accordance with Section 4 of the Act—was considered.

The Minister made a statement outlining some of the difficulties being presently considered by the Unemployment Insurance Commission.

Copies of the following were distributed to Committee Members:

1. Fourteenth Annual Report of the Unemployment Insurance Commission
2. Comparative Financial Statement and Organization Charts of the Unemployment Insurance Commission

Agreed: That the Acting Chairman present a Report to the House, returning items Nos. 179 to 195 inclusive of the Main Estimates, 1956-57, relating to the Department of Labour.

Agreed: That the Committee postpone the consideration of Item numbered 196 until the Minister has had an opportunity to consider the findings of the Unemployment Insurance Commission in relation to Section 45 (2) of the Unemployment Insurance Act.

At 11.45 a.m. the Committee adjourned to the call of the Chair.

THURSDAY, Aug. 2, 1956.
(38)

The Special Committee on Estimates met at 10.00 a.m., this day. The Chairman, Mr. Walter A. Tucker, presided.

Members present: Mrs. Fairclough and Messrs. Barnett, Bell, Blanchette, Byrne, Cannon, Churchill, Deschatelets, Gillis, Goode, Gregg, Hahn, Hanna, Henry, Houck, Nixon, Power (*St. John's West*), Purdy, Small, Tucker, and Weaver.

In attendance: From the Unemployment Insurance Commission: Mr. R. G. Bisson, Chief Commissioner; Mr. W. K. Rutherford, Director, Administrative Services; Mr. L. J. Curry, Executive Director; Mr. W. Thomson, Director, Employment Service; Mr. G. W. Morrison, Supervisor, Executive & Professional Division, National Employment Service; Mr. J. McGregor, Director, Unemployment Insurance.

The Committee again proceeded to the consideration of the Main Estimates of the Unemployment Insurance Commission.

Item numbered 196 was again called.

Agreed: That the Committee complete immediately its study of the Main Estimates of the Unemployment Insurance Commission.

Mr. Bisson read a prepared statement respecting the operations of the Commission and he and the other officials were questioned thereon.

The Committee recessed from 11.00 a.m. to 11.35 a.m. to enable members to attend the opening of the House.

Mr. Curry made a statement on Regional Offices and supplied additional information as requested.

At 1.05 p.m. the Committee adjourned until 8.15 p.m. this day.

EVENING SITTING

(39)

The Special Committee on Estimates resumed at 8.15 p.m. The Chairman, Mr. W. A. Tucker, presiding.

Members present: Mrs. Fairclough and Messrs. Barnett, Blanchette, Byrne, Churchill, Deschatelets, Gillis, Gregg, Hahn, Nixon, Power (*St. John's West*), Purdy, Small, Tucker and Weaver.

In attendance: Same as at the morning sitting.

The Committee continued its consideration of the Main Estimates 1956-57 relating to the Unemployment Insurance Commission, the officials of the Commission supplying information thereon.

Items numbered 196 and 197 were approved.

The Committee, *in camera,* considered a draft "Report to the House".

On motion of Mr. Gillis, seconded by Mr. Weaver,

Resolved,—That the "Report" be adopted, and that the Chairman present it to the House.

The Chairman expressed his appreciation for the faithful and co-operative manner in which members had attended the Committee's sittings.

At 9.45 p.m. the Committee adjourned to the call of the Chair.

E. W. Innes,
Clerk of the Committee.

PROCEEDINGS

June 14, 1956.
10.30 A.M.

The CLERK: Mrs. Fairclough, and gentlemen, there is a quorum but we do not have a chairman today. He is unavoidably absent. Could we have a nomination for acting chairman?

Mr. POWER (*St. John's West*): I move that Mr. Nixon be the chairman.

The CLERK: It has been moved by Mr. Power (*St. John's West*) that Mr. Nixon be chairman of this committee. Do you wish Mr. Nixon to sit as chairman for this day, or until the conclusion of these proceedings? Which is the committee's desire?

Mr. POWER (*St. John's West*): For this day.

The CLERK: Any other nominations? Mr. Nixon, would you take the chair.

(Mr. G. E. Nixon assumes the chair as acting chairman).

The Acting CHAIRMAN: Mr. Minister, ladies, gentlemen, and members of the committee, I understand we are on item 196.

Unemployment Insurance Commission

196—Administration of the Unemployment Insurance Act, including expenditures incurred in connection with other duties and responsibilities assumed and carried out as required by the Governor in Council on the recommendation of the Minister of Labour in accordance with Section 4 of the Act, $27,341,745.

Hon. Milton F. GREGG (*Minister of Labour*): Mr. Chairman, before proceeding to discuss this matter, may I be permitted to make a statement?

The Acting CHAIRMAN: Yes.

Hon. Mr. GREGG: It has been quite a long time now since this committee first met. It might be worth while just to recall briefly to mind what happened then.

It was evident when the committee met and entered into discussions on the matters relating to the Unemployment Insurance Commission that there were one or two things that members of the committee were particularly interested in. The most important one of those things was the matter of amending Sec. 45(2) of the U.I. Act. While it was fully recognized by the members of the committee that there does exist a standing committee, namely the Standing Committee of Industrial Relations, which has to do with legislation, nevertheless, this item was of interest to this committee because of its effect upon the estimates. The matter of concern was the application of section 45(2) under the amendments to the act that were brought into effect during the last session of parliament. As a result of some discussion on this matter we decided to move forward to a consideration of the estimates of the Department of Labour proper, which comes in the first series under the Minister of Labour. Those were completed. When we completed them and passed on to the next group, the Unemployment Insurance Commission estimates, we decided, at my suggestion, I think, that a period might be permitted to elapse to permit the commission to have more experience as to the application of section 45(2), and to continue their survey. At that time one of the commissioners was leaving on a trip to the coast. That was Mr. Murchison. He was requested by his colleagues on the commission to make a first hand study of the effects of section 45(2), as well as other factors, during his trip across the country. That he did.

Then this committee, sir, went on to other departments and continued their work there. I also said that by the middle of May, I would make some kind of a statement in the house relating to projected or possible amendments to the act. I did make a statement on the 16th of May. It was not a very exact or far reaching statement, but it did indicate that I was prepared to recommend a useful amendment to the act to overcome some of the difficulties that had been so well pointed out by the committee and by others. This recommendation was to be based upon the study by the commission and the advisory committee of the unemployment insurance fund.

Since the middle of May the commission has worked strenuously on this. They suggested to me that they would like to have a preliminary discussion in regard to their work, with the unemployment insurance advisory committee. That committee, as members of this committee know, is made up of representatives of organized employers and organized workers.

They met on the 8th of June. They discussed three tentative amendments from the point of view of getting a preliminary indication of the advisory committee's feelings with regard to them. That meeting adjourned at the call of the chair.

In the meantime the commission was asked for further information, and were requested to come forward at the oncoming meeting of the unemployment insurance advisory committee with one specific recommendation that would fill the need as far as they could see it.

Mr. Chairman, that is the position at the present time. I would be glad to move on from here in the manner that would meet the wishes of this committee. I think I would like to say that upon bringing forward a recommendation for an amendment to my colleagues, which I have not yet done in specific terms, I want it to have the fullest possible attention given to all its implications.

Mrs. FAIRCLOUGH: Do I understand, Mr. Chairman, and Mr. Minister, that you have not a positive suggestion to offer?

Hon. Mr. GREGG: I have no suggestion to lay before this committee this morning.

Mrs. FAIRCLOUGH: When do you expect to have it?

Hon. Mr. GREGG: I expect to have it for the following meeting, that is the adjourned meeting of the unemployment insurance advisory committee, which will be held in the very early part of July.

Mrs. FAIRCLOUGH: So we will have no suggestion with respect to section 45(2) until July?

Hon. Mr. GREGG: I suggested, Mrs. Fairclough, in what I said a moment ago, that when we discussed it before, I thought it was the concern of the members of the committee, and it certainly was mine, as to whether or not we could bring in an amendment affecting section 45(2) this session. Since that time we have moved forward to the point where, as far as the principle is concerned I have committed myself. As far as the details are concerned, I would like to leave them for a further short study of the commission then considered by the unemployment insurance advisory committee; then following that it could be brought forward early in July.

Mrs. FAIRCLOUGH: Of course, Mr. Minister, this matter of section 45(2) is a burning question at the present time.

Hon. Mr. GREGG: Yes.

Mrs. FAIRCLOUGH: It certainly has to be cleaned up this year. We cannot go into a period of increased unemployment in the coming winter season without having that problem solved. Now, it also brings up the question to what degree the problem encountered in section 45(2) affects the whole of the consideration

of the unemployment insurance estimates. That in turn is related to the over-all labour estimates. It seems to me that we have got ourselves into quite a schemozzle here.

We met this morning to consider the unemployment insurance estimates in regard to this main question which is bothering us. There is no definite suggestion. I am not casting any reflection on the work that has been done. I just say it is a fact that we do not have any solution offered to us for consideration.

When we go into the house this afternoon we will probably be faced with the labour estimates. The whole question of labour estimates is so closely tied in with unemployment insurance that it seems to me that it leaves us very much up in the air.

Hon. Mr. GREGG: I am wondering, Mrs. Fairclough, if this might not clarify it: after all, if parliament decides, as I hope it will, to amend section 45(2), the treasury contribution to the fund would not be affected for this oncoming year. So, I do not think that, as far as the consideration of the estimates of the Unemployment Insurance Commission are concerned, the exact details of the proposed amendments are important factors. I think it is important that the members of this committee have an opportunity to become aware of the proposal as soon as the minister can feel sure that it will be approved by the government. Then the Committee on Industrial Relations should have an opportunity of going over the details. Putting it in that light, I do not think we are in quite as much a schemozzle as you suggest.

Mrs. FAIRCLOUGH: That is not quite my point. The actual amount that is in the estimates, I grant you, probably will not be affected by such an amendment as may be brought forward.

Hon. Mr. GREGG: Yes.

Mrs. FAIRCLOUGH: But when we consider the estimates. that is our one opportunity to consider labour problems in Canada, and to consider the application of unemployment insurance. It is the one chance we have to go into this whole matter to any degree at all. So are we going to go ahead and consider these estimates and leave out this most important point, which in my estimation is the one thing which is going to tie the whole matter together? It seems to me that the sensible thing to have done would have been to defer the consideration of the Department of Labour estimates, even those which have now been considered in the committee, until such time as the government was prepared to bring down its recommendations with regard to sections 45(2), and then consider all of the Department of Labour estimates, and the Unemployment Insurance Commission estimates in the light of the revised section of that act. I still feel that we are dealing with the Department of Labour estimates and the Unemployment Insurance Commission estimates in a very unrealistic way.

Hon. Mr. GREGG: In other words, while you are agreeing that it would not be appropriate under the estimates to discuss the details of legislation that might be put forward, nevertheless, in that discussion you would feel that it is necessary to have in mind what is coming forward?

Mrs. FAIRCLOUGH: Yes, I do. Last evening in the house, the house leader made reference to the fact that we would discuss under the Department of Labour estimates only the main estimates of the Department of Labour.

Hon. Mr. GREGG: I was as surprised about that last night as anyone.

Mrs. FAIRCLOUGH: As a matter of fact, Mr. Minister, I think to be realistic we must admit that it is almost impossible to completely separate the two. You know the difficulty we had in this committee right at the start when we found it almost impossible to tackle the estimates of the Department of Labour without continually bringing in references to the Unemployment Insurance Commission.

Hon. Mr. GREGG: Yes. In the past the question was: are you, or are you not going to bring in some amendment, or are you or are you not going to do something about the fishermen. I wonder—

Mr. GILLIS: I would just like to get this thing straightened out in my own mind. The minister was going to make a statement on the 15th of May indicating the position of his department with regard to section 45(2). The minister must remember that an act that is designed to protect the unemployed, that disqualified approximately 200,000 people last year—90,000 of them under section 45(2), and the remainder under other sections of the act, which represents almost the total seasonal unemployed—is not good. If the act in its present form is going to be continued, you are going to run into another session of seasonal unemployment. The act is valueless as far as that type of unemployment is concerned, and something very definite has to be done about it.

The actuarial data was to be available by May 15. That would give the minister a chance to tell the committee what might be done with respect to the changes. Now, what has taken place? The act remains the same and it will work the same during the next period of seasonal unemployment. The minister at this time suggests that he might have another meeting with the advisory committee.

Hon. Mr. GREGG: Not "might"—will.

Mr. GILLIS: All right, will have a meeting. I am just wondering of what value is this advisory committee. You have had this advisory committee right along and you have been meeting with them. They have done nothing to overcome this difficulty, and the difficulty was certainly obvious. They have not even made any recommendations. Now, to go back to them and say that they are going to find a cure for this leaves me cold. I just do not put any faith in that, because if they were on their toes and were policing that act as they are supposed to police it, then there would not have been 200,000 disqualifications under the act with no indication from them that they were even thinking about it.

Now, you say you are going to go back to this committee again for a solution. If we pass the estimates, and the minister has another meeting with the advisory committee, we do not know what he is going to recommend to it. You also say you will go back to the Industrial Relations committee and place this matter of unemployment insurance before that committee. That committee has no power. It is only a legislative examining committee. They can make recommendations, but their recommendations will be with respect to money, and they have no power to do that; they have no right to do that. What has to be done has to be done by the minister. So, in my judgment the matter is in the minister's hands. You are dealing with money, and you are dealing with the act, and the effect of any change will have regard to money.

Section 45(2) in my opinion is typical of the whole act today. Any change in this section will refer to other sections of the act, and I believe this matter has to be cleaned up before the estimates are passed.

Now, for our guidance I wonder if the minister could give us some indication of what he has in mind? He says he has three recommendations that he is going to put before that advisory committee. Could he give us some idea of what those recommendations are so that we might be able to confirm the judgment of the minister as to whether we are going to see a solution to this seasonal unemployment before we run into it again and you are going to run into very soon. You will have a mass protest from every worker across this country as to the value of this Unemployment Insurance Act.

This Unemployment Insurance Act was never designed to accumulate and pile up funds; it was designed primarily to look after that seasonal unemployment problem. Last year it failed to do that completely, and that failure, in

my opinion, was a result of section 45(2). Of course, there was the married women regulation, which you were going to have a look at, and the regulations with regard to the guaranteed annual wage with respect to supplement. That regulation was there for years, and the advisory committee must have known about it. Everybody else knew about it except the members of the house, and those who would be affected and those who pay into the fund. Is this advisory committee sworn to secrecy? Are their deliberations secret? Are we not supposed to know anything about it and the regulations written behind the scenes?

The act as it is today is a disqualifying one, and this advisory committee of the commission have done absolutely nothing about it. As far as I am concerned, if this act is going to remain as it is now, it is going to work as it did last year and deal out the same number of unemployed that it did deal out last year because they did not get their 30 weeks in. If in it is to be the same you might as well scrap it, it serves no purpose. That act must take care of the 200,000 people that were disqualified last year. Those are the people who need that unemployment insurance, not the railroad workers and those who are employed steadily, but might be unemployed at some time in the future. The people who need it are the people who are unemployed every season, yet they are not qualified. A good example of that is the situation at the Trenton Car Works in Nova Scotia. There are 1,600 employees there who work on railroad cars, and so forth. There has never been a year during the history of that industry that these people put in enough time to qualify under the Unemployment Insurance Act as it is now. They did qualify under the act as it was, but last year they were out; they did not qualify. They will not qualify the next time as the act now stands. That is a seasonal industry employing 1,600 men. I feel very strongly about this, Mr. Minister, because for many years I have fought for this legislation. I figured it was going to work, and it did work under the old formula without losing money. At that time the fund was very substantial. Then we made this change, and all of the value of the act as applied to the people that really are in need.

Therefore, I think before the estimates are passed, we have got to settle this question with regard to section 45(2). I have all the faith in the world in the minister, and I believe he is sincere when he says he thinks he can do something with the advisory committee, and he thinks something will be done in the Industrial Relations committee; but I do not. The Industrial Relations committee cannot create legislation that results in the spending of money. Once the estimates are passed and this problem goes behind the scenes again to a body that has done very little about it in the past, then the door is closed, we go back home and this seasonal unemployment hits us again and we are right back where we were last winter.

Now, I do not want to be in a position where I have to go back and tell the people in my part of the country that we have left this situation as it was, but the advisory committee is going to advise on it. That does not cure anything. I believe the minister and his cabinet colleagues have to take this problem and come to some conclusion and make some change that will definitely modify the situation of last year before these estimates are passed.

Mr. CANNON: Mr. Chairman, I must say that I agree with a good deal of what has been said by Mrs. Fairclough and Mr. Gillis particularly with regard to the necessity of doing something about this problem during this session. To illustrate that point, I must point out that the Industrial Relations committee recommended unanimously last year that something be done about the fisheries problem, yet nothing was done before the end of last session. A year later we find that nothing has been done yet. If we are going to do something about this problem it must be done before the end of this session.

If I understood it correctly, we do have a definite assurance from the minister that an amendment is going to be brought in during this session dealing with section 45(2). Am I correct on that?

Hon. Mr. GREGG: You have the minister's assurance, as he stated in the middle of the month, that he will make a recommendation to the government for an amendment to the act.

Mr. CANNON: Fine; we have made some progress there. But, on the other hand, I think that I agree with Mr. Gillis when he says that we should not be left completely in the dark as to what the committee is doing. If they have two or three suggestions to make I think we should be told what they are, and we should be in a position to discuss them here and express our opinions concerning them. I made a definite suggestion at one of the meetings of this committee not very long ago. I said that the difficulty was that the workers were not able to make their 30 weeks contribution during 52 weeks, which is a year. I suggested that the time limit be extended from one year to 18 months in order that they could qualify. That sounded reasonable and it was supposed to be submitted to the advisory committee, and we were to be told what the advisory committee thought about it. We have not been told anything as yet.

I would like to know: (a) is it going to be accepted; (b) if it is not going to be accepted—why—and I would like to have good reasons. I think other members of this committee agree with me in respect to this. Suggestions that are made should also be looked into seriously, and we should be told the pros and the cons.

I am also in the same situation as Mr. Gillis, when he says that he does not want to go back to his constituents at the end of this session and have nothing definite to show them. Last year we went back to our constituents and told them something was going to be done. The year has gone by and nothing has been done yet. We do not want that to happen again. I do hope that the minister will be in a position to tell the committee what the suggestions of the advisory committee are so that we can discuss them and express our opinions in respect to them.

Hon. Mr. GREGG: Well, Mr. Chairman, I cannot disagree with much which has been said, but I would like to clarify one or two points arising out of what Mr. Gillis has said. I do not agree with him that the amendments last year nullified the value of the Unemployment Insurance Act. What I am very anxious to do is not to cut out well-defined responsibilities. The organization which is responsible for formulating recommendations to cure something that is considered not right in the act is the Unemployment Insurance Commission at the request of the government or at the request of the minister expressing the will of parliament. The Commission has been struggling very hard with that and the act does not permit me to take it out of their hands. The Unemployment Insurance Advisory Committee, under the act, is a group of individuals composed of nominees of organized labour and organized management with an independent chairman. The general chairman is Mr. A. J. MacNamara, and the senior representative from organized labour is Mr. Gordon Cushing; the senior representative from organized management is Mr. Hunter. Their role is not to recommend to the commission, nor to the minister, improvements in the act for the benefit of the insured; that is our responsibility. Their role is to consider how the functioning of the act is affecting the fund; that is their main role. Of course, they must take into consideration the human factors as well, and they do.

What I said before as to the actuaries' survey of the effects of new amendments on the fund has been going forward. There has not been any delay in that. The people who should get that first are the commission, and then when

the commission makes its suggestions for amendements to the advisory committee, then they ought to have that information. I think it would be quite wrong for either the minister, or for this committee, at this juncture, to speculate on the details of the cure that they are hoping to effect.

I think that what you and I are interested in is whether we will have some kind of a cure to be put into effect before this session closes. On that we are all agreed without any question.

