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HOUSE OF COMMONS DEBATES

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FOURTH SESSION—TWENTY-FOURTH PARLIAMENT

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TO THE TWENTY-FIRST DAY OF JUNE, 1961, INCLUSIVE

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HOUSE OF COMMONS

Friday, June 2, 1961

The house met at 11 a.m.

NATIONAL DEFENCE

INQUIRY AS TO EXPORT OF CF-100 PLANES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as the lone member who appears to wish to take advantage of this opportunity to ask questions, I wish to address a "simsicle" question to the Minister of Trade and Commerce. Would the minister inform the house whether any organization or person has applied for an export permit for the CF-100's sold to Westbourne Supply Company by Crown Assets Disposal Corporation?

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, I received notice of the hon. member's intention to ask this question just as I was coming into the house. I am not aware of any application, but I am having my department check the matter and will advise the house as soon as I have obtained the information.

[*Later:*]

Mr. Hees: In reply to the question put to me earlier by the hon. member for Kootenay West with regard to export permits for aircraft, may I say that no such applications have been received.

INQUIRY AS TO FLYING CONDITION OF SURPLUS CF-100 PLANES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Associate Minister of National Defence. In view of press reports to the effect that Mr. Louis Richard, president of Crown Assets Disposal Corporation, is checking the claim of Mr. James McMaster that the 11 CF-100's recently sold to him by the corporation are in condition to be flown, would the minister inform the house later of the result of this investigation?

Hon. Pierre Sevigny (Associate Minister of National Defence): Mr. Speaker, I believe this question should be addressed to the Minister of Defence Production (Mr. O'Hurley). However, since I note that he is not in his seat I will take this question as notice, and will also give the required information to the hon. gentleman at a later date.

REPORTED CLOSING OF U.S. RADAR STATIONS IN CANADA

On the orders of the day:

Mr. C. R. Granger (Grand Falls-White Bay-Labrador): I should like to ask a question of the Associate Minister of National Defence. In view of the announcement of the closing of three United States Pinetree radar stations and six gap filler stations along Canada's northeast coast and in Newfoundland, has the minister any comment to make regarding the closing of these stations?

Hon. Pierre Sevigny (Associate Minister of National Defence): I will answer this question early next week, Mr. Speaker, and will give precise information to the hon. member.

Hon. J. W. Pickersgill (Bonavista-Twillingate): If I may do so, I should like to ask the hon. gentleman a supplementary question. Can the hon. gentleman say whether any increased activity is contemplated in the radar station at Sydney?

Mr. Sevigny: I believe that the best answer to the hon. gentleman is the same as that which I gave to the hon. member for Grand Falls-White Bay-Labrador. I will inform him next week concerning the details.

BUSINESS OF THE HOUSE

REQUEST FOR CORRECTION IN QUESTION ON ORDER PAPER

On the orders of the day:

Mr. R. J. McCleave (Halifax): Mr. Speaker, I wonder whether the house would permit me to request a correction to question No. 241 which appears at page 18 of today's *Routine Proceedings and Orders of the Day.* The word "yardcraft" which appears in parts 1 and 2 of the question should be replaced by the words "auxiliary vessels".

REQUEST TO REVERT TO MOTIONS AT NOON THIS DAY

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, a simultaneous announcement is to be made at noon today with respect to arrangements entered into at the meeting of the consortium regarding India. I shall therefore be asking, provided that the house will agree, for reversion to motions at 12 o'clock so the announcement can be made. This announcement cannot be made in advance of that hour.

Inquiries of the Ministry

Mr. Speaker: Perhaps the house would give its consent now.

Some hon. Members: Agreed.

FISHERIES

NEWFOUNDLAND—REPORTED PRESENCE OF RUSSIAN SHIPS

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. Has the minister's attention been drawn to a press report in the Newfoundland *Daily News* dated May 31 to the effect that at present there are 150 Russian ships in the fishing zone off the Newfoundland coast? If so, are the fisheries patrol boats keeping the situation under surveillance?

Hon. J. A. MacLean (Minister of Fisheries): Mr. Speaker, I wish to thank the hon. member for giving me notice of his intention to ask this question. I have seen the press report referred to, and it is substantially in accord with information obtained by my department. The ships referred to are well out at sea and none are in or near Canadian territorial waters. Our fisheries patrol boats are active in our territorial waters keeping a constant watch on the situation.

(Translation):

THE CENSUS

REQUEST FOR USE OF BILINGUAL FORMS

On the orders of the day:

Mr. H. Pit Lessard (St. Henry): Mr. Speaker, I should like to put a question to the Minister of Trade and Commerce with regard to the census.

In view of the many complaints made by French speaking and English speaking citizens, does the minister not feel it would be advisable to issue immediate instructions in order that every census taker be in possession of French and English forms when calling at our homes?

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, I shall take this question as notice and answer it tomorrow in French.

(Text):

NORTHERN AFFAIRS

OIL AND GAS—REPORTED RELAXATION IN CONDITIONS FOR EXPLORATION

On the orders of the day:

Mr. Armand Dumas (Villeneuve): Mr. Speaker, I should like to direct a question to the Minister of Northern Affairs and National Resources. Has the minister any comment to make on the suggestion contained in John Meyer's column in the Montreal *Gazette* of June 1 that some relaxation is indicated in the conditions for exploration and development of far northern oil and gas resources, for the purpose of encouraging more foreign capital?

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, this is a matter that has been under discussion for some considerable time. When the decisions have been reached I shall be happy to make a statement in the house.

SUPPLY

The house in committee of supply, Mr. Flynn in the chair.

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

Dominion coal board—

229. Administration and investigations of the dominion coal board, $126,345.

The Chairman: This item will be found at page 44 of the blue book, the details at page 313.

Mr. Woolliams: Mr. Chairman, at the close of our sitting yesterday I had commenced to speak on the estimates in reference to coal. Toward the end of the sitting my good friend from Bonavista-Twillingate asked me what this government had done for the coal industry in western Canada. I reminded him that we had come to grips with the situation in that we had sold a considerable amount of coal from the mines in Alberta to Japan. In fact, my exact words were that we had sold some 500,000 tons of coal. I now have the exact figure for the year 1960-61. In that period we exported to Japan from the coal mines of Alberta 677,000 tons of coal.

I mentioned that when this government took office there was unemployment in the coal mines throughout the province of Alberta, and in particular in the constituency of Bow River, Drumheller and Canmore. I also mentioned that this government paid a subvention on the coal exported to Japan, amounting to $3,048,283 and it was because of this subvention that the Alberta mines were able to compete with the coal industry of Australia. It is because this government raised the subvention on coal that we found a new market in Japan and put back to work the miners who were unemployed when this government took office.

I got the impression from the remarks of the hon. member for Bonavista-Twillingate that the situation in the coal industry is very black. I think the Liberal party left a black record as far as the coal industry in Alberta is concerned. In fact if you refer back to

Hansard for 1956, as reported on page 5738 the then minister of mines and technical surveys from the province of Alberta, Mr. Prudham, had this to say:

> Alberta has been the most depressed section of the Canadian coal industry but this past year has seen at least a slowing up in that trend, although I am not trying to minimize the seriousness of the situation in Alberta. The bituminous mines in this area have been largely dependent on the railway market. The switch to diesel locomotives and to oil burning steam engines continued, causing some further loss of markets.

The reason I am referring to these words is that the hon. member for Bonavista-Twillingate left the impression that all this had occurred since 1957. I have some statistics to show that the coal mining industry was in a mess when this government took office, and it was because of the steps this government took that in some measure not only the coal mines but also the men who work in them have been rehabilitated so they can live in dignity with their families.

In other words, Mr. Prudham stated in 1956 that there was nothing they could do for the coal mines as far as obtaining a market for Alberta coal was concerned. The hon. member for Bonavista-Twillingate, as usual, attacked the Prime Minister when he was absent from the house last evening. He said the Prime Minister made certain promises, and broke them. I should like to tell the hon. member now that I was on a platform in 1957 when the Prime Minister made certain promises. One of those promises was that his party would try to get a market for western coal. That is why I brought to the attention of the committee that in one year we sold 677,000 tons of coke and coal to Japan. That was a promise made; that was a promise kept. This was the kind of promises made by this government, and they have been kept.

The hon. member for Bonavista-Twillingate talks about the coal situation, and I think we should get down to some statistics. Let us look at the figures filed by the coal operators in Alberta before the royal commission in 1947. There were 11,042 men employed in the coal industry. Man shifts worked amounted to some 2,464,931 hours and earned some $25 million. By 1956 the number of men employed had dropped to 4,814. Their wages had dropped to $16 million. If I had time—and I do not want to take the time—I could show that from 1947 to 1957 while the Liberal government was in office there was a steady decline in the coal industry in Alberta.

Mr. Hellyer: And a steady rise in gas and oil.

Mr. Woolliams: Yes, and I intend to deal with that in a few minutes. But the hon. member for Bonavista-Twillingate placed all the blame on the government, not on the competitive nature of the industry. I want to place the blame on the brigadier a far as that is concerned—

An hon. Member: Lance corporal.

Mr. Woolliams: I want to repeat that there were 640,000 tons of coal shipped in one year from Alberta to Japan, coal on which several million dollars of subvention were paid.

Let us look at the situation in 1949. Production in Alberta during that year amounted to 3,484,000 tons. By 1956 it was only 564,249 tons, and that was used by the railways. Man hours had dropped from 754,000 man days worked to 109,000. This was why places such as Canmore, Rosedale and East Coulee were reduced to the poverty I found there when I started to campaign for the first time on behalf of this government.

I should like to describe some of the conditions I found there. I went into homes in East Coulee where they did not have blankets on the beds. The men had exhausted their right to unemployment insurance benefits because, as hon. members know, miners work their shifts in the winter and are laid off in the summer months. Such was the poverty which existed in Canmore and these other places, and it was the step taken by the present government with regard to find a market for coking coal which gave these people employment and a chance to live in dignity with their families.

While I was listening to the hon. member for Bonavista-Twillingate talking about the coal situation I found it interesting to recall what Mr. Drew told the Liberal government as far back as 1955. He warned them of what was happening. Here is what Mr. Drew said on July 25, 1955:

> Undoubtedly the situation is serious. It is likely to become much more serious unless positive and vigorous policies are adopted by the government. The subventions which have been paid by the government and the increased subventions now being asked for have not prevented a reduction in the use of coal as a result of increasing competition by other fuels.

If at that time, or earlier, the Liberal government had taken positive steps to find a market for our coal, or to encourage industry to move to that area, the coal mines of Alberta would not have been in the plight they were in 1957, and they would not be in the shape in which they find themselves today.

There is no doubt that in making criticisms one should bear in mind that constructive work can be done. I have called attention to what has happened in the past. Now I should like to speak for a few moments on what positive steps can be taken. I remember saying in this house, when speaking in

reference to the energy bill, that there is a known quantity of natural gas in the province of Alberta, to the extent of 23 trillion cubic feet. That statement does not mean much until it is broken down. It is estimated there will be a proven reserve of some 30-odd trillion cubic feet. What will be the demand in Canada for natural gas in the forseeable future? I suggest that even with the expansion which has taken and will take place under the administration of this government, the maximum need per year will be in the neighbourhood of 10 billion cubic feet. Therefore we have enough natural gas proven reserve for probably the next 100 years.

As the *Financial Post* has pointed out, there are many other uses to which coal can be put. It could be made available to encourage the expansion of secondary industry. As the *Financial Post* reported the situation in an article dated September 27, 1958 coal, which is one of the oldest energy sources in the world, contains all the same ingredients and can be used to produce the same by-products as natural gas. Let us project our imagination and vision in an attempt to see that the coal from Alberta will be piped in the same pipe lines through which natural gas now flows to the industrial centres of Ontario, eastern Canada and the United States. It was through the dynamic steps of this government that development has taken place to the extent it has at this time. We approved the export of natural gas in quantities to the United States for the first time.

When we make reference to broken promises, let us look at the record to see if the statements are true. I remember the Prime Minister saying in the city of Calgary that if his government took office it would set up a national energy board, which was long overdue. The Prime Minister's word was good, and a national energy board was set up. It is that board which assesses the quantities of energy of various kinds that are needed. It is that type of dynamic step which will result in the rehabilitation of this country, and the cleaning up of the mess that the Liberals left. That word "mess" was used by the hon. member for Trinity during a recent speech he made not very far from Ottawa. He suggested that he would like to have someone debate the situation with him. He suggested by doing so it could be resolved that the Diefenbaker government had made a mess of running the country.

Mr. Hellyer: Hear, hear.

Mr. Woolliams: I suggest that type of debate should be "Resolved, that the Conservative government has cleaned up the mess in this country left by the Liberals".

[Mr. Woolliams.]

Mr. Hellyer: You have spent the $500 million surplus.

Mr. Woolliams: Yes, and I have already placed on record what the hon. member for Trinity had to say about the former minister of mines of the province of Alberta. Who were his guiding lights in the province of Alberta? Those guiding lights were composed of Mr. Don Mackay, the former Liberal candidate for Calgary South, and Mr. Hawrelak, the Liberal candidate for Edmonton East. What happened to those advisers to Mr. Prudham in respect of the coal industry following the last election? They had both stated that if the Liberal party was returned to Ottawa in 1957 they would sit in golden chairs on the treasury benches.

It was not long before it was found that they had been sitting in golden chairs. There was an investigation carried out in the cities of Edmonton and Calgary. It is true that there has been some compensation paid. I do not know whether it was a subvention or not, but Mr. Hawrelak has returned to the treasury of the city of Edmonton as the result of a recent law suit, some $100,000 which he had accidentally borrowed. Ex-mayor Don Mackay of Calgary, who ran against the hon. member for Calgary South, was found to have borrowed some cement two or three years earlier which he had forgotten to return. Those two individuals were the coal industry advisers to Mr. Prudham. I suggest that represents the situation as far as the Liberal party's stand in respect of the coal industry.

I should not like to place all the responsibility for this situation on the shoulders of the Liberal government, though I place some of it there. I believe that government, if it had worked in conjunction with the Social Credit government of Alberta, could have done something. However, there is a situation that we must somehow correct. I do not know whether I am fortunate or not in having the Alberta minister of highways representing the Drumheller coal mining area. In 1960 he said that it was open to the federal government to get off their fannies and sell coal. He was reported as having made that statement in a March, 1960 edition of the Calgary *Herald*. I refer, of course, to Mr. Kovach, the member of the legislative assembly for Pincher Creek, and I know the hon. member for Macleod will be interested in that statement. Mr. Kovach said during the provincial election that he had heard a lot of talk about Japan emerging as a market for Canadian coal but not one ton from southern Alberta had been exported to that country. I put on the record this morning what has taken place and why the men in the Canmore and Crowsnest pass areas have had the kind of employment they have had since 1957.

There is another problem. The Social Credit members of the legislature come down to Drumheller and talk about the coal that is brought in from the United States. They refer to 20 million tons a year being imported. Twenty million tons were imported when the Liberals were in office, but this amount has been reduced because we believe in doing our own processing and developing our own industries. The amount imported from the United States has fallen to 10 million tons.

There is one thing I should like to make very clear. When we are dealing with the Drumheller coal mines we are dealing with subbituminous coal, which is a soft domestic coal. It is not to be confused with the bituminous and anthracite coal that is imported, or the high bituminous coal of the Crowsnest pass. This subbituminous coal is not suitable for coking coal. It is not used in an industrial way. Therefore the coal that does come in from the United States has nothing to do with the market, even if it were economical for this coal from Drumheller to be shipped east. This coal is a domestic fuel. However, as I said at the beginning of my remarks, by proper scientific processing it can be broken down into many by-products. In fact all the by-products of natural gas exist in this coal and some day, as I said, there is no doubt it will be used to produce natural gas which can be piped to the industrial centres in the east or used in industry in Calgary and elsewhere in Alberta.

With respect to the development of our resources, and coal certainly is a very important resource from the point of view of energy, I took quite a lot of abuse in the debate on the Aurora pipe line bill. In fact I think the hon. member for Assiniboia, and I am sorry he is not here, said that I was one of the buccaneers, or words to that effect. I should like to say that when you are developing a resource naturally you have to develop corporations if you are going to have industry. That is true of the coal industry also. But when the hon. member talks about buccaneers, may I say that I think there is a new group of buccaneers appearing on the political scene, the buccaneers who are emerging from the province of Saskatchewan.

So far as the encouragement of companies that can develop an industry is concerned, we have heard a lot recently about the Saskatchewan bill that cancelled certain contracts with respect to mineral and petroleum rights in that province. As far as I am concerned the federal government took the right step in that matter, but when you are dealing with these contracts it is interesting to note that these farmers in Saskatchewan, I am quite convinced, were induced to sign them by duress, but probably because of the processes of law the courts were unable to come to that conclusion.

Of course the courts of appeal are bound by a finding of fact, but it is interesting to note that the syndicate that accumulated these contracts was very friendly to some of these buccaneers. In fact some of these buccaneers were a part of it. As we are dealing with the development of the resources of this country I should like to place on the record a part of the cross-examination—

The Chairman: Order. I must say that the hon. member seems to me to be getting away from coal.

Some hon. Members: No.

The Chairman: I am willing to accept the views of the committee, but I would say that if the hon. member continues in this direction he will soon be discussing something else than coal. The item before the house deals only with coal.

Mr. Woolliams: I would ask you to bear with me. Possibly I came to the facts too quickly. You cannot develop petroleum or coal or minerals of any kind without some promotion, and I am talking about the promoters who endeavoured to develop the mineral resources of western Canada. I want to deal with this matter because I think it is very important, and I would point out that in the same Pincher Creek area where we have bituminous coal we also have gas wells of which one by-product is condensate. In fact every one of the by-products of natural gas is found in coal. In order to promote secondary industry you have to have these promoters and that is why I should like to place this on the record.

One of the promoters of this syndicate was a man by the name of Broughton. I would also point out that Mr. Shumiatcher was well connected with Mr. Fines, the former provincial treasurer of Saskatchewan. I am going to drop that point for the moment, but I should like to refer to certain questions that Mr. Broughton was asked in the action brought by certain farmers who alleged that there had been fraud with respect to these contracts. As found on page 160 of the appeal book filed before the Supreme Court of Canada there is the following passage:

> Q. Had you any connection with the government of Saskatchewan at that time?
>
> A. None other than I was living in the premier's constituency and at that time I was his organizer.

I would think that one of the buccaneers tried to bail himself out by means of a piece of provincial legislation with reference to the development of the resources of this country. I do not want to press this too far because

I feel the chairman thinks it is slightly out of order. However, I still say to you, Mr. Chairman, with the greatest respect, that you cannot get coal or gas out of the ground unless you have promotion and the proper kind of promotion established under free enterprise.

That is why I felt I should bring this to the attention of the house, because of the fact that these socialist planners talk about political cleanliness and one thing and another, and working for the average man. I said on one occasion that Mr. Fines had made $1 million since he became provincial treasurer. I may have been in error, Mr. Chairman, because I now believe he made $3 million. When we are talking about industry and the development of resources, I point out that there were some people in the Social Credit government of Alberta who did the same thing with the resources of that province. When we start looking at these great planners who want to take over we want to see who they are and what they might do with reference to some of our secondary industries.

To come back to the subject of coal, I trust that the government will continue to pay a subvention on the export of anthracite coal from Canada so we can continue to find a market for it in Japan and these miners can keep the employment they have had since 1957. I trust, too, that working together with the provincial government a vigorous plan will be set up by the federal government so that thermal plants can be developed throughout Alberta that will use coal with the result that the miners can live in their homes with their families in dignity.

I trust that some positive step will be taken in the future. It is long range planning that counts. If there had been some long range planning when the Liberals were in office many of the things we are concerned about, much of the unemployment about which they babble, would not be with us today. I trust that a system of pipe lines will be developed so that gas produced from this coal can be piped from the source of the coal, and so that the men in the coal mines will be certain they can continue to make a living.

I should like to close on this note. If I am convinced of anything in my constituency I am convinced that coal mining is unique. The farmers have their ups and downs, but when things pick up the value of their land goes up and the prices of what they produce go up. The coal miner dedicated his life to coal mining so that the development of the west can take place. All he is able to accumulate in life is his little home and the belongings he puts in that home. When the coal mines are closed he is forced to leave everything he has been able to accumulate.

That took place in Alberta under the Liberals. I have with me the facts and figures, I will take pleasure in placing them on the record. In 1940 we had 224 mines in Alberta. By 1956 that number had fallen to 91. The hon. member for Bonavista-Twillingate last evening criticized the government for lack of action in the mining industry. During the war men were taken into the mines at Drumheller and Canmore. Even men who had retired from the job were asked to mine coal for Canada's war effort. When the war was over they were left in those localities with their families to find alternative employment without assistance from the Liberal government.

I am fair enough to say that some of the problems of the coal mines are related to two factors, the competition of petroleum and natural gas and the fact that our railways are dieselized. To illustrate the effects of railway dieselization on coal consumption let me indicate that railway coal consumption in 1949 was 3,484,000 tons. In 1949 there were 754,000 man day—

The Chairman: Order. I am sorry to interrupt the hon. member, but his time has expired.

Mr. Fisher: Mr. Chairman—

Mr. Pickersgill: Mr. Chairman, before the hon. member for Port Arthur speaks I should like to take exception to a statement made by the hon. member for Bow River. I did not want to interrupt the hon. gentleman during the course of his remarks. The hon. member for Bow River suggested that he was replying to observations I had made about the decline in coal production in Alberta. I did not at any stage in my remarks yesterday mention the coal situation in Alberta. I was talking about the crisis in Nova Scotia.

Mr. Fisher: Mr. Chairman, we have been treated this morning by the hon. member for Bow River to a review of political morality in relation to the coal board, which review has touched upon the reputations of people who are reputedly Liberals, Social Crediters and C.C.F.'ers. I feel that since this opportunity has been given the hon. gentleman I should be given an opportunity to review the political morality of some people who bear the Conservative label.

Since the hon. member seemed to link energy with petroleum and by some means or other relate this to Saskatchewan, I thought the best place I could start would be with the Northern Ontario Natural Gas Corporation

and point out to hon. members of the committee in general and to the hon. member for Bow River in particular that there are certain gentlemen attached to his political party, which I think can be said to be a national party, who were very much involved in purchases, to such an extent that they were removed from positions they held in the cabinet in the government of the province of Ontario.

With respect to public morality we had several years ago in northern Ontario an absolute scandal—

Mr. Aiken: Mr. Chairman, I rise on a point of order. The hon. member for Bow River perhaps did for a moment stray from the subject of coal. At that time Your Honour brought him to order. He related his remarks to coal and quickly returned to that subject. The hon. member for Port Arthur is now not even going through the formality of making any effort to relate his comments to coal. He rose and stated that he intended to talk about public morality in connection with the province of Ontario. I suggest that Ontario is not a coal province in any full sense of the word, and that the hon. gentleman could not possibly relate his present remarks to the item under consideration.

Mr. Pickersgill: Mr. Chairman, if I may say a word on the point of order, in view of the fact that Your Honour made a ruling which was completely disregarded by the hon. member for Bow River who went on, uninterrupted by anyone on this side of the chamber, with his attacks upon public men on matters not even remotely related to coal, the minority in this house should be accorded the same hearing that has been given the majority.

Mr. Grafftey: Why did the hon. member not raise a point of order at the time?

Mr. Walker: Mr. Chairman, on the point of order—

Mr. Hellyer: The minister is loquacious this morning, perhaps because he got his canoe back. The hon. member had better be careful.

Mr. Walker: If little boy blue from Trinity would remain quietly in his seat on occasion, we would have more respect for him. Let me tell the hon. member for Trinity that he will have an opportunity to reply if he has the audacity to rise to his feet and speak.

Mr. Pickersgill: Who is chairman of this committee?

Mr. Walker: Mr. Chairman, the point of order that has been raised attempts to correct the situation. If the hon. member for Bow River was out of order, is that any reason why another hon. gentleman should be allowed to be out of order? If the hon. member for Bonavista-Twillingate wanted to make a criticism at the time, I am sure Your Honour would have stopped the hon. member for Bow River and invited him to return to the subject. How can the remarks of the hon. member for Port Arthur, if he is to continue in the fashion in which he started, be related to the subject before the committee at this time? With the greatest respect, Mr. Chairman, let me say we are trying to end this session, but we are not going to succeed in our objective if the hon. member for Port Arthur is going to attempt to rise in his place and engage in his favourite pastime of mudslinging or mudraking or whatever you wish to call it.

Mr. Pickersgill: Competition in muckraking.

Mr. Walker: The hon. member for Bonavista-Twillingate is a circus performer at any time.

The Chairman: When I rose during the course of the remarks of the hon. member for Bow River I must say I had difficulty relating his remarks to the item before the committee, but I did not know anything of the background of the contracts of which he was speaking. I had some doubts about the relevancy of his remarks. Hon. members of the committee generally appeared to think I was in error. That is why I did not intervene, afterward. In order to be fair I think I should allow the hon. member for Port Arthur to deal briefly with the comments made by the hon. member for Bow River. I do not think it would be in order for the hon. gentleman to make a speech solely on the subject with which he opened his remarks. I shall allow the hon. gentleman some latitude, especially if he can relate his remarks to the subject dealt with by the hon. member for Bow River. On the other hand, the hon. gentleman must not go too far. I would not wish to have started a debate within this debate.

Mr. Walker: Mr. Chairman, do I understand your ruling to be that the hon. member for Port Arthur should confine his remarks to the subject of the bill before the committee?

Mr. Pickersgill: We are not debating a bill. The hon. member does not even know what business is before the committee.

Mr. Robichaud: We are on estimates.

Mr. Walker: I appreciate that we are in committee on estimates.

Mr. Pickersgill: The chairman has made his ruling.

Mr. Walker: I am seeking clarification of the ruling that was made.

Mr. Tardif: Oh, oh.

Mr. Walker: We now hear from the hon. member in the back seat. What has the hon. member to say?

Mr. Tardif: Mr. Chairman, I have been invited to speak by the Minister of Public Works—

The Chairman: Order.

Mr. Walker: Mr. Chairman, I am seeking clarification of your ruling. Do I understand that the hon. member for Port Arthur will be allowed latitude in dealing with a subject which has nothing to do with coal and which is not relevant to the estimates now being considered in committee?

Mr. Pickersgill: Mr. Chairman, I believe it is a well known rule of this house that it is incompetent for any hon. member to put questions to the Chair. I suggest that Your Honour made a ruling that was understood by those who are intelligent enough to understand, and if the hon. member for Rosedale was not able to understand it perhaps he should read it in *Hansard* tomorrow.

Mr. Hellyer: If the minister can find time to take some reading lessons overnight.

The Chairman: Order. I do not think it is necessary for me to say that the rule applying in committee is that debate must be strictly relevant. On the other hand, I think it must be applied according to the prevailing circumstances in order to be fair.

I indicated in what way I hoped the hon. member for Port Arthur would continue, for a while, his remarks on the subject dealt with by the hon. member for Bow River, and I indicated my reservation that he would be permitted to continue subject to the intervention of the Chair if I think he is going too far afield. I trust that after the hon. member has replied to the hon. member for Bow River the committee will be satisfied that this matter has been disposed of and that the whole committee will come back to the discussion of the item dealing with coal.

Mr. Fisher: Mr. Chairman, it never pays for any of us as individuals in politics to be too sensitive. I do not take objection to being accused of mudslinging by the Minister of Public Works. The purport of my remarks was that the hon. member for Bow River, in relation to the subject of coal, introduced some interpretations about the political morality—we will forget about individuals—of political parties. I felt it was incumbent upon me to rise and say that whether we are talking about Northern Ontario Natural Gas, highways or Eastview, we can produce lots of scandals and innuendos relating to the political party to which the hon. member belongs.

I do not intend to carry on in that vein, but merely wish to point out to the hon. gentleman that when one ox is being gored it is all right, but when another ox is being gored it is rotten. I think we should all consider that in the whole incident there should have been more fair play than was extended by the hon. member for Bow River.

My remarks on coal board affairs are going to be very brief. I wanted to say to the hon. member for Cape Breton South that I appreciated receiving word from him some months ago that he would like hon. members to use their influence with Ontario hydro in order to see that the thermo plants used Cape Breton coal. I recall that on a previous occasion he insinuated that the Ontario members had not done anything about this matter, or had not replied. I wanted to put on record the fact that I had spoken to several people in hydro, that I had sent a letter to one of the people at the top of hydro in relation to this matter, and that I am extremely pleased that Ontario hydro has given an order for Nova Scotia coal.

I regret that it may be too late or that it may not be big enough to be as significant as it should, however, it certainly seems to me that this is one way in which a provincial institution or corporation can be a big help in a national way. It is all very well for Mr. Macaulay and other people who are experts on energy in Ontario to keep pointing out that Nova Scotia coal does not quite match United States coal not only in price but in certain constituent values. However, it seems to me that in the national interest we should be prepared to work with a product that may be somewhat lower in quality or higher in cost if it really means the lifeblood of an area that buys a great deal from Ontario.

I do not know what role the federal government or the minister's department or the coal board can play in this matter. I imagine it is really one of negotiating and bargaining. However, as far as the hon. member for Cape Breton South is concerned, whatever one may feel about certain statements he has made I will congratulate him on his efforts in trying to get Ontario hydro aware of the fact that Nova Scotia has a coal problem which we can help to solve.

Mr. MacEwan: I shall be brief in this matter. I wish to make a few remarks on the estimates of the dominion coal board. Last night the hon. member for Bonavista-Twillingate made certain remarks on which I should like to comment briefly. First of all,

I should like to commend the minister and the government on the continuation of subsidies to assist Cape Breton coal to get into the upper Canadian markets, especially the $1 per ton subsidy which is paid 80 cents by the federal government and 20 cents by the provincial government in order to assist the coal to non-subvention areas.

I noted also—and I was glad to see it—that the hon. member for Gloucester was sitting in the front benches last night, although on the opposite side of the house. Perhaps he was counting his chickens before they were hatched; I do not know. Perhaps he did so in New Brunswick a short time ago also in a recent event but I do not know anything about that.

The hon. member for Cape Breton South dealt last evening with his remarks, and I just wish to comment on a few of the things stated by the hon. member for Bonavista-Twillingate. Referring back to 1946, and the fact that the hon. member for Cape Breton South placed on the record the closing of the various mines during the Liberal regime, as found at page 5744 of *Hansard* following an interjection by an hon. member "You could have done something at one time", he stated:

> Yes; and in 1946 and in 1956 a miner, if he lost a job in Cape Breton, could get a job in another mine, either in Cape Breton or somewhere else, and he did so because we had full employment in those days.