Mr. GILLIS: I want to make it quite clear that I am not criticizing the Unemployment Insurance Commission. I do not have any illusions about the Unemployment Insurance Commission. If they were permitted to do what they would do, they would cure this, if they were unharnessed from the actuaries.

Hon. Mr. GREGG: There are many factors in this and I wish to make it clear that nobody is intentionally dragging feet on this process whatsoever.

If the Unemployment Insurance Commission had a plan ready to recommend to me, I would have no objection to having it discussed before this committee, even though it would be presented before the Committee on Industrial Relations when it is converted into legislation.

Mr. GILLIS: Your suggestion is that you want your estimates to pass and then have the whole thing folded up?

Hon. Mr. GREGG: No. In the light of this discussion I am prepared to suggest this: that if the joint arrangements of the whips carries into effect, and Dr. McCann finishes his estimates today and we go on with the estimates of the Department of Labour, I would suggest that rather than deferring the discussion on the first item of labour proper that there be a discussion on labour and unemployment insurance as there has always been, and then when we come down to the details on labour those items have already been covered and could pass. That would be done, however, on the minister's second assurance which is that he will report back to this committee just as soon as, Mr. Chief Commissioner, you have a proposal that has been agreed to by the Unemployment Insurance Advisory Committee. I would say that that would be some time in the early part of July. In the meantime, I would ask the house not to pass the Unemployment Insurance Commission item.

Mr. STARR: Mr. Chairman, I do not agree with that and I do not really believe that the minister agrees in his own mind with bringing the estimates as a combination now at this time, particularly when we have not touched unemployment insurance. He suggests there be a discussion of labour and unemployment insurance, and naturally that would bring up section 45(2) which is the most contentious section of the Unemployment Insurance Act.

Hon. Mr. GREGG: But in the house if we get to the end of the Department of Labour estimates proper, and then face the unemployment insurance estimates, we would not go forward with those until there has been an opportunity in this committee to discuss the general principle, or at least the general outline, of the proposed amendment.

Mr. STARR: I see no purpose in bringing in the labour estimates at this time at all, particularly since we have not dealt completely with labour and unemployment in this committee. I think that that was originally perhaps the idea in the mind of the minister, not to bring it up at this time; but somehow or other it is being brought up and I think it is wrong. I do not think that we can divorce one from the other. I, for one, feel that it is a wrong move to bring the labour estimates into the House of Commons at this time in any shape or form until we have definitely dealt with and are satisfied with the amendment to section 45(2) of the Unemployment Insurance Act.

Mr. BARNETT: Mr. Chairman, the discussion seems to have shifted to this; that the estimates of the Department of Labour as such will come into the House of Commons committee of the whole today.

I am inclined to agree with what has just been said, that to discuss not only the estimates of the Department of Labour proper but also the unemployment insurance estimates in the house while the committee is still sitting on the unemployment insurance estimates would be rather an unfortunate situation. However, I do feel that we should reach some understanding, either in this committee or in the house, that the agreement that was reached earlier that the first item of the labour estimates as such would be allowed to stand and not to pass until we completed all of the business of the Estimates Committee on the Department of Labour estimates.

If we could reach some understanding here, which in turn could be carried forward into the house, then if the estimates come up today in the house we might have some discussion on the first item, if that was desired, and that the item be not carried in the house. As I understand it, if it is carried in the house then we would be out of order in discussing it in this committee. It seems to me that if the plan announced by the house leader last night goes forward we could then discuss matters under the first item in the house which apply properly to the Department of Labour estimates as such, as long as we had an understanding that that item would not be completed until such time as we came back for discussion of the unemployment insurance estimates. That, as I have thougth it over since last night, seems to me to be the only logical way in which the plan announced last night could be carried forward.

I would think that we might all agree that some arrangement be arrived at in the house where we would not allow item 1 to carry in the Committee of the Whole House.

Mr. CANNON: Would the minister suggest that we go on with his estimates this afternoon, but that item 196, which is the Unemployment Insurance Commission item, be not considered in the house. Is that what you said?

Hon. Mr. GREGG: My suggestion was this: turn to page 36, if you would, please, Mr. Chairman. We have now taken items 179 to 195 inclusive and carried them through this committee and have stopped at item 195. Items 196 and 197 relate to a distinct agency of government, although under the Minister of Labour. Of course, in all of their activities there is the closest possible liaison.

My suggestion earlier was that for this period this morning, if this committee cares to hear the chief commissioner, he has some opening explanation with respect to items 196 and 197. That is for you to say. But, in view of what was said last night at closing time that if the Department of National Revenue estimates are finished today the estimates of the Minister of Labour would be called and when the estimates are called I would indicate that as far as this committee is concerned items 179 to 195 have passed through the Estimates Committee but that items 196 and 197 have not been considered.

Mr. BARNETT: I think the minister is in error. We passed items 180 to 195 but item 179 was not passed according to my recollection.

The Acting CHAIRMAN: It says here that item 179 was adopted.

Hon. Mr. GREGG: I don't think it was passed. I would anticipate that tomorrow the discussion under item 179 might cover both Department of Labour and Unemployment Insurance Commission items but when we came, item by item, to 196 which is on the Unemployment Insurance Commission it would stand until those two items, 196 and 197, have been dealt with by this committee. This will be done only after we have had an opportunity to discuss the proposed amendments to section 45(2) which I would anticipate would not be until the early part of July.

Mr. CANNON: Mr. Chairman, I was not here at the beginning of the minister's remarks. Did he say anything about fishermen?

Hon. Mr. GREGG: No. Anything that can be done with respect to the fishermen will be possible under that section of the act which provides the opportunity of taking in new groups under it by regulation.

Mr. CANNON: I understand that an amendment to the act will not be necessary, but I was wondering whether you could give the committee any information as to what is planned in view of the statement made by the Minister of Fisheries the other day, which, I think, was rather optimistic.

Hon. Mr. GREGG: It is in the same situation, in that it affects the fund. I would expect to bring forward more detailed views on that when I bring in the other.

Mr. CANNON: About the same time as section 45(2) is brought up?

Hon. Mr. GREGG: About the same time.

Mr. CANON: Thank you very much.

Mr. MCLEOD: Mr. Chairman, I believe that we are all anxious to expedite the discussion and the procedure in connection with these estimates. I cannot see anything wrong in passing—when these estimates come up in the house—the first items. It is just a matter of whether item 179 should be left open or not. I cannot see the need of having that left open as long as we have an undertaking from the minister. I believe we have confidence enough in him to believe that whatever he promises or pledges to this committee will be carried out, and that we will have the matter of item 196, the Unemployment Insurance Commission, left open for a future date. I would go along with that. I believe it has the whole-hearted support of our group.

Hon. Mr. GREGG: In other words, that I ask in the Committee of the Whole that, for the purposes of general discussion, item 196 be given the same status as the first item of any department.

Mr. THATCHER: I also agree with that.

Mr. CURCHILL: I think that we have got into a bit of a muddle here with the committee dealing with the labour estimates and the committee of the house now about to deal with the labour estimates this afternoon. It is just poor arranging and nothing else. In view of the fact that we cannot get very far forward in this Estimates Committee on the unemployment insurance without the information for which we have been waiting a month, I think the committee should discontinue its activities this morning. In the house, this afternoon, the minister can make his statement and we will examine it to see if it is satisfactory. I think that that is as far as we can go here. The thing is wrong in principle.

If the minister is going to make a statement I think that he should see the house leader to make sure if the estimates do go forward today that they do not go forward tomorrow, because we are going to have some trouble in dealing with a matter which has not been covered by the Estimates Committee in bringing the two things along at the same time. The whole purpose of the Estimates Committee was that the members of the committee would have an opportunity to consider these items well in advance of their discussion in the house and that they would have the printed report which would be in the hands of the members when they discussed the estimates of the whole department in the Committee of the Whole House. If we discuss today any items in the estimates, the report will not be out for a week and will not be of any value to us as a consequence.

I think that we should discontinue this committee right now.

Mr. MCLEOD: Mr. Chairman, I believe that the minister has indicated that the Chief Commissioner of the Unemployment Insurance Commission has a

statement or a report to make. I believe that we should hear that report this morning and have a little time to digest it.

Hon. Mr. GREGG: Mr. Chairman, there are of course many important items affecting the Unemployment Insurance Commission other than section 45(2). However, the statement which Mr. Bisson is prepared to make is one which I think we should consider. Should the estimates of the Department of National Revenue be completed in the house today—they may or may not be—I take it that the estimates of the Department of Labour are to be considered after that, and you, Mr. Chairman, would have to refer them in. Is that right, Mr. Chairman?

The CLERK: There would have to be a report presented.

Hon. Mr. GREGG: Reporting the items which have been approved by this Estimates Committee, which are the items from 179 to 195. I think there may be some technical objection to what I said earlier this morning, that in Committee of the Whole, that when we call item 179 there be discussion on both. Would that be irregular?

The CLERK: We would be reporting item 179 as we have approved it here.

Hon. Mr. GREGG: But, if on the general discussion which always takes place when the first estimates come in, would it be in order for the discussion to range over the Department of Labour and the Unemployment Insurance Commission even though items 196 and 197 had not been referred to the house.

Mr. CHURCHILL: You will have difficulty in preventing it anyway, no mater what you may suggest.

Mr. HENRY: I would think that that would be all right because the one minister administers the two branches of the department. Your salary is up for discussion as the first item.

Mr. GILLIS: Mr. Chairman, I think that actually it would be up to the members of this committee. I would think, if the minister went in the house and asked to pass these items and have 196 stand that you will have a general discussion on unemployment insurance anyway; but if the members of the committee agree with you and you went to the house and asked that any discussion on that be deferred until you came back from the advisory committee and this matter comes back from the Industrial Relations Committee, the chances are you could then go on with the discussion in the house.

For one, I would go along with you and would be prepared to ask our group to leave this particular item alone until it is finalized by the Industrial Relations Committee.

Hon. Mr. GREGG: In other words, if I were to report that we, in the Estimates Committee, were still discussing section 45(2) of the present Unemployment Insurance Act and its relation to these estimates, and that we are having item 196 stand for further discussion, in committee of the whole I can ask that item 196 stand so that we might bring in the final report which we do not expect to have before two or three weeks.

Mrs. FAIRCLOUGH: With the best intentions in the world I do not think it would work. Here, in this committee, we are a handful of people and you have 265 members in the house. I do not think, candidly, that you can avoid having the members of this group discuss unemployment insurance. I think that you will get it all the way down the line.

Hon. Mr. GREGG: I am a little concerned with what Mr. Churchill said a little while ago. I do, however, have to stick to this program which I have outlined. There is no question that the advisory committee must have its say. Furthermore, the minister must have time to discuss this with his colleagues. That will take time and will take us into July.

Now, if we were to leave all this discussion on the Unemployment Insurance Act, here and in the house, until then, we would come up against that difficulty which arises so often of being rushed at the end of a session. This other method, I think, would provide a better opportunity to carry things forward keeping the controversial one for a special session here and a special session in the house. That is what I would like to do.

Mr. GILLIS: If Mrs. Fairclough went back to her people and said "leave this alone until we finalize it", I think they would cooperate. I am sure the Liberals will not complain.

Mr. MCLEOD: I can pull in the teeth of the Social Credit. I am sure that the C.C.F. fellows will leave it alone if Mr. Gillis and Mr. Barnett say "leave it alone".

The Acting CHAIRMAN: Is it agreeable that we try to meet with the wishes of the minister?

Mr. CANNON: Agreed.

Hon. Mr. GREGG: If that is agreed in the committee then we could go on this morning to hear the Chief Commissioner.

Mrs. FAIRCLOUGH: The only thing is, Mr. Minister—and I make this suggestion, perhaps the chief commissioner himself would like to comment on it—if the chief commissioner is going to make his statement now and then we do not consider the unemployment insurance estimates for two or three weeks, the value of his statement is more or less lost. I think that we should have his statement immediately before us when we consider the estimates. Much as we await the chief commissioner's report, I do not think it would make for orderly discussion.

Hon. Mr. GREGG: Mr. Chairman, we are taking time on this, but it is time well spent. Could we then as far as our Estimates Committee is concerned, consider items 196 and 197, give them consideration in this committee covering all phases except section 45 (2) because it is quite a different thing. There are other things worthy of consideration in the commission other than those which relate to section 45 (2). When we finish the other discussion we would have item 196 stand in this committee. That would make it possible for us to have on the record all the other information which may be available and may be desired from the Unemployment Insurance Commission and when we get into July we would only have the one point remaining.

Mr. GILLIS: Mr. Minister, I think that that would be a waste of time. If this matter is going to be finalized by the Industrial Relations Committee after it comes back from the advisory committee, then all the discussion relative to the Unemployment Insurance Act should take place before the Industrial Relations Committee. I think that that is the time when Mr. Bisson should make his statement. However, Industrial Relations Committee is the committee which will finalize it and I think that all the discussion relative to the Unemployment Insurance Act should take place there and any statements which have been made by the Unemployment Insurance Commission should take place there so that we will have all that evidence in one book.

Hon. Mr. GREGG: That, of course, is a technical matter. This Estimates Committee is not intended to discuss legislation. But we have discussed it there, and I am very glad we have, and we will probably continue to discuss this item of legislation. But, technically speaking, the details of the proposed legislation should come through the committee which deals with that legislation, and it will come to them as a draft bill.

Mrs. FAIRCLOUGH: Mr. Chairman, I really think that we are wasting time. I move that the committee rise and report progress.

Mr. CANNON: Might I say a word on that. If it were not for section 45(2) and the fishermen, Mr. Bisson would, in the normal course of business, make a statement at this time before the committee because we have reached item 196. He has a statement and is ready to make it. The committee is in session and I suggest that we have the statement and we leave aside any matters concerning section 45(2) and fishermen to be dealt with at a later date.

The Acting CHAIRMAN: Here is a rough draft of a report. It says: "Your committee has considered and approved items numbered 179 to 195 inclusive, and 197 listed in the main estimates 1956-57 relating to the Department of Labour, referred to it by the house on March 2, 1956." That leaves out 196.

Mrs. FAIRCLOUGH: That is the report which the chairman would make after item 197 has been considered.

The Acting CHAIRMAN: Item 197 has been considered and approved.

Mrs. FAIRCLOUGH: We never got into unemployment insurance at all.

The Acting CHAIRMAN: In the meantime, would it be the unanimous consent of the committee to hear a statement from Mr. Bisson?

Mrs. FAIRCLOUGH: Just a minute. I think there is a transposition of figures here. All the discussion previous relates to item 179 and then it says "item 197 agreed to". I do not remember ever considering item 197.

Mr. POWER (*St. John's West*): It was discussed.

Mrs. FAIRCLOUGH: I do not remember discussing that.

Mr. CHURCHILL: We went back to the first item, 179, and some questions were answered in respect to that.

Mrs. FAIRCLOUGH: This is a transposition of figures. It should say "179".

Hon. Mr. GREGG: It was my impression that we were completing the Department of Labour only and that the Unemployment Insurance Commission was left undone, but that 196 would be held open.

Mrs. FAIRCLOUGH: We never touched 197.

Hon. Mr. GREGG: 196 and 197. Would it be in order if the acting chairman were to change the report to read "items 179 to 195 have been approved"?

Mrs. FAIRCLOUGH: Revoking item 197. I think if you will read the proceedings and evidence over again you will realize that that is the situation.

Mr. STARR: I would agree with Mr. Gillis in that we should have the consideration of the Unemployment Insurance Act in proper sequence and in the proper book. Whatever statement Mr. Bisson makes will be in the minutes and proceedings of this special committee and then when the whole matter of unemployment insurance is referred to the Standing Committee on Industrial Relations, then, that will be in the minutes of another book and the statement of Mr. Bisson will not be there at all. I think that it is only proper and logical and commonsense to have the whole thing deferred until it comes to the Committee on Industrial Relations and then have the whole thing in the minutes of that committee.

Hon. Mr. GREGG: Then, do I understand that this committee would be willing to continue the consideration of the unemployment insurance estimates here, leaving item 196 open so that I might report to this committee what is going forward to the Industrial Relations Committee before it reaches that stage.

Mr. STARR: I think that both items should be referred to the Industrial Relations Committee.

Hon. Mr. GREGG: I do not think that we can refer an item of estimates to the Industrial Relations Committee.

Mrs. FAIRCLOUGH: Mr. Chairman, I am just trying to be helpful.

Hon. Mr. GREGG: So is everybody.

Mrs. FAIRCLOUGH: I do not think very much of this suggestion that we should have the Chief Commissioner's statement now and then defer further discussion for some time.

The Acting CHAIRMAN: Unless there is unanimous consent, I do not think that we will ask the Chief Commissioner to make a statement.

Hon. Mr. GREGG: What the chief commissioner has this morning is a summary of the expenditures under his commission.

Mr. CANNON: Is it a report which has to do with the estimates?

Hon. Mr. GREGG: Yes.

Mr. CANNON: That is why I think it should be read before this committee. If we have the report now we will be able to read it and we will be in a better position afterwards to discuss it.

Mrs. FAIRCLOUGH: We will forget what happened in three weeks' time.

Mr. CANNON: I won't.

Mr. GILLIS: We will have more up-to-date information in July.

Mrs. FAIRCLOUGH: Mr. Chairman, I would like to ask, if I may, whether the Chief Commissioner agrees that it would make for more orderly discussion if we deferred it.

Hon. Mr. GREGG: I would not want to ask the Chief Commissioner to make a statement unless it had unanimous consent.

Mr. CHURCHILL: I think that we should wait until you are ready, sometime early in July, and then meet at that time to clear this up.

Mrs. FAIRCLOUGH: We would probably clean it up much more quickly.

Hon. Mr. GREGG: If the Chairman reports back to the house the Department of Labour items this afternoon, would there be any objection, if the Department of National Revenue estimates are finished, to calling the Department of Labour estimates?

Mrs. FAIRCLOUGH: I do not like it.

Hon. Mr. GREGG: You have no objection?

Mrs. FAIRCLOUGH: I have objections.

Hon. Mr. GREGG: I should state that if the discussion ranges around unemployment insurance as well, I would ask that my replies be suspended until this other matter is cleared up.

Mr. CHURCHILL: And that these estimates do not come up on Friday.

Hon. Mr. GREGG: That is right.

I am very grateful, Mr. Chairman, for this discussion.

Hon. Mr. GREGG: Mr. Pearkes, Mr. Konowal and I expect to go over to London and I will be back on July 3 ready to carry on.

The Acting CHAIRMAN: Before we adjourn, is it agreed that I will report the fifth report: "Your committee has considered and approved items numbered 179 and 195 inclusive, listed in the main estimates 1956-57 relating to the Department of Labour, referred to it by the house on March 2, 1956."

Agreed.

May I, on behalf of the committee, wish you, Mr. Minister, a very enjoyable trip.

The committee adjourned to the call of the chair.

PROCEEDINGS

THURSDAY, August 2, 1956,
10.00 a.m.

The CHAIRMAN: We will please come to order, gentlemen.

Unemployment Insurance Commission—

196. Administration of the Unemployment Insurance Act, including expenditures incurred in connection with other duties and responsibilities assumed and carried out as required by the governor in council on the recommendation of the Minister of Labour in accordance with section 4 of the act, $27,341,745.

Before we actually start on this item, the minister wishes to make a short statement.

Hon. MILTON F. GREGG (*Minister of Labour*): Mr. Chairman, it has been quite a long time since our last meeting. I think that all members of the committee will have seen the item in yesterday's votes and proceedings on the resolution dealing with the two points on which I was asked to make a statement in the middle of May and on which I did make an interim statement. This item in the votes and proceedings does indicate the government's intention to take action on both the points involved. I anticipate that the resolution will come before the house on Monday. At that time I will be making a statement with respect to the two items, and a more complete statement on second reading, which I hope will not be very long thereafter. In view of that I would like to ask, Mr. Chairman, if we could proceed this morning with the items under unemployment insurance on page 38 in the ordinary way.

The CHAIRMAN: Are there any questions on item 196?