I do not know about that. I had not lived in Cape Breton at that time. However, I lived in Pictou county, where I was born and brought up. The closing of the mines during that period were as follows. Acadia No. 7, known as the Skunk mine, closed in 1947; Thorburn in 1947; Allan shaft in the same period; the Albion and McGregor in January of 1957; and especially the mine with which I am most familiar, the Drummond mine in Westville, where production was reduced in 1951. In his remarks further on he mentioned this amount of $1.5 million which was put up, as stated by him. As reported at page 5748 of *Hansard* he said:

> "We shall ask parliament to appropriate $1.5 million—

He was quoting the Minister of Mines and Technical Surveys.

> "—but we have not the faintest idea what will be done with it—

I commend the government for providing this amount. I just refer to my own area. When these mines closed and Liberal governments were in power in Halifax and in Ottawa, not one 5-cent piece was given at that time by either government to assist the miners of Pictou county to get jobs, and I can tell this committee now that there was not full employment in Pictou county at that time. That is when the trouble actually began.

Mr. Chairman, I wish to interrupt my remarks in order to give the Prime Minister an opportunity to make his announcement.

Mr. Diefenbaker: I would ask that we now revert to the order for motions.

Progress reported.

EXTERNAL AFFAIRS

INDIA—STATEMENT OF CONSORTIUM ON AID COMMITMENTS

Right Hon. J. G. Diefenbaker (Prime Minister): I wish to thank hon. members of the house for agreeing to revert to motions at this time. My reason for wishing to do so is to table a statement which is being released in other countries concerned as well.

The house will recall that Canada has been represented at meetings this week of a consortium of countries and international agencies concerned with the financing of the foreign exchange requirements of India's third five year plan. This meeting concluded successfully yesterday and agreed on the text of a statement, copies of which I shall table for the information of hon. members.

I will not endeavour to repeat the details furnished in the statement. The meeting was attended by representatives of the governments of Canada, the Federal Republic of Germany, Japan, the United Kingdom and the United States and by representatives of the international bank for reconstruction and development and the international development agency. France joined the consortium as a member during the meeting.

At this meeting the members of the consortium undertook commitments of aid to India totalling over $2 billion for the first two years of the five year plan. These large commitments should enable India to launch this plan of economic development with confidence in the ultimate achievement of its objectives. The group recognized that, in order to carry out the plan, it will be necessary not only for India to devote very considerable resources to financing it but also it will have to be supplemented by a very large inflow of capital, both private and public.

The total commitments undertaken for the first two years amount to $2,225,000,000. Included in that is $56 million from Canada. This Canadian figure is at a rate of $28 million for each of the two years. This includes $18 million each year of aid made available under the Colombo plan and $10 million in each of the two years which the government has undertaken to allocate in the form of export credits, contingent upon the approval

by parliament of the amendments to the Export Credits Insurance Act, in anticipation of which there is now a resolution on the order paper.

In addition to these commitments the United States has undertaken to assist India by making available surplus commodities. India is also receiving grants of wheat from Canada. I point out that these grants are over and above the commitment of $28 million a year for the first two years. Seven million dollars has been set aside this year in anticipation of a request being received from India for wheat. The house will recall that last year the same amount was furnished in wheat in response to a request from India.

I am sure that all hon. members of the house will welcome the successful outcome of this international meeting, which is of vital importance to peace. Parliament will be asked in due course to take the measures necessary for Canada to implement its share in these undertakings. The statement points out that the commitments made in the meetings in Washington in general are subject to legislative authorization.

If I may be allowed to do so, Mr. Speaker, I would table four copies of this statement.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, we on this side of the house have listened with interest to the statement made by the Prime Minister. I think I can say at once that we welcome this statement and the successful outcome of the meeting of the consortium to work out arrangements to assist India in carrying out its third five year plan.

It is clear, as indeed it has been clear for years, that if India is to progress or even to maintain stability she will require help from her friends to reduce her dependence on foreign exchange. We think the arrangement to which the Prime Minister has referred is not only a good arrangement in itself from the point of view of helping India, but it has been brought about in a very satisfactory way in that several of those countries, not one or two, that are in a position to help India have got together and have acted on a co-operative basis. The Prime Minister can be assured of support from this side of the house for the kind of Canadian contribution he has mentioned.

I notice from the Prime Minister's statement and from the press release which he was good enough to send over a few moments ago that our commitment in the first two years is $56 million, but that part of that commitment, if I understood him aright, will be made out of the existing Colombo plan appropriations and part will be additional to the existing appropriations.

[Mr. Diefenbaker.]

No doubt when the time comes to introduce legislation to carry out this commitment we will be able to deal with this matter in greater detail. All I want to say now is that we think a move of this kind on an international co-operative basis is extremely important both politically and economically. There is no country that deserves help more than India, because India is trying to help herself and maintain a strong and progressive democracy in a part of the world where it is vitally important to us all that this should be done.

We are very glad of the action taken by the Canadian government to co-operate in this international undertaking, and it will certainly receive our support.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I must first of all thank the Prime Minister for sending over a copy of the press release. It is of considerable assistance in following the principle and the details of these proposals.

As far as this group are concerned, we are very glad indeed to support wholeheartedly the proposals announced by the Prime Minister for the total investing of some $2 billion of aid to India. We all know that India is very much entitled to it because of what she has tried to do for herself, and we are particularly happy about this proposal because of her relationship within the commonwealth.

This $2 billion of aid to India pleases us very much indeed because it is to be spent on construction for development and for the welfare of human beings. This is the direction in which we like to see our investments going. We are glad to know that Canada is investing in this project a total of $56 million for peaceful purposes in co-operation with other nations, which we hope will assist the Indian people to maintain progress and develop a land of plenty.

SUPPLY

The house resumed in committee of supply, Mr. Flynn in the chair.

Dominion coal board—

229. Administration and investigations of the dominion coal board, $126,345.

Mr. MacEwan: Mr. Chairman, in continuing my remarks on this matter I would refer to the remarks of the hon. member for Bonavista-Twillingate at the conclusion of the sitting last evening, when he referred to the proposal in 1957 by the government of the day for the building of thermal power plants and the production of power in the Atlantic area. The hon. member wondered why the premiers of the two provinces of Nova Scotia and New Brunswick at that time did not buy this proposal.

Of course, first the all-powerful federal government of the day, as was stated by the hon. member, was to own the power plants. The provinces were to have no say in them; the federal government was to own them. As I recall the remarks made by various cabinet ministers in the area at the time, they gave no guarantee that coal would be used in these thermal power plants. There was some talk at the time about oil being cheaper, and so on, and that perhaps it would be better to leave coal in the ground.

The hon. member referred to the new act, and of course his reference was to the Atlantic Provinces Power Development Act which was introduced by this government. The hon. member poohpoohed it and said there was not too much to it. He said finally:

It is true the Trenton plant has been completed but nothing more has been done.

The Trenton plant is a thermal power plant in my area, and I should like to refer for a moment to a few of the figures placed on record by the Minister of Northern Affairs and National Resources a few weeks ago on his estimates regarding the amounts paid under this act in the province of Nova Scotia. They refer to the amount of coal used in the thermal power plant at Trenton in the year 1960. According to the minister's figures the following amounts were expended under this act in Nova Scotia to the end of March, 1961: coal subventions, $2.12 million; transmission facilities, that is building lines into New Brunswick and the eastern part of Nova Scotia, $4.22 million; the Trenton plant, $2.86 million, as shown by the estimates of the dominion coal board.

The following estimates are set out for this year for Nova Scotia: coal subventions, 1.7 million; transmission facilities, $6.3 million, and for the Trenton thermal plant a final amount of $363,000. With regard to the Trenton plant I refer to a press clipping from the New Glasgow *Evening News* of last week, May, 1961. The headline is:

More than million dollars' worth of coal used by power plant in 1960.

The article continues:

1960 was a coal year as far as generating electric power was concerned and the figures of the just released report of the Nova Scotia power commission indicate the Trenton plant consumed more than a million dollars worth of solid fuel.

Actually, 97,309 tons were burned—an increase of 24,000.

Bulk of the extra power produced went over the grid to New Brunswick where the dry spell that dried up Nova Scotia also hit big hydro streams including even the Saint John river.

Electricity continued to be shipped from Trenton to the New Brunswick pool at Moncton right up to the end of March; then the spring melting period started and coal consumption dropped off accordingly.

Further on it says this:

Making possible the shift of power to New Brunswick this past year was the new grid financed by the dominion government; and the fact the Nova Scotia government had proceeded with expansion at Trenton.

Coal consumed at the Trenton plant, the power commission's only thermal generating plant was sufficient to earn $163,685 for qualified industrial power users, also a recent development and financed by the dominion government.

The report indicates thermal energy sold to New Brunswick from Nova Scotia sources from August 17 to November 30 alone reached a total of 60,556,000 kilowatt hours.

I quote these figures to show how these measures are assisting all parts of the maritime provinces, and to illustrate the action which this government has taken. This is of particular importance to my own area where there are still mines in operation—Macbean, Drummond and Greenwood—and the measures I have described will continue to help them out, especially the enlargement of the thermal plant.

The question can be asked, what else has this government done for the coal industry? Well, Industrial Estates Limited, a crown company set up in Nova Scotia, has received some assistance from the federal government and has been able to get one industry into Pictou county, with hope of more. Again, a recent measure brought down by the Minister of Labour allowed the federal government to provide 75 per cent of the capital cost of new vocational schools. I am glad the municipalities in my county are getting together; it looks as though they will be able to agree on the construction of a vocational school, 75 per cent of the cost of which will be paid by the dominion government and 25 per cent by the provincial government. In addition, both governments will pay a large amount—I believe it is 60 per cent—toward the operating cost of such a school, which is greatly needed and which will help train many of the young men in this area.

The hon. member for Bonavista-Twillingate did not think very much of the provision for double depreciation set out by the Minister of Finance in the supplementary budget. Perhaps the arrangement does not amount to too much in itself. All I can say is that the former government took no steps to assist in this way by providing tax incentives, whereas the present government has made a move. We shall press for even more to be done to help new industry establish itself in the area.

One of the hon. members who sits on the front bench opposite was in my area lately, and I notice that he designated the Nova Scotia members as yes men. Well, we are yes men when it comes to measures for the setting up of vocational schools, acts such

as the Atlantic Provinces Power Development Act and provisions such as the Minister of Finance made earlier this year for double depreciation allowance. We plead guilty to that.

As far as the future is concerned, there are two matters I should like to bring to the attention of the minister and the government. First of all, with respect to the fund set up to provide assistance for the Cape Breton area I suggest that a further amount be allocated and used in the Pictou county area to help our own provincial crown company in its efforts to attract industry to the area. Second, I would ask the minister to give consideration to making available subventions for our independent mines. I do not intend to go into this subject very fully, because the hon. member for Cape Breton North and Victoria has already discussed it at some length. During his remarks he outlined the necessity for granting subventions to independent mines, of which there are two in my area, besides a number in the Cape Breton area, which are in need of such subventions. I should like to ask, further, that the government decline to follow the suggestion or proposal in the Rand report that subventions should only be allowed to mines producing 50,000 tons of coal or more.

I notice that the hon. member for Bonavista-Twillingate was lately in the constituency of the hon. member for Cape Breton North. I am sure my hon. friend is now even more secure in his seat than he was before. We are not saying that everything which needs to be done in connection with the coal industry has been done. We do not say the problem is not a tough one. It is indeed a tough problem, and we have grown up with it. But I believe this government is making every effort to assist not only in the Cape Breton area but in other areas, and I strongly urge the government to continue these endeavours and, in particular, to take every step to assist the establishment of new industry in the Pictou area so that additional work opportunities may be available for miners and others who find themselves unemployed through no fault of their own.

Mr. Pickersgill: I had not concluded last evening the things I wanted to say about the situation in Cape Breton. The hon. member for Pictou who has just resumed his seat has made reference to certain things I said last night. I shall say a little more about that later. But I did undertake last night to produce concrete evidence in support of a statement I made, and I think I should begin what I have to say now by putting on the record an advertisement which appeared in the Halifax *Mail-Star* of Saturday, June 8, 1957. I shall read it exactly as it appeared. It is headed "The Coal Industry: Action Today or Regret Tomorrow!"

"If coal production is not increased, the services of some four thousand of the eleven thousand mine workers presently employed in the Nova Scotia coal industry will not be required."

That is a quotation from the Gordon report on Canada's economic prospects, section 16, page 103. Another quotation follows:

"... as far as I am concerned, and as far as my opinion may carry weight in the decisions that are taken, we are not going to encourage a substantial increase in the production of coal because I don't think that that would be fair to future generations."

(Prime Minister St. Laurent, Fredericton, May 23, 1957.)

I shall comment on that later. Then in the middle of the advertisement is the quotation, in large print:

"The Prime Minister, as a matter of policy, has set his face against the expansion of the coal industry in Nova Scotia ... And on no issue is there greater disagreement than our stand on coal policy and the position taken by the Liberal party".

(Premier R. L. Stanfield, Inverness, June 5)

The advertisement continues:

In these statements above, the people of Nova Scotia may read for themselves and judge for themselves who has the best interests of Nova Scotia at heart.

The question of the federal thermal power proposals is not an issue! Premier Stanfield has insisted only that Nova Scotia coal be used as the fuel and that the cost of power be made cheaper as a result of the thermal program.

But the statements of Prime Minister St. Laurent on the subject of coal production are an issue!

This is the part to which I want to draw particular attention:

Your Progressive Conservative candidates are in favour of a coal policy that will increase coal production!

The word "increase" is underlined. Then it says:

Do a good turn for Nova Scotia—turn out and vote Conservative on June 10!

Some hon. Members: Hear, hear.

Mr. Pickersgill: At the bottom of the advertisement there is a postscript which reads:

Don't be fooled by the power play of federal candidates for the Liberal party. Mr. Winters has described the program as "a $200,000,000 program". In Fredericton, Mr. St. Laurent said: "I can't tell you how much the plant will cost." Nova Scotia and New Brunswick want cheaper power but they want to hear the facts first not political speeches.

It ends:

Vote Conservative June 10th.

Mr. MacInnis: Would the hon. member permit a question?

Mr. Pickersgill: Yes, certainly.

Mr. MacInnis: The hon. member has just quoted a statement made by the former prime minister, Mr. St. Laurent, which I cannot repeat accurately now, but which in effect indicated that he did not advocate an increase in production of coal in Nova Scotia.

Mr. Pickersgill: That is right.

Mr. MacInnis: I should now like the hon. member to qualify his statement, because of the fact that the St. Laurent government had loaned the provincial government $7,500,000 to help improve mechanization in order to bring about increased production.

Mr. Pickersgill: Mr. Chairman, the hon. gentleman is seeking to engage in a debate regarding something which took place a very long time before the events which I am now seeking to discuss. Much as I should like to engage in that debate with the hon. gentleman, I think it is preferable that I continue with the subject I started to speak on regarding this Conservative advertisement. This advertisement offered the people of that area—

Mr. MacInnis: Mr. Chairman, I rise on a point of order.

Some hon. Members: Sit down.

Mr. Pickersgill: The Prime Minister had said that—

Mr. MacInnis: Mr. Chairman, on a point of order—

Mr. Pickersgill: —coal production was an issue.

Mr. MacInnis: Mr. Chairman, on a point of order—

The Chairman: Order.

Mr. MacInnis: The hon. member wishes to continue his remarks without involving himself in a debate with me, and I suggest he will not do so because the former prime minister had—

Some hon. Members: Sit down.

The Chairman: Order. I must remind the hon. member that he is not permitted to interrupt a speaker except on a point of order, and that a point of order does not involve only a disagreement. If the hon. member wishes to debate the remarks made by the hon. member for Bonavista-Twillingate, he will have to do so later on.

Mr. Pickersgill: Mr. Chairman, I should like to draw your attention, the attention of hon. members of this committee, and the attention of the people of this country, to what has happened during this debate. We know that the hon. member for Cape Breton South is very worried about this problem. When he spoke in this committee he was politely listened to by the members on this side of the house. However, when anyone on this side has attempted to speak during this debate, that member was harassed by phony points of order from beginning to end. I suggest that this crisis in Cape Breton is too important to be treated in so frivolous a manner in this committee. If the hon. member for Cape Breton South does not like what I have to say he has the right to reply, and I assure him that I will then listen politely to what he has to say.

Mr. MacInnis: Mr. Chairman, I should just like to—

An hon. Member: There he goes again; sit down.

Mr. Pickersgill: Mr. Chairman, I should again like to refer to the statement made in this advertisement, and the statements made by the former prime minister, Mr. St. Laurent, on the subject of coal production which the advertisement described as an issue. The advertisement states that Progressive Conservative candidates are in favour of a coal policy which will increase coal production. That was stated as an issue in Nova Scotia by the Conservative candidates before the 1957 election. If that was not an inducement to the voters in Nova Scotia to vote for the Conservative candidates, so as to increase coal production, I do not understand the plain meaning of plain English words. They said that was an issue, but the fact is that coal production has decreased ever since that advertisement appeared.

The hon. member for Pictou said, I think with honesty, that the problems in respect of the coal industry started in 1955 and 1956. I think he is quite right in saying that, and I agree with him. The previous government was very concerned about these problems, and very concerned about the fact that because of dieselization, because of the rapid development of the Canadian oil and gas industries, because of other technological changes, and also because of the exhaustion of many of the mines—that is of course why most of the mines were closed—this problem was becoming increasingly difficult.

As hon. members on the opposite side know, or should know, the previous government did pay a subvention in respect of shipments of coal to the United Kingdom, in the hope of developing a continuing market there for Cape Breton coal. That government extended the whole program of subventions in any way that seemed fruitful. In Mr. Harris' budget of March, 1957 a proposal was made which, if it had been carried out, would have resulted in very much greater

use of coal for thermal power development than is being used at the present time in the provinces of New Brunswick and Nova Scotia. It is very unfortunate that this program was not carried on by the present government.

That proposal, of course, was not the first proposal made to assist New Brunswick in the production of power. As early as 1956 Mr. Lesage, as the minister of northern affairs, had made an offer, which was warmly welcomed by the present Minister of Forestry, the then premier of New Brunswick, to assist in the development of hydroelectric power on the upper Saint John. It was later discovered that there was not sufficient storage space for the water without agreements being made with the province of Quebec and the government of the United States, and the Liberal government decided that if it could not develop the upper Saint John in a reasonable time—I have the documents right here which show that the then premier of New Brunswick, now the Minister of Forestry, agreed with this view—it must assist the province in some other way to develop the power it needed for industrial development.

Mr. Harris in his budget of March 14, 1957 made a proposal for thermal plants to be built by the federal government, to be owned by the federal government, operated by the Northern Canada Power Corporation, and made available for sale to either of the provinces at any time the provinces wanted to buy them, at their amortized value. That proposal was warmly accepted by the then premier of New Brunswick, the present Minister of Forestry, as well as by the premier of Nova Scotia, Mr. Stanfield. That was the first reaction from those individuals, but something happened subsequently to change that reaction.

The hon. member for Pictou said a few moments ago that this was another example of the arrogant centralizing attitude of the federal government, which wanted to own those plants. I have not tried to quote the hon. member's exact words, and I am sure he will correct me if I am being unfair to him, but that statement is not true. At that time we took the view that since the federal government could borrow at a much lower rate of interest than the provincial governments, and since these plants might not make any profit for perhaps five years, it would be an advantage to those provinces if the plants were owned by the federal government. However, in order to safeguard the position of the provinces, it was decided that the moment the plants became profitable, the provinces could take them over. I suggest that was a generous offer of assistance, unlike any offer ever made by any federal government up to that time, which was made to assist in the development of power in those provinces.

The question was raised at that time by Mr. Stanfield as to whether coal would be used in those plants. There was a good deal of debate about this subject, and since it seems to be the fashion for certain individuals constantly to misrepresent the facts, I shall now try to place them very simply on the record as they occurred.

Mr. Stanfield, as I have said, inquired of the federal government as to whether coal or oil would be used in these plants. Mr. Lesage stated that, at that time, coal was cheaper than oil and, therefore, the question did not arise. However, since that question was persistently being asked by members of the Conservative party—and I do not blame them for asking it—the government decided, in advance of any concrete situation arising, and it was formally announced by Mr. Winters, that if oil became cheaper than coal, the federal government would provide a subsidy to reduce the cost to the price of oil, so that coal could continue to be used, notwithstanding the fact that oil was cheaper, and that the subsidy, in such case, was to be paid out of the federal treasury.

That policy was abandoned by the present government when they came into office. That was the Liberal position, and if that policy had been followed by the present government, if the government of New Brunswick had been willing to allow coal to be used in the Saint John plant, coal would be used there now. If there had been a Liberal government in office in Ottawa coal would be in use in that Saint John plant right now. We know what is being used there. It is not coal; it is oil.

I say that the Minister of Forestry, who was then premier of New Brunswick, was so little concerned about the coal problem that he financed and built the Saint John plant as a provincial undertaking so that it could use oil and would not use coal; but in spite of that fact he is embraced by the present Prime Minister and brought into the government as the great champion of the Atlantic provinces. I say, sir, that is quite a record.

I do not know whether it was more in the interests of New Brunswick to use oil rather than coal in the Saint John plant. That is the business of the provincial government and I am expressing no view in that regard. That is their affair. I am not a member for New Brunswick and I express no view. But I do say that if there had been a federal plant as we originally proposed it would have been built with federal money, and it would have

been using coal today rather than the oil that is being used. That was the Liberal policy. It would have meant a very much greater consumption of coal than there is at the present time. Those are facts that cannot be gainsaid.

This is past history, and it is not going to provide any jobs in Cape Breton or in Pictou county at the present time. I agree with the hon. member for Pictou that it is just as important to provide jobs for displaced miners in Pictou county as in Cape Breton. It is every bit as important. They are two areas which, with the town of Springhill, have suffered very seriously because of the decline in the coal industry, and I do not think there is any doubt that some of that decline could have been prevented.

That is why Mr. St. Laurent, with that honesty which was so characteristic of him, refused to say things that he did not believe would happen. He said at Fredericton that he would not say that the production of coal was going to be increased because he did not think it would be possible, and he was right because surely this government would have tried to carry out that promise if there had been any hope of doing so. What the Tory advertisement never gave him credit for saying, and what he did say which was very important, was:

> Now will maritime coal continue to be the cheapest fuel for the production of power for all time? I do not think it will. I think that coal is going to become more valuable for chemical, synthetical processes than it will be as a fuel.

I hope Mr. St. Laurent was right. If the suggestion made by the Leader of the Opposition in the house on July 1, 1958 had been followed and an intensive program of research into new uses for coal had been initiated at that time, we would have been three years further along the road; but like every other suggestion it was ignored by hon. gentlemen opposite. Mr. St. Laurent said:

> I think that coal is going to become more valuable for chemical, synthetical processes than it will be as a fuel. In the meantime, of course, we want these coal mines kept in operation—

That is what he said.

> —because we do not want the coal mining towns to become ghost towns.

Mr. St. Laurent and the St. Laurent government, of course, had a record. We had faced a similar situation in the gold mines, and we had met that situation and prevented those towns from becoming ghost towns. That was the position of the Liberal party, and it took the same position with respect to the coal mines. Our position was not like that of hon. gentlemen opposite who, when a mine goes out or when there is no longer a market for the production of a mine, let these towns become ghost towns or say "Let the province solve the problem" or wring their hands and say they do not know what to do next. Mr. St. Laurent said, "We do not want the coal mining towns to become ghost towns". Then he went on to make this statement which, as events have shown, was thoroughly justified:

> But as far as I am concerned, and as far as my opinion may carry weight in the decisions that are taken, we are not going to encourage a substantial increase in the production of coal because I do not think that that would be fair to the future generations of Canadians.

I do not think it would have been fair, as it has turned out, to the present generation of Canadians to hold up false and visionary hopes which obviously could not be realized. I do say that I could not help but be impressed by a letter I read in the Halifax *Chronicle-Herald* yesterday. A suggestion was made which I put to hon. gentlemen opposite and particularly to the minister and to the coal board. The letter suggested that we should give consideration now to erecting another thermal plant in the coal fields. It is true that there is no great demand for electricity at the present time in the province of Nova Scotia. That is quite true, though there is some demand, because the Nova Scotia Light and Power Company at this very moment is considering a hydro development for stand-by power. That is rather extraordinary in the light of the coal situation in Nova Scotia. I believe consideration should be given to the possibility suggested in the letter I have mentioned.

I am not sure whether it is feasible, but these things have to be studied and explored, and they should be studied and explored before a crisis arises and not afterward. We do know that methods have been devised now for the transmission of electricity over quite long distances, and it seems to me that it would be very much better from every point of view, rather than paying a subvention to carry coal to Ontario to make power there, where there may not be a continuing market, to build a plant right in Cape Breton and develop power there and, if necessary, transmit it by high voltage lines through the system generally.

We know that the present premier of Quebec and the present premier of New Brunswick are now engaged in negotiating for interconnecting lines similar to those that exist between Nova Scotia and New Brunswick, and when that exchange is completed it will be possible to transmit power back and forth from Ontario hydro to Cape Breton island because it will all be interconnected by a single eastern Canadian grid. That is a great advance, and it is another development of the policy that Mr. Harris announced in his budget speech on March 14, 1957.

I say, let us consider it. I do not say let us do it, because these big projects require some study and consideration; but such study and consideration should be active and dynamic. Let us consider the possibility of building a big thermal plant on Cape Breton island with a view to shipping the power westward and shipping other power westward from New Brunswick, and so on. It does not all have to go the whole distance. We should consider this possibility with a view to providing another outlet for coal in the near future. You cannot build one of these plants overnight, but the building of such a plant would provide a lot of work and thereby provide alternative employment. It would provide cheap power right there in Cape Breton.

If that were coupled with the other suggestion which I put forward last night, and which I should like to repeat, that as a real inducement to secondary industry to come into Cape Breton the government should consider the possibility of providing at no cost, or at very low cost over a period of years, the necessary power to carry on in that area, then this would prevent the area from becoming a whole series of ghost towns. I say these are constructive suggestions that ought to be considered because I do not see how any Canadian, even if he lives in the Yukon, could contemplate the possibility—and it is a possibility today—of Cape Breton becoming a permanently distressed area with no outlet for the people there, no hope for them whatever.

It does seem to me, sir, that it is quite a shocking thing that 15 months after this government knew that at least two of these mines were going to close, no steps have been taken to provide alternative work for these people. We should have had a scheme ready to go into operation. Fifteen months is a long time. As a matter of fact the government has had three years, because ever since the slowdown of 1958 the government has known that there was going to be a decline. It is true that to slow down that decline is a wise thing. As I said last night, we on this side have always supported every effort of the government to spin that out. We supported those efforts because we hoped the government was going to do something constructive, not just sit on its hands.

I did not agree with everything contained in the Rand report. I did not think the Rand report was bold enough or imaginative enough. However, there were a lot of constructive suggestions in that report, and those suggestions should have been put into operation last November. Parliament met last November. We would have passed in one day a bill to carry out any of those constructive suggestions. Instead of following this course an interdepartmental committee was set up. We are told now that we will not see what this interdepartmental committee has recommended until after these estimates have been passed.

This is no way to treat parliament. This is no way to carry on the government of the country. I suppose this interdepartmental committee was composed of able civil servants. I cannot conceive of them taking all this time to prepare a report. I suspect that in this case, as in every other case, the delay is caused by the constitutional inability of the present advisers to Her Majesty to make up their minds about anything. They just cannot decide on any course of action in any field. They wait until there is a crisis, then they try to start another investigation or vote a little money, not even knowing how they are going to spend it.

I say, sir, that we need a little responsibility in government in connection with this matter. According to the press the minister is chairman of the cabinet committee studying this subject. Of course parliament is not allowed to know this. The minister surely knows what they are going to do with that $1.5 million. He should tell us now. In fact the government should be spending it now. The day before yesterday, when these men came out of the last shift at Caledonia, they should have been offered some jobs resulting from the expenditure of this million and a half dollars. Instead of that we find the government wringing its hands and saying, "We will be interested in receiving suggestions". This is not good enough.

Last night the hon. member for Cape Breton South blamed everybody he could think of; he blamed the U.M.W. and he blamed the company. He blamed everybody except the people who are really to blame, the ministers. We recall that when the hon. member's predecessor, Mr. Gillis, got up to speak about the situation in Cape Breton he always had constructive suggestions to put forward. I admit that they were not always practical, but unless you have suggestions you cannot find out whether or not they are practical. The hon. member for Cape Breton South is suggesting absolutely nothing to deal with this problem. He is just commending the government, stroking them nicely in the hope something may turn up.

Mr. MacInnis: Will the hon. member permit a question?

Mr. Pickersgill: Yes, certainly.

Mr. MacInnis: Would the hon. member admit that the suggestion he has put forward

in relation to thermal plants in Nova Scotia and the transmission of power by wire is a really good suggestion?

Mr. Pickersgill: Does the hon. member think for one minute that I would have put it forward if I did not think it was worth considering? Everybody who knows anything about what is going on in Canada today knows that the greatest possible consideration is being given to the development of hydro power on the Hamilton river and hydro power on the Peace river, which will be transmitted hundreds of miles, in some cases thousands of miles, to the ultimate users. I am not an engineer, so I am not going to say anything about the feasibility of these projects. However, I know this sort of thing is being done in some parts of the world. Surely it is just as possible to transmit power generated from coal as it is to transmit hydro power.

Mr. MacInnis: Would the hon. member permit another question?

Mr. Pickersgill: I should like to carry on—

Mr. MacInnis: It is just one short question.

Mr. Pickersgill: Perhaps the hon. member would save his question until I have finished, in order to contribute to orderly debate. I am trying to make some points, and I would prefer the opportunity of making them consecutively.

I say that now we have reached this situation, what is absolutely essential is some expedient, some stopgap, something that will give these men who are thrown out of work something to do right away so they can continue to earn a living. We must remember that most of these miners are not young men. Most of them are not trained for anything but mining. Even if there were plenty of jobs in Quebec or Ontario, these men could not go there.

The Chairman: Order. I am sorry to interrupt the hon. member, but I must inform him that his time has expired.

Mr. MacInnis: Would the hon. member permit a question now?

Mr. Pickersgill: Yes, certainly.

Mr. MacInnis: He just said that he would not put forward a suggestion unless he considered it worth while. The hon. member has maintained that I have never put forward any proposal that would be beneficial to the coal mining areas. If the hon. member will look at page 16 of *Routine Proceedings and Orders of the Day* for March 20, 1961 he will find a resolution standing in my name which reads as follows:

That, in the opinion of this house, the government should give consideration to the advisability of creating a national grid system for the transmission of power produced from coal in order to take full advantage of this natural resource and further assist the coal mining industry throughout the country.

Does the hon. member not agree that this is the proposal he is now putting forward as his own suggestion? He will note that I put forward this resolution on March 20.

Mr. Pickersgill: I would agree with that. I must say I think it is quite a good suggestion. I never pretended there was any originality in what I was suggesting.

Mr. MacInnis: There certainly was not.

Mr. Pickersgill: I am not seeking to disagree with the hon. member. If he had urged that on the government last night instead of attacking the chiefs of the united mine workers who are doing their best—

Mr. MacInnis: Are you defending them now?

Mr. Pickersgill: The hon. member asked me a question, but he does not seem to want to hear my answer. My answer is that instead of attacking other people who were sincerely trying to solve this problem—

Mr. MacInnis: About as sincere as you are.

Mr. Pickersgill: —if he had put this constructive suggestion to the government it would have been a more useful contribution to the debate.

Mr. MacLellan: Mr. Chairman, the hon. member for Bonavista-Twillingate is setting himself up as the champion of the coal miners of Cape Breton. He is the man, according to his own statement, who knows how to remedy the terrible situation we have at home in Cape Breton. Yet I notice that in taking up the maximum time of the committee that the rules would allow last night and again this morning, he still did not find time to deal with any of these remedies. Indeed, he is the man who last night complained that some hon. members on this side referred to the history of the coal industry in Nova Scotia, yet most of the time he himself has been talking about the history of coal and, I may say, I believe most of it was a distortion.

Mr. Pickersgill: What about this advertisement?

Mr. MacLellan: Let me see the advertisement.

Mr. Pickersgill: That is a Tory advertisement.

Mr. MacInnis: The polite hon. member for Bonavista-Twillingate.

Mr. MacLellan: The number one distortion of the hon. member for Bonavista-Twillingate is when he says now in this chamber that in the election of 1957 and 1958 the coal issue was whether or not the Conservative party guaranteed increased production of coal. By no means was that the case. The representation made by the Prime Minister, the premier of Nova Scotia and others in Nova Scotia was that they would do their best to face the problems of the coal industry and give them the full attention they deserved. The people of Nova Scotia elected 10 Conservative members in 1957 over one in 1953. Why was it that they turned down the representatives of the previous administration at that time? The reason was that clearly in the opinion of the people of Nova Scotia the Liberal party had turned their backs on the coal industry and had abandoned the miners to any fate that might befall them. However, they now pretend, or the hon. member for Bonavista-Twillingate does so, that if the Liberal government had been maintained in power they would have accomplished great things for the coal industry.

As a matter of fact what the people of Nova Scotia saw in 1957 was Liberal cabinet ministers running around Nova Scotia saying that the mines that could not be continued in operation on an economic basis would have to be closed. What the people of Nova Scotia saw was the then prime minister coming down to New Brunswick and making speeches to the effect that, as the hon. member for Bonavista-Twillingate admits, the coal industry was obsolete.

The prime minister of the day came down to New Brunswick without a single suggestion as to what could be done regarding our declining coal markets other than to say that it was hardly fair to future generations of Canadians to be digging coal out of the ground for use as a fuel. His excuse as to why the Liberal party had abandoned these mines and miners was that coal was much too valuable in 1957 to be placed on the fuel market in Canada but must be saved for the future. Now, of course, the hon. member for Bonavista-Twillingate comes here and pretends that the then prime minister was simply against any expansion of the industry.

It was much more than that, Mr. Chairman. In my mind and in the minds of the great majority of Nova Scotians, as that election of 1957 proved, he had indeed turned his back on the Nova Scotia coal industry.

The hon. member for Bonavista-Twillingate has made a great to do here this morning about the so-called power program offered by the St. Laurent government in 1957. He says "If we had continued in power and if the thermal program that we had set forth had been set up, and if it were in operation today, then there would be no problem with regard to the Nova Scotia coal industry".

Mr. Pickersgill: I did not say that.

Mr. MacLellan: What happened? After neglecting this problem for years; after mine after mine had been closed and the people who worked in the coal mines and their families had been thrown out on the streets in Cape Breton island and elsewhere in Nova Scotia, on the eve of the election in 1957 the Liberals came back to the people of Nova Scotia hoping once more to catch them in one of their pre-election gags. The gag this time was a thermal power program. The figure of $200 million was mentioned. This money was going to be used to capitalize thermal power plants in Nova Scotia. It was going to give us cheap power. It was going to create a great market for coal.

But, Mr. Chairman, you will note that when the hon. member was speaking he referred to the comments of the premiers of the Atlantic provinces on the matter of the power proposition put forward by the Liberal government at the time. I quote from the advertisement which the hon. member has been kind enough to pass over to me. He quoted Premier Stanfield as saying this:

> ... And on no issue is there greater disagreement than our stand on coal policy and the position taken by the Liberal party.

And the advertisement continues:

> The question of the federal thermal power proposals are not an issue. Premier Stanfield has insisted only that Nova Scotia coal be used as the fuel and that the cost of power be made cheaper as the result of the thermal program.

What was the offer of the St. Laurent administration? They said they would provide thermal power plants but when they were asked if they would give us subventions on coal to be used within the maritime area in order to provide power at a reasonable cost from those plants, they said no. When the present Minister of National Revenue asked the then minister of northern affairs, Mr. Lesage, in this chamber if the government of that day would consider subventions on Nova Scotia coal to be used in those power plants, the answer of Mr. Lesage was no, because subventions would not be necessary. Why would subventions not be necessary? Even the hon. member for Bonavista-Twillingate should know that residual oil, bunker C oil, was always cheaper than coal.

Mr. Pickersgill: It was not cheaper at that time.

Mr. MacLellan: The hon. member says it was not cheaper at that time. That is just the point. Why was it not cheaper? It was

not cheaper because the Suez canal was momentarily blocked, and oil at that time could not get through from the Middle East. Because of world market conditions there was a great shortage of oil, and residual oil costs like all other oil prices shot sky high. It was an emergency situation, a very unusual situation. But the Liberal administration at the time hid behind this unusual situation in order to pretend that subventions on Nova Scotia coal would never be necessary.

Mr. Pickersgill: I did not say that.

Mr. MacLellan: If the Liberal government had been re-elected in 1957 there would have been no thermal plants in the province of Nova Scotia or New Brunswick, because neither provincial government could have accepted the proposition put forward at that time by the then minister of northern affairs and national resources. They said they would capitalize the plants. The hon. member for Bonavista-Twillingate has said those plants would be available at any time for purchase by the provinces. Yes, they would capitalize the plants; but the hon. member for Bonavista-Twillingate now says that they would buy coal for those plants without subventions, that they would buy coal for those plants by making it a self-liquidating proposition. The hon. member for Bonavista-Twillingate even went so far as to state that within five years it would have been an economic operation. The facts of the situation are these. In 1957, at the time this spurious proposal was brought forward to the people of the Atlantic provinces, we knew something of the cost of producing power with coal. We knew it could not be produced at a profit. Indeed, we knew it could be produced only at very high cost by using coal without subventions. Hence the Liberal offer at the time was a nullity.

Mr. Pickersgill: Will the hon. member permit one question?

Mr. MacLellan: Yes.

Mr. Pickersgill: Does the hon. member not recall full well that before that discussion was concluded, and before the election of 1957, an undertaking was given by the St. Laurent government that the price of coal would be reduced to the price of oil so that coal could continue to be used?

Mr. MacLellan: Mr. Chairman, the Liberal party in the house prior to the election in 1957 steadfastly refused to pay subventions on coal.

Mr. Pickersgill: Answer my question.

Mr. MacLellan: On June 6, four days before the election, they did give out a release which suggested that they might be ready to pay subventions. But when the power proposal was put forward they had refused to pay subventions on coal. How could such a proposal be feasible or possible in the province of Nova Scotia or the province of New Brunswick?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. MacLellan: Mr. Chairman, when the committee rose at one o'clock I was commenting on the two recent speeches made by the hon. member for Bonavista-Twillingate with regard to the Nova Scotia coal problem and in particular with regard to the thermal power program of 1957-58. His first point was a suggestion that the Conservative party in the election of 1957 guaranteed an increase in the production of coal in Nova Scotia. Second, he seeks to argue that if the thermal power program put forward by the government of that day had been put into effect this would have been the salvation of the Nova Scotia coal industry.

Actually at that time former premier Flemming of New Brunswick and Premier Stanfield of Nova Scotia commented that they accepted the thermal power program suggested by the hon. St. Laurent administration in principle but they would make no definite statement on it until it had been checked carefully by their governments, and for a very good reason. The slogan of the Liberal party at that time was that this power program would provide "power at cost" in Nova Scotia and New Brunswick. There could be nothing more empty or meaningless to the people of the Atlantic area than power at cost. We already had power at cost. The Nova Scotia power commission, for example, was operating at a substantial deficit, not at a profit, burning coal as the source of power.

What we needed, and what we had been approaching the government at Ottawa for many years before 1957, was a program which would give us cheaper power, and that certainly meant that if coal was to be used as the source of thermal power there would have to be heavy subventions on coal. The administration of the day had categorically refused to consider subventions on coal to be used in these thermal plants. I quote from page 3296 of *Hansard* of April 9, 1957, just shortly before the election in June of that year and after the proposed power program had been announced. The present Minister of National Revenue put this question to Mr. Lesage:

> Has the government given consideration to expanding the principle of subventions on the movement of coal within the maritime provinces to

assist in the use of that coal in competition with oil, assuming that the temporary condition may not continue and the price of oil may drop?

Mr. Lesage replied:

If the hon. member will read my statement he will find that I said or implied we did not consider it was necessary to give a subvention on coal so it would be competitive with oil.

In other words, as I said this morning, the government of the day was relying upon the unusually high cost of oil at the time because of the temporary blockage of the Suez canal to pretend that no subventions were needed to move Nova Scotia coal to thermal plants in the maritime area. Furthermore, Premier Flemming and Premier Stanfield both preferred to have their provinces hold title to plants to be built within their provinces, particularly inasmuch as they wanted some say in the cost of construction. At the time the Liberal party made it sound as if there were grants being made available under this thermal power program. In fact, the proposal was merely in the form of a loan to Nova Scotia, New Brunswick and the other Atlantic areas. These plants were to be built by the federal government and the cost of construction of the plant and the cost of the power, whether produced by oil or by coal, would be paid for in the price of electricity used. There was no gift to the people of Nova Scotia. When we looked carefully at this so-called thermal power program we saw that it was of no use to us whatsoever.

There has been some mention by the hon. member for Bonavista-Twillingate about the fact that the thermal power plant at Saint John in the province of New Brunswick burns oil. He said that if their plan had been put through the government would have owned these thermal plants and they would have seen to it that coal was burned in them. In other words, he was saying that they would have been in a position to force the province of New Brunswick to burn coal or else presumably, to cut off the power generated by the plant.

It was of no use to the Atlantic premiers to have a program where they would not know what the cost of power would be. The cost of construction of these plants plus the price of coal at the tonnage cost at which it was being produced in 1957 would mean that the cost of power would have been prohibitively high. After 1958 and after the power program had been changed to allow the provinces to hold title to these thermal plants, as I believe any province should be entitled to do, after arrangements had been made for subventions to move coal to these plants by the Conservative administration, the Irving Oil Company of New Brunswick decided to build a refinery at Saint John alongside the proposed site of the thermal power plant. Regardless of subventions that were made available on coal, coal could not under-sell residual oil from this nearby refinery, and the province of New Brunswick felt it was in the best interests of that province to burn residual oil from the Irving refinery in order to provide cheaper power to the province of New Brunswick.

I do not see how any member, let alone the hon. member for Bonavista-Twillingate, can rise in the house and say that if the Liberal government were still in power they would have been able to force the province of New Brunswick to burn coal in that plant. Furthermore, it should be obvious to every hon. member that a plant in the province of New Brunswick would burn New Brunswick coal, not Nova Scotia coal. The undertaking the Conservative party made to Nova Scotia in 1958 was that if any thermal power plants were built to use fuel other than coal they could not be financed by federal funds.

To turn to the second point made by the hon. member for Bonavista-Twillingate, namely that in 1957 the Conservative party had guaranteed that the production of coal would be increased—

Mr. Pickersgill: I never said that.

Mr. MacLellan: The hon. member mentioned a promise that the production of coal would be expanded, even though he did try to weasel out of the expression—

Mr. Pickersgill: On a question of privilege, Mr. Chairman, the hon. member is usually very fair, but would he use the words inserted in the advertisement? I did not put words into the mouth of the Conservative party. I used its own words.

Mr. MacLellan: The hon. member was taking a straightforward advertisement which told the people of Nova Scotia at that time that the members from Nova Scotia would do everything in their power, if possible, to increase the production of coal. But never at any time did we promise without reservation that we could expand coal production if there were no markets for that coal.

Mr. Deschatelets: You were elected on that promise. Do not forget that.

Mr. Pickersgill: I read the advertisement. It speaks for itself.

Mr. MacLellan: Had it not been for the action which this government took in 1957 and the increased subventions on coal, the situation would have been infinitely worse. If the policy of the Liberal party as made known by cabinet ministers speaking in the province had been followed through, we would not now be worrying about the closing of coal mines in Nova Scotia; they would have

been closed before 1957 was out. Coal markets were declining and the government, when it came to power, took every step possible to try to save this industry. We must remember that subventions have been almost doubled since 1957. This is the measure of what was done by the government to try to make up for the rapidly declining coal market. The hon. member for Bonavista-Twillingate would like to blame the present government for the decline of that market. The increased flow of natural gas into the Montreal area and the disappearance of our natural market there certainly cannot be blamed on this government. An undertaking was made by Quebec Natural Gas Company to buy gas coming through the trans-Canada pipe line at 51 cents a cubic foot. Since the domestic market expected there did not expand as fast as was anticipated, gas was dumped on the market at 28 cents a cubic foot, making the sale of coal more difficult than ever. This was the equivalent of $5.68 a ton for coal. Every effort was made by the government, by special subventions, to meet this competition in the Montreal market but the gas producers were able to offer gas at a price per cubic foot with which coal was altogether unable to compete on a 12 year contract.

Then again, there have been inroads made on the market by residual oil. Every time a gallon of gasoline is produced, 1.75 gallons of residual oil remain for disposal, all of which is thrown on the market at prices which, very often, are set in relation to the price of coal. The sale of surplus hydro power in the Montreal east area has also made an inroad on the coal market there. No one could have foreseen this in 1957 or 1958; certainly, no one could have done anything about it. By 1959, 450,000 tons of Nova Scotia coal had been replaced in the Saguenay and Three Rivers area by surplus hydro power. In many cases the power was supplied under contractual terms requiring users to change to surplus hydro power at three hours notice if they were consumers of primary power. Neither this government nor any other government has magic means of meeting competition of that kind. I think great credit is due to the Minister of Mines and to the Minister of National Revenue and to Mr. Uren, the retiring chairman of the coal board, for the efforts made to retain what we do have now of our coal market.

I should also like to say that in the three years I have been here I have been pleased to be associated with the work done by the hon. member for Cape Breton South and by the hon. member for Cape Breton North and Victoria. They have used great resourcefulness in tackling this problem of declining coal markets, and done everything which could have been done to bring to the attention of those concerned the problem of the mining communities and the coal industry itself in the face of these declining markets, responsibility for which cannot be attached either to the government or to any other person. Everything possible has been done in these circumstances to increase the subventions to Dosco and the independent operators in order to enable them to sell coal. Nothing was left undone in this respect. Long hours of work were devoted to efforts to sell more coal. Sales of coal in Ontario were, in fact, increased last year to almost three quarters of a million tons. These sales involved markets in that province which had not existed before.

Moreover, in addition to its efforts to stimulate markets for coal the government was responsible for measures intended to improve employment prospects in the area in general and to stimulate, by various actions, the economy of the region. The building up of forestry, the tourist industry and the fishing industry in conjunction with the provincial governments has gone a long way toward making the present position easier. If we had had to face the present coal crisis with the resources and degree of development available in 1957 the situation would be very much worse than it is today. Other industries have been growing at a rapid pace and people today have many more opportunities of employment in fields other than the coal industry. In passing, I might say that in my constituency at Point Tupper there are some 1,300 or 1,400 men working now on the construction of a new pulp mill where there was very little demand for labour only two years ago. In all the facets of our economy there has been a general improvement. We are glad that we are saving one of the three mines threatened with closure. Everyone in this area knows that everything that could be done was done. We have worked together with all the organizations and people of the communities concerned, including the clergy and many local organizations in order to take whatever practical steps were possible.

In addition to saving No. 16 mine for the present time, the mine which has the largest labour force of all, the government has been searching everywhere for new types of employment to provide work for miners who are laid off and who are to be laid off. Every avenue has been explored. I would say that the provision of $1,500,000 per annum for the setting up of new employment opportunities

in the area represents one of the most generous provisions ever made by any government in a case of this sort. Certainly it is much more generous than anything done by the previous administration which sat by and watched mines close without making any attempt to provide alternative employment.

I should like to repeat that the people of the coal mining areas appreciate very much the many hours of work and the long nights spent by the hon. member for Cape Breton South in his attempt to save the mines in his constituency. The people of Cape Breton North and Victoria also understand how much work has been done on their behalf by the hon. member who represents that riding, and how earnestly the members from the area as a whole, together with other supporters of the government, have sought to meet this particular problem. They also know that if they must choose between the attitude this government has displayed, since it came into power, in trying to do everything it could, and the attitude of the former administration, to benefit they must choose the attitude of this administration.

Mr. Pickersgill: Mr. Chairman, I do not intend to take very much longer, but I must take issue with one or two statements made by the hon. member for Inverness-Richmond.

First of all, instead of reading the words of this advertisement as they are, he attempted to put a gloss on them, and to suggest that I said something other than the words that are used. I should like to read those words again. I shall not read the whole advertisement, only the relevant parts which have directly to do with coal. Premier Stanfield is quoted in this advertisement as follows:

> The Prime Minister, as a matter of policy, has set his face against the expansion of the coal industry in Nova Scotia—

Mr. MacLellan: Is that not true?

Mr. Pickersgill: The advertisement then goes on as follows:

> And on no issue is there greater disagreement than our stand on coal policy and the position taken by the Liberal party.

The hon. member has tried to weasel out of that statement by suggesting they did not promise to increase coal production. However, let me read the following statement appearing in the advertisement:

> But the statements of Prime Minister St. Laurent on the subject of coal production are an issue! Your Progressive Conservative candidates are in favour of a coal policy that will increase coal production!

There is certainly no mention of the words "if possible" in that advertisement, as has been insinuated by the hon. member. There was no question of it being "possible" before June 10, 1957. The hon. member has thought of that qualification this afternoon.

The fact of the matter is that they were either so ignorant they made those promises in good faith, or they were perpetrating a fraud. They can take it either way, and I do not much care which way they choose. The plain fact is that the people were led to believe that there would be an increase in coal production.

The hon. gentleman has said that this government has done its best, but I do not think it has done its best. The hon. gentleman also says that everyone knew that coal markets were shrinking. If everyone knew in 1955, 1956 and 1957 that coal markets were shrinking, why did the Prime Minister and the Tory candidates of those provinces promise an increase in production? If they were aware that the markets were shrinking, why did they promise to increase the production of maritime coal? Why did they not tell the people the true situation? I think the difficulty with which we are now faced in this regard has resulted from those promises made at that time.

The hon. gentleman has taken issue this afternoon with what I said in regard to the thermal plant in Saint John. I must say that I thought the hon. gentleman—I do not accuse him of doing it deliberately—did misrepresent what I had said. He also completely misrepresented the position taken by the St. Laurent government in June of 1957.

Mr. MacLellan: What date in June?

Mr. Pickersgill: I suggest it does not make any difference what date it was in June, so long as it was before June 10, while they were in a position to carry out their undertaking. Mr. Lesage said, quite properly, when the policy was announced, that coal was cheaper than oil and there was no need to cross the bridge until it was reached. However, such a hullabaloo was made about the situation, along with many misrepresentations, that the government made a formal decision in respect of a hypothetical situation.

Mr. MacLellan: Yes, and everybody else knew—

Mr. Pickersgill: Perhaps the hon. gentleman will allow me to continue and correct whatever he thinks I have said wrong when I am finished.

The Liberal government took the formal position that if oil became cheaper than coal, no matter what price it reached, the government would pay the necessary subsidy so that coal could continue to be used. That was the statement made by the St. Laurent government. I suggest if that policy had been adhered to by the present government, so that

coal could have been used at the Saint John plant, there should have been a larger market for Canadian coal today than there is. The plain fact of the matter is that since the present government got into power, notwithstanding the fact that Mr. Stanfield stated that the present Prime Minister had promised to see that coal was used, the government of the province of New Brunswick chose to build a plant designed to use oil, and which is still using oil. I suggest that had that Liberal policy been continued, and if the plant had continued to be owned by the federal government, the price of coal would have been subsidized and brought down to the cost of oil, so that the plant could have used that coal. I suggest the fact that the policy was not followed by the Tory government represents the difference between Tory policy and Liberal policy.

The Saint John plant was built by the present Minister of Forestry, who was then the premier of New Brunswick, to use oil, which indicates that he turned his back on the coal industry as well as the federal aid offered by his own friends in this house. I suggest that indicates the measure of his interest in regard to the situation facing the coal industry in the maritime provinces. I do not think even the hon. member for Inverness-Richmond, who is very skilful at these things, can get around that situation.

I should suggest, however, that the important thing is not really what might have happened, or might not have happened in 1955, 1956, 1957, or even in 1958, but what is going to happen in 1961. I am not surprised that hon. gentlemen opposite continually drag out all these things that happened in the 1940's. I am surprised they do not go as far back as the 1930's, but, perhaps, when they considered doing so, they realize that during the 1930's, when the Bennett government was in power, coal production was even lower than it is now, and they prefer to forget about it.

The fact of the matter is that we are faced with a situation where a mine closed two days ago, and it is expected that another one will be closed on July 1. A lot of individuals are going to be out of work, with the result that two or three communities in Cape Breton island and, indeed, the whole economy of the province of Nova Scotia, is going to be affected if this situation is allowed to continue without something being done to provide alternative employment. I suggest that is the real problem.

The hon. gentleman has suggested everything which is possible to be done is being done to keep the mines open. Of course, that is not true, because the hon. gentleman knows very well when the delegation came up to Ottawa from Cape Breton early this month —I do not think the hon. member will contradict Mr. Shea—

Mr. MacInnis: The hon. member for Cape Breton South will contradict him.

Mr. Pickersgill: Perhaps the hon. member should hear what he is contradicting before he does so.

Mr. MacInnis: I will contradict it in any event.

The Chairman: Order.

Mr. Pickersgill: I should like to refer to an article written by Mr. Harold Shea, an individual who most of us in this house believe to be a very accurate reporter. Mr. Harold Shea had the following to say, as reported in the Halifax *Chronicle-Herald* of May 13, 1961.

Mr. MacInnis: That is last month.

Mr. MacLellan: That was last month, not this month.

Mr. Pickersgill: Well, the hon. member has me there, it was last month. In any event, Mr Shea had the following to say:

> Two federal cabinet ministers declared Friday that Ottawa would put up the money to keep three Cape Breton mines in business beyond announced closure dates if Dominion Steel and Coal Corporation would accept.

Those are Mr Shea's words, of course. The article then continues as follows:

> This statement, made to a Cape Breton delegation of municipal officials, clergymen and union officials, was regarded as a direct challenge to Dosco to make "a reasonable proposal".
>
> National revenue minister Nowlan, who chaired the meeting of cabinet ministers and delegation, assured "We will not stint on the money—we'll do everything that is humanly possible".

This article then refers to a statement made by the Minister of Labour, and reads as follows:

> Labour minister Starr said: "The big problem is to convince the company to keep the mines open. We'll pay the bill."

When I asked the minister whether that was what he said, and whether that was the policy of the government, he weaseled on that statement.

Mr. Starr: Mr. Chairman, I must rise on a question of privilege. I cannot accept the description given by the hon. member in this respect. I gave him an answer.

Mr. Pickersgill: Yes, the hon. gentleman gave an answer all right and I will put his answer on the record because it really was a classic. It was the kind of answer that you get from straightforward people to straightforward questions.

Mr. Starr: If they come from straightforward people.

Mr. Pickersgill: It was a very different answer from the answer he gave to the delegation that he let go home believing that he meant what he said.

Here is the question and the answer. This is on pages 5096 and 5097 of *Hansard* for May 20, 1961:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to put a question to the Minister of Labour. Did he recently give an assurance to a delegation from Cape Breton that if Dosco would keep the coal mines open the government would pay the bill?

That is the question and those are the exact words of Mr. Shea's report. Here is the answer:

Hon. Michael Starr (Minister of Labour): Mr. Speaker, up until now we have been paying subventions on the coal sold in that area by the mines, and my statement related to those subventions.

Apparently the reporter did not understand it that way; apparently the people who were there did not understand it that way. There is nothing at all about subventions in the words attributed to the minister. He said, "If they will keep the mines open, we will pay the bills". The bills are not subventions; the bills are the cost of keeping the mines open. Then I asked this question:

Mr. Pickersgill: Will the minister comment on a statement which appears in the Halifax *Chronicle-Herald* to the effect that labour minister Starr said: The big problem is to convince the company to keep the mines open. We will pay the bill.

We all remember what happened at that point. The Minister of Finance turned around and glared at the Minister of Labour, and here is what the Minister of Labour then said:

Mr. Starr: Mr. Speaker, the keeping of the mines open is, of course, a decision of management. We would like to see the mines kept open if possible. We have paid subvention bills and are prepared to continue to pay them if they keep those mines open.

Mr. Pickersgill: May I ask a further supplementary question. Does the minister mean that the government is prepared to pay the cost of keeping the mines open?

At that point the Speaker intervened and there was no answer given to that question, which was the original question. This, of course, is typical of the way in which this government treat these problems. They give an assurance to the public and get the delegation away out of Ottawa and back to Cape Breton, and then they repudiate it in that indirect fashion here in the house. That is really what happened in this case. Those people went away thinking that if Dosco kept the mines open, the government would pay the bill.

I do not think there is any doubt that the Dominion Coal Company would have kept those mines open if the government had been prepared to pay the bill.

Some hon. Members: No.

Mr. Pickersgill: I am not saying that should have been done, but I am saying that is what they were told. We were told something else too, after the Minister of Finance had glared at the Minister of Labour.

The plain fact of the matter is that instead of making up their minds months ago that they would either let these mines close or that they would pay the cost of keeping them open, this government tried to keep fooling the people and fooling the people, and then finally they let two of the three mines close.

I say it is a good thing they did not let the other one close. But when you compare that with what was promised by the Prime Minister, not in the first election but later on between the elections—no; this was in fact before the first election; this was on Thursday, May 21, 1957. This is from the Cape Breton *Post* and these are the words of the present Prime Minister:

National leader of the Progressive Conservative party, John Diefenbaker, Wednesday night, told an overflow political rally at the Riverview high school here that a national fuel policy is high on the program of the national policy.

Then later on there is the following paragraph:

Implementation of a national fuel policy and its particular relation to Nova Scotia was discussed by Mr. Diefenbaker who stressed the important need of aid to the coal mines of the province.

That was in 1957, and we are still waiting for that policy. Indeed, the minister told us yesterday—I had better use his exact words—that you could not have such a policy. After four years of promises and evasion the minister says:

In presenting these estimates to this committee, I regret to report that the coal situation in Canada in the past year has grown more and more difficult as the competition from other fuels has intensified.

Well, that is true; everybody recognizes that is true:

It is becoming clear that the long established policy of providing assistance in the amount necessary to enable Canadian coal to meet the competition of imported coal in the markets of central Canada is no longer sufficient.

That is what we have been saying since 1958. That is one of the reasons why we had this thermal power policy:

The chief competition in these central markets and also in the home markets is no longer imported coal but other fuels.

It is open to question whether under the present rapidly changing competitive conditions a sound basis can be found for a long range basic policy.

In other words, they just throw up their hands and confess that they cannot have any policy. Maybe they cannot have any policy for coal, but surely they could have a policy to provide work for the coal miners who are thrown out of work. That is what they should be doing, and that is what they should have been doing for the last year. That is the real complaint I have been seeking to make all through.

I should like to quote the words of an editorial in yesterday's Halifax *Chronicle-Herald,* because I think this editorial states the situation clearly. It says in better fashion and more succinctly than I can, improvising here in the committee, exactly what the problem is. The editorial is called:

Cape Breton's Need.

It says:

The plan for meeting the latest Cape Breton coal crisis that has emerged from long and painful consultations between the federal government and Dosco is one of mixed blessings whose full effects will depend upon the type of follow-up action undertaken by Ottawa over the next few months.

That is what we want the minister to tell us. What is the follow-up going to be? We want to know the precise details of that. We do not want to be told, "After my estimates are over we will get up on the orders of the day and state something and you will not be able to debate it". We want to be told now.

Mr. Small: Something like you did; is that what you mean?

Mr. Pickersgill: Yes, we always did, because we were capable of making up our minds, announcing our policy and allowing it to be debated. That is why Canada was growing from 1945 to 1957 and that is why it has stopped growing today. I thank the hon. member for reminding me.

Mr. Small: You had no mind to make up. C. D. Howe made it up for you.

Mr. Pickersgill: This editorial continues:

The final closing of the 99-year-old Caledonia mine at Glace Bay and of the north side's Florence and the 12-month reprieve given to New Waterford's No. 16, the best producer in quantity and quality of the three, follows the general pattern of the past in the contraction of the industry—a pattern for which there is, unfortunately, little better alternative in the face of today's stiffening competition in the fuel markets.

The hopes that had been held for a continuation of all three pits were flimsily-based from the start. Caledonia and Florence are classed as uneconomical, and to keep them going, even with the extension of the federal-provincial offer of a dollar per ton production subsidy, would have brought the whole Dominion Coal Company enterprise closer to bankruptcy.

Even with No. 16 kept open for another year through this special type of aid, it will be necessary to resort to short-time work weeks in all but the better metallurgical collieries such as No. 26 and McBean. The company says it cannot find consumers for much more than four million tons a year without considerably expanded governmental assistance. The remaining mines, including No. 16, to be left in operation after Florence's abandonment this summer have a combined output capacity of almost 4,700,000 tons.

More than 1,200 miners are to be affected by this year's closings. Some will be transferred to other pits and some will be retired on pension. But the net addition to the ranks of the jobless still will be close to, if not more than, 800.