Mrs. FAIRCLOUGH: Mr. Chairman, will we discuss the resolution or the bill just in the house, or will it come back to the committee?

Hon. Mr. GREGG: I would like to put it in the hands of the house after the discussion is over on the resolution. I will tell this committee what my thoughts were. Time is of the essence, I think, in the minds of most of us. I had thought of a program something like this: that the resolution would be introduced with, I hope, a minimum of discussion on the part of the minister and others. As soon as possible thereafter, available for distribution to all the members of the house. Then, on second reading, I would propose to make an explanatory statement under these two headings. If it appeared to be the view of the house, during the second reading, that we could do it more effectively at the same time, I would be very glad to refer the bill to the Industrial Relations Committee for study clause by clause. There will only be three or four clauses. Those are the thoughts which I had in mind.

The CHAIRMAN: Mr. Minister, I understand that the terms of the resolution pretty well cover what you had in mind. Perhaps some of the members of the committee have not seen the resolution. Do you have the actual resolution which is on the order paper here?

Mr. CHURCHILL: Mr. Chairman, the resolution which the minister mentioned will be introduced next Monday, I assume, and second reading on Tuesday?

Hon. Mr. GREGG: That is what I hope.

Mr. CHURCHILL: Time will be running out by then. There may not be much time in which to refer it to a committee after that and get it back into the house.

Hon. Mr. GREGG: I would hope that we might be able to have second reading on Tuesday morning and a meeting of the committee directly thereafter. On the other hand, if it is the desire, after second reading, we might go right into committee of the whole. I would be in accord with whatever appeared to be the best plan.

The resolution on the order paper is as follows:

The Minister of Labour—In committee of the whole at the next sitting—The following proposed resolution, which has been recommended to the house by His Excellency:—

Resolved, that it is expedient to introduce a measure to amend the Unemployment Insurance Act to authorize the Unemployment Insurance Commission with the approval of the governor general in council to make regulations providing for the extension of the act to persons engaged in fishing notwithstanding that they are not employees of other persons, and for including as an employer of a fisherman any person with whom the fisherman enters into contractual or other commercial relationship in respect of his occupation as a fisherman,—

that is the first part—

and also to modify the provisions relating to the requalification requirements for certain subsequent benefit periods and to adjust the duration of regular and seasonal benefits accordingly.

That is the second part dealing with 45(2).

With respect to the first part, members of the committee will recall in my statement that I said I thought when I dealt with fishermen it would be possible to bring them under the act without the necessity of amending the act; in other words, to do it by regulation. But as the plan has moved forward and since it involves dealing with certain sharesmen, where the contractual situation will have to be taken into consideration, our legal advisers said that we might be able to do it legally under the existing act but since we are to amend the act in any event it would be better to bring in the enabling sections of the act. That is what this is. This is to enable us to carry the plan forward to come into effect, for contributions by the end of this fiscal year and thus be available for all purposes before the end of the following fiscal year.

Mrs. FAIRCLOUGH: Was it a slip of the tongue when you said "ready by the end of the fiscal year"? Did you mean by the end of the calendar year?

Hon. Mr. GREGG: I mean so that contributions may begin at the end of this fiscal year.

Mrs. FAIRCLOUGH: Not until next March?

Hon. Mr. GREGG: That was our feeling, that to complete the plan now it will require our officials to hold some hearings in some of the fishing areas in order to get the machinery into action through their local offices concerned. It was considered that in order to do it, it would require until March 31.

Mr. GOODE: Mr. Chairman, in respect to the remarks of Mr. Churchill there is no doubt that every one of us wants to get home but I think that this matter is so important that if we have to sit until September we should do it. I do not think that time is of the essence in this matter. I have a large number of fishermen in my riding and naturally all of us from British Columbia will have considerable to say on the matter. If we have to stay here another week or ten days to discuss it in full, then we should do so.

Hon. Mr. GREGG: I want to say now that I did not wish to open up the discussion this morning, except to clarify the statements which have been made before, that I will not be able, either in committee or in the house, to go into the details of the plan coming forward because it is still in a state of flux. I insist that the commission, of which there are several representatives present this morning, must have during the coming months a free hand to develop a plan in consultation with me. But if any member of parliament between now and the day we break up would like to bring up special questions at any time. I will welcome them.

Mr. BARNETT: Mr. Chairman, while it might be possible that the amendments that are going to be brought in in respect to 45(2) may be fairly simple and ones which could be dealt with satisfactorily in the committee of the whole in the house, I still think that it would be wise, if we have an opportunity, to have the bill as originally proposed go to the Industrial Relations Committee particularly with respect to the proposals bringing in coverage to the fishermen. Some of us might wish to ask quite a number of questions on that and they would be the type of questions which might better be asked in the Industrial Relations Committee. It is also possible that we might wish, as we were last year, to be free to have officials of the Department of Fisheries or the Minister of Fisheries come in too. It seems to me that this would be simpler in the Industrial Relations Committee.

Hon. Mr. GREGG: Mr. Chairman, I would suggest that we leave the discussion as to what will happen after second reading until we come to second reading.

The CHAIRMAN: I think that might be wise. If the members of this committee want action this session, as the session shows signs of coming to an end next week, if you get this bill through second reading next week, if it were then to go to a committee, that might be one way of not having it acted on this session. I think that that is something which the members should have in mind now. I think it is better to leave it open as the minister suggests.

Hon. Mr. GREGG: On the other hand, with respect to a tricky amendment like 45 (2), there might be a saving of time.

Mrs. FAIRCLOUGH: Mr. Chairman, has the minister received representations from many persons or organizations outside of the house to be heard on 45 (2)?

Hon. Mr. GREGG: No, because I will be reporting on this to the house of course, but on 45 (2) I took the liberty which I felt was important; I had representations, as many as of you have had, from many labour organizations since last fall on it, and most of them came through what is now the Canadian Labour Congress and through members of parliament where the congress did not apply, and those organizations and the congress particularly are represented now—very powerfully represented—on our Unemployment Insurance Advisory Committee and the amendment that is coming before the house has been submitted to that committee, and the committee has concurred in the amendment; and having done that I asked them whether they wanted to make any official representations when the bill came before the committee of the whole, and they told me no.

Mr. POWER (*St. John's West*): As far as the Fishermen Insurance part of this amendment is concerned, I know that any member who has a substantial number of fishermen in his constituency will not be very welcome back home if he does not go home with an act.

Hon. Mr. GREGG: Well, if this amendment goes through the enabling section will be in the act, with an assurance on the part of the government that it intends to put a plan into effect; but I would like to stress again that I would not be fair to the officials from the three departments—the three or four departments of government at least, who have been and who will now be increasing their tempo on this—if I were to announce every last detail of a plan which has not yet been completely worked out. Is that right, Mr. McGregor.

Mr. JAMES MCGREGOR (*Director of Unemployment Insurance*): That is correct.

Mr. PURDY: Are we to understand that as soon as you arrive at a working arrangement for fishermen you are going to propose a similar plan for self employed producers?

Hon. Mr. GREGG: I shall leave that to my successor.

Mr. CANNON: You only deal with one thing at a time.

Mr. PURDY: If you do that I am afraid you will soon have a successor!

Mr. CHURCHILL: It is only a matter of 12 months anyway!

Hon. Mr. GREGG: That is an important question and it is one which has been paramount in our whole consideration of this; but in relation to it I would ask you to join with Mr. Purdy and me in bearing witness to the fact that the fishermen particularly along our Atlantic coast have had a pretty thin time down through the years.

Mr. PURDY: Other people on the Atlantic coast have also had a pretty thin time!

Hon. Mr. GREGG: Yes, but our lumber people are under the act now, and so on.

Mr. GOODE: You speak of the Atlantic coast. I come from British Columbia!

Hon. Mr. GREGG: I know, you are very wealthy there.

Mr. GILLIS: The steering committee met with the minister and some of his officials yesterday afternoon and they came to a tentative agreement on how these estimates were going to be finalized. I understood that when we met this morning we would have a statement made to the committee by Mr. Bisson, and that we were then going to discuss anything that should be discussed arising out of his statement, and then to facilitate the business of the house and of this committee particularly, the estimates were then to go back to the house with the proviso that the amendments that are now being talked about would be referred to the Industrial Relations Committee when the bill was read, after second reading, bearing upon the fishermen's question and the amendment to section 45 (2); that they were to go to Industrial Relations Committee. I submit that is the proper thing to do because last session the Industrial Relations Committee went over this act section by section and brought about the amendments which created the trouble. Therefore, I think the logical committee to finalize this amendment is the Industrial Relations Committee because the same personnel are here; and as Mr. Barnett suggested, the Minister of Fisheries and others interested who were not members of the committee should have the right to sit in and make suggestions as to what is right and what is wrong.

I submit that the first job we have to do is to get these estimates back to where they belong and to separate these amendments from the estimates as such because they do not belong with the estimates; they are separate questions and I think it would produce a better analysis. We would get through the thing and get the job done better if we split the two things, to get the estimates back to the house and to get a statement now from Mr. Bisson and then question him on that statement in any way we like.

I submit that the minister should carry out the idea expressed yesterday that we should separate the two questions and get the bill into the other committee and get it finalized. I do not see anything complicated about this amendment now. I think it is as good as we are going to get, and I think that is the best way to get the business done.

The CHAIRMAN: Of course, I did not put that suggestion to the committee we would have no right to decide that any bill would go to any committee. But I thought following the intimation from the minister that he was willing to do whatever seemed to be best to advance the cause of these people who wished the fishermen to get unemployment insurance and to improve the act when he indicated that he was willing to do anything to advance it that we should then consider the estimates.

I realize that after all we have no real right to consider the proposed amendments to the bill or anything of that sort. I hope everybody agrees with what the minister and Mr. Gillis have just said and that we may now go right on to the estimates if that is satisfactory?

Agreed.

We are on item 196, as I have said, and I think that at this time perhaps the minister might care to introduce to the committee the group of officials he has with him this morning so that we may know who we are looking at.

Mr. BISSON: This is Mr. James McGregor, director of Unemployment Insurance.

Hon. Mr. GREGG: And incidentally he has only been newly promoted!

Mr. BISSON: And Mr. G. M. Morrison, our advisor on executive and professional placements; Mr. W. Thomson, our new director of employment service; Mr. L. J. Curry, our executive director; and Mr. W. K. Rutherford, our director of administratives services.

The CHAIRMAN: Mr. Bisson will now make his statement.

Mr. BISSON: In making a brief statement on the estimates of the Unemployment Insurance Commission, I would like to refer the members of this committee to the charts of the organization which have been provided.

You will note that on the first page of this document, there is a comparative statement of estimates for the past six years. Our estimates, as you will notice, are broken down into three votes—Vote 196 covering Administration, in which we are asking for $27,341,745; government's contribution to the Unemployment Insurance fund, which is in effect a statutory item, for which we estimate that we will require $35,650,000 this year; and Vote 197, which is to provide for the transfer of labour, and for which we are requesting $75,000.

Page 2 of the document contains a chart showing the structure of our organization. This commission reports to parliament through the Minister of Labour. The commission is advised by an Unemployment Insurance Advisory Committee and a National Employment Committee. The commission has the responsibility for the administration of the Unemployment Insurance Act and Regulations. To carry out the provisions of the act, the commission operates 192 local offices, 22 branch offices, and five regional offices and this field staff is under the direction of the executive director with the assistance of a head office staff of specialists in the fields necessary to provide proper administration.

I would like to refer you now to the chart on page 5 which will give you an indication of the formal organization of one of our larger local offices. Under the Unemployment Insurance Act, this commission is called upon to operate an employment service. The objectives of this service are to find employment for any employable person, either male or female, if he or she registers with a local office, and, secondly, to refer suitable applicants to those employers who have notified the service of their job openings. The service also, in a general way, assists wherever and however possible in alleviating the unemployment situation. I know you are all familiar with the current efforts being made towards reducing winter unemployment in Canada.

If you will look at the chart on page 5 to which I have made reference, you will note that under the employment branch there is shown a men's and women's employment division. These divisions are comprised of sections based on occupational classifications and it is in these sections that we perform the actual work of registering applicants for work and make referrals to job vacancies. The officers of these sections also maintain continuous contacts with employers in the area and, acting as employer-relations officers, promote the service to employers in an attempt to have the employer register all his job

openings with the office. The staff required for work of this type must be carefully selected and trained. You will appreciate that the better we are able to satisfy employers with a high quality of referral, the more vacancies are registered with our offices and the wider choice of employment is available to workers.

In addition to the men's and women's divisions, you will also note that specialized divisions are set up in our larger offices. We have a special placements and testing division where a special service is given to handicapped persons and to youth and other new entrants to the labour market. An executive and professional division is a special service given to what we term executive and professional applicants, which includes the placement of university graduates and for summer work, undergraduates. At many of the universities, officers from this division actually work on the campus and, in this way, keep in close touch with the graduates and undergraduates.

The clearance division of the local office offers a most important facility. If a local office does not have applicants registered or suitable for an employer's vacancies, the employer's order may be cleared or sent to other offices. The order can be sent first to adjacent offices then to offices in the same region and, finally, if necessary, across the entire country. This clearance system also works to the advantage of the applicant, particularly in the skilled group. If a highly-skilled applicant is unable to be placed in the local area, his application may be cleared to other offices either within his own region or outside of it.

The employment public relations division is staffed with officers who are mainly responsible for the public relations work in the local office area. These officers maintain contact with employer and employee organizations and generally with the larger employers in the area.

While this is the form of organization in our larger offices, all these functions are carried out in all offices of the commission. We do not, of course, have the degree of specialization in the smaller offices as the volume of work would not warrant a staff large enough to have specialists in each of these fields. However, where the need arises, officers are trained and the applicant in the small office can and does receive a service as adequate as the service provided to those residing in a larger area.

If you will now refer to page 4, you will see the formal organization of the regional office and you will note that the employment branch is divided into four divisions.

It is the function of the regional employment branch to assist the local offices in carrying out the employment work. The general placements division is staffed by industrial specialists. These officers have an intimate knowledge of the problems of supply and demand in industry and by closely watching the employment situation in each office area, they are able to maintain a control and assist the local office in meeting its problems. They are also able to direct clearance orders arising in local offices, to areas where the labour may be available.

The special services division is staffed by officers who specialize in the field of special placements and executive and professional.

The regional co-ordinator of women's employment advises on problems arising in connection with the field of work for women while the assistant to the regional employment officer compiles labour market information and provides the local offices with assistance in connection with statistical analyses and local office procedures.

At head office, as you will note from the chart on page 3, the breakdown of the branch is very similar to that of the regional office and a similar function is performed by its officials on a national basis. There is, of course, the responsibility on the head office employment branch to advise the commission

on policies affecting the operation of the National Employment Service. The branch must also plan and develop the procedures and practices necessary for carrying out the act and regulations.

I have given you hurriedly a description of the employment branch organization and now I would like to quote some figures to give you an idea of the volume of work which is done by the commission through its employment offices.

In the most recent fiscal year—April 1955 to March 1956—the offices registered 2,997,470 applications for employment. During that time, employers notified our offices of 1,303,985 vacancies. The offices placed in employment, 995,885 applicants. Almost 20,000 of the placements were handicapped persons on whose behalf a special effort had been made by officers specially trained in this work. Also among the placements made were workers for large projects at Kitimat, St. Lawrence Seaway, and Camp Gagetown in New Brunswick. Quite recently, we have commenced recruiting for the DEW Line. International movements would involve as many as 10,000 workers.

When I speak of placing almost 1,000,000 people in employment, the complexity of the selection process necessary for proper referral is often overlooked. Selection involves a careful recording of the applicant's skills, aptitudes, experiences, interests, etc. In some offices we maintain facilities for testing and in cases where there is a doubt as to an applicant's qualifications or skills, tests are sometimes administered with the sole idea of obtaining a clearer picture of what work the applicant is best fitted for. With each applicant, an occupational classification is arrived at. The system we use of classifying applicants occupationally permits the breakdown into the "world of work" of some 10,000 classifications. I tell you this as I want to impress upon you that the work of selection is a task that must be carried out with some considerable precision.

The taking of an employer's order is a side of our operation where we have to be no less precise. In addition to obtaining a clear description of the work to be done, there are many other factors to be considered—wage rates, hours of work, duration of employment, trade union membership—all are most important. Also, the legal provisions of provincial and other legislation must be observed. All of these have a bearing in effecting a proper matching of man with job.

Vocational misfits are liabilities because they are most likely to make mistakes that cost money. They are prone to accidents and the turnover rate is abnormally high. The National Employment Service must select workers who are not just workers but persons who are suitable to the jobs to which they are being referred.

The value of the employment service to the economy of the country is reflected in reduced labour turnover, which means better satisfied personnel and a reduced hiring cost to the employer which are the end results of efficient selection and placement.

If you would refer back to page 5, opposite the employment branch on the organizational chart you will see the insurance branch. The markings on the chart indicate the divisions of the insurance branch and are, in effect, self-explanatory.

The claims preparation division is responsible for the actual taking of the claim after registration for employment. The staff of this division must be very carefully trained as the completion of the claim documents must be skillfully done if the adjudication officer is to be in a position to decide wisely on whether or not the claim should go into payment. The claims preparation division has three other sections which take over the processing of the documents and control the flow of the documents until the claim goes into pay.

The review and adjudication division of the insuranche branch decides whether or not the claim should be allowed and if any disqualification should be imposed.

The claims payment division does the actual payment either by cash or warrant depending on whether or not the claimant is reporting in person or by mail.

The contribution and coverage division is responsible for the issuance of insurance books and the issuance of licences to employers for the purpose of purchasing stamps. This division also issues routine decisions on coverage questions.

If you will now refer to the chart on page 4, you will see that the insurance branch at the regional office has three divisions—a contributions division, an audit division, and a claims division.

In the contributions division of the regional office, complete contribution records are maintained, from which are determined if the claimant has sufficient contributions within the prescribed time to warrant the entitlement to benefit and, secondly, the rate and duration of benefit of such claim. Under the present system, the current insurance book is sent to the contributions division at the regional office and this, together with the records of contributions for the required number of years, provides the information necessary for computation. The work in the contributions division at the regional office has been especially heavy during the past winter due to the work involved during the transition period. It is expected that for three years the contributions division will be called upon to do considerable additional work in order to carry out the provisions of the new act which prescribes the right of the claimant during the period of changeover.

In the claims division of the regional office, difficult cases of adjudication are decided upon. Reviews are also made of decisions by officers located in the local offices so that there will be uniformity of adjudication maintained within the region.

The audit division of the regional office has supervision over the district audit offices and the audit staff working in the field. The entire region is divided into districts and at these district points a district auditor supervises groups of field auditors and allocates the audits to these officers from the central point.

I would refer you now to page 7 where we have set out for you a chart showing the function of each of the divisions of the insurance branch at head office.

I know you will appreciate that our officials in the insurance branch at head office have a responsibility for advising the commission on the operations in the field. These officers must also plan the procedures necessary for the carrying out of the provisions of the act. They must also review these procedures in order to ensure that the most efficient system is in effect in the local offices. This will give you a very hurried description of the insurance branch organization from local office to head office.

I would like to give you now some indication of the volume of insurance work which the commission has done through its organization.

In 1941, the act covered 2,000,000 workers. In the past fifteen years, the number of insured persons has increased to about 3,250,000. Another estimated 1,000,000 persons are recorded as having been in insurable employment at some time and many of them have rights to benefit.

Registered employers have increased from 160,000 in 1941 to slightly over 300,000 at this time. The growth in the number of employers will give you some indication of the increase in work which has fallen upon our audit staffs because of the necessity to maintain control on contributions to the fund. The commission insists upon periodic audits of all those who have insurable em-

ployees and for the fiscal year ending March, 1955, about 225,000 audits and special investigations were made. In the case of many employers, a visit from the auditor about every eighteen months is now considered to be sufficient. This has not always been the case but with the employers becoming more accustomed to the legislation and because of the field control which has been exercised, the commission has been able to extend the interval of audit to employers with good records.