Eight hundred men, practically all of them with families, and most of them with large families:

And when the extra lease on life for No. 16, which contributes almost half of the general income for the town of New Waterford, runs out in August of 1962 another thousand men will be idled. The $1,500,000 which Ottawa is to provide for emergency employment on the island (in addition to the outlay in an extra year's production subsidies) will look after only a few hundred of these dislocated men and that apparently for a limited period in most cases.

Something more—

I draw your attention to these words.

—is obviously needed to avoid a further drastic economic setback for Cape Breton.

Mines minister Comtois has said this long term regional problem will get special federal attention.

We want to know what that attention is.

This consideration must go beyond merely more ad hoc palliatives and get into the realm of fiscal incentives to draw new industries into the region. Similarly, the possibility of Nova Scotia replacing the U.S. as supplier of the half million tons of bituminous consumed annually by Ottawa's own Polymer Corporation synthetic rubber plant at Sarnia should be further explored. Obtaining this market would be just about enough to rescue No. 16 from abandonment next year. Or at least to prevent the closing of further mines.

There is a real danger that, unless we get a good combination of ferreting out new coal markets within Canada and a bold, comprehensive government spearheaded program for revitalizing the entire industrial base of Cape Breton there will be a continuing, and likely accelerating, drift from bad to worse in its economy.

"We cannot cut this island off," royal commissioner Ivan Rand has said so rightly. "Canada, acting with Nova Scotia, must provide conditions to enable it to regain confidence and affirm its will to a new vitality".

And that goes for Springhill, Westville, Stellarton and the other mining communities of the mainland as well.

This, sir, is the problem with which we should be concerned, not what happened in 1957, 1947, 1937 or even 1867. The problem is here and now. The minister should get up now and tell us precisely what he is going to do to provide jobs for these men. He should tell us also whether or not he has spoken to his colleague, the Minister of Public Works, about the houses which many of these miners have bought, and for which they are not going to be able to pay. These houses are mortgaged to Central Mortage and Housing Corporation. This is another problem that

has to be considered. However, the big problem is to get jobs for these men and stop the decay in Cape Breton.

Mr. Southam: Mr. Chairman, before the debate is concluded on this item of the dominion coal board, I should like to say a few words about the coal industry in the riding of Moose Mountain. I think, unknown to quite a few members, we have a very important coal industry in that part of Saskatchewan. It too has suffered from some of the problems of this industry which have been related at this time. It is a coincidence that just about 10 or 12 years ago an oil company surveying this area discovered large deposits of oil and, as a result of the development of that oil gas has been produced, too. It is interesting to note that out of about 4,300 producing wells in Saskatchewan, there are over 3,000 in that riding.

This development has provided our coal industry with very strong competition. I should like to give the committee, for a minute or two, a few facts concerning the lignite coal industry. I am not going to take up very much of the committee's time. Lignite coal is strip mined near Bienfait and Estevan, Saskatchewan. A fairly constant production of slightly over 2,200,000 tons has been maintained since 1950. The principal markets are for industrial users in the Winnipeg area. More than 70 per cent of the coal sold in the Winnipeg area is lignite. Other markets are in the Regina and Brandon areas, and certain pulp and paper plants at Kenora, Dryden and Fort Frances in Ontario.

Lignite coal possesses a substantial market advantage as a low cost fuel located near its principal markets; only 280 miles from Winnipeg and 155 miles from Brandon. There has also been a new market developed just recently as a result of the construction of a $40 million power plant near Estevan. This steam turbo generating plant uses large amounts of coal for the production of electricity.

In the post-war years the domestic house heating market has been pre-empted by fuel oil and latterly, to a large extent, by natural gas. The industry, by vigorous salesmanship which included assistance to industrial users in the installation of proper heating plants, was able to develop an industrial market more than replacing the lost domestic market. Concurrently, the companies have invested more than $5 million in new equipment since the war. As a result of mechanization and technological improvements, the industry has been able to absorb successive wage increases and has only raised the mine price of coal by 10 cents per ton since 1948. The present mine price averages $2 per ton.

[Mr. Pickersgill.]

The lignite industry by its vigorous salesmanship and technological initiative has been able to maintain its position, notwithstanding the competition of premium fuels in the post-war years. Its existence has been threatened by drastic increases in transportation expenses which it is powerless to control, and by this latter competition that I have just mentioned.

I have had representations from one of the directors of one of the leading coal companies in that area. We have, by the way, the following companies in that area, the Great West Coal Company; Western Dominion Coal Company; Manitoba and Saskatchewan Coal Company; Northwest Coal Company, and several other smaller ones. I have here a representation from which I am going to read a short extract, prepared by Mr. W. W. Lynd, Q.C., on behalf of Mr. J. M. Brodie, managing director of Great West Coal Company. He is referring to the Rand commission report, and he says:

> The report is most disappointing to the coal industry and if the recommendations that are made in the report are implemented by legislation, it will ring the death knell of the coal industry in Saskatchewan and Alberta at least, and I am not familiar enough with the coal industry of Nova Scotia to say what effect it will have there.
>
> Instead of making recommendations that will be of benefit to the coal industry, the recommendations will very substantially take away from the industry what little help it has been getting in the past. The commissioner proposes to do away with subventions, which are simply the payment by the government of part of the freight rates on coal shipped into certain areas in the country to enable it to compete mostly with importations from the United States. The commissioner proposes these subventions be abandoned and in place thereof that a subsidy of 30 cents a ton be given to the companies which would be of far less benefit than the subventions.
>
> Right at the moment Western Dominion coal mines sells about 400,000 tons to a paper industry in Ontario and the competition is very keen and it has only been by cutting the price to the minimum and by the help of subventions that this market has been held and if the subventions are taken away, it means a loss of 400,000 tons to this one mine.

Now, Mr. Chairman, I should like to ask the Minister of Mines and Technical Surveys if he would give very serious consideration to these representations from the Great West Coal Company which affect this industry.

Mr. Kindt: During the past day and a half, Mr. Chairman, we have heard a lot of discussion on the subject of coal. About 95 per cent of this discussion has been related to Cape Breton and eastern Canada. I rise now to say a few words about western Canada and the particular problems associated with the coal industry in the Crowsnest pass area.

For the purpose of orienting hon. members, let me say that there is about 7 per cent of the world's supply of coal in western

Canada. A large proportion of that coal is located in the Macleod constituency. We have the bituminous type, the lignite type, the metallurgical type, and so on. We are shipping about 650,000 tons to Japan yearly. According to reports from the Japanese who are, I might say, very critical and who have the world to pick from, our coal from the Crowsnest pass is tops for steel production. They say it is superior in terms of B.T.U.'s, ash content and many other qualities to any coal coming from other parts of the world. Hence when I rise this afternoon to speak about the coal industry of the west, I am not speaking because I have nothing to talk about; I am speaking because there is a problem there. It is one which is as acute as that in Nova Scotia. I am also speaking to you because the Crowsnest pass of western Canada may be called the Cape Breton of western Canada. I do not mean to say that we have not been doing anything about the matter. That is far from being the situation. This government has initiated a policy of shipping coal to Japan. As I said before, some 650,000 tons are under contract for shipment to Japan this year.

Let me turn to some of the statements made by the hon. member for Bonavista-Twillingate concerning his Liberal policies with respect to coal. What the hon. member said may apply to other areas; I have no information in that regard. However, I can speak from the bottom of my heart and with full knowledge about what has taken place in the Crowsnest pass. As the minister has already said, at one time 3,500,000 tons of coal were produced in the Crowsnest pass for the use of railroad locomotives. That production has now dwindled down, if I heard this figure correctly, to some 200 tons; in other words there is no further market. These railroads are all dieselized. It stands to reason that, with the shrinkage of the output down to next to nothing with the exception of a small quantity for domestic use there has been a dwindling of the markets for coal mined in the Crowsnest pass to practically nothing.

These miners who have spent their lives digging coal, have built their homes in the Crowsnest pass, have spent their lives in that area and have reared their families there are left high and dry, stranded and without anything to do. The former government allowed mines to close one after another in that area. The Hillcrest mine closed as did the mines in British Columbia, some of them at Fernie. Mine after mine closed down until only three remained open when this government came into office. If the policy of the Liberals was such as to keep mines operating and to give miners employment, why did they not do something about the situation? They did nothing. They left it to this government. May I say it was myself who recommended to the present government that the Japanese market should be opened for western Canadian coal. That recommendation was heeded and the Japanese market opened by subsidy for our coal. As I have already said, some 650,000 tons are being shipped annually to Japan. That amount of 650,000 tons is doing a tremendous job in helping the miners of the Crowsnest pass. However, there are always problems that one has to contend with.

One of the problems we have encountered within the past three or four months is the failure of the West Canadian Collieries at Blairmore to take any further Japanese coal orders. The coal mining operators in British Columbia have gone back in and have taken orders from Japan for some 300,000 tons of coal. At Michel everything is fine, times are good, the mines are operating and the people are happy. They are all employed in that particular area. Coming back down to Coleman, we find that they have taken coal orders for 170,000 tons from Japan. They too, are now in a very fortunate position and are operating in such a manner as to give maximum employment. However, at Blairmore and Bellevue it was found by the company operating there that it was unable to cover the costs and allow a sufficient profit. In addition, other factors came into the picture and made it such that no additional orders were taken this year from Japan.

By way of further explanation for those who are less familiar with the subject, allow me to say that operators in the coal mining business, like operators in any other field, have different costs of production. The company in British Columbia operates at a certain level, the one at Coleman operates at another level, and West Canadian Collieries at Blairmore operates at still another level. If employment was to be given in each of those areas, the dominion coal board had to give consideration to the costs of production in each of those three mines and the coal subsidy was set accordingly. If they had taken an average of the cost of each of those three mines, the high cost operator would have been eliminated, and there would have been no employment and no orders taken from Japan by one mine at the time when the subsidy was first initiated. But this was not done. The subsidy was set high enough to cover the cost of the highest cost operator.

However, that operator has found that it can no longer take coal orders from Japan and make a profit on the transactions. As a consequence some 350 miners have been unemployed since December in the Blairmore and Bellevue areas. Whenever there is that

number of miners thrown out of work, a difficult situation arises. May I say that, as far as I am able to determine, those mines are closed and there is no prospect of their reopening in the foreseeable future. I have talked with one of the officials of that mine, and as a matter of fact he told me that if he was a worker for that company he would take any job that came along. Therefore, when I met all of the unemployed at Blairmore back during the first week of April I was careful to point this fact out to them. To help correct this situation I went to the president of some 10 companies that are now building that $20 million plant west of Coleman and also companies laying pipe lines for the export of gas, and I asked them to give priority to the miners who have been thrown out of work through the closing of the mines at Blairmore and Bellevue. I received very fine co-operation but I find also that most of those companies which are building the pipe line bring their employees in from the outside and that the local people are not getting the jobs. I should like to read part of a letter I have received from the town of Blairmore with regard to this matter.

> The council also wish to draw to your attention the fact that very few of the local unemployed persons are being hired by the pipe line construction company or the gas plant construction company and it was understood by the council that the hiring of local labour would be one of the first considerations of these companies, but this does not seem to be the case. Could this matter be brought to the attention of these companies and placement authorities through your office?

I have brought this matter to the attention of the Department of Labour. I have asked that job requirements in the Pincher Creek area be referred to the Blairmore office so that the unemployed in the Crowsnest pass will receive priority with respect to the jobs that become available.

South of Pincher Creek a $20 million Shell plant will be constructed this summer and a railway line 10.8 miles long is to be built leading to the plant. Then there is the $20 million British American Oil Company plant. I might add for the information of hon. members that from this very area south of Pincher Creek comes a large percentage of the gas that warms the homes of Ontario. The new petrochemical industries are constructing plants in that area for the purpose of separating the gas, separating sour gas, separating methane, which will be transported through pipes to eastern Canada and also exported to the United States. I hope that the Minister of Labour will give every possible consideration to the question of employment in the Crowsnest pass area.

I want to say a few more words about the coal industry. Yesterday the minister said that the shipment of coal to Japan was an experiment. To be sure, we all recognize that it is an experiment in that $4.50 per ton by way of subsidy is being paid to move the coal. As he told us, work is being undertaken to reduce the mining costs, transportation charges and the loading charges at the bulk loading facilities at Vancouver. All of these attempts to lower the subsidy are very commendable. If it were possible to decrease it to $2.50 a ton I would have every confidence that it would put the coal industry in the Crowsnest pass area on a sound and economic basis in relation to the Japanese market. That is what we want. That is the objective toward which we should be working. These are the points that the coal board and other people who are studying these matters should bring to the attention of all concerned and all should work towards making it economically possible to ship coal to supply the Japanese market.

I know that at the end of April there were some 750 to 800 people still unemployed in the Crowsnest pass area. That is why I am so concerned that, with respect to jobs available in my constituency, the first chance should be given to the people of the Crowsnest pass area. There were three mines operating in that area but the number has now dwindled to two. I hope above all that the minister in his wisdom and the coal board in its wisdom will look with favour upon the continuation of the present subsidy in order to maintain the movement of coal to the Japanese market.

I should like to say a word or two about the Rand report. We in western Canada want nothing whatever to do with that report. I make that flat statement. There is not a thing in it that is of any value to us. So far as we are concerned, you can take it and throw it in the nearest garbage can and you would be applauded by us for doing so. Whoever wrote the report knew nothing of the coal industry in the west and I say without fear of contradiction that he certainly knew nothing about the coal industry in my area.

So far as the dominion coal board is concerned, I understand that the board is going through a period of reorganization and that certain changes will be made because of the retirement of some of the officials. At this time I should like to join the minister in complimenting the late Mr. Uren, the former chairman of the board, and also Mr. O'Brian who has spent much of his life as a civil servant in the service of the board. These two fine gentlemen are to be highly complimented and they deserve the thanks and appreciation of all members of the house

regardless of political affiliation. In the reorganization of the board and replacement of officials, I hope the time has come when western Canada will have at least 50 per cent of the representation. The chairman of the board should be from western Canada. He has always been from the east and the reason for that is that more vocal people, like the hon. member for Bonavista-Twillingate, are always talking about the eastern situation. There are only myself, the hon. member for Bow River and one or two others that stand up and speak for the coal industry of western Canada. Yet we have far more coal in the west than there is in the east.

I am saying that the coal in the west is going to be developed some day and we want proper guidance in its development. We want proper consideration by the coal board given in respect of that guidance. When consideration is being given to the development of our natural resources—coal being one of the most important sources of energy—we want proper consideration given to western Canada. Let there be no mistake about it. As the member for MacLeod I shall not remain silent if that consideration is not given to western Canada.

Finally, I wish to compliment the minister and the government. In my view the government has done more for the coal industry in the three years it has been in office than the former government did during all the time it was in office. So far as the west is concerned, and my remarks in this regard apply only to the west, the Liberals did nothing in the Crowsnest pass area. As I have already indicated, they simply let one mine after another close and left the miners to sink or swim. As a result there is now a cankerous problem in that area so far as labour is concerned. I have made certain suggestions to the department and I know that every effort will be made to try to solve the problem. I want to thank the minister and the government for the efforts they are making, and if there is any way I can assist to improve the position of the coal industry of the west I shall always be ready to do so.

Mr. Herridge: Would the hon. member permit a question?

Mr. Kindt: Yes, indeed.

Mr. Herridge: If I heard the hon. member correctly, he referred to the late Mr. Uren. Are we to understand that Mr. Uren has passed away?

Mr. Kindt: I understand he has retired.

Mr. Herridge: You used the phrase "the late Mr. Uren".

Mr. Kindt: I am sorry. I intended to say the former chairman of the coal board.

Mr. MacInnis: There are two sides to every coin. Last evening I presented one side and I should like, this afternoon, to give the committee a picture of the other side. Before doing so I wish to refer to some of the observations made by members of the opposition. I do not for a moment think that anything I have to say this afternoon can be very beneficial to the miners of Cape Breton, and certainly not to the colliery where I used to work, which was closed on Wednesday. However, it surprised me that such a great interest has been aroused among opposition members, who in the past, when representations have been made here by delegations and committees coming from the areas concerned, have, whether Liberal or C.C.F., never shown any concern about these meetings and never attended any of these conferences. Indeed, I gave the hon. member for Gloucester, the last time I spoke in this chamber, what amounted to a formal invitation to attend one of these meetings, an invitation which he saw fit to by-pass. In spite of this lack of concern in the past, the members on the other side have suddenly developed a great interest in the plight of the coal miners.

Yesterday the hon. member for Timiskaming found it necessary to make representations on behalf of Elliot Lake. I am sure he must have ingratiated himself with the Leader of the Opposition by doing so although not intentionally, because that hon. gentleman, who represents the town in question, has failed to say one word on the subject during this discussion on the estimates of the Minister of Mines and Technical Surveys. The hon. member for Timiskaming said he did not think political football should be played in the situation which now exists with respect to mines. I have long ago given up any idea that I could go on a public platform anywhere without becoming involved in politics on this question. The hon. member's reference to this subject yesterday confirmed me in his belief. Indeed, I am convinced that this is the case as far as the opposition is concerned. They are making a political football out of this issue. This was clearly illustrated by the question which his own leader addressed to the Minister of National Revenue on March 21 last with regard to a meeting being held with miners' representatives from Cape Breton. The true nature and purpose of the question was revealed when the minister had to inform the hon. gentleman that the meeting with which he was apparently so concerned had taken place the day before the question was asked. That shows where

the hon. gentleman's interest lay; he did not even know that the meeting had already taken place.

It is usual when a member refers to another member who is absent from the chamber to say he is sorry that is the case. But I am going to reverse that procedure and say I am glad the hon. member for Essex East is not in his place today, because I think that with regard to this coal board item the committee has been getting on splendidly without him. Up until a short while ago the hon. member for Essex East was trying to set himself up as a champion of the coal miner. What put a stop to these activities I do not know, unless it was a front page press release which appeared in the Montreal *Gazette* a few weeks ago showing that the hon. member was much interested in the stock of the Quebec Natural Gas Company. I suppose he himself realized he could no longer serve two masters.

Some hon. Members: Order.

Mr. MacInnis: Once again we had the opportunity to hear a dissertation from the hon. member who represents Bonavista-Twillingate. Apparently the hon. member for Gloucester has been relegated; he is no longer the official government spokesman on this subject of coal because the hon. member for Bonavista-Twillingate has taken up three times as much time as he has been allowed. I should like to make a few observations with respect to what the hon. member for Bonavista-Twillingate has said. First, I should like to call attention to something which was said by the hon. member last night as reported at page 5745 of *Hansard*. He said:

> I agree with the hon. member in protesting against the conduct of the government and its disrespect of parliament in that regard.

Here he was speaking of the so-called Vissac report. The Vissac report, as I indicated to the committee yesterday, was a report which, according to a letter I received from the then chairman of the coal board, was a report within the confines of the coal board itself. Never at any time was the government aware that this was the product of an arrangement made by the coal board in trying to set down its views on the Rand commission report. I might say that it is more or less a criticism of the Rand report. In the Vissac report there are many criticisms which I myself have made concerning this Rand report. The hon. member representing Bonavista-Twillingate has either misunderstood what I have said or else he is misquoting me when he suggests that the government is in any way associated with the so-called Vissac report. It was supposed to be a confidential document within the confines of the coal board. At no time was it supposed to be released outside, and I have a letter to that effect from the chairman of the board. If the report was circulated—and it certainly was circulated according to the information received from union executive officials as early as last November—then, as I indicated yesterday, the members of the executive were sitting on it, not I. If the report could be of benefit to meeting the situation in Nova Scotia, why did the executive not use it to that end?

The hon. member for Bonavista-Twillingate indicated a certain date and then stated that coal production had been continuously on the decline since. I take no pride in bringing this to the attention of the committee, but I wish to point out the inconsistency of the hon. member by drawing attention to the fact that coal production in 1960 in Nova Scotia exceeded that of 1959. This in itself is enough to indicate that the hon. member was wrong in his observations with respect to this question. The hon. member was also wrong in applying that observation to New Brunswick where there has been a similar increase. The amount of the increase is not one which justifies continued operation of the coal mines; nevertheless it shows that the hon. member for Bonavista-Twillingate was wrong once again.

I do not intend to pursue the argument about what Liberal policy was prior to the election of 1957. I would only point out that if the policy was such as the hon. member indicated, he and his supporters should have got together before they went into Nova Scotia and then, possibly, the cabinet minister who was threatened with a ride on the rail out of a certain town in Nova Scotia might have brought himself into line with the suggestions made this afternoon from the other side of the house.

The hon. member took me to task for one of the observations I made yesterday. I asked him if he supported the attitude being taken by the united mine worker's executive officers. He disclaimed any credit and suggested that I myself had never put forward any kind of worth while suggestions. Then he went on to make the very suggestion which I had placed before the government several months ago. It appears under my name on the order paper as of March 20 of this year. Yet not content with claiming I have offered no solution the hon. member goes on to outline the very solution which I put forward with respect to the coal mining areas of Nova Scotia. The hon. member has claimed that I offered no solution, yet he uses the very solution to the problem affecting the coal mines of Nova Sotia, and has left the impression that this is an original idea. He has not said that he did say it originally, nor did

he lay claim to it being original, but that was the impression he left with this committee.

Regarding the possibilities of a solution to the problem, and at the outset I inform hon. members that it is not my original idea, but was contained in a report regarding the activities of the coal industries of the United States, I suggest that the international leader of my own union has seen fit to promote the idea of coal by wire, in respect of electrical heating for homes, and has committed his support to the extent of $250,000 for the promotion of this scheme conceived of by the electrical contractors' association of the United States.

I suggest there is a great potential in this regard for the coal industry. In order to promote this scheme it will, of course, be necessary to reduce the cost of power greatly. I have been informed that there are at least 10,000 homes in the province of Quebec which are heated electrically. When we are considering the superiority of coal as a fuel, as compared with oil and natural gas, I suggest in respect to this scheme of coal by wire, coal is much superior to the other types of fuel.

I understand this scheme of providing domestic heat through the use of coal as a fuel has been considered seriously in the province of Ontario, and that there is a great potential in this field for the coal industry. The adoption of such a scheme, of course, will not alleviate the situation which exists in Nova Scotia today. However, it will do much to alleviate the problems of the coal industry in the future.

Mr. Chairman, I should like at this point to make representations regarding the policies of the coal company itself. I should also like to refer to statements made during the last coal conference here in Ottawa, as referred to by the hon. member for Bonavista-Twillingate. I have reference, of course, to the statement made by the Minister of Labour, to that conference, that the government would pick up the tab. I suggest the hon. member has tried to leave the impression with this committee that the Minister of Labour has reneged in this regard. That is not the case at all. Up until this time the only formula the government has found, in an attempt to assist the coal industry, involves subventions. There is no other formula which could be adopted, and which would be workable in providing this assistance.

The government has offered this type of assistance to the coal industry, but the coal company, as a result of its own policies, has indicated it will have no part of this assistance. In this regard, I should like to refer to the meeting held in December of last year, at which time it was indicated, by representatives of the coal company, that the Caledonia colliery was to be closed on January 14. That meeting was attended, as the hon. member for Bonavista-Twillingate has said, by representatives from Cape Breton, including civic leaders, union leaders, the provincial premier, and representatives from the clergy and municipalities.

At that time the company took the stand that it was not interested in federal aid which the government offered to provide. It was very adamant in its rejection of government aid offered to avert the closing of the Caledonia colliery. I intend at this stage to refer to a statement, which is fully substantiated by remarks made by union leaders from Cape Breton, to the effect that if it had not been for the efforts of the Minister of Labour, the Caledonia colliery closure should not have been postponed from January 14 until Wednesday last. The Minister of Labour brought about the extension of the deadline set for the closing of that mine, and has been properly given credit by union leaders for his efforts in that regard.

I deplore the attitude on the part of the company in refusing to accept federal aid. I have made certain statements regarding union leadership; however, I do not think I can appropriately express here today my abhorrence of that company's policies.

First of all, we must consider the remarks made by Mr. Albert Fairley, the president of the company, during the December conference, to the effect that the Caledonia colliery was being closed because it was an uneconomical operation. I should like to state at this time that I protested those remarks, and Mr. Fairley then denied having made them. Whether or not I now receive any support from any quarter, I am willing to swear an affidavit in this committee, or outside, to the effect that Albert Fairley said he was closing the Caledonia colliery because it was uneconomical. His statement in that regard is absolutely incorrect. I might state that when I protested his remarks I did not receive any support whatever from the executive officers of the U.M.W. Mr. Fairley can be proved wrong in that statement by his own statements made at an earlier conference, when he said that the Caledonia colliery was one of the topmost collieries in an economical sense. Mr. Fairley denied having made the statement regarding economics at all. As a result of criticism appearing in the Halifax *Chronicle-Herald* of the company's policy, the company, as late as December 30, 1960, or January 30, 1961, decided to answer the criticism, and once again put a statement on record to the effect that the colliery was being closed because it was uneconomical. I repeat, that is an absolutely false statement.

On another occasion the company made the suggestion that the quality of the coal from the Caledonia mine was not sufficiently high as to warrant its mining. This is a ridiculous statement because the coal now coming from that mine is similar in quality to the coal from the same mine which has been used for years. I should like to suggest that coal some 50 or 60 years old is being dragged from the bottom of the Atlantic and sold to thermal plants. I suggest the coal from the Caledonia colliery is much superior to that coal.

I should also like to refer to a stand taken by Mr. Gordon, the general manager, expressed by his statement in 1947, that the coal operation of that company must stand or fall on its own. My understanding of that view is that he felt the coal operation must be considered by itself, and not as a part of the whole company's operation. As a result of that viewpoint, officials of that company have come to Ottawa in recent years seeking federal aid in respect of the coal industry. In this regard, I wonder whether the company would be able to substantiate each individual operation by itself, and not as a part of the total operation? I suggest if the lucrative federal contracts, provided by this government were withdrawn, many other operations would become uneconomical. I do not intend to take anything away from industries, such as the Halifax Shipyards, in this regard, which enjoys contracts to the extent of some $30 million, but suggest that these industries are dependent upon federal government contracts to a very great extent. I also suggest in regard to these contracts, that the government should have an official acting as a co-ordinator, looking after the interests of the rank and file of these industries, who should see that the industry carries out its policy regarding these contracts in a manner that is in the best interests of the public generally.

I would go further and suggest to the minister that not only should this apply to a company like Avro, which came in here with very little finances of their own and have taken over one of the largest industrial empires in this country, but a co-ordinator such as this could very well serve this country if this policy were applied to every foreign company in Canada to ensure that Canadian interests would best be served. I do not see how they would in any way interfere with these companies, but they would at least protect Canadian interests in connection with foreign companies operating in Canada and their policies. I submit that the Canadian interest must be served in connection with companies like Avro and I suggest that all foreign companies should be considered in the same category.

My first experience with Dosco, or Avro, came shortly after Avro had taken over Dosco and they made their first approach to Ottawa for federal assistance. At that time they had a Mr. A. C. McDonald. My first recollection of Mr. A. C. McDonald is when he went into the town of Glace Bay and promised that there would be no cut-backs in the mine's operations. This same Mr. McDonald was hardly out of town when these cut-backs started to take place. This same Mr. A. C. McDonald came to Ottawa, as I say, in connection with the first submission this company made to this government. He was not here very long before it was pointed out clearly to him that some of the representations he was making at the time were absolutely out of line with the facts. Mr. McDonald was then required to go back to Montreal and redraft the submissions they were trying to put before this government.

That was the last time this government or anybody around Ottawa saw Mr. A. C. McDonald to my knowledge. Apparently the company, which up until that time considered him a brilliant man in the field of figures and facts concerning the operations of this company, decided that he had made two mistakes in coming to Ottawa. He made his first and his last mistake in coming to Ottawa and because of the representations, such as they were, we have seen no more of Mr. McDonald.

This company was coming to the government for assistance. As I say, the only formula that could possibly be worked out to further the interests of the Nova Scotia mines was that formula based on subvention payments. The Minister of Labour did not in any way contradict the facts, as they were brought out at the last coal conference, in his answer to the hon. member for Bonavista-Twillingate.

This company has adopted the policy that coal must stand on its own, but I would remind every hon. member of this committee that if the same policy were applied throughout, this company could not stand on its own for ten minutes because they depend almost entirely on very lucrative federal contracts to carry on operations.

I do not ask the federal government to interfere with that policy. They cannot interfere with the policy of the company. The best the federal government can do is offer assistance, which they have done and which was flatly turned down. This statement can be very easily substantiated by reference to

the remarks of the union leaders, who indicated to the rank and file that the government's offer to the company was absolutely refused; that the company flatly refused to go along with it.

They refused in the December coal conference to say anything in respect of continued operations of No. 4 colliery. Yet through the efforts of the Minister of Mines and Technical Surveys, the Minister of National Revenue and certainly the Minister of Labour they were more or less forced into the position where operation of the No. 4 colliery was carried on until Wednesday last.

This government has consistently tried to do something for this company so that they may continue the operations of this mine, but the government cannot dictate policy to the company any more than a local government of any municipality in this country can go downtown and tell a merchant who wants to close his business, "You cannot close your business; you will have to keep operating". This government is not going to dictate company policy, but I want it clearly understood that every possible effort in regard to financing was made by the government. However, as early as last December the company refused to consider financial assistance to keep Caledonia operating, and once again that assistance has been flatly refused.

A remark was made by the hon. member, and considering his profession I find it difficult to understand why he would make such a remark. He said that the company was dictating to the government. I asked the hon. member to clarify and substantiate this remark but neither he nor any other hon. member can substantiate the allegation that this government has been dictated to by anybody.

At the same time, it would not be fair for this government to turn around and order this colliery to continue operations. They can do no more than offer financial assistance and, because of company policy, the company flatly refused to accept it.

Mention has been made of Polymer corporation. In the past I have made efforts to secure this market, and I will continue these efforts because now the fight to continue the operations of No. 16 starts today. Between now and the time that No. 16 is scheduled to close there must be action taken in respect to the approach to coal and the policy this company has adopted.

Their sales policy is such that I cannot say anything about it here today. There is no such thing as a sales policy in this company. They have allowed themselves to be pushed out of the local market. People in my home town and myself, living within 300 yards of the coal depot, have had a hard time getting the coal we require for our own homes; and this experience is prevalent throughout the province.

They must in some way bring about a correction of their own sales policy regarding coal. They must initiate action in this regard that will protect their own markets, and do something in respect to the domestic market which is fast falling away from them.

With regard to markets other than domestic I would once again make reference to this problem in relation to the situation we face concerning Quebec Natural Gas. Again I am very glad to see that the hon. member for Essex East has not been contributing to the cause of the coal miners in Cape Breton, because he has finally made up his mind that he cannot serve two masters. I am very happy about that and I am sure the coal miners in Cape Breton are also happy about it, because we cannot stomach this kind of representation.

What has happened with Quebec Natural Gas in respect to coal? They have come forward and offered on a number of occasions firm contracts for a period of five years to coal customers. They have offered contracts for seven years, nine years and they finally reached the stage where they were offering 12 year firm contracts to industrial users of natural gas. As the hon. member for Inverness-Richmond mentioned, they are offering natural gas at prices far below cost.

It is in this situation we feel there should be some sort of federal legislation to prevent this action, because while they are offering this natural gas at these prices it is undermining the industrial coal market. Natural gas is offered at below cost and with a 12 year firm contract. It is a most ridiculous situation because the same company is appearing before the Quebec utilities board and is asking for an increase in domestic rates. They were broke; they were in a very bad financial position, and being in such a position I think there should be some sort of legislation which would prevent them undermining other fuels on the industrial market when at the same time they are asking for higher rates from domestic consumers.

The hon. member for Bonavista-Twillingate said this government has done nothing in this respect. This government very recently announced assistance in this regard, and once again this caught the opposition members napping. They did not even realize that this announcement regarding the coal situation was separate and apart from any other policy.

I refer to the announcement of assistance in the amount of $1,500,000 annually to provide alternative employment for the miners

in the Cape Breton area. The opposition members thought this was another political move and they made representations to this effect; they thought this would only prolong the situation. They did not have the interest or knowledge to realize what the situation was. They just made this a political football. I do not object to that; I will kick a football around with the best of them.

In respect to this $1,500,000 I should like to offer a few suggestions. It is my hope that this $1,500,000 will be used in a way which will in no way affect the everyday or ordinary expenditures of the different departments to carry on what might be considered federal projects. It is my hope that this type of fund will be set aside to be used exclusively for the purpose of establishing other industries and providing more permanent work than would be provided by ordinary federal projects.

I do not wish to take away from the importance of the recommendations of the Rand commission. They recommended the spending of $1,500,000 on the fortress of Louisbourg over a period of 15 to 20 years. Nevertheless I feel quite strongly that any federal money spent on the fortress of Louisbourg should be spent on the merits of that fortress as a most important historical site in the country. I feel that the money necessary for the reconstruction of this fortress should be appropriated through regular channels and should not be related in any way to the special amount which has been set aside by the federal government.

I would go further, Mr. Chairman, and suggest that it might be a good idea to have this sum of $1.5 million set aside annually for such special projects. The hon. member for Bonavista-Twillingate has implied that the federal government has set aside money without knowing what to do with it. After all, it is partly the responsibility of the provincial and municipal authorities to bring forward projects which would qualify for funds from this amount. I would suggest that it might be cheaper in the long run were the government to set up a much larger fund for the purpose of enticing industries into this area. The fund would be called upon to help them get started. A fund of this kind, if it were provided annually, would be, from a political point of view, very difficult to discontinue. I would very respectfully suggest that the government should take a second look at the amount that has been set aside because as I see the situation in Cape Breton and Nova Scotia generally, it is going to require $1,500,000 to be spent on an annual basis over a number of years.

Perhaps a revolving fund could be set up from which new industries could borrow at a very low rate of interest, and then eventually repay the fund. A fund of from $25 million to $50 million could be set up for this purpose. Then, too, in addition to the vocational training and trade schools in Cape Breton, the government might take a look at the possibility of extending assistance to the academic field. In this way, many young people could be kept off the labour market and at the same time given training in some of the professions, as teachers, dentists and so forth, of whom there is a shortage. This course of action would serve the dual purpose of keeping these young people off the labour market and at the same time providing the country with teachers and other professional people.

The Acting Chairman (Mr. Chown): I am sorry to have to interrupt the hon. member, but I must advise him that his time has expired.

Mr. Robichaud: Before the minister replies I wish he would consider certain statements which have been made by both the hon. member for Inverness-Richmond and the hon. member for Cape Breton South. When the minister made his announcement on Tuesday, May 30, with regard to the continuation of subventions for Cape Breton coal, he had this to say and I quote from page 5567 of *Hansard*:

> The government considered, however, that as miners are displaced from employment with the corporation this season, other special steps should be taken at this time to assist in the provision of alternative employment. Parliament will therefore be asked to provide an amount of $1.5 million which will be set aside for approved projects to provide alternative employment this year in the Cape Breton area.

Now, both members have stated, and have repeated, that this amount would be set aside annually. I wish the minister could tell the committee whether or not this statement is accurate.

The Acting Chairman (Mr. Chown): Shall vote 229 carry?

Mr. Robichaud: No, Mr. Chairman, the minister should reply.

Mr. Comtois: I am sorry, but would the hon. member repeat his question because I was talking to the men in front of me.

Mr. Robichaud: The minister is aware, if he has listened to the hon. member for Inverness-Richmond and the hon. member for Cape Breton South, that both members have stated the amount of $1.5 million will be set aside annually to provide employment on approved projects in this area. The way in which the minister's announcement reads in *Hansard*, this amount was set aside for this year.

Mr. Comtois: Yes, Mr. Chairman, the fact is that it is $1.5 million for this year.

Mr. Pickersgill: Only.

Mr. Comtois: I did not say "only". I said for this year. Do not go adding other words.

Mr. Robichaud: At no time has the minister stated this amount would be set aside annually?

Mr. Comtois: No.

Mr. Robichaud: I think the minister should answer the definite questions I asked of him yesterday before we allow this item to pass.

Mr. Comtois: Yes, Mr. Chairman, there are a few questions that were raised by the hon. member for Gloucester. I have taken some notes on them.

The hon. member asked for information on the number of men employed and the number of days worked per year in the Nova Scotia and New Brunswick mines over the last 10 years. These figures are taken from the dominion bureau of statistics and are as follows: The number of employees in Nova Scotia in 1950 was 11,712, representing 274 days' work; in New Brunswick, 1,034 employees for 257 days' work; in 1959, Nova Scotia, 7,535 employees and 214 days' work; New Brunswick, 913 employees and 272 days' work. I have the figures for the intervening years between 1950 and 1959.

Mr. Robichaud: Does the minister have the figures for 1960?

Mr. Comtois: No, the dominion bureau of statistics has not reported as yet, so I do not have them. I would certainly have produced them if I could have obtained them.

Mr. Robichaud: Perhaps if the minister finds the report too long, he could give the number of employees only year after year, leaving the man hours aside.

Mr. Comtois: Just the number of employees?

Mr. Robichaud: The number of employees.

Mr. Comtois: This is the number, and I am speaking of Nova Scotia:

1950	11,712
1951	11,952
1952	11,602
1953	11,231
1954	10,637
1955	10,073
1956	9,983
1957	9,181
1958	8,892
1959	7,535

In New Brunswick:

1950	1,034
1951	866
1952	900
1953	919
1954	916
1955	901
1956	949
1957	909
1958	781
1959	913

Is the hon. member satisfied with these figures?

Mr. Robichaud: Yes.

Mr. Comtois: The hon. member also asked the following question. What is the reason why there may be an increase in metallurgical coal? It appears reasonable to assume that the steel industry in Canada will continue to expand with increasing population and demand for goods. That is the normal forecast. Another question he asked was this. What proportion of this increase will be supplied by mines in the maritime provinces? It is not expected that there will be any substantial increase in the supply of maritime coal. The amount of coal produced in Nova Scotia for this purpose is very limited and New Brunswick coal is not suitable because of high sulphur content.

The hon. member for Gloucester also asked for information on the imports of heavy fuel oil in the eastern provinces. The dominion bureau of statistics reported as follows:

Imports of Heavy Fuel Oil into the Maritime Provinces

1958	732,400 barrels
1959	1,583,700 barrels
1960	1,704,400 barrels

The hon. member also asked about the changes in production in Nova Scotia and New Brunswick between 1950 and 1959. The production in these years has been as follows: Nova Scotia 1950, 6,478,000 tons; 1959, 4,391,000 tons. In New Brunswick, for 1950, 607,000 tons; in 1959, 1,003,000 tons. These figures represent a decrease of some 33 per cent in Nova Scotia and an increase of some 65 per cent in New Brunswick. I think those are the figures for which the hon. member asked. Is he satisfied?

Mr. Robichaud: I wish to thank the minister for these figures which I was anxious to have on the record. I will not elaborate on the figures which have been given by the minister. However, I will bring to the attention of the committee the fact that in Nova Scotia alone the number of employees in the coal mines decreased by 700 during the last seven years of the previous administration while it went down by 1,600 during the first two years of the present administration. I hope the hon. member for Cape Breton South will not say that I am again trying to misinform the committee as he did last night when I quoted the figures from the dominion bureau of statistics.

Mr. MacInnis: Perhaps the hon. member would like the figures of the united mine workers which show that between 1946 and 1956 there was a decline of 5,000 at that time and that the mine workers, district number 26, did not get work as implied by the hon. member for Bonavista-Twillingate.

Item agreed to.

230. Payments in connection with the movements of coal under conditions prescribed by the governor in council, $13,244,900.

Mr. Pickersgill: The minister on May 30 said that this $1,500,000 which he has now told us is for one year only is for approved projects to provide alternative employment. Will the minister tell us who is going to approve those projects and who is going to recommend them?

Mr. Comtois: I presume and I am quite sure that the decision upon that subject will be taken as arranged between the federal government and the provincial government. They will have to meet together and work jointly on such projects.

Mr. Pickersgill: Is this to be a joint decision? The minister said that parliament was going to be asked to provide this money. In his statement on May 30 he did not say anything about the government of Nova Scotia having anything to do with it. Surely, in this national emergency this government can do something on its own.

Mr. Comtois: Yes, that can be the case but we do not know right now. It depends on the arrangement that will be made eventually with the government in question. These matters will be settled and the house will be informed when we come to some agreement with the provincial government in Nova Scotia. As I said the other day, a statement will be made at that time so that the house will be fully informed of the agreement we have come to on those projects that will be approved jointly with the province of Nova Scotia.

Mr. Pickersgill: In other words, although Caledonia mine closed two days ago, the government still has no project at all on which to spend this $1,500,000?

Mr. Comtois: I would not say that, I cannot agree with that statement. There are some projects that are actually being studied and very serious projects which cannot be explained right now or upon which no statement can be made because they are not completed. Many efficient people are working on them, including technicians. As soon as we can inform the house, I will do so or some member of the government will make an announcement as I told the house the other day.

Mr. Pickersgill: In other words, after 15 months of knowledge that this mine was going to close, the government has allowed the mine to close without having a single project for alternative employment. That is what the minister is saying.

Mr. Comtois: I would not say that. I will not let the matter pass like that. Probably the hon. member for Bonavista-Twillingate refers to the Rand report—

Mr. Pickersgill: No. I am talking about your $1,500,000. What are you going to spend it on?

Mr. Comtois: You will be informed in due course, as soon as a statement can be made on the matter.

Mr. Pickersgill: That is the whole point. These people were thrown out of work two days ago and the minister says "in due course" he is going to tell us what he is going to spend this money on. After 15 months they have not got one single project. The minister says he will not accept my statement. Let him name the project if they have got one. I am sure that if the government had a project they could name they would name it, but they have not.

Mr. Comtois: The $1.5 million will have to be voted in the supplementary estimates. At that time the hon. member will be allowed—

Mr. Denis: It is a blank cheque.

Mr. Comtois: No, it will be in the supplementary estimates. This vote is for the regular subsidies. The amount of $1.5 million is not mentioned in this vote. It will be included in the supplementary estimates. Perhaps the hon. member just wants to have the final word. I will let him have it if he wants it, but the truth is that the $1.5 million will be asked for in a vote and at that time he will be able to put every question he wants to put. The item in question concerns only the regular estimates of the dominion coal board.

Mr. Pickersgill: I am well aware of that—

Mr. Comtois: I knew you were.

Mr. Pickersgill: —but the minister made this announcement on May 30, the day before the mine closed, and offered some hope of alternative work to these miners who are being thrown out of work. He says to them that $1.5 million will be spent. He also tells us now that after 15 months the government has not got a single idea as to how this money

should be used and that some day, if this session goes on until Christmas, he may bring in a supplementary estimate. In the meantime these men who have no jobs can just wait, hope and pray that the government will provide something.

Mr. Robichaud: Mr. Chairman, in order that we will have this matter straight, can the minister assure the house that the $1.5 million will be provided from the federal treasury and that the provinces, especially the province of Nova Scotia, will not have to share in such projects?

Mr. MacInnis: The province of Nova Scotia wants to share.

Mr. Denis: You are not the minister and you never will be.

Mr. Comtois: I will have to check the statement. I believe the full amount will be paid by the federal government but arrangements might be made with the provincial government as to administration and so on. I think that administration would represent the contribution of the provincial government in that regard. The statement is very clear. It would seem these two members are fighting to have the last word. Who is going to have the last word, Bonavista-Twillingate or Gloucester?

Mr. Robichaud: I want to make it clear to the minister that we want this matter set straight. In the first place, two members from Nova Scotia have stated that this amount is to be voted annually.

Mr. Comtois: There is no reference to it being voted annually here and I never mentioned that. In my statement on May 30, as found on page 5567 of *Hansard*, I said:

> Parliament will therefore be asked to provide an amount of $1.5 million which will be set aside for approved projects to provide alternative employment this year in the Cape Breton area.

Mr. Pickersgill: This year only.

Mr. Comtois: I did not say "only". I insist on that. This is the third time that the hon. member for Bonavista-Twillingate has said that. As the last word, does he want me to say "only"?

Mr. Pickersgill: No. I think you should take the help that the hon. member for Inverness-Richmond is offering you and say that you will do it annually.

Mr. Comtois: I hope it will be annually but right now it is $1.5 million for this year.

Item agreed to.

231. Subventions in respect of eastern coal under agreements entered into pursuant to the Atlantic Provinces Power Development Act, $1,700,000.

Mr. Robichaud: Can the minister tell the house what amounts were paid last year to the provinces of Nova Scotia and New Brunswick under this item?

Mr. Comtois: Payments to the New Brunswick electric power commission to date under the Atlantic Provinces Power Development Act amount to $593,623.04 and in the case of the Nova Scotia power commission the amount is $1,102,792.47. That is the final amount.

Mr. Pickersgill: For last year.

Mr. Comtois: As of April 30, 1961.

Mr. Robichaud: Can the minister inform the committee whether any payments have been made to any other public utilities in addition to the New Brunswick power commission?

Mr. Comtois: No, it is all paid to them by mutual agreement.

Mr. Robichaud: To the power commissions of the respective provinces?

Mr. Comtois: Yes, Mr. Chairman.

Item agreed to.

The Acting Chairman (Mr. Chown): That completes the estimates of the Department of Mines and Technical Surveys. We will now turn to the estimates of the Secretary of State.

DEPARTMENT OF THE SECRETARY OF STATE

Office of the chief electoral officer—

46. Salaries and expenses of office, $83,685.

Mr. Fisher: Mr. Chairman, the first matter I should like to touch on in relation to this vote is a very up-to-date news story in the Toronto *Star* today, Friday, June 2. It is headed, "No Issues, No Election this Year". It reads as follows:

> The national president of the Progressive Conservative party declared firmly last night there would be no general election this year. Senator Gunnar Thorvaldson, Prime Minister Diefenbaker's closest political associate, told the *Star* that only a major issue for which the Prime Minister felt he needed a mandate from the people might force an election. "I see no such issue on the horizon", he said.

Mr. Brunsden: On a point of order, Mr. Chairman, is the hon. member in order in quoting from today's issue of the *Star* with respect to elections? I submit that we are discussing the estimates of the Secretary of State, and may I respectfully suggest that the hon. member is out of order.

The Acting Chairman (Mr. Chown): It is very difficult for the Chair to decide whether or not the hon. member for Port Arthur is in order until he has progressed to the point he is trying to make.

Mr. Fisher: We are now dealing with the office of the chief electoral officer and if this is not when we can talk about elections I do not know when we can.

Mr. Pickersgill: They are going to abolish elections.

Mr. Fisher: I imagine there is always that tendency. I continue with the report:

> The Senator's statement confirms Ottawa reports that the Prime Minister is satisfied the recent Conservative by-election victories indicate widespread approval of this policy and he sees no reason to go to the polls this year. The government has completed three years of a five-year term. The latest Gallup poll, on May 31, also indicates Conservative popularity is on the rise.

For the benefit of the hon. member for Medicine Hat, here is the relevant point. If we are not going to have an election this year, then we need to do something about redistribution and how we handle redistribution. This matter comes very much under the chief electoral officer. Even though the actual task of carrying out redistribution has been performed by a parliamentary committee, the point remains that he is the adviser. He is the gentleman who provides all the information, background and history to the parliamentary committee. I have a number of questions I want to raise concerning redistribution. I must say I was stunned that Senator Thorvaldson would come out with a statement like this.

An hon. Member: You were stunned by the election results.

Mr. Fisher: No, I was not stunned by them. If the hon. member wants to know, I think that if there was an election soon the government would be returned to power. That is why I cannot understand why Senator Thorvaldson, who does not have to contest a seat in an election, should be sounding off and saying there is not going to be one. He is certainly seeming to limit the authority of the Prime Minister. The situation is, however, that we are not likely to have an election if we believe Senator Thorvaldson. As anyone knows, redistribution is based upon—

Mr. Churchill: On a point of order. I think it is important to settle this point at once. We are on an estimate with reference to the chief electoral officer under the Department of the Secretary of State. However, the chief electoral officer has nothing whatever to do with redistribution. That is not within his field. If the hon. member wishes to discuss a question of this kind he had better do it when some other motion is before this house, not on an item of this branch of the Department of the Secretary of State.

Mr. Fisher: On the point of order, I know I am correct in saying that the chief electoral officer is the adviser to the government on all matters relating to redistribution. He is the man who has the information and the background concerning the whole set up in Canada. If the minister is denying that he is called in when redistribution takes place, if he is denying that he gives advice—

Mr. Churchill: I am denying it. He is not asked to do any of those things. He is asked to supply statistical information but not to give advice to the government. The hon. member is wrong.

Mr. Fisher: I was not suggesting he gives advice as to how the redistribution was to be done. I said he advises the parliamentary committee about the background, the position and the statistics. If I am not correct about that I am completely haywire, because I have followed the topic of redistribution for a long time. To say that the issue of redistribution is not related to the functions of the chief electoral officer is almost silly. Is this not the No. 1 item at elections—

Mr. Churchill: I think this has to be settled, Mr. Chairman. The hon. member for Port Arthur is going to insist on discussing this subject of redistribution, and he is making statements which are entirely incorrect. The chief electoral officer does not advise the government with regard to redistribution. He is only asked to supply statistical information. Nor does he advise the parliamentary committee with regard to redistribution. I am asking, Mr. Chairman, for your consideration of this point of order. We are dealing now with the estimate relating to the chief electoral officer, a branch within the Department of the Secretary of State, and those estimates have nothing whatever to do with the question of the redistribution of constituencies.

Mr. Pickersgill: I wish to say a word on this point of order because, unlike the hon. member who raised it, I have had some experience in this field. I was once secretary of state. I belonged to a government which did not seek by constantly raising points of order to restrict debates in a committee on estimates. This seems to be a systematic policy.

Mr. Pallett: Tell us about closure.

Mr. Pickersgill: I will tell the hon. gentleman about closure, whether closure of mines or closure of debate. I did not interrupt the

hon. member for Winnipeg South Centre and I suggest that the hon. member for Peel possess his soul in patience.

The point of order raised by the leader of the house is that redistribution in no way affects the estimates of the chief electoral officer. Nothing could be more nonsensical. If there is a redistribution before the next election there is bound to be an entire recasting of this estimate because there would be different borders between the constituencies. Expenditures of all kinds would have to be incurred. This is so obvious that one wonders why it should not be clear to anyone except, perhaps, to someone deliberately seeking to restrict debate. I suggest there is no other opportunity under our rules except that provided by the estimate of the chief electoral officer to discuss this matter which is one which must arrive in the very near future. It is going to affect the estimates now before us, and hon. members should have the right to discuss this question. After all, what is the committee of supply for? It is for the exposure of grievances before money is voted. This government seems to think that no member of the opposition should be allowed to express his views on anything, but that the money should be voted blindly. I suggest that this further attempt to restrict our freedom in committee of supply is ill advised and contrary to the rules.

Mr. Dorion: I should like to recall to the hon. member, first of all, that question of redistribution is provided for by clause 51 of the constitutional act.

Mr. Fisher: And the Representation Act.

Mr. Dorion: Yes, but the basis is clause 51 of the act I have mentioned. If hon. members would look at that clause they would see that redistribution is based on the result of the census. The responsibility for the census is that of my colleague the Minister of Trade and Commerce. The Secretary of State has nothing to do with that. The Secretary of State is only the channel of communication between the House of Commons and the chief electoral officer. My responsibility is only to ask, for that officer, the moneys needed for the accomplishment of this work.

Moreover, if hon. members would look at these estimates they would see that there is nothing provided in them for the expenses of elections, properly speaking. Those expenses are paid from the consolidated fund. I believe, therefore, that it is improper to discuss this point, it being one upon which I personally, or as minister, have no competence to speak.

Mr. Fisher: Might I just add this, Mr. Chairman? This is the only estimate of which I am aware, among all the estimates which the government has put forward, which relates to the electoral officer. His job is to prepare for elections, to be in charge of the whole framework of machinery. I do not know any single thing which relates more to the machinery than does redistribution. I have on the order paper a bill relating to redistribution.

Mr. Churchill: That was your opportunity, then.

Mr. Fisher: No. It is a very simple bill seeking a change in the British North America Act. I was not going to deal at all with that point. Perhaps if I could set out for you, Mr. Chairman, what I had intended to deal with, it might be helpful. I had in mind the changes which were impending and I had thought to make some suggestions which in my opinion we should be considering at the present time in order to handle the redistribution. For example, it appears at the present time as if Nova Scotia is going to lose a seat, and Saskatchewan three seats. We have discrepancies between the rural areas and the industrial areas, between the country and the city, and so on. If this does not relate to elections, I do not know what does.

Mr. Churchill: On a point of order, the hon. member for Port Arthur has clearly set out what his intentions are. The hon. member for Port Arthur has very clearly stated that it is his intention to have a full debate in respect of redistribution. He has already suggested that it is his idea that certain provinces will lose seats while other provinces will gain seats. That is the type of subject he wishes to discuss, and I suggest such a debate could range for days. The hon. member will have the opportunity of debating this subject during the consideration of his own bill, which is presently on the order paper, as well as opportunity of discussing the subject during a supply motion, or when a committee of this parliament is set up to consider redistribution.

I was present in this house some years ago when a committee was set up to consider redistribution, at which time opportunity was provided for a complete and thorough debate of every facet of redistribution. To attempt to discuss this subject at a time when the committee is dealing with the expenses of the chief electoral officer and his officials, in a discussion regarding the duties of that branch, I suggest is completely out of order.

Mr. Caron: Mr. Chairman, I should like to say a word or two regarding this point of order.

First, I should like to ask who is responsible in respect of delimitation of the different counties when a redistribution is made? If hon. members are faced with problems as a result of a redistribution, should they present those problems to the chief electoral officer, or to parliament itself?

Mr. Churchill: To parliament.

Mr. Caron: If a redistribution has taken place, how then can individual members effect any change? Where do individual members of parliament present these problems?

Mr. Thrasher: Those problems should be presented to the committee when it is set up.

Mr. Caron: The difficulty I am suggesting is, following a redistribution, individual members of parliament can do nothing to effect a change, but must wait until a new redistribution is made to find a solution to the difficulties. There was a redistribution made in 1952, but the problems and difficulties arising as a result of that redistribution cannot now be dealt with. As a result of that situation, I should like to be informed how to go about presenting these problems, and to whom they should be presented.

An hon. Member: They should be presented to the chief electoral officer.

Mr. Caron: There has to be a certain amount of latitude allowed in regard to a redistribution, but certain difficulties then arise. I should be the first to admit that our present chief electoral officer is the only expert in this field in Canada. If we are expected to go to him to find out something about redistribution, how can we make representations to him to change the delimitation in respect of the proposed redistribution? I realize we must apply to him, but how can the errors made during the last redistribution be corrected before a new redistribution?

Mr. Browne (St. John's West): Would the hon. member permit a question? Surely the hon. member does not expect any change in the delimitation of his district until after the census has been completed and the change in population is known?

Mr. Caron: The specific problem I am faced with results from the fact that the city of Hull, from a representation point of view, has a good deal of territory which lies in the Gatineau area, and I am wondering how this situation will be dealt with? How am I going to be able to prepare my suggestion regarding the correcting of the present delimitation before the new redistribution is made?

Mr. Browne (St. John's West): Mr. Chairman, perhaps in answer to the hon. member, I could be allowed to suggest that this will have to be done by an act of parliament and, therefore, it seems to me that the results of the census presently being carried out—which will take several months—must be acquired so that a committee can be set up to consider the whole question of redistribution. All matters connected with a redistribution will have to be considered by such a committee, which will in turn report to the House of Commons, following which a bill will be introduced to give effect to the law in this regard, as it is at present.

The Acting Chairman (Mr. Chown): Order. I think I have heard enough now to allow me to decide this point of order.

Mr. Brunsden: Mr. Chairman, is the hon. member worried about losing his seat?

The Acting Chairman (Mr. Chown): Order. Is the hon. member for Medicine Hat rising on a point of order?

Mr. Brunsden: No, Mr. Chairman, I was just asking if the hon. member was worried about his seat in this house.

Mr. Caron: Mr. Chairman, the answer is no, not even if that hon. member was a candidate there.

Mr. Dorion: Mr. Chairman, I should like to answer the question asked by the hon. member for Hull, by indicating to him that the boundaries of the electoral district were set up by the Representation Act of 1952, and can only be changed by parliament itself.

The Acting Chairman (Mr. Chown): The point of order is a little difficult because, in respect of item 1 of the estimates of any department, fairly broad scope is allowed in terms of the debate. However, I cannot help but consider the fact that the chief electoral officer is an officer of parliament who follows the instructions of his minister, and whose general administrative responsibility is the administration of the Canada Elections Act. His responsibilities, by and large, are confined to that narrow sphere. Historically, the consideration, in regard to redistribution following the taking of a census, is the responsibility of the Minister of Trade and Commerce, while the financing of elections is the responsibility of the Minister of Finance. For those reasons, I feel that a discussion in respect of redistribution cannot be relevant to the consideration of the estimates now before us and, accordingly, I rule the hon. member for Port Arthur out of order and disallow any further discussion in this regard.

Mr. Fisher: Mr. Chairman, I do not intend to quibble with your ruling, but I should like to draw the attention of this committee to the fact that on previous occasions there has

been considerable discussion and debate in respect of this subject, while the electoral officer's responsibilities and estimates were before the committee.

I should also like to make reference to one or two other points regarding the chief electoral officer. I should like to ask the minister whether he is provided, by the chief electoral officer, with estimates in this regard, based on increased population estimates, provided by the dominion bureau of statistics? Does the chief electoral officer supply the minister with such estimates which are, in essence, estimates in regard to redistribution in terms of population changes?

May I call it five o'clock?

Mr. Dorion: Mr. Chairman, perhaps I can be allowed to answer at this time. The chief electoral officer does not make any official estimates in that regard.

Mr. Fisher: He does not make official estimates?

Mr. Dorion: That is right.

The Acting Chairman (Mr. Chown): It being five o'clock, in order to permit the house to deal with public and private bills, pursuant to standing order 15 (3), it is my duty to report progress and request leave to sit again later this day, or next sitting of the house, as the case may be.

Resolutions adopted in committee of supply this day reported and concurred in.

Mr. Speaker: It being five o'clock, the house will now proceed to the consideration of public and private bills, the former having precedence.

CRIMINAL CODE

AMENDMENT WITH RESPECT TO WATER POLLUTION

Mr. H. W. Herridge (Kootenay West) moved the second reading of Bill No. C-32, to amend the Criminal Code (Nuisance).

He said: Mr. Speaker, I rise with very high hopes of success in speaking to this bill this afternoon because I am following in the Prime Minister's footsteps. Quite recently we were all advised to "Follow John", and in this respect I am following John.

An hon. Member: You will not go far.

Mr. Herridge: In explaining the purpose of this bill I cannot do better than read the illuminating words used by the Prime Minister when he introduced and spoke to an identical bill in this house on February 28, 1955. I quote what the Prime Minister said on that day:

> Mr. Speaker, as provincial legislation has proven ineffective to control the wanton pollution by municipalities and industrial concerns of interprovincial rivers, the purpose of this bill is to amend the Criminal Code to provide punishment for the offence of water pollution.
>
> This amendment is demanded by tens of thousands of people, literally hundreds of thousands in this country, who are asking for some action on the part of the federal government to protect them from the cupidity of those who, because of their power, believe they can with impunity deny the use of these waters to present and future generations.

I wholeheartedly support the words used by the Prime Minister in introducing his bill on that occasion and I think they are still very appropriate. This has been a long time problem facing the Canadian people, and owing to the intensification of our processes of industrialization it is becoming more acute from day to day. This is not just my opinion but it is recognized across this country by people who give some consideration to these problems and reflect public opinion.

I might say that the bill I am introducing is not a cure-all; it is simply a first step in the legislative field in which the federal government has some authority, as mentioned by the Prime Minister when he was in opposition. I might say it is an example in a limited field; it is a remedy, as a matter of fact, in one sector of this problem.

What are people saying about this problem of pollution? I wish to quote from a few editorials and other documents to indicate the widespread interest and not just indicate my own opinion. I quote from an editorial in the *Family Herald* of May 28, 1959. This is what the editor has to say about this problem. He writes very well on the problems affecting the farmers of this country and he is writing from an agriculturalist's point of view:

> Water That Carries Death.
>
> Civilization, advancing into the wilderness of North America, has carried with it its own peculiar paradox. Wherever it has gone, it has dumped into the streams, rivers and lakes of the continent a continually increasing load of pollution. It is well past being high time that something was done about it.
>
> Canada is fast approaching a situation—if we have not, in fact, already arrived at it—where there is no open water near any major inland community which is safe for either drinking or swimming. Wild life, particularly fish, are suffering seriously, and in some cases disastrously.
>
> The situation is serious enough in practical terms, but what shames us is to think that white men took over this continent without any sort of invitation and, having done so, have failed to assume full responsibility for the guardianship of the land and all it contained. In some respects they have done well, but not in all, and the condition of our inland water bodies and waterways is one adequate and rather revolting proof of this fact. Of course, the country looked inexhaustibly big to our forefathers and we have not outgrown that impression. We have been a long time realizing that enough people and industry is all that is required to foul up even the gigantic network of streams and rivers and lakes that mark

Canada with scenic areas as beautiful as any in the world. The truths that we have failed to realize are now confronting us, and something must be done to observe them.