The increase in the number of insured employees will, of course, give a very definite indication of the increase in the number of records which have to be maintained for benefit purposes. In the past fifteen years, there has been a great increase in the number of claims filed for unemployment insurance benefit. In the fiscal year ending March 31, 1943, the total number of claims filed was 36,000. By 1946 the volume of claims had increased to about 430,000.

In the year 1955-56, claims numbered approximately 2,425,000. This included renewal as well as initial claims. When you are giving consideration to this load expressed in millions of claims, please keep in mind the computation required at regional offices and the careful review and adjudication which must be made in each case.

I would now ask you to refer to the comparative statement of our estimates. Here we show our estimates and expenditures for the past five years and the money which we are requesting for the year 1956-57. A comparison of the totals will show that over the past six years our estimates have increased by a net of approximately $9,000,000, that is, from the final allotment for 1951-52 to our 1956-57 estimates. Five million dollars of this increase is shown in the government's contribution to the unemployment insurance fund, which is a statutory item and is entirely dependent upon the amount contributed by employers and employees.

The salary and wages allotment shows an increase of approximately $4,500,000. This increase has been brought about by the general salary revisions which have occurred during this period and by an increase in the establishment.

I want to refer you to the figures which I noted in the earlier part of this report and which indicated the tremendous increase which has occurred in the volume of work performed by our field organization. During the war and from approximately 1942 through to the latter part of 1945, the officers of this commission administered the National Selective Service regulations so for purposes of reference or comparison it is perhaps well to talk about the period from 1946 to date. Over that period and despite the tremendous increase which has occurred in office load, this commission has not increased its local office continuing establishments by more than 10 per cent while during the same period, the work load in the local offices has doubled.

In the estimates of this commission, out of a total vote of $27,000,000, approximately $23,000,000 go for salary and wages. For a number of years, the commission has determined its staff requirements using as a base, a work measurement of the local office production. This staffing basis has proven an invaluable tool in maintaining the proper staff to meet the extremely difficult type of seasonal load which this commission has to handle. The executive director will go into detail on the subject of staffing if the committee members wish to hear more of the manner in which our staff requirements in local offices are determined. Since the salaries and wages vote forms such a large part of our total controllable expenditure, I think you would be interested to know of the formal organization which assists and advises the commission on the proper utilization of staff and the development of the system which the staff must operate.

I would like to refer you to the organization chart on page 3, which shows the head office of this commission. Under the executive director at head office we have an administrative services branch and you will note that this branch has three divisions.

The standards and methods division is composed of a group of officers especially trained in office procedures and methods. These officers are continuously engaged in reviewing the commission's standards for accommodation and staffing. In addition, these men are continuously studying more effective and efficient methods to be used in our local offices. All procedures are planned with the technical assistance of this group.

In the earlier part of this report, I pointed out the work of the employment and insurance branches, particularly with regard to the selection of people for jobs, and on the insurance side the skill required for the taking, computation and adjudication of claims. In order to have a staff capable of performing this difficult work, on-the-job training becomes very important. The staff training division of the administrative services branch prepares the necessary training studies and maintains a programme of staff training. Training divisions are also established at regional offices and these staff officers give assistance to local offices in the training of staff.

I would now refer you to the staff relations branch and its division and you will note that one of the divisions is an establishment review division. This division continuously reviews the establishment of the commission's offices and once each year does a complete review with the Civil Service Commission officials. The rating division is responsible for the rating programme which this commission carries on. Each employee is formally interviewed once a year for the purpose of informing him of his progress during that year and offering suggestions as to how he may improve his overall performance.

Other necessary functions performed at head office are also shown on this chart.

The inspection branch at head office has a group of highly trained personnel who visit each local office at least every two years for the purpose of making a complete inspection of the office and reporting to the executive director on the quality of work being done and the efficiency with which the office is operating.

The enforcement operations of the commission have recently been reorganized and a separate branch created. This branch controls the enforcement programme through the regional enforcement officers who, in turn, have a field staff of investigators. These field investigators work independently of local office managers. They make investigations at the request of local office staff if fraud is suspected. They also make a check in selected areas of cases picked at random from claim files in the local office. In the fiscal year ending March 31st, they completed 45,000 investigations.

The public relations branch at head office studies the publicity which the commission is receiving in the field and generally supervises the program for the commission.

The legal branch officials serve as legal advisers to the Commission and to other officials. The officers of this branch prepare any necessary legislation and, in addition, draft the regulations. These officials represent the commission at oral hearings before the umpire and generally provide the commission with whatever legal counsel is necessary.

In the report which I have given, I have attempted to give you a general picture of our organization and in general terms the work which we do.

I believe that the appropriations which this commission has requested to carry on its operations are fair and reasonable. As stated above, the large percentage of the money is used for salaries and wages.

No report of this commission would be complete without stating that the ability of the commission to meet the seasonal loads which it regularly encounters is due to our very fine field staff. Our staff has worked overtime when called upon to do so and has, in many instances, performed meritorious service at certain periods of the year in giving the public the service it has the right to expect. I believe that the commission has been able to keep its budget within its present limits largely because of the cooperation which it has always received from its staff.

The CHAIRMAN: Mr. Bisson wanted to know if the committee wished to hear from Mr. Curry as to how the commission is staffed, but I had in mind that members might wish to ask some questions with regard to some part of the statement before that.

Mrs. FAIRCLOUGH: Yes, I have a question to ask with regard to this figure of 3,250,000 given as the number of those now covered by unemployment insurance. I notice in the report that the number has greatly risen year by year and in the report ended March, 1955 on page 6 the latest figure is given for the year 1954, and it is 3,300,000 there. Should not the figure now be considerably higher than 3,250,000?

Mr. BISSON: That figure of 3,250,000 is a figure supplied by the Dominion Bureau of Statistics and it indicates the average number of insured persons throughout the year. The million which goes on top of that would bring the figure to 4,250,000, indicating the number of persons in the labour market or in insurable employment at some time during the year.

Mrs. FAIRCLOUGH: How do you reconcile that with the figures on page 26 of the last report, which also come from the Bureau of Statistics?

Mr. RUTHERFORD: The figures shown in the report for 1954 are actually 1954-55 figures. There was an error made there. The difference now is 50,000. This is an estimate, and it is a figure which is not at all definite or precise. There is a difference of 50,000. I would think, as you have suggested, it may well be up rather than down 50,000.

Mrs. FAIRCLOUGH: If that is the figure for 1955 where is the 1954 figure?

Mr. RUTHERFORD: Actually the 1953 figures are the 1954 figures. We are only down 50,000 and as I say this estimate is anything but a precise figure—it is one that needs a certain amount of juggling in order to get it. There is no actual means of determining a precise figure.

Mrs. FAIRCLOUGH: Do you have the 1956 figures, then?

Mr. RUTHERFORD: These were the 1956 figures that were given.

Mrs. FAIRCLOUGH: The 3,250,000?

Mr. RUTHERFORD: Yes. As I say, I think, as you do, that that should be up somewhat.

Mrs. FAIRCLOUGH: I would think it should be up quite a bit because the civil labour force is 5,800,000, shown on the same chart. It seems to me—and I am speaking from memory—that the previous figure was 5,600,000 or something like that, so if you have another 200,000 in the labour force, even taking 60 per cent of that number which will show on this chart as the number of insured wage earners on the percentage basis you would still have another 140,000; so even if this figure of 3,300,000 is subject to some variation you should have a figure closer to 3,500,000 now than to 3,250,000.

Mr. BISSON: I agree. We have arrived at that figure by "blowing up" the figure they get through surveys.

Mrs. FAIRCLOUGH: Do you not have those figures within your department? Are you dependent on the Bureau of Statistics for this information?

Mr. BISSON: Yes.

Mr. THOMSON: This, as Mr. Rutherford has said, is an unprecise figure. Actually the number of books issued by the Unemployment Insurance Commission is more than 4 million—4·5 or 4·6 million, which greatly exceeds the number of workers in Canada whether they are insured or not. The disparity all comes about because of these people who come into the labour force for a short period only—for example, students and others who take up jobs during the summer months. Then, again, if a person gets a book early in the year and dies later in the year he is still in the count. The estimate of the insured population is based on the number of books at the start of the year and extended according to indexes of employment. It is really an estimate. Our latest figure—the figure given in the next annual report—is 3,345,000, so you could compare that with 3·3 million for last year.

Mrs. FAIRCLOUGH: That is an understandable explanation, but I did wonder about the number of active books because under the system which the department uses a person who once has a book continues to use the same number in any event even if he is a part-time worker. In other words a student, say, who works during the summer months and who has been provided with a book does not take out another book in another year, because he has to his credit the contributions which he has previously paid. Now, since there is some continuity with regard to his record is the department not in a position to say how many active books there are or to make an estimate of the number of active books?

Mr. THOMSON: No, but we could produce figures showing exactly how many books are issued in one year as against another. This represents all those people in Canada who have some stake in the insurance fund. It is a precise count of those except for the fact that a person who dies after he has been issued with a book is still included in the count and we have no way of removing the entry from the record.

Mrs. FAIRCLOUGH: You would eventually be able to weed out the inactive ones?

Mr. THOMSON: Yes. We could produce the number of books issued in one year as against another which would be an indication of the number of the insured population.

Hon. Mr. GREGG: It would be an exact figure of books issued.

Mr. THOMSON: Yes it would be an exact record.

Hon. Mr. GREGG: It might be considered whether such an item should appear in the annual report.

Mrs. FAIRCLOUGH: The labour force has been increasing at the rate of about 100,000 a year—

Hon. Mr. GREGG: Yes and we have included smaller groups in the last year or so.

Mrs. FAIRCLOUGH: Over a period of several years it has been increasing at the rate of 100,000 or so, and if you take even 50 per cent of that you get an increase of about 50,000 in the number of insured workers per year. The reason I ask these questions is that these are figures we use from time to time and it is rather important that we should have a reasonable degree of accuracy with regard to them. However, Mr. Chairman, I do not want to hold up the committee on this point.

Mr. CANNON: I have one question to ask, Mr. Chairman, in the interest of my constituents. I wish first of all to thank Mr. Bisson for a most interesting and well prepared statement and to say that we have noticed a great increase in the number of insured workers and in the number of claims that have been processed by the commission, and we realize and appreciate all the work that

has been done. But I wish to draw to Mr. Bisson's attention the fact that last winter in particular there seemed to be what I might call an unwarranted delay in dealing with the claims for the Magdalen island at the Moncton office. Some people who made claims on seasonal insurance did not get paid until the end of March or the beginning of April. Have any steps been taken to improve the speed of work in the Moncton office? I would like to know whether you have added to your staff there, or whether any other steps have been taken to see that what happened last year is not repeated in the future.

The CHAIRMAN: We can probably have the answer to that question when we reconvene. We shall meet again immediately after the orders of the day or at 11.30 a.m. whichever is later.

—Recess.

The CHAIRMAN: Order, gentlemen.

Mr. Cannon asked a question and Mr. McGregor will answer it.

Mr. MCGREGOR: During last winter we had a reinterpretation of Sec. 119(*b*). Instead of counting every six days' contribution as a week, we counted every week in which a contribution was made, as a week. That meant that because of section 45(2) many claims had to be re-computed. There was quite a number in the Atlantic region and they had bogged down for a matter of two months. However, it is now cleared up and it is something that will not recur.

Mr. CANNON: Have you increased the staff?

Mr. MCGGEGOR: No. We took in casual help according to the load at that time.

The CHAIRMAN: Are there any further questions?

Mr. HENRY: Mr. Chairman, I would like to ask Mr. Bisson about this matter of the psychological tests. In the large centres, such as Toronto, how many people are capable of administering psychological tests for employment purposes; or is there a staff there; what are their duties and in what particular fields do they implement the testing process?

Mr. GILLIS: While they are looking for that, may I make a suggestion. Would it not be a good idea if Mr. Curry made his statement now with respect to office staff, training, selection and so forth. The question which Mr. Henry asks, arising out of Mr. Bisson's statement, could be answered if Mr. Curry filled in now. I think that would avoid a whole lot of questions.

The CHAIRMAN: Thank you. Would it be covered in Mr. Curry's statement?

Mr. THOMSON: Not that specific question.

I could tell Mr. Henry how many people we have as special placement officers in Toronto. Some of these would be trained testers but I have not earmarked specifically the number of people who have definitely, as their own responsibility, testing.

Mr. HENRY: I do not want the committee to think that I am trying to be too precise. What I really want to know is, if a member of parliament is interviewed by a prospective employee and should be in doubt as to his capacity for certain lines of work, can he refer that person to the Toronto office and obtain a testing report on the man, some kind of vocational guidance, as it were?

Mr. THOMSON: The results of the test are not ordinarily made available to anyone outside of the department. They are made available to the person responsible for placing him. We have had certain submissions made to us by employers and have refrained from doing it. I think you will understand why. However, in the Toronto area I think that there might be three or four people engaged in this psychological testing. There is another type of test referred

to in Mr. Bisson's statement, which is known as oral trade questions. If we have a person who comes to the office who claims to be a carpenter and we are suspicious of his qualifications, perhaps because he is too young to have served his apprenticeship, we administer a series of questions to him. We know what percentage of the questions he should, on an average, get right before he can claim to be fully qualified in that trade.

If you want to know the number of people in the Toronto area charged with administering these tests, it would be almost every placement officer. These people are the regular placement officers. I could not give you the exact number, but in all probability it would be up around ninety to one hundred. There are two types of tests, psychological and oral trade questions.

Mr. HENRY: One encounters quite a few people interested in the sales field and I understand that you have several orders for salesmen in specific fields in the Toronto office. If a man thinks that he would be qualified to sell and is in another field, would you undertake to test him psychologically and advise him, in your opinion, as to whether or not he would make a salesman?

Mr. THOMSON: Yes. He would approach the placement officer first and the placement officer would refer him to the testing unit; but I should explain that we have no test which would tell us whether or not the man would be a good salesman. The way they test the man or the way we find out whether the man is suitable for that type of employment is that we test him as to his interest in dealing with people and other things; and by the interpretation of the tests we would know whether or not he was a good prospect for selling.

Hon. Mr. GREGG: Just so that we do not get too far one way or the other, I think that I should add that, by and large, the vast majority of those mentioned by Mr. Bisson this morning as being placed through our national employment service are placed as a result of a fairly quick interview—you may call it a test if you like—by questions and answers, concerning qualifications. Would it not be only a few, a limited number, approaching problem cases which would go before your testing staff? Our commission people would not have the time, even if they have the capacity, to take every person who came in and said "I am a good salesman; you tell me whether or not I am." It would be more with respect to those whom they would have difficulty in placing, especially difficult cases and older workers. The problem would be to try to find out where they would fit in into the field. That is one thing which I think sometimes would be worthy of extension by this commission. They are doing a lot of interesting things in it. But at the same time, they have to keep themselves up-to-date, so that they may be able intelligently to advise new young workers. I will have the pleasure of going to the city of Toronto tomorrow to talk to a group of apprenticeship teachers actually working in that field.

Mr. HENRY: Mr. Minister, would you be good enough to tell us what is being done in the rehabilitation of cripples at the present time in Toronto?

Hon. Mr. GREGG: The round figure was given this morning as to those disabled persons who had been placed during the past year—20,000 persons in the whole of Canada. That is the next to the last step in the rehabilitation process. It starts back in my colleague Mr. Paul Martin's estimates, where there is something over $1 million devoted there for medical rehabilitation. Through that money, in cooperation with the provinces, the coordinated medical rehabilitation is carried out. As soon as that medical rehabilitation is completed, the provincial vocational training plan carries the disabled potential worker through vocational training. While he is under vocational training the closest contact is maintained with the nearest special placement officer of the national employment service, so that when he finishes his vocational training the special placement officer can perhaps call up or visit the employers

of the man who was formerly disabled and is now believed to be a potential worker. 20,000 are placed. Even after they are placed it is the duty of the placement officer to maintain a follow-up to make sure that they fit into the field.

That, in a rough sketch, is the process of our disabled program. I feel this last year that it has begun to function very well indeed but it involves a whale of a lot of people—federal, provincial, business agencies, employment service and vocational training; but, at long last, they have been coordinated under a federal-provincial-local coordinating committee with a full-time coordinator whose salary we pay. It is going very well.

Mr. HENRY: I assume that that liaison is closely tied in with the Workmen's Compensation Boards of the provinces?

Hon. Mr. GREGG: At the provincial level. In the provinces the workmen's compensation facilities are hired by this other body to take care of rehabilitation training.

Mr. HAHN: I am very appreciative of this excellent chart which the commission has prepared. I would like to refer to page 1, item No. 9 and item No. 13. Item 9 has to do with postage. I note that there is a marked increase from the main estimates and the expenditure. In 1951-52 there was an estimate of $450,000 as compared to 1956-57 of $750,000. Referring to item 13 we find office stationery supplies and equipment has dropped from $1,035,000 to $792,000. I would like to commend the department on the decrease in the expenditures in the case of stationery supplies and so on. However, I was wondering how these figures can be reconciled. The amount set aside for postage is a large amount, and I do recognize that there is the 1 cent increase in postage, but it does not appear to me to be reconciled.

Mr. RUTHERFORD: The 1 cent increase in postage is a 33⅓ per cent increase. The increase from 4 to 5 cents is a 25 per cent increase. When you take ⅓ of $500,000 it does not take very much to get up to the figures which we have. The increase for postage is primarily due to the increased rates plus the greater volume of business.

Mr. HAHN: Could you tell the committee how you were able to bring down your cost of stationery?

Mr. RUTHERFORD: Yes, sir. Much of the equipment requirements have been taken over by the Department of Public Works and are paid for by them, starting in 1955. That is the explanation.

Mr. HAHN: Thank you very much.

I have another question in respect to office procedure. I wonder if we could be given—possibly not by a chart—some indication as to how it is determined that one office is, let us say, operated more efficiently than another. Is it worked on the ratio of cost? Are they very similar across Canada, or is there much of a difference in the various regional offices across the country?

The CHAIRMAN: Perhaps, in view of this question, we should have the statement from Mr. Curry; it may answer this question.

Mr. CURRY: Are you particularly interested in the staffing of the offices?

Mr. HAHN: Yes.

Mr. CURRY: Well, as you can readily appreciate, we have an extremely difficult problem.

Mr. HAHN: Pardon me, Mr. Curry, but the chairman suggested that perhaps you would care to make your statement and make your answer in the course of it.

Mr. CURRY: This is going to be my statement. The proper staffing of our offices is an extremely difficult problem. We have a seasonal claims load which

comes on about the first of December and runs to the end of April. During that time we must, of course, staff our offices so that the public will get the service which it has the right to expect. As opposed to that, in the July, August, September period the work in the offices reduces considerably. In fact, in some offices it will go down perhaps to as much as 20 per cent of what the load was during the winter months.

The commission early recognized the difficulties of this particular problem of staffing, and since the major part of our controllable expenditure is money paid to staff, the commission developed a staff control which is based entirely on the work which goes through the office; it is a work measurement basis. Every activity that is performed in the office—every activity which is measurable—has been measured in point of time. Time studies have been made and in the first run alone there were something like 80,000 of these made.

Everything then which is measurable in an office is measured in point of time, extended into man hours, and then once a year for all offices and currently during the year, when a vacancy occurs the establishment is reviewed. This, in effect means that the work load is expressed in terms of hours of work and this is used as a base to calculate what the staff requirement is in that office.

The difficulty arises in trying to arrive at a fair and reasonable number of staff in order that the offices will not be completely over-staffed during the low load period in the summer and yet adequately staffed with sufficiently high calibre staff during the winter, so that when the load comes, by taking on casual employees we will have sufficient help in that office.

Across the country we run up against different difficulties. We realize that local factors may affect the measurement—the availability of good personnel and the type of load which the office has to carry, the suddenness with which a load may strike the office. That all has a bearing on our thinking; but we do review the offices across the country using this standard basis. We also talk to the regional people who know the local conditions and very often act on their recommendations when allotting the number of positions which we think is required.