I have another quotation here from the Ottawa *Citizen* of December 30, 1959, dealing with a conference in Chicago with respect to the pollution of waters. This article is entitled:

Hundreds of chemicals pollute drinking water.

Dr. H. W. Poston of the United States public health service's water supply and control division said at that time:

"We do not have reliable methods for predicting their effect on man. We don't know how to remove viruses from treated water. We don't know the effect on the human system of the constant accumulation of small increments of present-day chemicals".

Poston called for immediate and expanded research to find ways of assuring safe, plentiful water, in a report to the American association for the advancement of science.

Then I have a very interesting editorial from the *Gazette* of February 13, 1960:

Man the Great Contaminator

Man has always been a great contaminator and despoiler of the places in which he works, lives and plays.

And, according to scientists gathered in Chicago recently for the annual meeting of the American association for the advancement of science, he has not mended his ways.

One of the most important events at the Chicago meeting was a symposium by a group of biologists, engineers, conservation experts and land and water development experts on the use and abuse of the great lakes of North America.

And speaker after speaker stressed the fact that in the past 50 years or so man has succeeded in contaminating and despoiling this vast body of water—over 95,000 square miles touching eight states and two Canadian provinces—to such an extent that vast areas of it are useless and even dangerous.

And the tragedy is, they said, that there seems to be no over-all planning, no co-ordinated effort on the part of the various states and provinces and the two federal governments concerned, to stop the relentless process of erosion and contamination which is ruining one of nature's greatest gifts to her ungrateful children.

I think the writer of that editorial explained the situation very clearly indeed. I have another quotation here from the proceedings of the national conference on water pollution in British Columbia; it is a quotation from the remarks of Mr. P. A. Larkin, chief fisheries biologist, B.C. game commission. This is what he had to say:

We feel that there should come a day, if we plan properly, when it is accepted that no pollution will exist without the permission of a responsible authority and that such permission has been given in the public interest in accordance with sound principles of resource use planning...

—I have taken these excerpts from what has been said on this subject by well informed persons. Then he goes on to say:

[Mr. Herridge.]

The existing legislation consists of a number of federal and provincial statutes which are designed to serve special interests of a particular resource. As such, while they are effective to a certain degree as preventive measures, collectively they are overburdened with overlapping provisions and they are completely inadequate as instruments of achieving our objective of planned water use. They should be replaced by broad legislation which would observe the necessary dual purpose of protecting special interests where it is desirable to do so, and at the same time, assuring the general purpose of proper water use.

Then he goes on to say:

The panel has noted the trend in most advanced countries and states toward the creation of a single agency to control and abate a particular type of pollution, for instance, water pollution, in a geographical area.

That is one thing that we must develop in Canada as the result of a public understanding of this question, of research and legislative action on the part of the federal and provincial governments.

I have one more quotation, Mr. Speaker, to indicate the current and almost daily interest in this problem. This is an article written by Mr. Walter Gray, that elegant, effulgent, erudite writer on the effluvium of polluted water, in the *Globe and Mail* for yesterday, June 1. This is a most interesting article entitled:

A perfect example of pollution.

This *Globe and Mail* reporter deals with the problem generally, but he mentions Ottawa in particular in the first paragraph:

It is to the nation's shame that swirling about the foot of parliament hill, the focal point of Canada's capital, is one of the country's most highly polluted rivers. The Ottawa river, rising fresh and clear in the forest lands of northern Ontario and Quebec, surges through this city choked full of wastes left by this day and age.

In my opinion, the present polluted state of the Ottawa river results from the ignoring of this problem on national and provincial levels of government. Before I proceed, I have in my hand, Mr. Speaker, the text of a speech entitled, "Water, a Resource for Tomorrow", by the Hon. Walter Dinsdale, Minister of Northern Affairs and National Resources, to the Ontario conference on co-ordinated water pollution control, Toronto, November 30, 1960. I might say this is an excellent speech, and I read it with interest. I am sure the minister has a keen interest in this question. Indicating to the assembled gathering the interest of the government in this matter the minister said, and I quote from the text of his speech:

Four years ago in the House of Commons Prime Minister Diefenbaker, then a member of the opposition, spoke on water pollution. He said in part:

"I believe that in the realm of God's richest bounty, clean river water should have a high place,

and ought not to be allowed to be sacrificed to private greed or wanton and wilful pollution."

This attitude was not left behind when Mr. Diefenbaker and his colleagues moved to the Speaker's right.

This is the sentence that makes me most hopeful in the introduction of this bill in the identical terms of the one introduced by the Prime Minister when he was in opposition and spoke so eloquently on this problem.

Then, Mr. Speaker, one comes to the organizations across Canada. Many organizations have indicated great interest and petitions have been sent to members of parliament. I have one here signed by many people. It reads, in part:

The undersigned want immediate steps to be taken to stop pollution of the waters of the Grand river by the Naugatuck Chemical Company of Elmira, Ontario.

Any fish caught in the Grand from West Montrose to lake Erie is not edible because of the taste of the flesh caused by the effluent of the above named plant.

I can only submit that this shows the people are becoming very concerned about this serious problem. Then, too, municipalities have shown a growing interest but, unfortunately, their resources are limited. They are only able to deal with this on a piecemeal basis and it is for this reason that I believe leadership has to be given by the federal government. The interest of some people has been indicated by correspondence.

Scientists have taken an interest in this problem, too. I have here a study of the use, conservation and pollution of water resources by A. L. Van Luven. The author of this paper presented a brief to the Minister of Justice in July, 1959. He is the head of the waste treatment division of H. E. McKeen and Company Limited, Lachine. This is a very impressive document and shows this gentleman has given very close study to the problem and has not overlooked the difficulties. He deals with it from a number of points of view. He deals with some conservation concepts, our water resources, water supply problems, ground water problems, surface water problems, industrial water problems, water rights and water laws. Then, he goes on to deal with the pollution picture, industrial waste problems, standards for sewage effluent and government activities.

The author says, in part:

The government must consider, that left to their own devices most municipalities, large and small, fail to develop a sensible water or sewage policy until it is too late to avoid hurting themselves or their neighbours. Often the delays result from lack of financing. Sometimes communities could join forces on these projects if senior governments made this possible.

Sometimes, when several authorities have water and pollution control powers that overlap in a given watershed there will be differences in the ordinances or in the administration that tends to nullify the efforts of all. Considerations such as these plus a sound research and development program are quite properly the work of the dominion government, even if some constitutional problems must be solved first.

This is not only a problem in Canada, it is a problem facing the whole of the North American continent. I have here a copy of the proceedings of the national conference on water pollution, issued by the United States department of health, education and welfare. It is a very illuminating document and I want to quote two or three sentences from a speech made by Dr. Leroy E. Burney, surgeon general, public health service. I suggest that hon. members get this publication from the library because it is very interesting. This is what the doctor has to say in part:

In doing so, I should like to develop four principal points:

First, that water pollution control is an integral part of the broader problem of water resource development and use;

Second, that water pollution control is an inseparable part of the broader problem of environmental health protection;

Third, that an impressive amount of productive activity is already under way in controlling water pollution;

And fourth, that the problem demands a still stronger effort on the part of federal, state and local authorities, industries and all others concerned.

That is exactly the same situation as exists in Canada; it demands a much stronger effort on the part of the governments concerned. I am delighted to see the Minister of Northern Affairs and National Resources (Mr. Dinsdale) has arrived. No doubt he will be interested in what I have to say. I have been quoting him at some length and have referred to the very interesting speech about water resources he delivered in Toronto.

What has been done about it in Canada? There has been some noteworthy and interesting work done by the international joint commission which had a reference made to it with respect to the connecting channels of the St. Lawrence. In that connection the commission made recommendations and has received the co-operation of municipalities and industries surrounding the areas with which they are particularly concerned. As a result of this co-operation, there has been a slow but gradual improvement in the situation, with which the commission had been asked to deal. The federal government has passed legislation this session which will provide financial assistance to municipalities for the building of sewage disposal plants. This is a limited approach to the question, but it is very worthwhile, and necessary. Various provincial governments are now getting concerned and various provincial boards are evidence of concern and activity on the legislative level in Quebec, British

Columbia and some other provinces. Conservation districts in some provinces have given this problem some study and have taken some local action, particularly in the province of Ontario. Great credit is coming to these local boards, organizations and people generally for doing something to try to help themselves under very difficult circumstances at this time.

As I said before, the municipalities are showing increasing concern and so are our scientists. However, as I said before, Mr. Speaker, all these activities are too unrelated for the problem to be satisfactorily solved. I see that my time is going rapidly, so I should like to quote again from the Prime Minister. I relish having the opportunity of quoting from the Prime Minister's former speeches and agreeing wholeheartedly with what he had to say when speaking on his measure, which is now my measure, or perhaps I should say our measure. I should like to quote from his remarks as found on page 2172 of *Hansard* for March 18, 1955:

> The federal government accepts the responsibility under the Fisheries Act of punishing the wrongdoing of those who dump sawdust into rivers and thereby detrimentally affect or even cause the asphyxiation of fish. The dominion government accepts the responsibility of punishing under law anyone who dumps waste into navigable streams. But in regard to the health and comfort of human beings who depend on these streams for their water supply the attitude is taken that there is no right or responsibility in the federal authority to act within the provisions of the criminal law.
>
> I find it difficult to understand why the dumping or throwing of sawdust, slabs, bark or rubbish into a navigable river is an offence when it is not an offence for municipalities or industrial concerns to use the waters of an interprovincial stream to free themselves of what they do not want, the effluent from their operations, by the simple expedient of throwing it into the river, and thus confer that pollution and its effects upon others. I do not wish to say more at this time but I point out that there is no action that can be taken other than an amendment to the Criminal Code.

That is just exactly what this bill proposes. Then the Prime Minister spoke later in the debate when the bill came up again for consideration during another private members' hour, and he had this to say as found at page 3184 of *Hansard* of April 26, 1955:

> The opinion of counsel—

He is dealing with the problem discussed in Saskatchewan and Alberta.

> —was that such was not the fact, and that the unlawful act as comprehended by the section in question must be an unlawful act within the meaning of the Criminal Code itself. Indeed, counsel gave legal precedents to support that viewpoint, and gave us their opinion that there was no right of criminal action to prosecute the wrongdoers—

That is under the law as it existed at that time.

> —who, for a period of three months, flouted the comfort of tens of thousands of people. I mention that not in order to bring forward this amendment as a means of protecting only the people of Saskatchewan along the North Saskatchewan river alone but the people of several provinces along the course traversed by that river.

Then later he goes on to say this:

> It is a crime to place in rivers anything that will interfere with the lives of fish. Under the Fisheries Act that is set out as a pseudo-crime; but, as yet, it is no crime to put interprovincial rivers and waterways in a condition whereby they cannot be used by humans. It is because of that, sir, that this amendment was drafted in a form that the law officers of the crown believed would cover the situation, a form which in my opinion places in the hands of those who are wronged the power to launch prosecutions against those interests, however powerful they may be. It provides suitable and heavy penalties against any industries or other bodies anywhere that would flagrantly destroy the water resources of the nation in interprovincial streams.

After considerable debate on the private member's bill of that day, which was the same as the one I have before the house on this occasion, the bill was voted down. At that time the opposition consisting of the Progressive Conservatives and the C.C.F. members supported the measure and the Liberal members of the government opposed it. We now have the Prime Minister's party in the seats of the mighty and we are looking for a majority when the vote comes on second reading of this bill.

I know that this problem of pollution is on the agenda of the resources for tomorrow conference which the Minister of Northern Affairs and National Resources is doing his best to promote and to make a success of. I presume there will be some very interesting discussions on this problem from the constitutional, scientific, technical and, shall I say, people's point of view. At this conference I hope there will be agreement between representatives of the federal and provincial governments, industrial and all other bodies and organizations in Canada. I hope there will be such agreement that the government of Canada in co-operation with the provinces will soon be introducing legislation to meet this situation.

What is necessary in order to meet this problem of pollution effectively in time to save the situation is, first, co-operation between the federal and provincial governments in meeting what is the common enemy to us all, namely, pollution of our rivers; and second, legislation by federal and provincial governments to complement their agreement on a national policy to overcome pollution. After we have this co-operation and the required legislation, then without a doubt research on a very wide scale will be necessary in order to plan effectively to deal with the problem because there are local situations and local

conditions to be considered, just as there are with regard to the conservation of national resources. It is not a problem that can be met on a set pattern. It is a problem which can be met only with an understanding of local, district and area conditions. Then after we have the co-operation, the legislation and the research, it is up to the governments of this country, federal, provincial and municipal, to take action to preserve our waters and to hand on to future generations a resource that we have no moral right to contaminate.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I listened with great interest to what the last speaker had to say. I must confess that I agree with him in the attitude he has adopted. If this earth should survive for a thousand years and our civilization should persist for that length of time, it seems to me that the people who come to write history will wonder at the reckless disregard with which the people of this generation have ignored the factors so essential for the continuance of our civilization; the fashioning of the weapons of self-destruction and the apparent willingness to use them; the abuse of our national resources; and this particular act with which the hon. member has dealt in his bill, namely the poisoning and polluting of pure water which we inherited in this continent and which we are so blithely willing to poison and eliminate in that sense.

The hon. member for Kootenay West (Mr. Herridge) referred to a discussion which took place in this house in 1955. I think I should point out that this discussion took place in three consecutive years. It took place during the session of 1953 and 1954 when the Criminal Code was in the process of a complete overhaul and revision. At the time the section which is now section 165, and which I propose to deal with later, was up for consideration the then hon. member for Prince Albert, the present Prime Minister, introduced, to the section and to the section preceding it, an amendment which would have had precisely the same effect as has the bill which the hon. member has now introduced. Again in 1955 and again in 1956 bills were presented and each time in the three years I believe the bills—or in one case the bill and in the other cases the amendments—came to a vote and were defeated. This was not a case of the bills being talked out. The government deliberately interposed. The then minister of justice spoke against the amendments and the bills were defeated. I propose to deal briefly with the reasons advanced by the then minister of justice, Mr. Garson, for his opposition which I presume will represent the opposition of the then government.

The present government has considered this problem. Last year there was a most interesting series of meetings of the committee on mines, forests and water which dealt with this question of water pollution very extensively, heard a great number of witnesses and in its recommendations dealt with the subject matter. On one or two occasions the hon. member for Lambton West (Mr. Murphy) has spoken on this matter as have other hon. members. The bill introduced by the Minister of Agriculture (Mr. Hamilton), namely Bill No. C-77 which has now been passed, dealing with rehabilitation of agricultural lands, has to some extent, by section 4, subsection 2, dealt with the question of water conservation and pollution. I think to every extent this government has recognized the problem and is dealing with it. I am quite sure that the resources for tomorrow conference which was mentioned by the hon. member for Kootenay West and which will be held in Montreal this fall will also concern itself with this very serious difficulty. I think it is most essential that this should be done.

This problem must be viewed against the background of the expansion of population. Severe as were the consequences brought about by the situation a generation ago, what will be the situation 20 years from now or 40 years from now when, according to the statisticians, our population will be double what it is now and when, because of the consequent increase in industrialization, there will be an increase not only in the number of plants but also in the type of plants which will require the consumption of a great deal more water than at present? It is absolutely vital to our continued survival that we look at this problem and do something about it.

I have not only an academic interest in it. In the region from which I come there flows a great river, the Peace river which rises west of the Rocky mountains. It is the only river I know of that goes right through the Rocky mountains, flows several hundred miles to the east and then through Alberta into the Northwest Territories. It flows through two provinces and one territory.

At this time there is no suggestion of pollution of that river but there is in contemplation the construction of a gigantic power project, the Peace river dam. This matter is subject to the vicissitudes of political consideration, but as I speak here I am satisfied it is no longer a question of "if" but a question of "when" the dam will be constructed. When the dam has been completed an industrial complex will arise on a tremendous scale. At the present time that area is emerging from a purely agricultural state. We now have two refineries, a pulp mill and a sulphur plant, and this is just the beginning of

what is bound to emerge when the dam is completed and cheaper power is available to the people of our region.

I believe the people of this country are determined that there will not inure that situation about which the hon. member for Kootenay West has spoken, about which the Prime Minister (Mr. Diefenbaker) has spoken in years past and which we see as one representing a tremendous problem in Canada and in many parts of the United States. It is a situation where prevention is far better than cure. Now is the time to see the problem and deal with it.

I agree with the last speaker that the bill he has presented to the house is by no means a cure-all. There must be a varied approach to the subject. There must be an approach by industry. There must be an approach on the part of the various provinces. There must be an approach by a combination of provinces and there must be an approach by the federal government. I think none of this will be effective unless and until public opinion is aroused, until the people became aware of the dangers and are prepared to support legislation and the measures which are essential for the problem to yield to solution. Although this bill probably will not pass at this session, its value in developing discussion here and elsewhere, I hope, will be very considerable.

The minister of justice in the last government said that legislation such as the bill before us was not effective and that this matter was already covered by existing legislation. With this statement I take issue. The very fact that the offence covered in the bill would be designated as a criminal offence in the Criminal Code would add a stigma which it would be hard to escape. When we have once taken what we admit to be a moral wrong and say that it is also a criminal wrong, I believe it will then be difficult for those who are now in breach of the moral law to continue in breach of the criminal law in the light of the consequences that will follow upon their failure to do what we think should be done. We will be giving statutory recognition to a moral wrong.

Time is going on and I do not want to prevent others from speaking, but I have several comments I should like to make with respect to the objections which were taken to a similar measure brought before the house in 1954, 1955 and 1956. At that time the then minister of justice said that we did not need such legislation, that we already had in the Criminal Code section 165 which deals with common nuisances. To refresh the memory of hon. members, I should like to read section 165, which is in these words:

> Every one who commits a common nuisance and thereby
>
> (a) endangers the lives, safety or health of the public, or
>
> (b) causes physical injury to any person, is guilty of an indictable offence and is liable to imprisonment for two years.

That is the punishment provision. The definition of "nuisance" follows:

> (2) For the purposes of this section, every one commits a common nuisance who does an unlawful act or fails to discharge a legal duty and thereby
>
> (a) endangers the lives, safety, health, property or comfort of the public . . .

The then minister of justice, and I assume that he represented the views of his party, said that this section provided ample protection for those who suggested that they had suffered because of the discharge into the waters of rivers throughout the country of effluent or waste from industrial plants and municipalities. It may be that the Liberal party, now the official opposition, still holds that opinion. I hope not. I hope that by reason of the various vicissitudes they have suffered since then they have come now to take a different attitude toward this subject.

The fact is, Mr. Speaker, that that point of view as presented by Mr. Garson was not correct. The key words are the words "unlawful act". I will read the provision again.

> . . . every one commits a common nuisance who does an unlawful act . . .

Mr. Garson took the view then that because there was a provincial prohibition which to some extent prohibited the discharge into these rivers of certain waste from industrial plants that was thereby an unlawful act and was prohibited by section 165. I think I can meet that objection very simply because the words "unlawful act" as used in the Criminal Code have a special connotation. They are also used in connection with the definition of homicide. A person commits culpable homicide when he causes the death of a human being by means of an unlawful act, according to section 194 of the Criminal Code. In a number of cases it has been held by courts of appeal and judges of the supreme court that "unlawful act" as used there, and I assume any other place in the Criminal Code, means an unlawful act which is criminal in its nature, not one that is prohibited by provincial statute or regulation.

There are a number of cases on the point. I have appeared in one myself involving a person who was engaged in hunting out of season. He was hunting illegally according to the provincial statute and he shot a man by misadventure. It was established that the actual shooting itself was not negligence, and it was also held by the court and upheld on appeal that simply because the individual

charged with this offence was doing something which was unlawful according to provincial law it was not thereby an unlawful act within the meaning of the Criminal Code.

That being the case, Mr. Speaker, the argument advanced by Mr. Garson at that time falls by the wayside. Consequently there is no protection at all in the Criminal Code as at present constituted which in any way permits people who come within the four corners of the bill proposed by the hon. member to seek and secure some remedy. Therefore it is my specific submission that this legislation not only is sensible but is also necessary because no protection exists today under the provisions of the Criminal Code.

There is one other point I might make concerning the value of this legislation. It has occurred to me, considering what might flow from the bill if passed, that there might be various benefits to people who suffer hardship, because of the fact that this is being established as a criminal offence. It occurs to me that they might have the right to seek an injunction in the civil court. I believe this point was raised by the hon. member for Kootenay West when he referred to an opinion given by a former president of the Canadian Bar Association who suggested that as the law stood it would not be possible for people, say, in Saskatchewan to go into Alberta to seek an injunction against the continuance of the state of affairs of which they complain. I throw this out as a suggestion, but this bill, should it become law, would establish a criminal offence and consequently any individual or company, or, possibly any municipality which sustained private damage might well be able to secure an injunction, bearing in mind that the act complained of would be against the law of the country inasmuch as it would be designated a crime under the Criminal Code.

Finally—and this was one of the points raised at the time of the interesting debates in 1955 and 1956—it might have the effect of permitting a person in one province who suffers damage there to press a prosecution in the province where he lives rather than in the province where the actual discharge takes place. This might require some amendment to the bill as introduced by the hon. member but since he has described the advantages of the legislation in such lyrical terms and told us so sternly of the dangers which would flow from failure to pass it I am sure he would have no objection to an amendment of that kind being considered. It may be that the particular situation in Saskatchewan which led to the Prime Minister and other members from Saskatchewan pressing for a measure of this type has in part been abated but this is a situation which could arise in any other part of Canada at any time. I support the proposed legislation. I hope it will have the effect, first of all, of arousing public interest, and that in due course it will become part of the law of this country.

Mr. H. F. Jones (Parliamentary Secretary to the Minister of Veterans Affairs): The house must have been utterly dumbfounded this afternoon to hear the hon. member for Kootenay West claim that the passage of this bill would be the first step in combating the pollution of our rivers and streams in this country. I can only wonder where he has been this session to make such a claim and such a statement.

Mr. Herridge: I gave the government credit for what it had done later in my speech. This is the first amendment of the Criminal Code.

Mr. Jones: That certainly was not the message which got across to my ears. Anyway, such a claim, advanced in this way by the hon. member for Kootenay West, would seem to give the impression both to the house and to the country that the tremendous program undertaken by the present government under the inspiration of the Prime Minister to combat the problem of pollution, the $100 million program being carried out across the country, had never been initiated.

The Prime Minister brought this whole matter to the attention of the country as long ago as 1955 and even before that time by his speeches, by his method of presentation and by his introduction in the House of Commons of the measure on which the legislation now put forward by the hon. member for Kootenay West is patterned. More than any other person the Prime Minister focussed the attention of the country on this problem of water pollution. We have only to look at some of the results of the program undertaken by the government in this field to see what the record is. Every hon. member in the house will recall—at least, everyone save the hon. member for Kootney West—that certain amendments were introduced this year to the National Housing Act to provide for loans to municipalities in respect of sewage treatment, the provision of new schemes and assistance in the prevention of water and soil pollution. The Central Mortgage and Housing Corporation was authorized to make loans under part 6B of the National Housing Act to municipalities or corporations to assist in the construction or extension of sewage treatment projects. At that time in the House of Commons the Minister of Public Works (Mr. Walker) explained this proposal in detail. The minister said, for instance:

A sewage treatment project, for purposes of the Act, is a project consisting of a trunk sewage

collector system, a central treatment plant or both for the collection and treatment of sewage from one or more municipalities, and includes the expansion of an existing plant or existing trunk collector sewer. A municipal sewerage corporation is a public body incorporated on behalf of and controlled by one or more municipalities for the purpose of constructing and operating facilities for the collection and treatment of sewage from one or more municipalities.

Every attempt was made to make these amendments as broadly applicable as possible in order that the desired stimulation could be given to municipal corporations to take action to deal with water pollution. What has been the result of this program to date? Only a few months have passed, yet we find that as of May 26, 45 loans have been approved to municipalities for the construction of the sewers under the anti-pollution measure, totalling $27.4 million. In addition, there have been 25 formal applications, received by May 26, totalling a further $4.5 million. In addition, there have been 121 preliminary inquiries concerning projects amounting to an estimated expenditure of $68.6 million. In further addition to this are another 71 inquiries from municipalities concerning which details have not yet been given to the federal government, so it is impossible to estimate the cost of these projects being contemplated by those municipalities.

As to those projects for which we have the figures—the first three groups to which I have referred—they total over $100 million in loans approved, in formal applications made and in preliminary inquiries directed to the C.M.H.C. What has been the result of this tremendous program of anti-pollution? Some of the large projects which have already been approved in the few short months and in connection with which construction has already begun is a project in Vancouver to the value of $7.4 million, a project in Ottawa, to the value of $10.2 million; in Toronto, to the extent of $1.9 million; in Belleville, projects totalling $1.5 million; another project in Sudbury totalling $1.1 million; another project in Fort William, totalling $884,000; another project in Peterborough amounting to $593,000; and so on. I suggest those projects have been the result of this tremendously imaginative program undertaken by the government.

I suggest one has only to refer to the Ottawa *Journal* of today to see what has been done as a result of this program in this city, which has been cursed by a sewage problem for many years. I should like to read from an article appearing in the Ottawa *Journal* of today, which reads as follows:

Twenty five million gallons of raw sewage a day pour into the Ottawa river from Ottawa, its suburbs and federal government properties. This is soon to be remedied. The city hopes to have its $20,000,000 sewage tareatment and disposal system in operation by April 1, 1963. The project, which had been talked about since 1944—

Mr. Speaker, I suggest the fact that this project is to be in operation by April, although it has been considered since 1944, is an indication of the favourable results of the Prime Minister's efforts to bring this problem to the attention of the people of Canada.

The article then continues as follows:

—the federal government, which is lending the city two thirds of what the city will pay for the project, offered to forgive 25 per cent of the loan if the work were done by April 1, 1963. That means a saving of more than $2,500,000 for Ottawa.

How does it all work? Sewage from this area now enters the river from 23 outlets, on mainland and islands, between Nepean bay and the eastern city limits. When the new system is working the only outlet will be from the sewage treatment plant at Greens creek. Flow to outlets west of John street, which is just east of Rideau falls, will be intercepted by an interceptor sewer laid from Nepean bay to John street.

I point this out as an example of the practical results of this program which has been undertaken. The article then continues as follows:

The interceptor sewer will empty into an outfall sewer, which is a sewage expressway, from John street to Green's creek.

I should like to refer, as an example, to the effects of this program in my own municipality. The city of Saskatoon laid a program before the federal government involving a plan to put in an anti-pollution measure, calling for the construction of a trunk sanitary sewage disposal location, at a cost of some $420,000. A few weeks ago that city passed a bylaw requesting approval for the construction of a sewage trunk along Preston avenue in the city at a cost of $1.6 million. Perhaps I should state that I make mention of this Preston avenue sewage program as an example of what this government has done, by the adoption of another program in this regard.

The construction of that Preston avenue sewage system will not come within the terms required by the C.M.H.C. loans. However, the city of Saskatoon, as other cities across this country, will bring at least part of that program under the winter works program, which has been of tremendous assistance to municipalities across the country.

I did not want to allow to pass the opportunity of remarking in respect of statements made by the hon. member for Kootenay West. That is why I have intervened at this time.

Mr. Herridge: Mr. Chairman, does the hon. member realize that when I said this was a first step, I meant a first step to amending

the legislation providing a punishment for those individuals who pollute rivers? Later on, I gave this government full credit in respect of legislation in connection with loans to municipalities for the building of sewage disposal plants.

Mr. Jones: Mr. Speaker, I did not understand the hon. member in that way.

Mr. Stuart Fleming (Okanagan-Revelstoke): Mr. Speaker, I regret there is so little time left for the debate in respect of this bill, because I feel it is important that I disagree with the purposes and intent of it. The purpose and intent of the bill have been eloquently described by the hon. member for Kootenay West. However, I do think it is possible to argue against the passage of this bill at this particular time because, as the hon. member has said, this is only one stage of a necessary comprehensive program embodying regulations and legislation attacking this whole problem in Canada.

When another bill, similar to this, was introduced at an earlier stage, there was not then any indication that the government of the day was interested in a comprehensive program covering every aspect of pollution control in respect of Canada's rivers and streams. There is evidence now that this is a major problem, which the government of the day is at present considering in full.

In October of this year the resources for tomorrow conference, to be held in Montreal, will deal with this problem, as well as with other related problems. As a result of those discussions, and hearings of the standing committee on mines, forests and waters of last year, as well as independent, non-governmental studies, which are taking place in every province of Canada at the present time, it should be possible to frame a completely comprehensive approach to the problem of pollution control in this country, at which time it may be found that the introduction of amendments to the Criminal Code will be required. It may, however, be found that because of the widespread interest, and steps that the government has taken to encourage wide study across this nation regarding the need for pollution control, the day is now past when a Criminal Code amendment forms a vital part of such a program.

For those reasons, I feel that there should be more and closer study proposed, with a greater opportunity for debate in this house, considering alternative measures which should be considered before amendments to the Criminal Code are proposed.

May I call it six o'clock?

Business of the House

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, before you leave the chair, perhaps the house leader could give us, as he indicated he would last night, the government's plans for next week?

Mr. Churchill: Mr. Speaker, tomorrow we will carry on with the estimates of the Secretary of State, followed by the estimates of the Department of Fisheries, in turn followed by the estimates of the Department of Public Works. In regard to next week, it is expected that Monday, Tuesday and possibly Wednesday, will be devoted to legislation, preceded by an interim supply motion, as the first item of business on Monday.

May I just say at this stage that in years gone by, interim supply motions were passed rather quickly. A few years ago the opposition of the day used motions for interim supply for the purposes of rather lengthy debates, on at least one or two occasions. The opposition of this day has paid back that old score, so perhaps we can now treat this interim supply motion as such motions were treated some years ago.

If the interim supply motion is completed in good time, we will carry on with the following legislation: Bill No. C-92, which is a bill dealing with amendments to the Criminal Code (capital murder); Bill No. C-97, which deals with an amendment to the Combines Investigation Act and the Criminal Code; and third, a resolution in the name of the Minister of Justice, dealing with amendments to the Judges Act and the Exchequer Court Act. The fourth legislative item will be Bill No. C-99, which we almost completed a day or two ago, dealing with amendments to the Food and Drugs Act, followed by the fifth item, being Bill No. C-100, to provide for the control of narcotic drugs.

Other items which are available, not necessarily in this order, are as follows: Bill No. C-98, concerning the Canada Shipping Act; a resolution concerning export credit; a resolution concerning the Financial Administration Act; a resolution concerning the Farm Credit Act. Then, depending on the progress we make on Monday, we can determine the items which will come up on Tuesday, and perhaps on Wednesday.

I can, however, be quite definite with regard to the estimates to be dealt with during the early part of next week. We will start off on either Wednesday or Thursday with the estimates of the Department of National Defence, followed by the estimates of the Department of Defence Production.

At six o'clock the house adjourned, without question put, pursuant to standing order.

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

COBALT, ANTIMONY AND TIN STOCKPILES

Question No. 204—**Mr. Fisher:**

1. Has the government stockpiles of cobalt, antimony, and tin?
2. Is there a world short supply of these metals?
3. For how long, and in what quantities, has the government had these stockpiles?
4. What have been the storage charges, by year, for each of these metals?
5. In what manner, if any, is it planned to dispose of these metals?
6. If any quantities have been disposed of in the open market, has there been a profit or loss per basic unit?

Answer by: **Hon. Raymond O'Hurley (Minister of Defence Production):**

1. Yes.

2. No.

3. 6,085,255 lbs. of tin and 2,158,695 lbs. of antimony were acquired in 1949, and 343,522 lbs. of cobalt were obtained during the period from 1951 to 1954.

4. Cobalt is stored at the producer's plant on a no charge basis. Tin and antimony are stored in a crown owned warehouse. The storage cost for tin amounted to $3,483 per annum up to March 31, 1960, and $1,797.12 per annum from that date. The storage cost for antimony is $636.36 per annum.

5. It is planned to dispose of the tin and antimony through recognized Canadian metals brokers, at a rate designed to limit any serious dislocation of the Canadian market or injury to the economic interests of producing countries.

6. 110,000 lbs. of tin have been disposed of at a loss of approximately 1 cent per pound, based on the average invoice cost plus accumulated storage and handling charges.

[The following items were passed in committee of supply]:

DEPARTMENT OF MINES AND TECHNICAL SURVEYS

B—Dominion coal board—

229. Administration and investigations of the dominion coal board, $126,345.

230. Payments in connection with the movements of coal under conditions prescribed by the governor in council, $13,244,900.

231. Subventions in respect of eastern coal under agreements entered into pursuant to the Atlantic Provinces Power Development Act, $1,700,000.

HOUSE OF COMMONS

Saturday, June 3, 1961

The house met at 11 a.m.

NORTHERN AFFAIRS

NORTHWEST TERRITORIES—DISCOVERY OF GAS WELL IN ARROWHEAD RIVER AREA

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): I am happy to announce, Mr. Speaker, some significant developments with respect to the discovery by Imperial Oil Company Limited of a gas well in the Arrowhead river area of the Northwest Territories. This well has now been tested and has established an absolute open flow potential of 24 million cubic feet per day. There is every reason to believe that when it goes into actual production the sustained flow will be approximately one third of the absolute open flow, depending on the engineering.

It is anticipated that six more exploratory wells will be drilled during the present season in this general area. If similar success is achieved, as there is good reason to expect, it should not be long before there is an economic basis for pipe line facilities to carry the production of gas wells in this area to market.

I might add, Mr. Speaker, that because of the geological evidence of substantial resource potential in the general area in which the well lies, there is provided in the estimates of my department for this year the sum of $100,000 for a location survey for a development road to open up the area and encourage its early development.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, on behalf of this group may I say that we appreciate the minister making the announcement in this house and giving us officially exact, important and current information.

FARM CREDIT ACT

AMENDMENT TO INCREASE CAPITAL OF FARM CREDIT CORPORATION

Hon. Gordon Churchill (for the Minister of Agriculture) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Farm Credit Act to increase the capital of the farm credit corporation from $8 million to $12 million.

Motion agreed to.

THE BUDGET

INQUIRY AS TO PROBABLE DATE OF PRESENTATION

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Finance, and ask whether he is in a position this morning to give the house some indication as to when he will bring down his budget.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I should have thought that the hon. member for Laurier would have been duly impressed by a headlined statement that appeared in the Ottawa *Citizen* of May 24, which purported to announce in categorical and authoritative terms the intention of the Minister of Finance in this respect. I will read from the text of the article:

Finance minister Donald Fleming will introduce the federal budget in the House of Commons on June 6, it was learned here today.

I am surprised that the hon. member for Laurier should betray a measure of scepticism about a report in the Ottawa *Citizen* that purports to be so firm, clear and altogether authentic.

Mr. Chevrier: I would appreciate an answer.

Mr. Fleming (Eglinton): However, Mr. Speaker, I shall be pleased to relieve the interest and curiosity of the hon. member at an appropriate date.

Mr. Chevrier: A supplementary question, Mr. Speaker. In view of the fact that on Monday the minister will be asking for interim supply, a measure which always requires careful attention by this house, does the minister not consider that he should give some indication to the house as to when his budget will be brought down?

Mr. Fleming (Eglinton): Mr. Speaker, the two subjects are not directly related. There will have to be a vote of interim supply to provide for the normal necessity of the government to pay salaries, wages and other current obligations. The budget deals with broader questions, as I do not need to remind the house, Mr. Speaker.

Mr. Hellyer: Such as where the minister is going to get the money.

Mr. Fleming (Eglinton): I do not think the two subjects hinge on one another. I have indicated to the hon. member for Laurier that an announcement will be made on an appropriate date.

Mr. Chevrier: Perhaps I may be permitted a further supplementary question. The house leader indicated last evening and I think on a previous occasion that he would like to see some co-operation in connection with interim supply. So far as we are concerned that co-operation will ensue, but it will ensue much faster if we have some indication of when the budget will be brought down. Certainly one is not unrelated to the other. That is why I put the question to the Minister of Finance. I had hoped the minister would have agreed that there was not only an indirect but a direct relationship between the two subjects and that he would have given the house some information.

Mr. Fleming (Eglinton): Mr. Speaker, when the hon. member offers co-operation, as he has, I would like to meet him half way. Perhaps I may go this far at the moment; I do not propose to bring in the budget next week.

EXTERNAL AFFAIRS

DOMINICAN REPUBLIC—INQUIRY AS TO SAFETY OF CANADIANS

On the orders of the day:

Mr. H. O. White (Middlesex East): Mr. Speaker, I wish to direct a question to the Prime Minister notice of which I have given him. In view of the allegations that United States battleships are moving in preparation to evacuate United States citizens from the Dominican Republic because of possible danger to them, does the Prime Minister wish to comment as to the situation with respect to the safety and welfare of Canadians in that country?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the Department of External Affairs has been in touch with our embassy in the Dominican Republic, and Canadians there are reported to be in no immediate danger. There are some 160 Canadians, of whom two thirds are Protestant and Catholic missionaries. The rest are businessmen and their families. If at any time it becomes apparent that they are in any danger, immediate action will be taken to ensure their safety.

TRANSPORT

P.E.I. CAUSEWAY—CHIGNECTO CANAL; REQUEST FOR FEASIBILITY STUDY REPORTS

On the orders of the day:

Mr. H. J. Robichaud (Gloucester): I wish to address a question to the Minister of Public Works. Can the minister advise the house when he expects to receive reports on the feasibility studies in connection with the Prince Edward Island causeway and the Chignecto canal project?

Hon. D. J. Walker (Minister of Public Works): I had been hoping to receive reports on both those projects before my estimates were considered. Replying to the hon. member for Bonavista-Twillingate several months ago, I took it for granted that I would have the reports by this time. However, I have not received the reports yet. I have done my best to hurry them up, but I cannot say exactly when they will be received. As I say, I had hoped to have them before my estimates are considered, but now I do not know whether I shall or not.

AGRICULTURE

MARITIME PROVINCES—INQUIRY AS TO AID TO POTATO GROWERS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wish to direct a question to the parliamentary secretary to the Minister of Agriculture, and ask him whether the department is yet in a position to announce whether the assistance promised to the potato growers of Prince Edward Island by his minister in April has been determined and what form it is to take.

Mr. W. H. Jorgenson (Parliamentary Secretary to the Minister of Agriculture): This is a matter of government policy to be announced in due course.

HEALTH AND WELFARE

SALK VACCINE—REPORTED COMPLAINTS ON SHIPMENTS TO AUSTRALIA

On the orders of the day:

Hon. J. W. Monteith (Minister of National Health and Welfare): On Wednesday the hon. member for Essex East asked me whether the batch of Salk vaccine recently tested in Australia had been tested in the laboratory of hygiene in my department prior to shipment.

I understand that the Connaught medical research laboratories had previously shipped 100,000 doses of Salk vaccine in finished vials to Australia, and to the best of my knowledge these have already been used. Because of Canadian and other commitments, the Connaught laboratories could only send a further shipment to Australia in bulk, and I believe it is this second lot which was the subject of the newspaper article referred to. To expedite the Australian program, this more recent shipment was sent prior to testing so that all necessary tests could be completed at the same time in both countries.

My department's information is that the Australian tests for safety were unsatisfactory because of illness from another source in their test animal colony, so detailed information was requested from the Connaught laboratories on their own tests. I understand the Connaught tests here were satisfactory, and their results are being sent to Australia. The Connaught laboratories are submitting the details of their tests and samples for this batch to the laboratory of hygiene. Such details are sent to Ottawa only after all the manufacturers' tests have been satisfactorily completed and the vaccine placed in vials. All the laboratory of hygiene tests are carried out on the finished product only.

NORTHERN AFFAIRS

CANADIAN MARCONI COMPANY—LETTER RESPECTING NON-FRATERNIZATION

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to ask the Minister of Northern Affairs and National Resources if he has yet received a reply from Mr. Finlayson, president of the Canadian Marconi Company to the letter sent by the minister regarding the so-called non-fraternization clause in the contracts of employees of the company and, if so, whether he would be prepared to table it.

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): I have as yet received no reply.

PUBLICATIONS

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the Prime Minister whether he has yet received the report of the O'Leary commission and, if so, whether he expects to meet the deadline set for its publication, which I believe is June 5.

Right Hon. J. G. Diefenbaker (Prime Minister): I do not expect it will be possible to meet that deadline. I think there will be a delay of several days before the report can be tabled.

Mr. Pickersgill: Has the report been received?

Mr. Diefenbaker: I think that question was asked by the hon. gentleman's leader several days ago.

Mr. Pickersgill: I was not here.

NATIONAL DEFENCE

STATEMENT ON CLOSING OF U.S. RADAR STATIONS IN CANADA

On the orders of the day:

Hon. Pierre Sevigny (Associate Minister of National Defence): Mr. Speaker, in reply to questions asked by the hon. member for Grand Falls-White Bay-Labrador and Bonavista-Twillingate yesterday, I should like to comment as follows.

In view of the fact that the distant early warning system for the defence of North America against attack from the air will be improved by the extension of the D.E.W. line across the north Atlantic all the way to England via Greenland, it has been found that three radar stations located at Baffin island, Resolution island and Redcliffe, Newfoundland, as well as six gap fillers, do not fill the role for which they were designed, and do not justify the high cost of operation involved in maintaining the stations. Consequently these three radar sites, as well as the six gap filler sites, will be closed.

The improvement to the early warning capabilities of the D.E.W. line is such that the limited additional coverage provided by the three prime radars and the six gap fillers, all manned and operated by the United States, does not warrant the high cost of operation. The discontinuance of these radar installations will have no effect on the work load of any other radars which will remain in the system.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether the minister could reply to the question I asked in regard to Sydney.

Mr. Sevigny: Mr. Speaker, I regret that I have not that answer as yet.

Mr. Pickersgill: I wonder whether I could ask the minister if he would indicate whether there is any contemplated extension in the activities at the Point Edward naval base in Cape Breton?

SUPPLY

The house in committee of supply, Mr. Chown in the chair.

DEPARTMENT OF THE SECRETARY OF STATE

Office of the chief electoral officer—

46. Salaries and expenses of office, $83,685.

Mr. Howard: Mr. Chairman, before this item carries, while it is perhaps not always necessary to go extensively into the consideration of the elections act and its administration because that subject matter is reviewed by the standing committee on privileges and

elections, I should like to place on the record, as has been done during past sessions in this committee, as well as in the standing committee on privileges and elections, a question regarding absentee voting.

I should like to draw a distinction here between absentee voting and advance polling, because in some quarters the difference is misunderstood. The procedure of absentee voting is designed to allow an elector to cast his vote on election day in a polling division other than the one in which he is registered. This procedure is provided for under the provincial elections act of British Columbia, and allows electors whose names appear on the voters' list to vote in any polling division in the province, including the polling division in which the electors are registered, regardless of whether the same or a different constituency is involved.

This is a right which I, and I am sure many others, would like to see included in the Canada Elections Act. I realize this is not just a simple matter of saying, "Let us include it in the federal absentee voting arrangements", because there are other complications which flow from the idea itself, one of which is the question of cost to the taxpayer of instituting such an arrangement. Perhaps this is not the session when we can deal with amendments to the Canada Elections Act, but at some time in the future—

The Acting Chairman (Mr. Chown): Order. There is a noticeable and continuous current of conversation competing with the hon. member who has the floor, which I am sure is making it difficult for the *Hansard* reporter to hear and report the speech of the hon. gentleman. Therefore I would ask hon. members to quieten down, if they would, and oblige both me and the hon. member who has the floor.

Mr. Howard: That is very kind of you, Mr. Chairman. I express my thanks, and I am sure the *Hansard* reporter also expresses his thanks.

One of the principles we should keep in mind is that an individual should not be denied the right to vote in an election because of the fact that he happens to have a vocation, or because of some other circumstance, which causes him to be away from his home polling division on election day. This is what happens to many workers of the country who are employed in industries which are perhaps seasonal, such as the heavy industries of mining, logging, construction work, and so forth. This applies also to the activities of salesmen and lawyers who have occasion to be away from their homes from time to time attending courts and so forth. I mention this only as indicative of a group of people who for one reason or another beyond their control are ofttimes absent on election day from the polling division in which they are registered and are thereby denied the opportunity of casting a ballot.

There is some saving feature now, in that the Canada Elections Act was amended at the last session to expand the class of people who may vote at advance polls before election day. The group was expanded from three classes to include everyone who is an elector, but it confined the advance polling to two days. This does not meet entirely the difficulties encountered by many people in the country.

As I said, one of the reasons advanced in opposition to this particular proposal is the cost of instituting a foolproof system of registration of electors which will guarantee that some of the dishonesty and skulduggery which takes place in elections in some parts of Canada will be eliminated as far as possible, thereby assuring that such dishonesty will not become rampant throughout the country and people will not be elected by crookedness at the polls rather than by the honest votes of the electors themselves.

I think these safeguards, of course, must be placed in the act, just as there are many safeguards in the act now to ensure that elections are conducted with honesty and that this is the prevailing factor during the campaign and in the preparation of the electoral lists. I think if we approached the problem from this point of view of not denying the elector the right to vote when he is absent for reasons beyond his control, we would be adopting the correct attitude.

In years past there has been some demand that electors be permitted to vote at the advance poll in order to take care of this problem of absentee voting. I believe there is still some demand for this. I think at the next general election and subsequent elections, depending upon the time of year at which these elections are held, many people will find that the advance poll system will not afford them the opportunity of casting their ballots on election day as they thought might be the case. I am sure that in the years following elections, when people find they are denied the right to vote by reason of being away from their poll on election day, some pressure will be brought to institute a system of absentee voting. Perhaps the system could be similar to that which exists in British Columbia. I do not say this is a foolproof or guaranteed system, but it is a system of absentee voting, and I am talking in terms of something similar to that or similar to the systems they have in Saskatchewan and the United Kingdom.

I should like to see the day come very quickly when members of parliament will think in terms of the right of the individual to vote as the paramount principle that should be considered, and when members of parliament will be willing to find the necessary extra money to institute a system of absentee voting containing the necessary safeguards against abuses. This will ensure every voter in Canada the opportunity to cast a ballot. He will not be denied the right to vote, as many are now, by virtue of his occupation or other circumstances beyond his control.

Since the Secretary of State has been in office only a short period of time, perhaps I could say publicly now what I have said to him privately, that I extend to him my congratulations upon his elevation to the cabinet. I wish him success in this particular post as long as he stays there. I do not mean to imply that he is going to be fired or anything like that, but elections do come along from time to time and the mortality amongst elected representatives is somewhat high. Despite the fact that the minister has been in office only a short time, I should like to have from him some indication as to the government's attitude toward this suggestion and perhaps some estimate of the cost, in order that we might ascertain whether or not such a system may be brought into effect in the near future.

Mr. Fisher: Yesterday, Mr. Chairman, you ruled out of order any discussion on redistribution, and particularly any interpretation of the forthcoming redistribution that will follow the census. I am not going to try to abuse that ruling, but I should like to ask the minister if he will check with his chief electoral officer and tell us how long it took for the chief electoral office to carry out the changes in terms of constituency maps, instructions to returning officers and all that sort of thing, following upon the last redistribution. It seems to me, Mr. Chairman, that would be in order. I want to get some idea of the time involved.

Mr. Dorion: It took about 10 months to get the maps ready.

Mr. Fisher: Do I understand correctly that it took 10 months from the time the actual constituencies were struck by the parliamentary committee?

Mr. Dorion: It took 10 months to get the maps printed, but the chief electoral officer was ready to hold an election within two months after the bill was passed.

Mr. Fisher: I was trying to get the sequence. It took 10 to 11 months in 1952 to get the constituency lines drawn following the return of the census information, and then two more months in 1952 in order to have everything prepared for the election; is that correct?

Mr. Dorion: After the bill was passed, we were ready to have a general election within two months.

Mr. Fisher: I think if we have the pattern repeated all hon. members will understand the bounds within which we are operating at the present time.

I want to turn now, Mr. Chairman, to some questions relating to the by-elections that have been held, and ask whether the chief electoral officer has found that any of the changes which have been made in the act in the last few years or in any of the regulations have not worked as effectively as expected, or whether there were any untoward results flowing from the changes that had not been expected.

Mr. Dorion: The chief electoral officer has not received any official report as yet, but all indications he has received are to the effect that the changes were satisfactory.

Mr. Fisher: Is there any present member of this house who has not completed all the necessary steps that must be taken by a victorious candidate following a general election?

Mr. Dorion: Every member of this house has filed the regular return for the last election. In so far as the by-elections are concerned, we have not received those returns. The candidates have two months within which to file them.

Mr. Fisher: I know they have two months in which to file a return. What I am wondering is this. First of all, I am assuming that all the successful candidates in the last general election have filed returns. Can the chief electoral officer bring us up to date on those candidates who were not successful and who have not completed all the necessary forms?

Mr. Dorion: The responsibility of the chief electoral officer is to make his own report to the House of Commons. He made his report, and I am informed that at that time some of the defeated candidates had not made their reports. However, when the chief electoral officer himself has made his report to the House of Commons, he has discharged his duty. It is then for parliament itself to decide what shall be done.

Mr. Fisher: As I understand it, a candidate who does not complete the proper form within the stated period, or whose agent does not do so, is liable to some kind of prosecution

or action. I wonder if the minister could indicate whether any prosecutions or actions were launched in consequence of failure in that regard.

Mr. Dorion: To the knowledge of the chief electoral officer, no action was taken. I speak on the information I have received, and I am sure this information is correct. Anyone may take proceeedings against candidates who did not make their own reports. However, the report of the electoral officer was made to the House of Commons and it is now a question for parliament to decide.

Mr. Fisher: The only point I wanted to underline was this—

Mr. Dorion: May I add that I believe the time has now expired.

Mr. Fisher: In other words, it is too late now. The only point I want to make in relation to this matter is this. It is something that I wish had received more emphasis in the committee last year which was examining the Canada Elections Act and making changes. I refer to the fact that so much of the statute and so many of the regulations are honoured in the breach rather than the observance. This is one example. Since one anticipates an election in the not too distant future, I might point out that there have been, as you might say, a considerable number of infractions in this particular regard. I wanted to turn to another section of the act—

Mr. Dorion: May I reply now on this point?

Mr. Fisher: Yes.

Mr. Dorion: The hon. member will understand that at the time the report was made to the House of Commons it would have been appropriate to suggest the action to be taken.

Mr. Fisher: My point there is this. I am quite aware of the fact that no one party has a monopoly on either virtue or rectitude in this particular matter. I think all parties are guilty. I was not trying to raise this matter from the point of view of knifing any particular one. I am sure that candidates in our party have been as remiss in this regard as those in any other party. However, I think it emphasizes the fact that many parts of the act are not paid much attention and consequently that more candidates should be aware of this provision.

I want to turn to section 66 of the act and underline the dissatisfaction that I feel on this particular point. Section 66 states as follows:

[Mr. Fisher.]

66. (1) Every person is guilty of the corrupt practice of treating and of an indictable offence against this act punishable as provided in this act, who, corruptly—

Again, for the second time, we find the use of the word "corrupt" or "corruptly".

—by himself or by any other person, either before, during or after an election, directly or indirectly gives or provides, or causes to be given or provided, or is accessory to the giving or poviding, or pays or engages to pay wholly or in part the expense of giving or providing any meat, drink, refreshment or provision, or any money or ticket or other means or device to enable the procuring of any meat, drink, refreshment or provision, to or for any person for the purpose of corruptly influencing that person or any other person to give or refrain from giving his vote at such election—

And so on. Further down in this clause, which does not go much further, the word "corrupt" or "corruptly" appears again. It seems to me that it is almost impossible to enforce this particular section. I should like to have some information as to what proceedings have been taken in the last two general elections as a consequence of this particular section.

Mr. Dorion: To our knowledge no proceedings at all have been taken. However, I should like to remind the hon. member that the responsibility of the chief electoral officer is limited to clause 70. It is not within his province to determine whether, in certain cases, action should be taken against any person who has violated section 66 or any other section. Generally speaking it is the privilege, if I can so state it, of any candidate to proceed against another candidate and take proceedings if there is a violation of the act. In other words, everyone has that right. The chief electoral officer, in virtue of this act, has nothing to do with that question. The situation is the same with regard to the Secretary of State, who is only the channel between the chief electoral officer and the House of Commons.

Mr. Fisher: I am sure the chief electoral officer is the person who keeps a record of prosecutions that take place as a result of the act. It seems to me that I have seen returns filed in the past. That is why I asked the question.

Mr. Dorion: With regard to actions taken, he keeps a record; yes.

Mr. Fisher: In relation to this particular section, the part that follows allows an official agent or any other person to provide sandwiches, cakes, cookies and drinks such as tea, coffee, milk or soft drinks at a meeting of electors. It does not expressly forbid alcoholic beverages, but I imagine that matter was in mind in that they were not inserted here.

However, the boundary line here is so narrow, it seems to me, depending upon the puritanism of the interpretation as to what is corrupting about a tea party.

I know that at least two of the parties have sent out instructions on how to organize. I know the Conservative party have done so, for I have seen their publications in the past. They advise building the whole campaign organization upon the tea party, the coffee party and so on, the idea being to have these meetings in as informal and as friendly surroundings as possible in order to get people in.

In this kind of situation, with which I do not see anything wrong at all, the whole idea of the first part of section 66, it seems to me, does not make a great deal of sense. How are we going to arrive at the conclusion, when you move over a boundary line, that you are corruptly influencing people to procure their vote? This section is totally nonsensical. If the words "bribe" or "bribery" were included it would make more sense than the adjective "corrupt". I cannot see any merit in the inclusion of that word in this context.

I turn now to a list found at the back of the by-election instructions provided to returning officers, issued in January. Schedule 3, page 276, lists electoral districts in which the nomination day is the twenty eighth day before polling day. All hon. members will realize that this has reference to large constituencies with scattered populations. Has the chief electoral officer given any consideration to recommending extension or narrowing of this time?

Mr. Dorion: No suggestion has been made concerning adding names to that list. The chief electoral officer believes that the list is complete and in order.

Mr. Fisher: I wish to draw to the attention of hon. members of the committee to this list. Extra time is given in these particular constituencies because of the difficulty in arranging for electoral matters due to the size and scattered nature of the districts. This is another point that reinforces some of the suggestions made in the past to the effect that in setting constituency boundaries, and in making up your mind about whether you are going to have any ratio between rural and urban voters, this is a factor that should be taken into account. Very few of these constituencies are what might be called rural agricultural constituencies. I think of Cochrane, Kenora-Rainy River, Port Arthur, Chapleau, Saguenay, Bonavista-Twillingate, Grand Falls-White Bay-Labrador and Humber-St. George's. These are not rural agricultural constituencies.

I wish to underline the difficulty encountered not only by the candidates in these constituencies but by the chief electoral officer. After the election of a candidate in these constituencies he encounters especially difficult circumstances. This is another factor we need to examine closely. Under the Canada Elections Act, in this schedule, we have confirmation that there are added or exceptional difficulties in important constituencies in Canada. For this reason I should like hon. members in the next few months to again scan the constituency maps, and if they do not represent constituencies of this nature I urge them to develop some sympathy for hon. members who represent constituencies of the nature of Athabasca, Jasper-Edson, Peace River and others. I hope all hon. members will keep this factor in mind, whether at election time or at a time when we may have to make decisions relating to the holding of elections.

Has the Secretary of State sought to obtain from the chief electoral officer any information that would be useful and relevant to any consideration with respect to increasing the number of constituencies represented in this house? Has he done that in the last year or two?

Mr. Dorion: Mr. Chairman, I have not raised a point of order arising out of the remarks of the hon. member for Port Arthur because I believe it is valuable to have suggestions from hon. members of this committee, even if they are sometimes advanced in an irregular way. However, I cannot answer the question the hon. member has just asked. I believe the hon. gentleman will understand that it is a matter of government policy, and it would not be in order for me to answer that question. Redistribution is not a question to be decided by the chief electoral officer or by the Secretary of State who, after all, is the channel, as it were, between the chief electoral officer and the House of Commons.

With respect to the other questions raised by the hon. gentleman, let me recall to his mind the fact that last year certain suggestions advanced by him and by the hon. member for Skeena were fully discussed in a committee of this house but not accepted. For that reason those suggestions are not reflected in the existing law. The government is always interested in receiving suggestions from hon. members, some of which may be of assistance in introducing future amendments to the act. It is not my privilege to answer questions of the nature raised by the hon. member for Port Arthur. I can only make my suggestions to the cabinet when a question is raised about amending the act.

Before taking my seat, Mr. Chairman, let me thank the hon. member for Skeena for the kind words he said about me a few moments ago.

Mr. Herridge: Mr. Chairman, I feel I must rise at this time to correct any misunderstanding, misinterpretation or exaggeration that may arise out of the remarks made by the hon. member for Port Arthur. I do not want anyone to think that C.C.F. campaigns are based on thousands of cups of tea and coffee. They are based on a challenging philosophy, on broad humanitarian principles and on programs supported by dedicated people; and the C.C.F. is represented, in the riding in question, by a candidate who is a personality.

Mr. Aiken: Mr. Chairman, as a footnote to the discussion that has taken place with respect to amendments to the Canada Elections Act, and specifically the one referred to by the hon. member for Kootenay West, may I comment that whether or not the amendments made last year to the Canada Elections Act had anything to do with it, the results of the recent by-elections were much better under the amended act than under the old act.

Mr. Howard: About half an hour ago I fell into the error, occasioned by practice, of seeking to make inquiries about matters of government policy, and advancing suggestions. As I say, I fell into this error in raising the question of absentee voting and inquiring as to government policy. I confess my error now. I think the government has its finger in too many pies, and that it has too much authority over the affairs of parliament. I should have known better than to fall into that trap of words, as it were, in trying to give to the government authority over decisions on balloting matters or changes in the elections act when this is a question primarily within the control of parliament itself and of the standing committee on privileges and elections, which traditionally has considered these amendments and proposed changes to the act in a non-partisan way as far as possible. I felt I had better clear the record with regard to that particular error of mine before the government decided that this was another matter in which it could become engaged and upon which it could make statements of policy from time to time.

However, that does not preclude the opportunity of using the House of Commons as a forum, as it were, where particular matters such as the absentee vote may be discussed. It is true that in the committee last year I was a minority of one, I think, when this question of the absentee vote was considered; but no matter by what majority a man has his views rejected he should, in my opinion, continue to press those views on every occasion because it is the little drop of water that wears away the mighty stone. Persistence brings results. I was a minority of one then, but perhaps I am in a better position here where I have colleagues close to me; by using this forum I am increasing my support.

To me, absentee voting is a vital matter, and I believe people should not be denied the right to cast their ballots on election day because of circumstances beyond their control such as the nature of their employment. Perhaps I can expand this theme now and indicate to the committee an area where additional difficulties will arise depending on the time of the year in which, specifically, the next federal election is held, though my observations will apply to other federal elections as well.

I mention the next federal election specifically because it will be the first general election at which our native Indian people will have the right to vote as a group. It is true that in the past, because of service in the armed forces, some Indian people have had the right to vote, and others have had the right to vote by virtue of the franchise. It is also the case that in at least two of the constituencies where by-elections have been held, native Indians have taken part in the voting. However, as I say, the next general election will be the one in which they will be casting their votes for the first time, at least for a number of years. I believe it was in 1918 or 1919 when they last had the right to vote in a general election.

On the west coast of British Columbia the absence of any provision for absentee voting could cause a great deal of misunderstanding and, possibly, anger directed against the government, the returning officers and everybody else concerned including the candidates. In British Columbia, as I have said, we have a provincial system of absentee voting. An elector, if he is on the voters' list, can cast his ballot in any polling division in the province. I should explain that a high proportion of the native population on the coast is engaged in the fishing industry, and during the salmon season the great majority of them are anywhere but at home in their own villages. They travel from their home villages following the fish. They move down from the interior to work in the canneries and fish out from the canneries.

When a provincial election is held—and native people have had the right to vote in provincial elections since 1949—these native Indians can vote by virtue of the absentee voting provision. If a federal election is called to coincide with the fishing season, most of these native Indian people who will

be voting for the first time at a federal election and who have become accustomed, in five provincial elections, to a system of absentee balloting, will find themselves denied the opportunity to vote by virtue of their occupation. This would generate, I am sure, a great deal of antagonism on their part, an antagonism which in my view would be understandable. A good deal of explanation would be necessary to convince them that the law is different in its application to federal elections.

I cite this one group of people only as a case in point in order to show that there will be confusion and anger created. I think there will be an increasing demand on the part of the electorate after the next general election for a system of absentee balloting to be carried into effect. Even though, as I say, I was a minority of one once, perhaps by continual argument and complaint on this question sufficient public and parliamentary support will be generated to ensure that this system shall come into effect and that all the people shall have the right to cast their ballots on election day.