We have a type of control for grading our offices which is based also on the total work load of the office. We have brackets which are established and if the office reaches a work load where the number of man hours runs something like 18,000 to 36,000 that office would be a grade three. All offices performing a similar volume fall into grade three class.

With respect to supervisors, we use a somewhat similar plan. This is applied to all offices and all staffs with the exception of the regional offices. We have not as yet—but are working at the moment on it—development of standards for regional offices for certain procedures which we carry out in the regional offices, for instance in the contribution side of the work which permits measurement. However, all our local offices are staffed on using the work measurement basis and then taking into consideration local conditions.

We have some positions in our offices in which we do not consider that the work can be accurately measured. Mr. Henry mentioned the work of the handicapped. The staff involved in that type of work we classify as partly non-accessible. In these cases, we have our inspectors, standard and method officers, make surveys of these positions to determine the staff requirements and to ensure that the offices are adequately staffed to meet local conditions.

Mr. HAHN: I realize that it would not be fair, perhaps, to compare one office in a different section of the country to another; but could we have, let us say, the comparison of man hours for a claimant in my own office in New Westminster, for instance, over a period of five or six years. Have you noted any particular increase in the efficiency that has been displayed by the department in comparable offices?

Mr. CURRY: Yes. The staffing basis does definitely bring to our attention the operating efficiency and particularly the managerial efficiency. You may have an office carrying identically the same load as another office in another part of the country asking for a different establishment. When we are reviewing our staff one office may be asking for sixteen, with a load expressed in terms of man hours practically the same as the office in another part of the country—which has exactly the same load—asking for twelve. In that case we take a very close look at both these offices. We find, of course, that we have influencing factors. In some sections you may have good staff because of staff being more readily available. If your manager is an up and coming manager he may devote more time to training his people, and indeed may provide a better leadership for his staff. As a result of this, you get more efficiency. The staffing basis definitely points that up. These are some of the ways in which the staffing basis is very helpful as a control tool. In addition to giving us a staffing control, it assists in appraising the effectiveness of management.

Mr. HAHN: Are you encountering any difficulty in a specific region in respect to staffing?

Mr. CURRY: We have problems on the Pacific coast in several of the areas—Prince Rupert, Prince George and places like that—because of the general high cost of living. In some isolated areas we find that the regular promotional procedures will not entice people to move from, say, Vancouver to Prince George. We have an office at Kitimat newly opened where we had some considerable trouble in getting people to move from other areas in British Columbia to Kitimat. There is the difficulty of obtaining housing and when housing can be obtained the rental is high. This, of course, all adds to a very difficult problem in staffing and is reflected in the operating efficiency; there is no question about it.

I think perhaps that a good illustration as to how effective this control has been can be seen when you look at the work load we carry. Our work load, expressed in man hours, has about doubled in the last ten years. As opposed to that, we have had an increase, not in establishment, but an increase of actual operating strength of approximately 300 people. I think the credit for this efficiency can be given to the commission when in the early days of its operation they had enough foresight to develop this staff control which we have found to be a wonderful tool for not only the control of staff but also administering the field of operation generally.

Mr. HAHN: I notice in the New Westminster office that you had a complete change in the method of handling claims in the past three years. I do not believe that there has been any marked change in that. I was wondering if you could give us any comparison as to the efficiency. Is there more efficiency under the present system that would compensate for that change?

Mr. CURRY: When we first started to operate we had centralization at our regional offices of adjudication and computation of the claims, and also the issuance of the cheques which were all issued from the central regional offices. The first step was to decentralize the payments back to the local offices. The vouchers, as you know, are now made at the local office. The next step was the decentralization of adjudication. The commission took the first step, three or four years ago, to decentralize the adjudication operation, and the claim is now adjudicated at the local office. The payment is made locally and the claim is adjudicated there; it still must go to the regional office for computation because it is necessary to have all of a claimant's records at one point. Because of the amendment to the act last fall we made one other change. An insurance book had previously been processed at the Local Office that is when a man walked in with his insurance book the amount of contribution he had in his book would be transferred over to a sheet and that sheet was sent into regional

offices. Now under the act because we are dealing with two instead of five years contributions we take the book from the claimant and send that to the regional office without the local office doing the processing which is now done at the Regional Office. That is the main recent change and we feel that all of these changes have resulted in increased efficiency.

Mr. HAHN: You indicated earlier that you were having difficulty in getting good staff in Prince Rupert. Does the same apply in the lower mainland of British Columbia?

Mr. CURRY: No. In fact we have very well-operated offices in British Columbia.

Mr. HAHN: I was about to say that I think your offices there are well handled. But since a question has been raised with respect to the measurement of man-hours I was wondering whether it would be possible to see if we could not establish certain methods employed in some sections of the country which might be more applicable to another part than the type used today. However, in the light of what has been said I see that would be impracticable.

Mr. CURRY: We have standard procedures across the country and these are provided to our offices in what we call the manuals of instruction. We take half an hour each morning in all our offices across the country for the purpose of staff training. As you can imagine we have very complex procedures and it is necessary that there should be a continuing staff training program if we are to have the work done as efficiently as possible.

Mr. BARNETT: I think this might perhaps be an appropriate place for me to ask one or two questions and make one or two remarks which I have had in mind for some time. There was some discussion on this subject matter last year in the Industrial Relations Committee which will be found on pages 200, 201 and 202 of the proceedings of last year's committee. I agree with what Mr. Curry and Mr. Hahn have said with regard to our having well-run offices in British Columbia. However as far as my own observation goes in my opinion a great deal of the credit for that must go, in many cases, to local managers who have employed considerable ingenuity and strategy in order to keep their offices functioning. Is it not a fact that in British Columbia in many cases in order to secure staff it has become necessary to hire them at the top rate for a given classification? I mention that because I think it does point up what is a rather unfortunate situation and one that in the long run may work against the efficiency of the offices, because a man who takes a job at the top rate in his category has not got too much hope of any material advancement in that category. I do know that that is one problem which local managers are having to face in the British Columbia coast area and as far as I can see it is only out of loyalty to the work of the commission that they are able to hold these people. On top of that there is this other problem in respect to casual employees. My own observation is that in the smaller offices at least when a peak load develops a good deal of reliance has to be placed on the work that is done by the casual employees who are taken on—in other words the continuing establishment is not large enough to enable experienced people to do all the work that requires some skill and knowledge. Last year there was a question raised as to the rate being paid to casual employees. I asked a question on page 202, which is recorded, in which it was indicated that the rate was 90 cents an hour. Has there been any change since?

Mr. CURRY: It is now one dollar.

Mr. BARNETT: That was a uniform rate right across the country and I asked a question at that time as to why the prevailing rate principle was not applied in respect to casual employees. Have they any formal classification in the civil service as casual employees that would prevent the application of the prevailing rate principle?

Mr. CURRY: The casual employee is in the position that he is neither flesh nor fowl; neither a prevailing rate employee nor a regular continuing employee. Casual employees do not have any of the rights that continuing or permanent employees have—they are not entitled to statutory leave, they make no contributions to superannuation; it is not necessary for them to go before a Civil Service Commission board but the commission leaves the selection to us because of our peculiar need with regard to casual staff. We like it that way, because a peak period may suddenly develop in the middle of December or even in summer at the motor car centres. When we get a sudden lay-off involving perhaps 2,000 or 3,000 people such as we had in Mr. Gillis' district not so long ago and we need staff immediately. The regular procedures of Civil Service Commission hiring, generally speaking quick and efficient; nevertheless would hardly suffice since we only have sometimes 24 hours notice or even less of a lay-off and need people right away. We do not want any restriction on our hiring at that time; people are waiting to be dealt with. This arrangement with the commission for casual positions is most satisfactory whereby we get a certain number of positions which are approved by the treasury board in the same manner as the regular establishment. We have a specific allotment of these which we in turn allot to regions and the regions in their turn allot to the local offices for use. The local offices are given some leeway in taking casuals on; if they expect a load they are given permission to hire for training. These casuals can be hired and released on short notice; they are not prevailing rate people and they do not come within that status. In the Pacific region we use fewer casuals per continuing staff than in any other region in Canada. Our comparative figures for staff control purposes include cost per unit of work per continuing staff and per casual staff and we find that in the Pacific region we have less casual staff per unit of work than any place else. To get back to the original question, they are not prevailing rate people and they are not regular employees—they are in between the two. If they became regular employees we would be subject to those restrictions of the usual method of hiring. We have no objection to them getting any superannuation or having other rights provided it does not interfere with our flexibility in hiring and laying off.

Mr. BARNETT: This matter of prevailing rate is really a matter of policy and perhaps questions about it would be better directed to the minister than to Mr. Bisson. But it is something which I think it would be worthwhile to examine—we might have a look at that, possibly, in respect to casual employees. I am interested in seeing that this thing works well and when I have the opportunity I sometimes ask rather pertinent questions of local managers, and I had one local manager admit to me that if it were not for the loyalty of some of his former regular employees who had married and left the service and whom he was able to call on he would really have been up against it to secure competent people to handle a sudden work load; it was really only out of the kindness of their hearts that these particular women were prepared to come down and work periodically and apparently they worked out some arrangement whereby if there were family responsibilities involved there was some accommodation for split shifts and so on. The situation was as desperate as that, and I know that in some centres it is difficult to meet these emergencies without, as I said, resorting to strategems of that kind, to get anybody at 90 cents an hour—it is now one dollar an hour which is a slight improvement but probably not more than the general increase in wage levels. We know that there are great variations in the levels of remuneration paid to certain types of employment in preferred parts of Canada. I am not suggesting that this should be considered in respect to the regular civil service, although there are problems there, but it seems to me that in respect to casual employees who

have no real civil service status but who may be here today and gone tomorrow it might be useful to the efficiency of the work that could be done by the commission to have a look at this idea of some form of application of the prevailing rate principle which does apply in many areas of government employment today.

Hon. Mr. GREGG: Well, I think probably the reason why it has not been brought forward very seriously is because of the fact that in the main the present system is working pretty well with the exception perhaps of British Columbia where general rates are admittedly higher than in most other parts of Canada. However, I will undertake this summer to discuss it with the Civil Service Commission and with the officials of the Department of Labour who deal with prevailing rate matters. But I think there is a difference here between people who are employed for three months in the winter, in the main and, we will say, prevailing rate people on the experimental farms and that sort of thing. Here, as Mr. Curry said, it would not fill their needs to go through the regular process of the civil service to get the workers. If workers think that they should have their rates examined in the light of the prevailing rate, they should make representations. However, I am afraid before the prevailing rate inspectors and adjusters got their work done, the casual workers would have finished their winter's work and be out again. There is a short period involved and it would in the main be clerical work with few classifications, and it does appear to me that the prevailing rate system might not work here as well as in some other fields, but I will undertake to give the matter consideration.

Mr. BARNETT: There is one other point and this occurred to me as the minister was speaking. As I understand it this dollar an hour rate for casual employees is a flat rate which applies to all casual employees.

Hon. Mr. GREGG: That is right.

Mr. BARNETT: I mentioned a few moments ago that some of the workers who had been engaged were people who had been experienced in the office prior to marriage, and it occurred to me that another solution might be to make some differentiation with regard to them. I imagine that some of these experienced people were better qualified to do some of the more difficult tasks than some of the newer employees on the permanent staff and that in the business of getting the work through they were probably doing a higher category of work, actually, than one would assume would be required of them at that rate. It might be possible to work out one or two categories of rate at which casuals could be employed, and this might perhaps meet the difficulty. I throw that in as a suggestion.

Mr. CURRY: The casuals are not confined entirely to the U.I.C. I understand that in some of the other departments which use casuals allowances are made for people who come in to do supervisory work and their rate may be somewhat higher than the usual going casual rate. I would just like to say this: it does pose a problem in the offices to have casuals coming in and doing different types of work. We are always most anxious to get people to come to us who have been with us and trained in our routine and procedures and who can just step in and do a job with probably a content of more responsibility than you would give to a regular casual. However, the Civil Service Commission tie in the rate of the casual betwen the first and second rate in the range of a pre revision clerk grade 2. Casuals in our offices get paid for overtime and the regular staff does not, which does occasionally, lead to the situation that our continuing staff may be supervising casuals who are receiving more money. So, if you had the prevailing rate in some areas you might bring about a situation where, the casual staff is actually getting paid more money than the continuing staff, so the application of the prevailing rate system would probably have to be applied to the continuing staff as well, if you were not going to ruin the morale in the offices.

Mr. GILLIS: To what extent is this casual staff operating in all your offices? Is it not the practice that when unexpected pressure of work occurs at Glace Bay, for instance, a few more staff are taken on temporarily and supervisors are sent out from the Sidney office. There would not be very many casuals employed there, I imagine, nor would the length of time they spent on the job be very great. I suppose you would not take on a great number of casual staff in any one year?

Mr. CURRY: Last year we had about 1,400 at the peak in all offices across the country. In our estimates we provide for approximately 800 man years of casuals. Very often a situation such as you have mentioned arises in Cape Breton, however, in Cape Breton the standard of production seems to be a little higher than it is in other parts of the country and we may, therefore, need few people to do the job.

An Hon. MEMBER: Propaganda.

Mr. CURRY: Generally speaking it is true that when you get a rush, you hire a large number of casuals for four or five days and then the number is reduced.

Mr. POWER (*St. John's West*): For my part I am glad to see the commission does not operate on the prevailing rate system for these part-time employees. We have all agreed now on the principle of equal pay for equal work for women and I think it is time the government agreed to equal pay for equal work done by part-time employees in the public service also.

The CHAIRMAN: Are there any further questions?

Mrs. FAIRCLOUGH: I wonder if Mr. Bisson could give us the present condition of the fund?

Mr. BISSON: At the end of June, 1956 the balance was $851,856,538; at the end of the fiscal year it was $854,198,518.

Mrs. FAIRCLOUGH: That is March 31? And then it dropped? I had the figure for the end of April, 1956 and it was approximately $841 million.

Mr. BISSON: That is right.

Mrs. FAIRCLOUGH: It dropped in April to that extent and now it is building up?

Mr. BISSON: It picked up in May; it was roughly the same—$841,996,000. In June it picked up $10 million to $851,856,000. Would you care to have a copy of our statement?

Mrs. FAIRCLOUGH: Yes, please.

Mr. CANNON: I was very interested in the information contained on page 6 of your annual report concerning movement of workers from one spot to another—both national movement and international movement. I was wondering whether any effort had been made to transport Magdalen island fishermen to the mainland for work in the off-season when they cannot fish? They might be employed on the north shore in the forestry industry or at other things on the mainland. I know that a lot of men would go away but are prevented from doing so because they just have not got the price of their transportation. I think that would be a fruitful field in which the commission could apply its service of moving workers from a section where labour is scarce to another section where labour is needed. Has this been considered?

Mr. BISSON: Any transportation would usually be for permanent employment—

Mr. CANNON: No, this would not be—it would be during the off-season.

Hon. Mr. GREGG: I think, Mr. Cannon, that in the Department of Labour the movement of workers for special jobs is a task undertaken by a coordinating committee of the department and the commission. I do know as a matter

of fact that with regard to some of this movement of workers recruitment has taken place in the maritimes and in view of what you say I will bring this matter to the attention of the joint committee which is meeting in a few days.

Mr. CANNON: Thank you very much. It would be an idea worth serious consideration.

Hon. Mr. GREGG: You are thinking of people who go away for a short time and come back again?

Mr. CANNON: For two or three months, let us say.

Hon. Mr. GREGG: That is farm labour movements—

Mr. CANNON: With regard to the activities mentioned on page 6 of the report, they might endeavour to recruit from the Magdalen island and see what they could do.

Hon. Mr. GREGG: Fine. I will be glad to do that.

Mr. BELL: I wonder if I could ask whether any of these figures shown in the appendices in the back of the report are available on a percentage or on a per capita basis with respect to the provinces?

Hon. Mr. GREGG: What appendix do you have in mind?

Mr. BELL: To be specific, appendix 2.

Hon. Mr. GREGG: Employment operations by the local office?

Mr. BELL: Yes.

Hon. Mr. GREGG: That is by provinces.

Mr. BELL: By percentage, though, or per capita.

Hon. Mr. GREGG: No. But our statistical people could work it out.

Mr. BELL: I think I mentioned this once before—certainly I mentioned it to Mr. Martin with respect to his estimates—to me those figures do not really amount to much. They do give you a comparison but, for example, when we are considering the effect of the supplementary benefits in New Brunswick or the number of refusals of claims due to lack of the 30 week requirement under section 45 (2) the total itself does not indicate anything—it does not show whether there is any sort of regional difference, and I feel that if in the future, or even now, some of those figures are available either as a percentage of the total force in the province or on a per capita basis of the total force in Canada they would be very helpful in indicating any sort of particular difficulty that might exist in a section. I look for example at appendix 5 and just looking quickly at it—I realize this might come out later in our discussion next week—the totals for New Brunswick with respect to the disallowance of claims for failure to meet the 180 days qualification seems to me to be disproportionately high as compared with the other provinces. Without going into that now I think it would be significant if we could have this information on a percentage basis. There is probably a reason for it—

Hon. Mr. GREGG: I would guess—and you say there is probably a reason—that it would mean another column for each of the provinces with the totals to show the percentage whether it related to the total population or the total working force. These figures are drawn from the Dominion Bureau of Statistics records, I presume, but I will bring the matter forward. In the meantime if there is any particular table in which you are interested if you would ask me for it I would ask our statisticians to work out the percentages and make up a special list along that line. But I do say that in cases of this kind if the percentages were put in by province in all of them it would add to the existing system of keeping those records.

Mr. BELL: I appreciate that and if we leave it for the present it will be all right because the questions I have to ask will come up next week. I am concerned with the numbers which do not qualify and perhaps the supple-

mentary benefits. So I will not ask now for any compilation of the figures; but I feel that it is important because naturally a person is concerned about his local situation and to have totals for the regional office does not mean a thing to me. If that was on a percentage basis it would mean a lot.

Hon. Mr. GREGG: It would mean a lot but it would not be a final answer because it would not reflect things such as a big layoff in Cape Breton or in Windsor, Ontario, the patchy things which happen to a labour force across Canada. If all things were stabilized then your percentage would be a very good guide.

Mr. BELL: It would show up a patchy condition and if there was an explanation for it we could dismiss it. I feel, for example, if a certain province in Canada has a low number qualifying for supplementary benefits it may be that there is a sectional difficulty there. If in those supplementary benefits the total of those qualified were shown up as a percentage of the force, it would mean a lot to us.

Hon. Mr. GREGG: We will have a look at it.

Mrs. FAIRCLOUGH: What time do you propose to adjourn?

The CHAIRMAN: I thought we would go until about five minutes to one.

Mrs. FAIRCLOUGH: I thought I had better ask that before I asked some questions which might bring about a long discussion.

I wonder if I could ask Mr. Bisson what the effect has been on section 161 of the regulations which have to do with married women. These were changed after the committee rose last year. I would like to know what the experience has been.

Mr. MCGREGOR: With respect to the disqualifications under the married women's regulations, in the period from October 1954 to March 1955 there was a total of 1,561,453 claims; the number of disqualifications was 9,227; that is ·59 per cent. Subsequent to the change in the married women's regulations, in the period October 1, 1955, to March 31, 1956, there was a total of 1,414,926 claims; the number of disqualifications was 6,662; or ·47 per cent.

Mrs. FAIRCLOUGH: Well, now, do you have the reasons for disqualification broken down. Were they all because of the failure to have the ten contribution weeks subsequent to the first separation from employment?

Mr. MCGREGOR: We do not break that down.

Mrs. FAIRCLOUGH: Some of the disqualifications may have been normal; that is they may have been the type who have not enough contributions for benefit.

Mr. MCGREGOR: This was strictly under the married women's regulations.

Mrs. FAIRCLOUGH: This would be under these provisions?

Mr. MCGREGOR: Yes.

Mrs. FAIRCLOUGH: Then I would like to ask something: supposing a woman, when she marries, is laid off—fired—by her employer by reason of the fact that she has married and he does not employ married women and then subsequently he changes his mind and re-hires her again; would that be deemed to be the first separation from employment?

Mr. MCGREGOR: The subsequent laying off after being re-hired?

Mrs. FAIRCLOUGH: No. Supposing she is to be married and the employer said "Well, when you leave, do not come back because I do not employ married women in my establishment", and then subsequently he finds that he cannot get somebody to replace her, changes his mind, and says "come back to work". Is that separation—regardless of what its duration might be, two weeks, a month or anything—deemed to be the first separation subsequent to marriage which would qualify her?

Mr. McGREGOR: It would be if she actually quit after she was married. If she quit in anticipation of marriage it would not be. If she quit after marriage that would be the first separation subsequent to marriage.

Mrs. FAIRCLOUGH: It does not seem quite fair.

Mr. GILLIS: Is it not true if a woman is married and the employer files a separation notice that the company is laying her off because the policy is against hiring married women, then she is not subject to the regulation at all?

Mr. McGREGOR: That is quite right.

Mrs. FAIRCLOUGH: If he re-hired her then she is in the same position as if not laid off at all?

Mr. McGREGOR: Once she has ten contributions she then can qualify.

Mrs. FAIRCLOUGH: Supposing she has ten contributions under this new scheme, then you say she would have to be laid off again. Her separation is not subsequent to marriage; she ceases to work in anticipation of marriage.

Mr. McGREGOR: Yes.

Mrs. FAIRCLOUGH: All right; that is not subsequent to marriage.

Mr. McGREGOR: That is right. If she is laid off in anticipation of marriage—

Mrs. FAIRCLOUGH: That is what I am trying to get at. She does not, then, have to be laid off the second time subsequent to marriage. I mean she is laid off before marriage.

Mr. McGREGOR: Yes.

Mrs. FAIRCLOUGH: Then she goes back to the employer and starts to work after marriage, then does she have to have another separation from employment before she can qualify?

Mr. McGREGOR: No. That would be the first separation subsequent to marriage.

Mrs. FAIRCLOUGH: She would have to go back to work and then have a separation?

Mr. McGREGOR: Yes.

Mrs. FAIRCLOUGH: Despite the fact that she was laid off in anticipation of her married status?

Mr. McGREGOR: Yes.

Mr. CANNON: She was not a married woman when she was laid off before.

Mrs. FAIRCLOUGH: It does not matter. In order to qualify she would have to be married and then have him say, "I do not want married women in my employ"?

Mr. McGREGOR: That is correct.

Mrs. FAIRCLOUGH: Then, how do you justify that?

Mr. McGREGOR: In this case this woman would leave her employment in anticipation of marriage and would perhaps be disqualified for six weeks for voluntarily leaving. Then, if she went back to work then it is a question as to the first separation following her marriage which is a factor at that time. It is not a factor in the first instance because she is not married in the first instance.

Mrs. FAIRCLOUGH: Supposing she does go back to work and then she is discharged by her employer. Must she apply for unemployment insurance to signify that there has been a separation from employment; or can the very fact that she has been laid off, and it can be proved by the records, constitute a separation; or must she apply at the Unemployment Insurance Commission office?

Mr. McGREGOR: She must register in all cases.

Mrs. FAIRCLOUGH: If she registers and then is re-hired before the waiting period has expired, what happens then? That still constitutes a separation from employment even if it is one day?

Mr. MCGREGOR: Yes, so long as we are satisfied that it is not re-employment simply for the purpose of getting over the regulations. If a person gets in one day we might take a second look at it.

Mrs. FAIRCLOUGH: How many days would she need?

Mr. MCGREGOR: We would have to look at it.

Mrs. FAIRCLOUGH: It does not seem at all right to me.

Mr. MCGREGOR: The other day we had the case of a teacher who had worked half a day as a substitute teacher in the last six months. We did not allow that. She had only worked half-a-day in the last six months subsequent to her marriage. She had left teaching before that.

Mrs. FAIRCLOUGH: You did not call that a separation? Maybe that was all the work that she could get.

Mr. MCGREGOR: It may have been. We sent back for more information. We would not allow it until we found what the exact situation was.

Mrs. FAIRCLOUGH: In other words, a woman has to work for two years after marriage to establish that she is attached to the labour market.

Mr. MCGREGOR: No, not two years. She can work for ten weeks.

Mrs. FAIRCLOUGH: But you say ten weeks subsequent to the first separation. Supposing she has never separated from employment, how long does she have to work after marriage to qualify?

Mr. MCGREGOR: At least ten weeks after the first separation if she is employed at the time of marriage.

Mrs. FAIRCLOUGH: But supposing she does not leave her job and continues to work?

Mr. MCGREGOR: Then in that case she is out of luck until such time as she has worked ten weeks subsequent to the first separation.

Mrs. FAIRCLOUGH: If she works for two years subsequent to marriage she is not considered to be attached to the labour market until separated and re-hired?

Mr. MCGREGOR: Yes.

Mr. BISSON: There is no disqualification after two years.

Mrs. FAIRCLOUGH: If she works for two years she is eligible?

Mr. MCGREGOR: The reasons for the separation come into the picture, because if the reasons are shortage of work we forget about the married women's regulations right there; or if her husband subsequently dies, the married women's regulations do not enter into the picture. They only apply for one hundred and four weeks after marriage.

Mr. BISSON: Once a woman claims, if she has met any of those conditions, she is not subject to disqualification within that two-year period.

The CHAIRMAN: Are there any further questions?

Mr. BARNETT: Mr. Chairman, there is one other matter which I brought up when we had some preliminary discussion at the beginning of the period in this Estimates Committee. This may perhaps be my last opportunity to bring it up during this session. I asked the question, what happened in regard to employees in hospitals. On two of the matters which we discussed at the outset of this committee's meetings this year, in respect to 45(2) and fishermen, something is happening and we have agreed that we will not pursue those subjects here. However as I recall at our earlier meeting last year when the

bill was under consideration there was quite a bitter discussion about the question of coverage for hospital employees. I think I stated then, when the Industrial Relations Committee rose last year, that I was firmly under the impression that before we came back at the beginning of the current session steps were going to be taken to give coverage to hospital employees where, of course, coverage is desired. I understand that still is not the case and I feel that in view of the certainty created in my mind by the minister last year —I remember I questioned him about it and there was some reference to the fact that I think the government was being a little slow in this matter; he said this was not the case and that they were going forward—that something has happened in the interval, and as far as I am concerned I am not satisfied that this situation should continue.

Hon. Mr. GREGG: Well, I think there is a short answer to that. As far as the commission is concerned there is no blame to be attached to them for whatever silence there has been, because the commission did recommend to me that certain categories—certain non-medical categories—in hospitals should be brought in. There were brought to bear before this session started very strong representations on the part of hospital boards and hospital managements against the step. That does not mean that the minister or the government has decided not to take the step, but it does mean that various hospitals—which are to some extent financed by gifts—have made representations to say that this would add to their budgets in such a way that it would be an extremely difficult burden. I am free to confess that in more recent months the two considerations you have mentioned have occupied my thoughts with regard to the act and the regulations under it, and all I can say at this time is that it is not a dead issue; it has not yet been approved by the government but it will be pursued following this session of parliament.

Mr. BYRNE: Is there much pressure on the part of employees or their organizations for this?

Hon. Mr. GREGG: No; that is, not directly. There has been representation made to the government through the unions who represent these employees. And I suppose that is about their only method of doing it. But I have not had, for instance, applications of workers from any given hospital.

Mr. BYRNE: I was just thinking of the situation last year when we were considering the Unemployment Insurance Act; there were certain categories of workers who were requesting removal from the application of the act, such as firemen, and I am wondering if it might be true that some hospital workers, also, are not anxious, because of their continuing employment, to be brought within the scope of this legislation.

Hon. Mr. GREGG: It was discussed in the press some time ago. I had a few individual letters saying: "we do not want to do this" but apart from the formal representations of the national congresses who had that as an item in their last submissions to the government I have not had any direct representations since last year.

Mr. BARNETT: I am not sure whether this discussion took place at the congress convention while the minister was there or not, but there was quite a considerable discussion to which I listened at that congress convention on this very subject, and I think that last year, if the minister can recall the occasion, I raised this matter partly on the question of the principle involved because it seems to me that this is the only place in the Unemployment Insurance Act where its implementation is contingent entirely upon the agreement of the employees and the management. I still believe that is a wrong principle to have in the act. I made a suggestion at that time that perhaps if it was brought in at the request of the employees that that in itself would make it clear that the thing would not apply in cases where hospitals are being operated by

religious orders or other charitable institutions and staffed by people who are working primarily on the basis of a service of love, if you want to call it by that name. But it would make it possible in places like British Columbia where we have a public hospital system for the employees of those hospitals to get that coverage, if they desire it, on an equivalent basis with other employees in the same type of work; and I certainly hope that the minister now, when these other matters are going to be off his mind for the time being at least, will seriously go after this on the lines he indicated at the end of the last session.

Hon. Mr. GREGG: I will be very glad to comply with that. Of course, in the meantime—I would not put it in exactly the same way as you did—if the hospital management requests it—I take it for granted that those employees in this category would probably be anxious to do it. In other words if the commission have a request from employees and management of a given hospital tomorrow you could get them in.

Mr. BARNETT: I know that is true, but if the management would not go along with that request you put the workers in a position where their only recourse is to strike, and that I am sure we will all agree is an unfortunate thing in the case of hospital workers.

Hon. Mr. GREGG: Yes, and where management feels that it would face the prospect of a strike rather than have this provision placed upon them you can see the force of their representations to the minister. However, without making any promise, we will follow it up.

The CHAIRMAN: Lady and gentlemen I have no idea as to the wish of the committee in this matter—whether there are further questions which would warrant the committe being called back on another occasion or whether you are ready to carry these items. Already we have had some questions on item 197 and if you think there is not enough work to warrant our coming back we could, perhaps, carry them; or we could call a meeting for tomorrow morning. What is your wish?

Mrs. FAIRCLOUGH: I have some further questions. I could make them while the estimates are in the house, if you like?

The CHAIRMAN: I am not pressing the committee. Everybody is so busy now—we could either carry these now or call a meeting for later on—

Hon. Mr. GREGG: I will be here all next week. If Mrs. Fairclough's wishes could be met by having her questions answered in the house—

Mr. BYRNE: They will be answered in the house anyway. A dozen different people will ask them.

The CHAIRMAN: Certainly if you wish to ask more questions in the committee, Mrs. Fairclough—

Mrs. FAIRCLOUGH: I do. They are small, I think; we could probably get through it in an hour. What is the matter with this afternoon?

Hon. Mr. GREGG: Could we make it 2.30?

The CHAIRMAN: Is everybody satisfied to meet at 2.30?

Mr. GILLIS: As far as I am concerned I think those estimates got a pretty good working over. I have other things to do and no doubt Mrs. Fairclough has also. What I have in mind is that the minister has got a resolution here and he will have to be prepared for that in the House; secondly he has this bill to prepare and study and get through the House on second reading and into the Industrial Relations Committee on the unemployment insurance amendment, and I believe that meeting again on these estimates will be with all due respect to Mrs. Fairclough unnecessary in view of the many things that we all have to do. These estimates will have to go back to the House in the committee of the whole, and there is no doubt in my mind that a lot of members are going

to repeat the performance we have gone through on this committee. That has been the history of the Estimates Committee so far. I believe we should authorize the Chairman to make his report and send these estimates back to the House; any further questions we may have to ask can be asked then in the House itself.

The CHAIRMAN: Of course, if you have persuaded Mrs. Fairclough—

Mrs. FAIRCLOUGH: I am not persuaded. I cannot imagine a committee meeting for the purpose of examining estimates and rising when they are half examined.

The CHAIRMAN: If you object—

Mrs. FAIRCLOUGH: I am not objecting. I am prepared to ask the questions in the house, but it seems to me that that was the purpose of this committee. I wish to ask questions on the end of item 196; they are technical questions just for information.

The CHAIRMAN: I do not find fault with that. If you have some questions which you wish to ask, I do not think that we should adjourn against the wish of any member of the committee. I think that Mr. Gillis will agree with that.

Mr. GILLIS: No, I do not agree with that. I think the committee should make the decision.

Mrs. FAIRCLOUGH: I remember an occasion when the estimates of the Department of Labour came up in the House on the last day and you could not get your questions answered in the way you wished. I want to ask these questions.

The CHAIRMAN: We appreciate, certainly, Mr. Gillis' wish to save time, but in view of what Mrs. Fairclough says I think that the majority of this committee would prefer to meet at 2.30 to give her an opportunity to put these further questions, if that is agreed. I do appreciate Mr. Gillis' attitude.

Mr. GILLIS: You see, we have spent the morning here and the external affairs estimates are on this morning. This afternoon I have a radio broadcast to prepare.

The CHAIRMAN: You are not satisfied with having a meeting at 2.30? We will try to accommodate everybody as much as we can. What about meeting at 8.15 tonight? Is 8.15 all right?

Agreed.

The CHAIRMAN: We will adjourn now until 8.15 tonight.

Luncheon adjournment.

EVENING SITTING

August 2, 1956,
8.15 p.m.

The CHAIRMAN: Order. We are still on item 196.

Mrs. FAIRCLOUGH: Mr. Chairman, one of the things which I should like to discuss and in which I hope the minister will be interested is the situation which is just developing in Newfoundland, which I expect will be serious although it does not involve a great number of people. That is the situation with respect to employees of the Canadian National Railways who will become unemployed because of the dieselization of the roads. Now, some of these men are steamfitters and such who are qualified to fill jobs in that classification. Apparently there is not too much opportunity for their employment there. However, right in St. John's there is a type of works, foundry or whatever it might be called, which was erected there by the Premier of Newfoundland

in the hope that there would be defence orders and so on. I understand at the present time that it is either closed or is in such a state of inactivity that it is apt to be closed. These men could probably be absorbed into a plant of that description if the federal government could be persuaded to place orders, for which there is undoubtedly a need, which could be performed for them in that plant.

This is one of the things which I would like to bring up in this committee because it is not as easy to bring up this kind of a subject in the house. I think that the minister knows all about the circumstances connected with it, and I would ask him if he would make representations to the Minister of Defence Production to try to place with this plant the necessary orders to enable these men, who anticipate not only a period of unemployment but also a situation where they cannot see any possibility of employment at all for the rest of their working lives. It is a very serious situation. True enough, they probably could obtain employment if they came to another part of Canada in their chosen trades, but some of them own their own homes, and it is quite a dislocation for them to tear up roots. It should not be overlooked that many of these people are over forty years of age and even if they come to other parts of Canada it is very doubtful if they will be absorbed in industry in other parts of Canada. There are not too many of them, something like 128, who are already laid off or about to be laid off within a period of the next few months.

It seems to me a most pathetic thing that, in a country like Canada with the possibilities which are before us, that these men, still in the prime of life, should be deprived of employment. Those to whom I have spoken—and I have spoken to some of them—recognize that you cannot stand in the way of progress; they have no beef with the railways—they say, "Sure, progress demands the dieselization of the roads"; they recognize that; but they recognize also that it is a pretty bleak future for them.

I think that the minister has shown in the past his capacity for stepping into a situation such as this to try to build up for a given group of people employment which will carry them forward for the rest of their working years.

I am very serious about this matter. I hope that the minister will consider this seriously. I am sure that he is in a good position to go to the cabinet and use influence with the other members of the cabinet and prevail upon the Minister of Defence Production to place whatever orders are necessary to insure some employment in that part of the country.

Hon. Milton F. GREGG (*Minister of Labour*): I am very glad that Mrs. Fairclough has brought up this question because dieselization, particularly on the Canadian National Railways, has affected all the eastern provinces on the mainland and now it threatens in the province of Newfoundland. On the mainland, in New Brunswick, Nova Scotia and Prince Edward Island, there have been quite a few people displayed by the dieselization program.

I simply wish to say, having had full knowledge of it well ahead of time, I think I am not wrong in stating that there have not yet been very many cases of hardship. I am quite confident that the situation in Newfoundland can be cushioned; yet if I see the need for taking the step which you suggest I will certainly explore it with the Minister of Defence Production.

Mr. Curry, because he knows that part of the world so well and this particular situation very well, may make a comment on the replacement of men who are displaced by the dieselization program.

Mr. L. J. CURRY (*Executive Director, Unemployment Insurance Commission*): Mr. Chairman, Mrs. Fairclough, I happen to know the plant to which you refer. It is about ten miles out of the city of St. John's and is a very splendid and fine plant which Premier Smallwood had erected there. I think it is primarily intended as a machine tool plant. I do not think at any time since it was opened the plant has ever operated to capacity.

Mrs. FAIRCLOUGH: Is it not true that when it was built at a cost of something like $3½ million that it was built in anticipation of Department of Defence Production orders?

Mr. CURRY: I would not know that. I do not know what Premier Smallwood had in mind; but I know he has equipped it with some of the very finest machinery. I was in the plant two years ago and at that time they were doing repair work on machinery from the United States bases on such equipment as armoured wagons and tractors. They had a number of trainees; they had some skilled operators and were using them to bring up young men in the use of these very excellent machines. However, at that time it was not operating anywhere near capacity and I also understand that it has not since that time.

Mrs. FAIRCLOUGH: I believe it never has.

Mr. CURRY: No, I do not think it ever has since it was built, but I believe it has machines which are as fine as any on the North American continent with respect to that type of work.

With respect to the people who will become out of jobs perhaps through the progress in the railways in Newfoundland, I think we can handle that situation, as the minister states, similarly to the way it was handled on the mainland. We had one particular example of that with respect to the Canso causeway when it connected the mainland to Cape Breton Island. At that time we had a number of C.N.R. employees who were engaged in the maintenance and operation of the ferry, quite a number of whom were thrown out of work. Some of them had security rights which were exercised, but we were able to place a number of them through our regular employment service. I think that we may be able to help in the Newfoundland situation in the same way.

Mrs. FAIRCLOUGH: I hope that you can, but the reason I am so concerned about this thing is that the information I have is—I will grant perhaps that these men are a little pessimistic about their chances—but they tell me there is not any place for them to be placed, that there is no activity going on which will require their services.

Mr. CURRY: Do you mean the skilled people who would be involved?

Mrs. FAIRCLOUGH: Yes.

Mr. POWER (St. John's West): With respect to most of the fellows out of the car shops I think that would be true all right in the St. John's area unless we found employment for them in the large mills at Grand Falls and Corner Brook where they may be taken on as mechanics and so forth.

Mr. GILLIS: Mr. Chairman, I might bring you up-to-date. During the time that Mr. Gordon was here with his railway estimates for next year, the member for Comox-Alberni had a telegram from the Trades and Labour Congress secretary in Newfoundland pointing out that when confederation came in the terms of confederation promised the employees of the railway in Newfoundland that in the event of any displacement that they would be placed somewhere else in the system. They intepreted this to mean that they would be taken from Newfoundland to some parts of the mainland and there be placed in similar work. I placed that before Mr. Gordon and his answer to me was this: he said that as far as the terms of confederation were concerned, it was a matter of interpretation for the government. He said with respect to placing any people from the Newfoundland railways anywhere on the mainland system that that was impossible because from the Atlantic region to the Pacific region, in the shops and on the road, because of dieselization they have had large layoffs and he cited the case of Winnipeg, Moncton, Rivière du Loup and right across the whole system. He said that they are not suffering

in Newfoundland from the effects of dieselization to any greater extent than in the whole system and that he could not promise anything. As the terms of confederation, he said that that was something which the government would have to interpret. Mr. Marler was there and said that he was not familiar with the situation with respect to the terms of confederation and that before the end of the session he would give us an answer.

Mrs. FAIRCLOUGH: They took it that that clause applied to all workers; whether or not it did is a matter of interpretation. I grant you that possibly these people who were laid off because of dieselization are in no worse a position than those in other parts of Canada except for the fact that in other parts of Canada there are other jobs for the skilled trades and in Newfoundland there are no other opportunities; it is just as simple as that. Here they are in an area pretty well isolated where they cannot procure other jobs. That is a pretty rugged situation.

Mr. POWER (*St. John's West*): That is not the situation at all, to suggest that the only avenue of employment for people laid off in railway shops is at the mill shops in St. John's which would certainly limit the activities of the Unemployment Insurance Commission. Not so much in St. John's, but certainly in Grand Falls and at Corner Brook there is a wide avenue of employment for skilled machine men.

I do not think that the plant, which was mentioned, that was built has come up to expectations. It was built by the provincial government and I think about four years ago it was sold to a German firm. As has been said here, I believe that the bulk of the work which they do now is repair work and the like for the northeast command of the American air force. If increase work was given to that plant by the Department of Defence Production I cannot see what other employment there would be there. In any event it would not come anywhere near the employment in the mines and in the two paper companies in Newfoundland.

Hon. Mr. GREGG: I do not think that there would be any difficulty in employing skilled people in Newfoundland.

Mrs. FAIRCLOUGH: These people are skilled people.

Mr. CURRY: Yes. We could employ them in other provinces elsewhere in Canada.

Mrs. FAIRCLOUGH: Elesewhere in Canada. In that event do I understand that the department will if there are a couple of hundred people in dire straights, move them in ones, twos, three and fives and pay their removal expenses?

Mr. BISSON: In a few spots in Canada we do recommend such things. We have not done so in this instance.

Hon. Mr. GREGG: In the event of an industry causing layoffs and in the event that the commissioner reports to me that the only place these people can be placed is in some other part of Canada, and there is no other place, I have authority to assist them in their transportation to a new job. Mind you, when I was given that authority I was a bit scared of it because I thought it would run away with itself, but I am not scared of it now because you would be surprised at the number who wish to move. In the case of Cape Breton it was just a few families. We had a few from St. Mary's and a few from Marysvale and a few from Westfield. The numbers vere very small. It indicates the fact that people like to find new jobs where they are.

I will undertake this, that the situation down there will be watched very closely by us, we have done at every other point which has caused concern in a similar fashion.

I would like to take this as a text, because I know members of the committee will not only agree with it but I am sure they may help on it. I have frankly been quite surprised the last month at the way in which the commission's employment people have been scrambling around doing just the opposite to what they were doing last March. In other words, they have been busy in 80 per cent of the offices finding workers for jobs rather than, as they were in March, trying to find jobs for workers. That is what they are paid to do. I am glad that we have been able to find them somehow because there was a threat that there would not be enough labour for this and that, but there is turning out to be enough.

The point which I wish to make is this, that when the employers want workers they come, and quite rightly so, to our employment offices saying, "it is your job to find them for us", and, I would say it in all kindness, I would wish that when they had jobs for workers that they would likewise go to our employment offices and say, "we have a certain number of vacancies now and we would like to have your cooperation".

Mr. W. THOMSON: In all probability, Mrs. Fairclough, any order for skilled workers would be placed in clearance and could be cleared to Newfoundland. What I mean by clearance is that if we cannot find skilled workers in the area in which the jobs are, the employer is asked if he would allow the order to be placed in clearance.

The situation at one time was that St. John's was an area from which we would pay transportation, but in St. John's now the situation is 15 per cent better than a year ago. In the Atlantic region as a whole, unplaced applicants are down 18 per cent and orders in our office are up 30 per cent. Looking ahead

Mrs. FAIRCLOUGH: This is the over-all picture, not necessarily for skilled workers.

Mr. THOMSON: In most cases clearance would apply to skilled workers.

Mrs. FAIRCLOUGH: The danger in dealing with generalities is that you are likely to lose sight of the specific problem. For a man who has been working for ten, fifteen or twenty-five years on a given job, who possibly owns his own home and has a family, it is quite a job to uproot him and settle him in another province. He would probably have great difficulty in selling his house.

Mr. POWER (*St. John's West*): Not in St. John's.

Mrs. FAIRCLOUGH: But generally speaking in a great many places he would.

Mr. POWER (*St. John's West*): This is St. John's which we are talking about now.

Mr. THOMSON: The situation kind of settles down because very often the young people will move and leave vacancies in that area. But it does take time. At times there might be a problem which looks gloomy but it straightens out often with the assistance of the employment service, I may say.

Mrs. FAIRCLOUGH: I can see very well that some of these people are going to have difficulty finding reemployment.

Mr. BYRNE: There must be a very poor seniority system if people with twenty-five years' experience are going to be laid off by the C.N.R.

Mrs. FAIRCLOUGH: It is a serious problem. I do not want to labour it. I just want you, Mr. Minister, to look at it. I know Mr. Curry understands the situation. I just want you to say that you will see what you can do about this thing.

Hon. Mr. GREGG: We will undertake to do that.

Mr. GILLIS: What relationship do you have with the Drake Merritt Company which is an employment agency for American contractors in Newfoundland? It was only a couple of weeks ago that I saw an advertisement in the

Halifax *Herald* from the Drake Merritt Company advertising for skilled we anticipate scrambling around looking for workers.
personnel, diesel truck drivers, machine tool operators, mechanics and welders. These vacancies would be for positions with American contractors in Labrador, and apparently there is quite a shortage. I know in the Sydney office and in the Glace Bay-Sydney-New Waterford area that there is quite a shortage of skilled workers. There are quite a lot whom they can place in the Cape Breton area and there is a big shortage in Newfoundland because of the big dam. There is something wrong with the office in Newfoundland if they do not have information about those points.

Mr. THOMSON: Our relationship with the Drake Merritt Company is a very close relationship. But because there are shortages of unskilled labour we have been unable in many cases to give them what they want and they have sent out recruiters to whom we are making our office facilities available. They think that by their own efforts they can turn up these people. The fact that we are giving them the office space, I think answers Mr. Gillis' question that we are giving close cooperation to them.

Mrs. FAIRCLOUGH: Is it not true that a large proportion of their jobs are for short periods of time? I am not turning up my nose at that, but they are not steady year-round jobs.

Mr. THOMSON: That is one factor; but the location of their jobs is perhaps such that they do not attract people in other parts of Canada.

Mrs. FAIRCLOUGH: You are referring to the jobs in Labrador?

Mr. THOMSON: Yes.

Mr. BARNETT: I think this discussion is quite fruitful. I took advantage of an opportunity to discuss this with the union people when they were in convention in Toronto. The main emphasis of concern which they had was if at all possible they were hoping that there would be openings within the province of Newfoundland for these people. I think some of the discussion which has taken place indicates that the possibilities at the present time look quite good.

Hon. Mr. GREGG: I think we will be able to place them in Newfoundland. I think it was made clear within the provisions of the seniority clause of the contract with the C.N.R. that the senior men should have the oportunity of staying on with the railway in Newfoundland but apparently they felt the lay-off was going to be so drastic that seniority would not be of much value in that case.

Mr. GILLIS: What trade training facilities do you have in Newfoundland? Are they the same as in the other provinces?

Hon. Mr. GREGG: I have not got my vocational training papers here tonight—

Mr. POWER (*St. John's West*): I know there is a vocational training school in St. John's. I would like to say one further word about this situation we have been discussing. When these men received notice, it was some time in the winter. Quite a number, about 150, would, it seemed, become redundant, and at that time the officials of the unions communicated with all the Newfoundland members and we jointly made representations to the Minister of Transport and he had an undertaking from the C.N.R. that as many men as possible—the probability was the great majority of these men—would be found situations with the C.N.R. in Newfoundland. I had correspondence at that time and have received none since, so in the light of that silence I presume that either the men have not yet been laid off or that they have been laid off but that alternative employment has been found for them. I believe myself that this situation now is being exaggerated. The employment

situation in St. John's as far as skilled trades is concerned is extremely good. I know that from my own knowledge, and another 100 men on the labour market there, is, I think, an insignificant number. After all St. John's in itself contains about 80,000 people and there are two American bases, one on the edge of the town and another within 80 miles, which are constantly looking for people, particularly skilled people and I feel myself that when the Herscholt jobs become redundant the vast majority of these people, if not all of them, will find employment close to home.

Mrs. FAIRCLOUGH: I hope the hon. member's optimism is justified. I also wonder what happens to their pension status.

Mr. BYRNE: You will have to get Mr. Gordon here to answer that.

Mr. HAHN: Have we any reason to believe that the situation in St. John's is any worse than in any other part of Canada?

Hon. Mr. GREGG: There is the threat, as Mrs. Fairclough pointed out, of a number of men being laid off. I think the information was given well in advance and frankly I think it is an excellent thing for employers, whether the C.N.R. or private employers, to let us have this information as far ahead as possible. Then, steps can be taken to do something about it. What makes us very angry, and rightfully so, is to wake up one morning to find that 2,000 men have been laid off and no one has notified us.

Mr. GILLIS: You would be notified over the radio!

Mr. HAHN: In view of the statement made earlier that they had informed you, and that the situation has apparently been taken care of within the area itself, have we any definite knowledge of the present position? The indications were some time ago that they were going to be unemployed, but it seems we do not know with certainty whether they have been laid off and absorbed in industry or whether that situation has not yet arisen.

Hon. Mr. GREGG: We have no record of any number of men being unemployed at the present time and we are prepared to meet the threat if and when it develops.

Mr. HAHN: As Mr. Gillis said just now this is something that must be examined. The discussion is very fruitful as far as I am concerned, but I do not think we can do anything about it other than bring it to the attention of the minister as Mrs. Fairclough has done so well.

Mr. BYRNE: It seems to me that an organization as large as the C.N.R. with 120,000 employees is not going to throw men with 25 years service out of work. In Kimberley a month ago Consolidated Mining and Smelting Company shut down a plant employing 350 people. There were eight people put out of work. They absorbed all those other employees. Surely the C.N.R. is not going to throw men with 25 years of service out of work and keep someone on who has just started.

Mrs. FAIRCLOUGH: I used the term 10 years, 15 years and 25 years. I might have trouble in pinpointing the 25 years but I do remember one man who had 18 years service—I remember that definitely because I was shocked at it. There were others with quite extended length of service. My whole point is to bring the matter to the minister's attention and to ask for his assistance in correcting it. I am not trying to lay blame at anybody's doorstep.

The CHAIRMAN: Can we carry this item now?

Mr. HAHN: I have one other question to ask. I was going to turn back, if I might, to what Mr. Curry said in respect of casual employees. I know from experience, from talking to managers in the employment service, that when the commission take on casual employees invariably a good number remain and become part of the permanent staff. My question is: are they taken in and given the same consideration in a retroactive way in point of superannuation and other rights or does their superannuation and so on start at that point?

Mr. CURRY: It starts at the point when they go on the continuing staff.

Mr. HAHN: Has any consideration been given to the fact that although they have been employed as casual employees they were actually in steady employment before the change in their status was made? Has any consideration been given to making these benefits retroactive?

Mr. CURRY: The Civil Service Commission, and I believe, the National Joint Council, because of representations made by some of the staff associations has had this subject of casual employment under review. I think it is under study at the present time. The staff associations have requested that the casuals should get the same consideration as other people working in government service in a continuing capacity, because some of them stay for three months and others as long as nine months but I am not quite sure whether in these representations which were made, or in any of the discussions held by the Civil Service Commission, the point which you raised has been one of the matters under consideration.

Mr. HAHN: My information is that it does not make too much difference at the point of original employment as far as the individual and the civil service is concerned but in later life—and the last nine months can be a trying time—it does, and I would like to see this made retroactive to the time of a man's first employment and I would like the minister to take the matter up with the civil service so that that could be done.

Mr. BARNETT: Mr. Chairman, I have a copy of a letter addressed to the commission earlier this year by the John Howard Society of Vancouver in respect to the relationship of the unemployment Insurance Act and its functioning to people being released from prison. We are all aware of the sort of work the John Howard Society has done in their interest in the rehabilitation of people who have gone to prison for their sins. I think their proposal is an interesting one. The gist of it is they suggest that there should be a "freeze" during the period in which a man is in jail so that when he comes out he would have available to him in the period when he is trying to become re-established in employment the benefit of any past contributions to the unemployment insurance fund. I wonder what consideration the commission has given to that question and whether they have come up with any answer to it? Do they consider that the attitude suggested is an appropriate one to take?

Hon. Mr. GREGG: I may say that I have had quite a number of letters passed on to me by members of parliament on that point and I know by the replies we worked out together that the commission has given a good deal of consideration to it.

Mr. BISSON: The point has great humanitarian appeal but one must not lose sight of the fact that unemployment insurance is unemployment insurance and it is payable for involuntary unemployment—

Mr. BYRNE: It might have been hard labour!

Mr. BISSON: Do we make an exception in that case? It is not really involuntary unemployment, it is people who are withdrawing, to use our phrase, from the labour market. Should we not give consideration to the woman who retires and takes up household duties? If we open up the field there we would have to do so in a number of other instances. As I say, the woman who goes into a household and manages a household retires from the labour market. Under the act now there are provisions for extending the period of eligibility in a case where a man is incapacitated, falls sick or engages in work which is not insurable but to enter the field of extension in the case of a person put in jail is, I think, something absolutely foreign to the scheme of unemployment insurance. Mind you, this is very humanitarian and social in purpose but I think it is outside the realm of unemployment insurance.

Mr. BARNETT: One reason I raised this question is because I have an open mind on it. I recognize the appeal and yet I recognize that within the concept of the Unemployment Insurance Act it is not easy to act as is suggested.

Mr. BISSON: We have had several letters from John Howard Societies across the country, to which we have replied, and I think I had a letter from the secretary of the National Organization and he was quite satisfied with the answer he received.

Mr. GILLIS: I think this appeal has more than a humanitarian appeal. For a start, there is a precedent within government for it. A person drawing a disability or service pension, for instance, may conceivably be incarcerated for two or three years, but during the two years in prison his pension, though not paid to him, is "frozen" and when the man is released that pension is paid again and, in addition, the accumulated sums, going back a year or two, which gives him something towards his rehabilitation. The government is already doing that for this particular classification. Secondly I think there is a principle of justice involved here. Supposing a man pays unemployment insurance for 10 years and then commits some misdemeanor for which he gets one or two years in jail. The two years he spends in jail is the sentence for the crime he has committed but you are in this case, penalizing him further by taking away all the benefit of the 10 years of contributions he made to unemployment insurance. That is an additional penalty which you are imposing and I do not think it is justified. I think, rather, that when such a man leaves prison and goes to seek employment he should go back to the position where he left off with that insurance standing to his benefit. I think, as I say, that is a matter of justice and you already do it for disability pensioners.

Mrs. FAIRCLOUGH: I would like to ask Mr. Bisson a question. In view of the simile which he used just now does he mean that a woman who marries and takes up housekeeping is thereby sentenced to a lifetime of hard labour!

Mr. BARNETT: I wonder if it might be possible, in order that this should not become a completely dead issue, for the commission or some agency of the Department of Labour in co-operation with the Department of Justice if necessary to give some idea of how many people would be involved per annum in an arrangement of this kind? I think all of us agree that people who come out of prison do find a lot of difficulty in becoming properly rehabilitated in society, and that the cost to society of the "repeaters" is a substantial sum not only directly to the government but to the community as a whole, and perhaps if we could have some assessment made of the size of the problem it would be worth while taking a look at it.

Hon. Mr. GREGG: In view of the letters we received we have already made an inquiry on that point but it has not been completed yet. We shall follow that up and find out what proportion it is. The committee has heard the points which have been outlined by Mr. Bisson; nevertheless, when we get this information complete we will review the matter again and I will talk it over with the Minister of the Department of Justice. In the meantime I will ask the chief commissioner to send to you and Mr. Hahn a copy of our two-page outline of present policy—the one that we sent to the officers of the society. A copy could in fact be sent to each member of the committee if he would like to have it.

Mr. MCGREGOR: In the preliminary estimates we made it appeared that only 25 per cent of these people were in employment—before they were incarcerated.

Mrs. FAIRCLOUGH: You do not know whether there were any in uninsurable employment?

Mr. MCGREGOR: No, I cannot say that. That is part of the study we are making now.

Mrs. FAIRCLOUGH: Along the same lines—not, of course, of people who go to prison, but with regard to the eligibility for benefit of persons who are temporarily incapacitated—I want to bring up a matter of employees who suffer accidents on the job and who are the recipients of workmen's compensation. I have been given to understand that this is quite a serious problem which undoubtedly is much worse in the more heavily populated provinces. These people actually suffer their disabilities in the line of duty, in the course of their employment; they are on the job when they are injured and then they go on workmen's compensation and get, in the different provinces, varying percentages of their wages, usually 75 per cent. No contributions are made on their behalf to the unemployment insurance fund nor is it possible for them themselves to make a contribution to cover the period during which they are in receipt of workmen's compensation. It seems to me there should be some arrangement whereby on certificate from the provincial department it could be established that for a given period a person was in receipt of a total disability payment for a temporary period—total temporary disability, that is the term. If that could be established, by a certificate or otherwise, these people could have credited to them that period as having been eligible for benefit. Then when the time came when they were once more available on the labour market they would have a backlog, at least, of eligibility. What sometimes happens is that they are receiving workmen's compensation for a period of time which deprives them of their job. They go back and the job is no longer there. If it is a large firm which keeps a great many men in continuing employment they go back and are taken on in some capacity or another, but in a great many cases they will find themselves deprived of a job, particularly in the contracting business; the contractors move on to another job and there is no longer a job for the man to do. Moreover, the contracting business, in particular, is one in which a great many of these accidents occur. I have been thinking about this for a long time and I have brought it up before. I wonder if you would think about this, Mr. Bisson and try to evolve a scheme whereby these people would be accredited even if they were only accredited with eligibility at the rate of the workmen's compensation? It seems to me that there could be an agreement between the province and the federal authorities for at least some degree of eligibility for the period of their total temporary disability.

Mr. MCGREGOR: In the present act there is provision for the extension of the qualifying period, so if a person is on compensation for, let us say, a period of two years, we go back two years more for his qualifications; we can take in 208 weeks instead of 104—the maximum extension. If we were to consider contributions in respect of 75 per cent wages paid as compensation we would actually be doing him a disservice because that would be at a lower rate of contribution than the contributions we are going back to.

Mrs. FAIRCLOUGH: That was "off the cuff" as you can imagine; I was not serious about that. You say you can go back four years if a man has a two year disability but that you still have to have contributions—do you mean to tell me that if a man has an accident and he is unemployed for two years on a total temporary disability, he can when he re-enters the labour market collect unemployement insurance on the basis of contributions made two years ago?

Mr. MCGREGOR: Yes.

Mr. BISSON: The past four years.

Mrs. FAIRCLOUGH: Mr. Chairman, I am very much afraid there is some misunderstanding of the regulations, because the information which was given to me came from an official source on the Workmen's Compensation Board.

Mr. BYRNE: I never heard of such a thing.

Mr. MCGREGOR: Yes. It goes on steadily. Extensions of the qualifying period, granted for the year ended 31 march 1955 were approved in 12,888 cases. That was not, of course, for incapacitated cases only. There were 12,888 extensions approved. They were for terms of one, two or three months up to a maximum of two years.

Mrs. FAIRCLOUGH: So that if a man had not worked at all for two years by reason of having been under total temporary disability, he would then be eligible for unemployement insurance benefits on the basis of employment which he had had up to the time of his accident?

Mr. MCGREGOR: Yes, provided it is not more than two years ago.

Mrs. FAIRCLOUGH: I think that answers my question. It is completely contrary to the official information.

Hon. Mr. GREGG: Have you a case on your file?

Mrs. FAIRCLOUGH: No. I do not have a specific case.

Mr. MCGREGOR: Section 45(3) of the act provides:

> Where an insured person proves in the manner prescribed by regulations of the Commission that during any period mentioned in subsection (1) or (2) contributions were not payable in respect of him for the reason that he was for any time
>
> (*a*) incapacitated for work by reason of some specific disease or bodily or mental disablement,
>
> (*b*) employed in employment that was not insurable,
>
> (*c*) employed in insurable employment in respect of which contributions were not payable, or
>
> (*d*) not working by reason of a stoppage of work owing to a labour dispute at the place of his employment,
>
> that period shall, for the purposes of this section and sections 47 and 48, be increased by the aggregate of any such times.

We use that continuously.

Mrs. FAIRCLOUGH: In other words, the period of disability is suspended and goes back?

Mr. MCGREGOR: Yes. The way we express it is as if that period of incapacity fell out of the calendar completely.

Mr. GILLIS: I have raised this question back over the years. While I was aware of the fact that the compensation cases were fairly well protected, there is another group which is in the same category. In many of the industries they have set up their own welfare funds and sick benefit funds and, of course, if a man takes sick while on unemployment insurance he continues, but if he is laid off from his job sick he registers with the sick pension fund and in some cases the weekly stipend he gets is as low as $15 a week. Under the unemployment insurance, if that man was earning $60 a week—which they do in most heavy industries—the rate would be $45 a week under unemployment insurance.

Mr. MCGREGOR: No, $30.

Mr. GILLIS: If he was earning $60. I am talking about compensation.

Mr. MCGREGOR: I am sorry.

Mr. GILLIS: But if he was under unemployment insurance it would be $30; however, while he was contributing to unemployment insurance he is obliged, because he took sick, to exist on $14 a week; he cannot receive both. Is there a possibility—I am sure Mr. Gregg knows this well—if this fellow is sick long enough that he loses his right to insurance completely?

Mr. MCGREGOR: Yes.

Mr. GILLIS: Mind you now, he took sick and left his employment sick; he is not qualified for benefits.

Mr. MCGREGOR: Yes.

Mr. GILLIS: He is still sick and cannot take employment; he is still unemployed. Can he come on the unemployment insurance rolls and receive benefits the same as a man unemployed because he is sick?

Mr. MCGREGOR: As soon as he becomes capable of work he comes back under the same provisions which I mentioned with respect to workmen's compensation.

Mr. GILLIS: What I am getting at is this: perhaps that fellow is sick for eight or nine months and ready to go back to his own employement, and goes back—he has existed on $14 a week where he would have been receiving $30 a week had he been able to register for unemployment insurance. Is it not about time that the commission took a look at this person who is unemployed because of being sick. You have extended that right to him if he takes sick while he is on the fund. Is it not about time that we got to the point, in cases such as I am describing, where a person is so low that you should consider at least supplementing that $14 as we are going to do in the case of the people who are establishing a guaranteed wage. Is it not about time that we tried at least to give that man who is unemployed because of ill health, temporarily, the consideration that he should be getting by bringing that $14 a week up by a supplementation under the Unemployment Insurance Act?

Hon. Mr. GREGG: Mr. Gillis, when I did bring in the little amendment making insurance available to a man who was sick while in receipt of benefits, that point was explored thoroughly and the view was held that it was a matter outside of our jurisdiction, and that we were going into the health insurance field by the back door—which was the expression used—and with the growing number of welfare plans within companies and then, and still growing, intention on the part of the federal and provincial governments to enter into at least a hospital scheme, it was decided at that time, which I think was three years ago, that we should not do so. It has been referred to since, but I think I am right in saying that the view of the government at the present time is that they feel that if it were done it would have to be in a federal-provincial plan under some kind of a health insurance or hospital plan.

Mr. BARNETT: Mr. Chairman, we had quite a bit of talk on this subject last year. Of course, I think possibly the minister will recall that some of us did not agree with the approach to it; but I think it should be said, as far as I know, in any consideration of a national health insurance scheme I have never heard of any serious consideration being given to the idea of insurance within that plan for loss of income which is what the member for Cape Breton is talking about.

Hon. Mr. GREGG: Well, it was always looked upon as a means of paying his hospital and doctor bills and helping to look after his family.

Mr. BARNETT: Clearly as a means of reimbursing him. I have been under these welfare plans too for a little larger sum than the member mentioned; but that was simply as a reimbursement for lost income and not to pay hospital or doctor bills.

However, I would like to come back to this other question on which the minister started and I would like to ask whether there is any particular essential with respect to benefits that were suspended during a period while a man was on compensation. Mr. McGregor may possibly remember that I drew such a specific case to his attention earlier this year and he was good enough to make a special investigation into it. It was an actual example, and a sad example, of a man who sustained quite a serious injury in the

woods. Following quite a long period of direct compensation, he went through a period of rehabilitation training under the Compensation Board of British Columbia and finally was taken back into employment by his former employer but in another occupation. He went into one of the shops as a mechanic's helper; but because of the fact that he had not steadily acquired seniority in that branch of the industry he found himself unemployed. His period of being off work was such that he lost all his former accumulation of benefits under the Unemployment Insurance Act.

I recall pointing out also that the present provision for the extension for two years covers most people who have been employed for some period of time in procurable employment who have probably had an accumulation of benefits under the act; but I suggest that it did not provide for the person who had entered employment not long before the time of his accident. In other words, if he had not accumulated sufficient benefits to qualify during the period he was working before the accident, he was disqualified because he had no accumulation of benefits during his compensation period.

I also suggested that the new employee ordinarily is the one who is very often most liable to accidents and consequently I would think that a survey would reveal that a quite substantial number of people are excluded because of the present set-up where there is only an extension of their rights to previously acquired benefits.

As far as I am concerned, I think there should be some investigation into the idea of having a man's premiums paid while he is on compensation. If it could not be done any other way, I am convinced that most men would welcome the idea of continuing to pay their share of the premium out of their compensation benefits. I know in most of the areas with which I am familiar a man is regarded as continuing as an employee of the company; in other words, his seniority and all that sort of thing is protected while he is on compensation. In cases where a medical or welfare or group insurance scheme is in effect, these things are carried on for him by the company during the period he is on compensation. I think that the same principle could be extended to apply, with some cooperation from the compensation boards, to cover people for their unemployment insurance benefits in the same way they are covered for medical group benefits and all those things.

Mrs. FAIRCLOUGH: Mr. Chairman, the same is true of people in seasonal employment. I spoke before of the construction business. If they become injured in the first few weeks of their employment, by the time they have recovered the employment is over for that year and they have not accumulated their benefits.

Hon. Mr. GREGG: I suppose I should say that such a worker had not had a very long attachment to the labour force.

Mrs. FAIRCLOUGH: They are the ones who fall very heavily into the classification of seasonal employees. If they start to work in the spring and are injured in the first month of their employment, even if they ultimately recover, by that time the construction workers have been hired for that year, and even if they do go back to use contributions made prior to the accident, under the new act they would have great difficulty in qualifying. It does not make them eligible on the basis of current contributions even if you interpret current to mean prior to the time of the accident. I still think we have a case here, Mr. Minister.

Hon. Mr. GREGG: We will study these things and the implications.

Mrs. FAIRCLOUGH: Last year I saw by a clipping which I had from a paper, the Sudbury Daily Star, the account of a speech which took place in the house last August when the labour estimates were being considered by the acting minister in the absence of the minister, in which there came up the question

of whether or not a person could register for unemployment insurance under a name other than his own. This article is obviously intended to be humourous, but I do wonder if the department accepts registrations like that. Is it possible for a man to register and to procure an unemployment insurance book under an ilias? Would he not be liable to some sort of action or prosecution?

Mr. McGREGOR: If there was misrepresentation involved, he would be liable to prosecution; if he made misrepresentation for the purpose of obtaining benefits.

Mrs. FAIRCLOUGH: No. Apparently this was misrepresentation for the purpose of concealing his identity.

Mr. McGREGOR: If a man came to our office and said he was John Doe, obtained his book in that name, and came to the office from time to time and said he was John Doe, we would not have any way of knowing different.

Mr. BISSON: If there is no misrepresentation, there is not anything that we can do. It is the same thing as a fellow going to a bank and depositing money under another name.

Mrs. FAIRCLOUGH: Now, Mr. Chairman, I have just two or three questions which I would like to ask. With reference to the administration item at the end, professional and special services, the appropriation is increased from $50,000 to $70,000. Can you tell me what that is?

Mr. RUTHERFORD: That item is to provide moneys for payment of legal costs, technician's fees, armoured car delivery costs, microfilming of records and other fees. Legal costs vary considerably from year to year and we expect them to increase for 1956-57 due to the establishment of an enforcement branch in our commission and somewhat more activity along the enforcement lines.

Mrs. FAIRCLOUGH: Who did this work previously—the R.C.M.P.?

Mr. RUTHERFORD: We did it.

Mrs. FAIRCLOUGH: It is obviously an expanded service or inauguration of a new service. Which is it?

Mr. RUTHERFORD: It is an expanded service. The salaries of our investigators, are in our regular salary list; when we get into court cases the crown appoints agents and we incur legal fees. Armoured car services charges are rising steadily, like all other charges of public utilities and, again, the microfilming charges are expected to increase. That is the reason why we are asking for a little more money in this estimate.

Mrs. FAIRCLOUGH: You see, this is a 40 per cent increase. Although the whole item is not extremely high nevertheless it is a 40 per cent increase and the question arises what kind of need is anticipated which would result in so much more activity.

Mr. RUTHERFORD: More enforcement activity. As I was saying, the main estimates for last year were $50,000 and we actually spent just over $50,000—we had to change it slightly to $54,000—we had to switch money in our allotments. We went over our money last year and we are asking for some $16,000 more this year than we actually spent in 1954-1955.

Mrs. FAIRCLOUGH: With regard to the next item, Commission to Post Office Department, I see that is $805,000 compared with $735,000, an increase of about 10 per cent. If this is the commission paid to the post office for the sale of stamps, granted there will be an increase; there always is an increase.

Mr. RUTHERFORD: It is ·8 of 1 per cent of the stamps sold by the post office for the fiscal year 1954-1955. The original estimate was $735,000 and we had to transfer up to $780,000. Our actual expenditure last year—and again that is something we cannot control—was $773,556.

Mrs. FAIRCLOUGH: So, really you underestimated last year.

Mr. RUTHERFORD: We did. This sum varies of course with the state of the employment market just as our contribution to the fund was underestimated, too, because employment was considerably higher than most people thought it was going to be last year.

Mrs. FAIRCLOUGH: Also in item 4 there is an amount for services of the Canadian Corps of Commissionaires and this likewise is up by a considerable amount, about 20 per cent.

Mr. RUTHERFORD: This expenditure shows a tendency to increase each year.

Mrs. FAIRCLOUGH: Are you paying the men more money?

Mr. RUTHERFORD: It is merely due to increases in rates based on wage levels for comparable employment. The wage levels are established after consultation with the Department of Labour. If any particular branch of the corps applies for an increase in rates we and the Civil Service Commission refer the application to the Department of Labour which examines the case and recommends an increase based on the rates paid for comparable work. That is where the main increase is.

Mrs. FAIRCLOUGH: Do you happen to have a record of how many men are involved in this?

Mr. CURRY: We have 82 commissionaires on our strength and there is a basic rate which varies, plus nine cents which we pay to the corps. We deal with the corps and the corps pays the men.

Mrs. FAIRCLOUGH: In how many centres.

Mr. CURRY: In 35 centres across Canada.

Mrs. FAIRCLOUGH: Now let us go down to item 11, Office Stationery, Supplies and Equipment. There is a considerable decrease there—a couple of hundred thousand dollars—from $975,000 to $792,000. Are there some supplies which have been discontinued?

Hon. Mr. GREGG: I think that came up after you left.

Mr. RUTHERFORD: The decrease was due to the fact that the Dpartment of Public Works has taken over the purchase of a lot of equipment which we previously paid for, and they provide for it in their estimate.

Mr. TUCKER: And then you did not spend all of the $975,000 provided last year, either?

Mr. BISSON: That includes office furniture, too, which is the biggest item.

Mrs. FAIRCLOUGH: I assume that the decrease in the cost of the unemployment insurance stamps is because of the new stamp which does not require perforation?

Mr. RUTHERFORD: It is smaller too.

Mrs. FAIRCLOUGH: I would think it is a less expensive document to produce. Is that the reason?

Mr. RUTHERFORD: That is right. Actually the quotation for the new stamp was lower than for the previous stamp.

Mrs. FAIRCLOUGH: It would be, without all that perforation.

Mr. RUTHERFORD: They were smaller in size, too.

Mrs. FAIRCLOUGH: I think that is all I have on that, Mr. Chairman.

Mr. HAHN: There is one question which I would like to raise before the committee adjourns. I wonder if the minister would care to outline how, at the present time, we go about deciding whether or not we should have our own buildings for the national employment service. I am thinking of my own city, for instance. We pay in rent—and I do not say it is exhorbitant—something like $25,000 a year, and I wonder at what point you decide that the Department of Public Works should build a building of its own on which rent need no longer be paid.

Hon. Mr. GREGG: Well, Mr. Hahn, in recent years you have noticed in the estimates that all departments have shown an increased tendency to centralize the construction of buildings under the jurisdiction of the Department of Public Works. I think that is a sound policy. Anyhow, we are doing it and the commission has fallen in line with that policy. At the same time the commission feels very strongly—and it is a feeling with which I agree—that they should have a good deal to say in the matter of recommending the kind of building that should be available for them when one is constructed for their purpose. In many places at the present time they are working in makeshift buildings. In other places they have some very excellent buildings built especially for the purpose. I can think of two I helped to open, one of which was in Regina and one in St. Thomas, in western Ontario.

Mr. MCGREGOR: And one in London, recently.

Hon. Mr. GREGG: Yes, in London. By and large, we feel that where a federal building is built in a city or in a large town, if we cannot get space on the ground floor in the building—and this is not often possible; it is not often possible to get space of sufficient size—then the commission ought to have a building built for its own purposes. It need not be a posh building of marble, and all that sort of thing, but a building where there are facilities for people to come in, so that they will not have to cue up on the street. It would have to be a building so that they could come in and have a place to sit down, a building in which there would be sufficient room on one level where there could be interviewing of people for jobs, and so that they would be able to process them through without meeting each other on the stairs, or waiting in a crowd, or crowding into an elevator.

In visiting offices I have been greatly impressed with the different atmosphere that exists in places where they have been built for the purpose. I have not seen yours, Mr. Hahn, in the west yet, but—

Mr. HAHN: I am satisfied with the building we have, that it meets all the requirements. I am referring to the one we are using now. But I am thinking of a rental of $24,000 a year, and I am wondering at what point you decide that you are going to continue renting forever and ever, or at what point the commission makes up its mind that it wants a new building of its own.

Hon. Mr. GREGG: Well, Mr. Hahn, the commission puts in its recommendation, based upon need. I must say that we do not always get it; but I think your views would be that, since the Unemployment Insurance Commission is here to stay, that you feel we should have a building of our own.

Mr. HAHN: That is right.

Hon. Mr. GREGG: Rather than a rented building. We have asked the Department of Public Works, and the Department of Public Works is moving gradually in that direction.

Mr. HAHN: It is not the best location that we could have, so far as I am concerned, but the building is satisfactory. However, I am wondering if you have a group which you have already requested.

Hon. Mr. GREGG: Yes; I have a very long list before Mr. Winters now. Of course, it may be that those will not move quite as fast as they would have done, if there had been more building materials available. But is it moving forward gradually across Canada. However, I must say that I do not have the number here this evening.

Mr. HAHN: The final decision rests with the Department of Public Works, however, as to the order in which they will be built; or does it rest with your department?

Hon. Mr. GREGG: The Department of Public Works might say, "How urgent are your needs, as compared with the needs of somebody else?"; but, by and large, it has to be left with the Department of Public Works.

Mr. SMALL: I think the renting of the building is more advantageous to the municnpality, because they will be paying taxes on the building; on the other hand, if it was owned by the government it would be in a position where they would be paying no taxes.

Mr. HAHN: I enjoy that argument. However, that building is still in the municipality and it is still going to pay taxes. They will not destroy it simply because the national employment office does not rent it. They will still be paying taxes to the municipality; I am sure of that.

Mr. SMALL: Well, in some cases they escape.

Mr. HAHN: I do not know of any. It so happens that in most of these cities, or in a good many of them, if the federal government builds a building it will mean just that much more dollars and cents to the municipal coffers.

Hon. Mr. GREGG: Well, our building costs, whether by rentals or in other ways, due to the special needs of the commission, are very high; because they must have a lot of floor space for the people to assemble in the winter months. That is particularly true in the colder parts of Canada.

Mr. BARNETT: And to get in out of the rain, too.

Item agreed to.

Unemployment Insurance Commission—

197. To provide for the transfer of labour to and from places where employment is available and expenses incidental thereto, in accordance with regulations of the governor in council, $75,000.

The CHAIRMAN: I believe we have discussed this item to some extent. Are there any other questions on item 197?

Mrs. FAIRCLOUGH: I think it pretty well got tangled up with the other one.

Item agreed to.

The CHAIRMAN: Then, I think we might consider our report.

The committee resumed *in camera.*

INDEX

ESTIMATES, DEPARTMENT OF LABOUR

PROCEEDINGS Nos. 9–13 inclusive, and No. 21.

PAGES NUMBERED 373–592 inclusive, and 859–919 inclusive

Item No.		Pages
	GENERAL ADMINISTRATION	
179	Departmental Administration	377–392
	see also	582–586
180	To provide for expenses of the Economics and Research Branch	393–424
181	Annuities Act—Administration	425–453
182	Fair Wages, Conciliation, Industrial Relations, Industrial Disputes Investigations, including the administration of legislation relating thereto, and for activities *re* promotion of co-operation in industry between Labour and Management	453–490
183	Canada Labour Relations Board	490–492
184	Administration of the Canada Fair Employment Practices Act	492–505
185	International Labour Conferences	505–517
	see also	589–592
186	*Labour Gazette*, authorized by Labour Department Act	518, 519
187	To provide for expenses of the Women's Bureau	519–526
188	To provide for payments to implement a program for the rehabilitation of disabled persons, in accordance with terms and conditions approved by the Governor in Council, and administrative expenses connected therewith	527–530
189	To provide for expenditures incurred in connection with manpower utilization, labour-management relations and related programs as may be authorized by the Minister of Labour	530–533
	SPECIAL SERVICES	
190	To provide for expenses of the Special Services Branch including administrative costs connected with federal-provincial farm labour programs, the movement of workers from outside Canada and the program for combating seasonal unemployment	533–551
191	To provide for the effective organization and use of agricultural manpower, including recruiting, transporting and placing workers on farms and related industries and assistance to the Provinces pursuant to agreements that may be entered into by the Minister of Labour with the Provinces and approved by the Governor in Council	533–551
192	To provide for expenses incurred in arranging for and the movement of workers from outside Canada to work on farms and for other essential employment in Canada where Canadian labour is not available to meet the need including the costs connected with their reception, supervision and with the welfare of persons already immigrated to Canada and to provide for expenditures under agreements with the provinces authorized by the Governor in Council	533–551

INDEX—*Concluded*

Item No.		Pages
	VOCATIONAL TRAINING CO-ORDINATION	
193	Administration	551–577
194	To provide for carrying out the purposes of the Vocational Training Co-ordination Act and agreements made thereunder; to authorize the Minister of Labour to enter into agreements with any province on terms approved by the Governor in Council to provide financial assistance to vocational schools, and training under youth training projects and to provide for the expenditures thereunder and under vocational training agreements entered into in previous years—Payments to the Provinces	551–577
	GOVERNMENT EMPLOYEES COMPENSATION	
195	Administration of the Government Employees Compensation Act	577–582
	UNEMPLOYMENT INSURANCE COMMISSION	
196	Administration of the Unemployment Insurance Act, including expenditures incurred in connection with other duties and responsibilities assumed and carried out as required by the Governor in Council on the recommendation of the Minister of Labour in accordance with Section 4 of the Act	859–919
	see also	377–392
197	To provide for the transfer of labour to and from places where employment is available and expenses incidental thereto, in accordance with regulations of the Governor in Council	586–588
	see also	917