Mr. Fisher: The last point I wish to bring up for the consideration of the committee and the Secretary of State has really nothing to do with elections. I should like to ask hon. members to consider the whole matter of election expenses and the declaration of expenses. If they will check forms 62 and 63, the official agent's declaration as to expenses and the candidate's declaration as to expenses, and read through them in all seriousness they will find, I think, that if they are completely honest they will have a most difficult time signing these forms.

Perhaps I could give a few indications at this point to underline the difficulty of putting one's name to form 63, although most of us do so; all the successful candidates. This is what the candidate swears:

> I do hereby solemnly declare that I have examined the return of election expenses transmitted or about to be transmitted by my official agent to the returning officer at the said election, a copy of which return is now shown by me and signed by the officer before whom this declaration is made, and to the best of my knowledge and belief that return is correct.
>
> I further solemnly declare that except as appears from that return I have not, and to the best of my knowledge and belief no person, nor any club, society, company or association has, on my behalf, made any payment, or given, promised, or offered any reward, office, employment or valuable consideration, or incurred any liability on account of or in respect of the conduct or management of the said election.

The saving words which appear here are "to his knowledge or belief". I do not think anyone campaigning in a fairly large constituency would have much hope of knowing this as a certainty. I suggest those individuals would have as much hope of being sure in this particular regard as I would have of being elected in the province of Quebec, and the odds involved there are pretty poor.

Section 3 of form No. 63 reads in part as follows:

> —I have paid to my said official agent the sum of—and no more for the purpose of the said election, and that except as specified in the return, no money, security, or equivalent for money has to my knowledge or belief been paid, advanced, given or deposited by anyone to or in the hands of my official agent or any other person for the purpose of defraying any expenses incurred on my behalf on account of or in respect of the conduct or management of the said election;

I suggest that is fantastic. In order to emphasize the point I make I should like to refer to a specific case involving one of my own supporters, who went out on his own and raised $1,000 for our campaign. The largest single donation he received was $10. He went from door to door and other places for these donations. Technically my official agent should have had a list of all those contributing individuals together with their addresses, and the money the individual brought in should have been listed under his name. However, would that have been a correct listing? Actually we did show on our return that we were advanced that amount by the C.C.F. riding association of Port Arthur. Had we followed the technical practice in regard to the collections of donations made by that individual, we should have had to hire a stenographer or stenographer accountant for several days.

The point I make regarding these expenses is that it is a very very mixed bag, and that I have grave doubts concerning accuracy of statements of expenses prepared by candidates following an election. I shall not recount some of the anecdotes which have been told by successful candidates and others regarding election expenses, but this does seem to me to be a situation which warrants serious consideration.

I should now like to refer to some suggestions made by Senator Douglas when he was in Canada not long ago, as appeared in the *Globe and Mail* of February 23, 1961. He is reported to have said that one of the greatest electioneering problems confronting politicians would be solved if campaign expenses were paid from the public treasury. He also believed that political parties should develop a wide basis of financial support rather than derive their funds from a small number of contributors. He said that some of the big contributors were idealists or sportsmen who enjoyed seeing politicians run, as other sportsmen liked to watch horse races. He suggested the majority were investors who expected to be paid by special favour. He believed that

the public should pay for campaign expenses, because they would be much better off than paying in the form of special privileges given to those major contributors.

The point I make is that electioneering will become more and more expensive. I suggest it cannot help but do so. Some of my colleagues have checked the rate cards provided by the Canadian Broadcasting Corporation to the committee on broadcasting with respect to the cost of television appearances, and if the expenses in that regard are an indication of the expenses involved in television appearances wherever television reaches—and we have indication now that it does reach 94 per cent of Canadian homes—the total expenses are rather fantastic.

With regard to this particular subject I suggest we should consider two features. First, perhaps a ceiling could be applied to campaign expenses, such as has been done in Britain; and second, to adopt the suggestion of Senator Douglas, at least in regard to television appearances, to provide the expenses out of the public treasury. If such a system were adopted appearances could be based on a sharing arrangement, thereby removing this feature of campaigning from the public realm.

The difficulty involved in setting a ceiling, of course, would be that a great deal of hawkshaw work would be involved over a long period of time in order to make it apply across the country. Great Britain seems to have a tighter control on public morale than we have, and I understand, from information I have received from the head offices of the different parties, that they consider this has worked fairly well there, without too many abuses. I do not know whether this would be practical in Canada, but it might be a step we will have to take. We should then at least have some guide for the consciences of candidates.

The suggestion made by Senator Douglas regarding the running of election campaigns at the expense of the public treasury may seem fantastic when we consider that the total expenses of candidates' campaigns during the last election amounted to more than $2 million in relation to the individual constituency campaigns only. I am convinced that there are many hidden expenses which if added to this total, would at least double or triple it. When I say "hidden" I do not mean deliberately hidden, but certainly associated with the election campaign. If the cost of the national campaigns carried on by the different parties were included—for example, full page advertisements in magazines such as *Weekend,* with a circulation of one and a quarter million, and the Toronto *Star Weekly,* with a circulation of 800,000 to 900,000 and other national magazines—the total expense would be fantastic. The figures regarding the cost of such advertisements could be readily obtained from the editors and publishers of the magazines.

The difficulty of paying the cost of campaigns out of the public treasury is a practical one, in that a ceiling would have to be set. In view of the enormous expenses involved the amount of campaigning would have to be cut down, with the result that the voters would be very disappointed because of the lack of the kind of commercial spot announcement campaigns, hammering upon the issues, with which they have become familiar in recent times. If something of this nature is not done, however, the major parties in Canada will have tremendous advantages in terms of being able to find money to meet the election campaign expenses, while the minority parties will have a much more difficult task. That situation may not have applied during the last election campaign, and perhaps will not apply to the next, but I suggest it will apply more and more to future election campaigns as the expenses involved skyrocket.

I suggest this is a subject which should be of interest to all hon. members, and I hope many of them will give consideration to it; because I have a hunch that this will certainly be a major problem in future years to the democratic political policies of North America. Since in the United States certain limitations have been set in respect of expenses, with regulations requiring the provision of more information regarding amounts spent by national parties, it seems to me that this problem in our country, which in many ways is greater because of our lower economic base, as well as the fact that fewer politicians must cover a much greater area, must be seriously considered in the near future.

I realize that some consideration was given to the problem at the Liberal rally which took place in January. I was not present, but it is my interpretation of what took place there, having read the articles covering that rally which appeared in newspapers, that the discussion in respect to this problem was made from an objective point of view until someone dragged in a subject concerning Allister Grosart, the national organizer of the Conservative party, and the Liberals went chasing off down a trail regarding the activities of that particular gentleman.

It was interesting to me to find that the topic loomed so large with the Liberals at their convention, but I was disappointed to find no reference to it as a topic at the rally held by the Conservative party in March. I can only assume that when you are a winner these things are not important. I am sure that

those people in the government party who are receiving money for the next election campaign will begin to see the relevancy of this whole question of expenses and the need for possible reform. It is for this reason that my remarks have been so extended. I hope that the organizations which have to do with election matters on behalf of hon. members will give some thought to this very complicated matter.

Mr. Howard: Before the item carries I should like to say a few words. I am indebted to the hon. member for Port Arthur for raising this particular matter. There is one subject connected with it that I should like to deal with in so far as it affects election expenses or, more particularly, election contributions. Whenever this particular section of the Canada Elections Act has been dealt with, parliament has either re-enacted the provision or has said it is desirable that candidates of political parties make known to the public contributions which they have received, and also their source.

I say that in essence parliament has made a decision in this regard by reason of its enactment or re-enactment of the provision. I do not know when the provision first became part of the Canada Elections Act. Form 61, which deals with the return of election expenses, contains form No. 63 which sets out what the official agent is supposed to do. The hon. member for Port Arthur referred to a book which contains instructions for returning officers with respect to by-elections. I assume they would apply also to general elections. On page 265 of this book, under item No. 1, we find the following:

1—Receipts.

(a) Money or its value received.

There are accurately set out hereunder the name and occupation of every person (including the candidate) and of every club, society, company or association, from whom any money, securities or the equivalent of money was received in respect of expenses incurred on account of or in connection with or incidental to the above election, showing in the case of each person the amount or value received as a contribution (including subscription or gift), loan, advance, deposit or otherwise.

In essence parliament has decided it is desirable that the official agent of the candidate shall make known to the public the amounts of money, the loans, the gifts, the bequests, the securities, or anything else of a similar nature, contributed toward the expenses of the candidate in a particular constituency. Although parliament has decided that it is desirable for the public to know where this money comes from, this requirement is not met because of the existence of provincial or national associations of political parties. If, for argument's sake, my official agent, or any candidate's official agent, receives the sum of $5,000 from the national or provincial party, the entry he makes on the return is: "Name, C.C.F., provincial, British Columbia, or Yukon section," or whatever it may be. "Address, British Columbia; occupation, political party," I suppose. The source of the $5,000, whether it is from a company, association, society or the like, is not revealed; it is hidden.

If parliament has decided that it is a desirable thing to make known to the public the contributions toward election expenses, in so far as the official agent is concerned, then to me it is an equally desirable thing, or even perhaps more desirable, that parliament should enlarge this and say it is also in the public interest to make known the contributions which are made at the national or provincial level as well. Otherwise, although parliament has decided it is desirable to do this sort of thing, a loophole would exist so that anyone who wanted to make a contribution with strings attached, as Senator Douglas and others have pointed out has happened, as a sort of prepayment for favours expected, could do so.

Anyone who wished to engage in this sort of contributing with strings attached, could easily evade the provisions of the Canada Elections Act as passed by parliament by making the contributions initially to some person other than the official agent. He could make it to a national association, or a provincial association, or even to a constituency association. On the return the agent could say that the money was received from some general source within the party. This gets around the provision of the Canada Elections Act which parliament decided was essential when it said that the public should have knowledge of most of the contributions made toward election expenses.

Item agreed to.

Civil service commission—

66. Salaries and contingencies of the commission including compensation in accordance with the suggestion award plan of the public service of Canada, $4,486,681.

Mr. Herridge: Mr. Chairman, I wish to say a few words on this item which relates to the civil service commission. I noted in the *Gazette* of this morning a further reference to Dr. Chaput and his case. The article reads:

Chaput says he'll reply in few days

Dr. Marcel Chaput, vice president of a Quebec secessionist movement, yesterday said he will reply within a few days to an invitation that he quit his defence research board job.

He said he will issue a statement replying to Dr. J. E. Keyston, vice president of the board. Dr. Keyston said Thursday Dr. Chaput's "political activities" are incompatible with his work as a federal government civil servant.

Dr. Chaput, 42-year old chemist for the defence research board, has been in federal service for 17 years.

There were rumours that a group of Progressive Conservative M.P.'s would ask Prime Minister Diefenbaker to see that Dr. Chaput is not forced out.

Dr. Chaput Wednesday night addressed a meeting of "le réassemblement pour l'indépendance nationale". He said that Quebec will secede from confederation before 1967 if the secession movement continues to expand at the present rate.

Jean-Noel Tremblay, Progressive Conservative member for Roberval who was one of three government members attending the meeting in Hull, said he had not heard of any project to approach Mr. Diefenbaker about Dr. Chaput's job.

I rise to say a few words on the question, because I am concerned on two grounds.

Mr. Bell (Carleton): May I raise a point of order, Mr. Chairman. The hon. gentleman, I believe, is talking about an employee of the defence research board. The defence research board is in no way under the jurisdiction of the civil service commission, and the employees are not civil servants under the commission. Normally, in my submission, it would not be appropriate to discuss the matter under this item, but it would be appropriate under an item of the Department of National Defence estimates.

Mr. Herridge: I have been informed that this gentleman has been a civil servant for 17 years.

Mr. Bell (Carleton): The employees of the defence research board do not come under the civil service commission.

Mr. Herridge: Perhaps the minister could inform the committee whether he is a civil servant.

Mr. Dorion: No, he is not.

Mr. Herridge: Then it is not in order for me to discuss the matter under this item?

The Acting Chairman (Mr. Chown): If I may intercede at this point, I would say the matter does not appear to come within the administrative responsibility of the department under discussion. Inasmuch as the estimates of the Department of National Defence still have to come before the committee, I think the hon. gentleman should defer his comments until that time.

Mr. Herridge: If I have definite assurance that this gentleman is not a civil servant, I shall defer my remarks.

Mr. Dorion: That is true.

Item agreed to.

The Acting Chairman (Mr. Chown): That concludes the estimates of the Department of Secretary of State.

DEPARTMENT OF FISHERIES

131. Departmental administration, $473,500.

Mr. Pickersgill: Mr. Chairman, there are several matters of a general nature about which I wish to say something on this first item of the Department of Fisheries. The most urgent is a matter which I mentioned in connection with the estimates of the Department of Trade and Commerce. I am not sure whether or not the Minister of Fisheries was in the committee at that time.

I am referring to the surplus of salt fish which is overhanging the market, and the grave uncertainties in the markets for salt fish resulting from the Cuban revolution, as well as the economic difficulties facing the government of Cuba. Notwithstanding the enthusiasm for Cuba shown by the Minister of Trade and Commerce some time ago, he seems to have repented more recently of his earlier enthusiasm. Of course recent events in another market for our salt fish give us no cause to feel confident that there will be the kind of political stability in that area which would give us an assurance of the maintenance of the market.

The plain fact is, sir, that the market for salt fish in the Caribbean is, on political grounds, not as good as it was. As the minister knows very well, the market for salt fish in Europe is not being completely satisfied because fish of the right quality is not being produced in adequate quantities. The minister knows very well that for some time I have been an exponent, and I am an unrepentant exponent, of the view that serious steps should be taken to retain that market. In order to forestall the question, "Why didn't you do it", I shall say at once that I urged his predecessor to do so, but without success. I think a mistake was made by the previous government in not taking action when we were in office. I think that mistake is being perpetuated at the present time.

I do feel that during the period while we are developing the necessary technical know-how to produce light salt fish of Italian and Spanish quality in sufficient quantities to meet the market, an incentive bonus should be paid to the fishermen in order to keep the market alive. I feel this could be done in exactly the same way that the government, before the second world war, provided a bonus for quality bacon in order to maintain and expand the British market.

I regret that no steps of that kind have been taken. I feel that such action is all the more urgent because, as the minister is well aware, there has been an increasing tendency in the last two or three years to produce more and more heavy salted fish which cannot be sold in Europe but can only be sold

in the Caribbean at a time when, for political more than economic reasons, the market in the Caribbean is not as good as it was.

I know the minister is thoroughly aware of this problem. I think the matter is sufficiently serious that, if we are going to have any assurance of a market at all at a decent price for this year's catch and the salt fish that will be made this year, then the surplus from last year should be taken off the market and used somewhere else outside our normal commercial markets. This has been done, of course, over and over again with farm products. This government has been fortunate in that it has not had to take such action so far as salt fish is concerned since it came into office. Action of this nature was taken on one or two occasions when the previous administration was in office.

The minister is very familiar with the speech given at Charlottetown on February 27, 1958 by the Prime Minister, of which I have reminded him every year since and which I think ought to be on the record again. This was one of those "Let no one suffer" speeches by the Prime Minister. The first paragraph of this report by Mr. Bruce Macdonald, who was then correspondent of the Toronto *Star*, reads as follows:

> Prime Minister Diefenbaker intimated here last night that a Conservative government will place a floor price under fish and contended the agricultural support bill passed last session will provide "crash insurance" for all farm products.

I read the whole sentence, and for this reason. The agricultural prices support board, as the minister knows—it is now called the stabilization board, I think, but it is the same thing—has spent millions and millions of dollars of the taxpayers' money supporting farm prices, but nothing whatever has been done so far as salt fish is concerned. Happily, up until this year, nothing has been needed in any critical sense. This year action is needed. The fishermen are not going to be very well pleased unless they are treated with the same consideration—I do not mean sympathetic consideration, either; I mean action—that has been given in respect of farm products on many occasions.

This is a crisis or an emergency. There is only one way in which it can be met, and that is by taking the surplus off the market and disposing of it somewhere else. It is good food. There are many people all over the world who are starving. The cost of dealing with this situation would not be very great. The funds are available. The Fisheries Prices Support Act is there. The funds are there. All that is required is a decision and action by the government. I am sure that we can expect the minister, before the conclusion of his estimates and probably on the item relating to the fisheries prices support board, to give a considered statement on what the government intends to do to meet this urgent problem.

At the same time I wish to say something about another matter; about which the hon. member for St. John's East had something to say the other day. I was a little surprised when I asked the hon. gentleman if he had ever been to Valleyfield, after he had criticized the operation of the experimental station there, and he admitted that he had never been there. He also suggested that it was so remote that it was not reasonable to expect him to go there. I may say, of course, that the view taken by the hon. member for St. John's East is a view that is taken by a good many others in St. John's about the rest of Newfoundland, namely that the places are so remote that nobody could be expected to go there.

But I can tell you, Mr. Chairman, and the Minister of Fisheries that in those areas in which is caught a great part of the fish that is made into salt fish—that is, on the northeast coast—Valleyfield is not as remote from the fishery as is St. John's geographically. It may be true that it was more remote before the road was built, when one had to travel by boat or by aircraft, but today you can drive from Gander to Valleyfield in, I suppose, three hours. Valleyfield is centrally located so far as the fishery on the northeast coast of Newfoundland is concerned.

I have talked to a great many of those who are interested in the work being done at Valleyfield. My experience has been that those engaged in the salt fish industry, not merely in Newfoundland but in the other Atlantic provinces as well, have been keenly interested in what has been done at the Valleyfield experimental plant.The only regret many of us have is that more is not being done, and that there is not an even bigger program. The department has had an admirable staff there. They have had one man, a scientist, who I think was close to being a genius. We were sorry to see him leave Valleyfield in order to serve the department somewhere else, but already a great many useful things have been discovered there. If the minister will continue to give that experiment the support and encouragement he has given to it up until now—and I commend him for it—and if he will not be discouraged by observations made by people who have never taken the trouble to go to see the place, I am quite sure that it will pay great dividends over the years to our fishermen.

There is no doubt whatsoever that if we are to maintain a proper balance in the cod fishery and not depend entirely on a single market, namely the United States market,

we shall be obliged to continue to produce salt fish as well as fresh fish and fresh frozen fish. If we allow the salt fishery to decline steadily it means that the fishermen will have only one market, as was pointed out earlier in the discussion of these estimates by the hon. member for Burin-Burgeo. We shall be dependent entirely upon what the United States market will take.

There is an opportunity for an admirable balance between the two markets. If we can maintain our market for salt fish and our markets for fresh fish, it is unlikely—it has rarely happened, except in great world depressions like that in the thirties—that the markets for both kinds of fish would go down at the same time. One year you get a good year in the fresh fish markets and more fish can be sold there. Another year you get a good year in the salt fish market and more fish can be sold there. That diversification of markets is of great advantage to the fishermen and to everybody engaged in the fisheries. It is a position that we ought jealously to guard and also to encourage in every possible way.

We know that in the British West Indies great changes are taking place. We know that in Puerto Rico great changes are taking place, and that there is an improvement in the economy of both those areas. We have reason to hope that improvement will continue. In both those areas we have seen the practical effect of the kind of aid to underdeveloped areas which this country has pioneered and which is bearing fruit there. But what that means is this. As the standards of living and the income of the people in those areas improve and, we hope, will continue to improve, they are going to want a better kind of food product. I think they are still going to want salt fish. I do not think there is any doubt about that. I am no expert on these nutritional problems, but I am told that in those hot countries salt is necessary in the diet, and that salt fish is going to continue to be required.

However, we should be preparing a better kind of product, a better packaged product, and should be experimenting with every kind of improvement so that as the standard of living rises in those areas, we can continue to satisfy the demand.

Of course the more we do in aiding the development of this area, the better; particularly in the West Indies Federation which is on the verge, one hopes, of becoming another member of the commonwealth and a united one. We know that there is a great problem there at the moment. We have high hopes of that. It seems to me that there is no area in the world outside the borders of Canada that is so closely connected by historical, traditional, geographical and economic ties with Canada as is that particular area. Not just for the good of the salt fishery but for the good of this whole hemisphere and for the economic advantage of Canada itself, we should seek to foster closer relations between Canada and that area; I refer particularly to closer financial and economic relations. We are natural complements of one another economically. It seems to me that we should particularly seek to conserve and to exploit, in the best sense of that word, the market there for our Canadian products, and particularly for the traditional product that we have exported to that area over the years, namely salt fish. In order to do that I suggest that marketing and production research and research of all types will be required.

I have said on many occasions in the last two years that there are many areas in which the market for salt fish could be extended right here on the mainland of Canada. The Minister of Citizenship and Immigration has not followed in my footsteps in many respects, but in one she has. The hon. lady has continued to permit the entry to Canada every year of many thousands of Italian immigrants, all of whom are fish eaters, and most of whom are salt fish eaters. I do not believe the Department of Fisheries or the fish industry have made an adequate effort to maintain a market for our salt fish products among these new inhabitants and future citizens of Canada. Some are no longer future citizens. Most of those I admitted are now qualified for citizenship by the efflux of time, and I assume that by next year all of them will be qualified to be citizens.

Here we have a large section of our population concentrated to a very great degree in three or four metropolitan areas, Toronto, Montreal and Hamilton being the most conspicuous, accustomed to shops run by their own people, with a press of their own. It is a market that should be easy to reach and develop if we have the initiative and energy to do it. I suggest that here again there can be that combination of public and private initiative which has been characteristic of the Canadian economy in every dynamic period we have had in our history, and which is needed in this field as it is in so many others.

I dwell a great deal on the salt fish industry simply because I represent a constituency, as do most of my colleagues here from the province of Newfoundland, in which perhaps more persons are concerned with the salt fishery than with any other occupation, even the woods industry, which is the other big source of employment in Newfoundland.

I wish to say something about unemployment insurance in relation to the fisheries. I shall not talk about those aspects of unemployment insurance for fishermen that are properly the concern of the Minister of Labour. I recognize, of course, that the Minister of Labour would have to sponsor any amendments to the unemployment insurance regulations or to the act itself. I do not think amendments to the act are needed to accomplish what I am going to suggest should be done, but I do think amendments to the regulations are needed, and I believe the Minister of Fisheries should be urging these changes upon the Minister of Labour because they are changes which affect the balance between the fish that goes into the salt fish markets and that which goes into the fresh fish markets.

As the minister very well knows, a fisherman who makes his own salt fish is allowed to average his catch over the whole season and get stamps in proportion, but those who sell fresh fish to the fish plants are not allowed to do that. There may be occasions when the earnings for a two week period are averaged, but not more than that, and generally speaking the earnings of each week have to be treated separately. This has the effect of interfering with the proper economic distribution of the fish as between fresh and frozen fish plants, and the making of salt fish or the selling of fish as salt bulk.

I know from my experience in my own riding that in one or two promising areas where there were fresh fish plants, those plants have been closed because the fishermen would not sell to them due to the fact that they could not get their unemployment insurance stamps, whereas they could obtain stamps by selling salt bulk to be sent to Nova Scotia to be processed there. I have no objection to the Nova Scotians buying salt bulk in Newfoundland. There is no doubt but that it has helped a great deal to keep up the price of fish and has contributed to the income of the fishermen. But I do say it is a shame to have fish plants closed in Newfoundland which are willing to pay the same price and perhaps an even better price than that paid for salt bulk, but which the rigid regulations of the unemployment insurance commission make the fisherman unwilling to sell to them.

I know there are those who go about in a sneering way—most of them seem to come from areas a long way from the Atlantic region—and say that all the fishermen have done since they obtained unemployment insurance has been to fish for stamps. I say that is a libel on a hard working section of our population. The fishermen, like working men in other sections of the population, want reasonable protection under unemployment insurance. I know this is not very well understood in many other parts of the country, but let me say that the fishermen want unemployment insurance and not some other form of social security, because, with unemployment insurance, they are able to continue working in periods when they cannot fish and thus, by getting additional stamps, build up their social security. There are those who say that instead of unemployment insurance there should be a special scheme for fishermen, but that would not suit the fishermen in that it would mean they could not go to the woods when the fishery is over to earn their living with the continuing advantage of unemployment insurance. What they want is to have the two kinds of employment under the same unemployment insurance scheme.

Mr. Chairman, may I call it one o'clock?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Macdonnell: I wonder if I may ask the hon. member for Bonavista-Twillingate a question. If I correctly understood him, he said this morning that a certain type of fish is not being so produced that the best quality is reaching the various markets. Would he please say something further on that subject before he resumes his seat?

Mr. Pickersgill: The situation is this: there are certain markets in which only what is called heavy salted fish is acceptable. There are other markets which insist on light salted fish. Of course, light salted fish is a product, almost exclusively, of Newfoundland. I say "almost exclusively" because I see the parliamentary secretary to the Minister of Fisheries looking at me, and I believe the only other place where it is produced is in Gaspe. There is no market for heavy salted fish in Europe. The market is only for light salted fish of a high quality.

I was saying this morning that there was not enough of this high quality fish being produced to satisfy the demand. No one has yet found a way of processing light salted fish in mechanical dryers cheaply enough to enable it to be produced successfully for export. There was an experiment carried out at Bonavista which proved that Italian fish could be made successfully, in artificial dryers, but it cost more to make it than it would sell for. The problem is one on which the department is working at the present time particularly in Valleyfield and in co-operation

with cetrain fish processors and those engaged in this work are hoping to find a process of making light salted fish at a cost sufficiently low to enable the product to be sold at a profit. Meanwhile, production of the light salted fish now going on to the market depends on the fishermen making their own fish on the flakes—the expression "making" means drying and curing. Increasingly, the fishermen are reluctant to do this work. If they can sell their fish for practically the same price as fresh fish or as salt bulk to be made into heavy salted fish, they prefer to do that, and catch more fish, than to make light salted fish themselves. What I suggested was that we should pay an incentive bonus in respect to this light salted fish made by the fishermen until such time as we have overcome the problem of making light salted fish in mechanical dryers economically, as I am sure, in time, we shall do. That is the nature of the problem.

Mr. Macdonnell: I thank the hon. gentleman.

Mr. Pickersgill: At one o'clock I was speaking about unemployment insurance for fishermen and about one of the problems which had arisen because of the different methods of allowing stamps in the case of fresh fish and the case of salt fish. I was suggesting that because the regulations as they now stand have the effect of encouraging fishermen to sell fish as salt fish, particularly in some parts of the country, we should adapt the regulations to the economic problem instead of aggravating the economic problem by maintaining the existing regulations. I felt I must enter a caveat at that point, and that is what I was in the process of doing when we reached one o'clock. It is this: I hope the government will not consider for one minute the abandonment of unemployment insurance for fishermen.

There are many advocates of the abandonment of unemployment insurance for fishermen and the substitution of what is called a special scheme. The fishermen do not want this. They want to continue to be covered by unemployment insurance in order that they may cumulate the stamps they get through fishing with the stamps they get through other kinds of labour. Fishing nearly everywhere in Canada is a seasonal occupation and it is very difficult to get enough stamps during the season, in many places, to qualify for unemployment insurance. Contrary to what many people suggest, most fishermen do not want to qualify for benefit if they can get jobs. If the employment service is able to offer them work I believe, speaking for the people that I represent, that they would be very glad to take a job rather than the insurance payments. But they must not be allowed to fall between two stools. In the days when unemployment insurance was introduced in 1957 it was still relatively easy for fishermen to get jobs in other occupations. In the preceding five or six years there had been a tremendous exodus from the fishery. The introduction of unemployment insurance halted that exodus. It kept the fishermen in the fishery during the season; they realized that when the season was over they could get work in the lumber industry, or in carpentry and get stamps which would qualify them for a short period of benefit if they became unemployed. Unfortunately, it does not work that way now, because work has been so scarce.

I was pained to read in the Toronto *Star* on April 21 an account of the statement made by the minister before the Fisheries Council of Canada in Toronto. I am sure that if the minister is not satisfied with the way he has been reported he will say so. I should just like to quote from a story which appeared in the Toronto *Star* of April 11, 1961 which reads as follows:

> Hon. J. Angus MacLean, Minister of Fisheries, said the government is looking for a new approach for unemployment insurance for fishermen—

I do not mind that part of the statement at all, because I think there should be a new approach to this situation as long as it is within the ambit of unemployment insurance. Then the article reports the minister to have said, and this is in quotation marks, the following:

> "—to remove the incentive which appears to be so prevalent in some areas to fish for unemployment insurance stamps."

I do not think the minister meant that in the way it sounds. I feel that fishermen naturally want to be protected by unemployment insurance just as everyone else who is covered by it does. That is not dishonourable on their part. It is not dishonourable at all. Fishermen should certainly receive the benefits of this great social security measure. The implied suggestion that fishermen just fish to get enough stamps to live without work is, I think, quite wrong, and certainly quite contrary to any experience I have ever had. I receive letters every fall from individuals who have been fishing, who are looking for jobs in the woods, in Labrador, or anywhere else so that they may earn a living for their families. I think that is the general experience in this regard.

I suggest we change the regulations so as to rid them of some of these anomalies, but let us not contemplate for a moment the abandonment of unemployment insurance for

fishermen, I hope the minister will reassure us, when he speaks, that he intended no such thing.

I should now like to say a word in commendation of the government regarding two things it has done. First, the portable bait freezers have been very successful, and I am very glad to know that one is going to be placed in my constituency this year, but I could inform the minister of six or seven other places in my constituency which have a need for these freezers which is almost as great, if not as great, as the need of the community that is receiving one. I understand these portable bait freezers cost in the neighbourhood of only $15,000 to $20,000 each.

Mr. Carter: No, $5,000 to $6,000.

Mr. Pickersgill: My friend the hon. member for Burin-Burgeo informs me they cost much less than I understood. He says they cost $5,000 to $6,000. It seems to me that, in view of the small expenditure of money required to make the fisheries so much more efficient, we ought to have a blitz and situate them, all in one year, in every settlement where they are required. I do not suggest they be placed at every place along the coast, because there are some communities where only two or three fishermen operate. However, these freezers are portable and, if a mistake is made in placing one, that mistake is not irrevocable; the unit can be moved to another community. Why does the government not spend $250,000, if it is even that much, and put these fishermen in a position to fish with much greater efficiency, and thereby increase their income?

I should also at this time like to say a word regarding community stages, which have already proven to be very successful. I admit they are not portable, and it is very important that they be placed in the proper areas.

The Acting Chairman (Mr. Chown): Order. I am sorry to interrupt the hon. gentleman but his time has expired.

Some hon. Members: Carry on.

The Acting Chairman (Mr. Chown): Is there unanimous consent in this committee to allow the hon. gentleman to carry on?

Some hon. Members: Agreed.

Mr. Pickersgill: I appreciate that very much because I think in five or six minutes I shall be able to say everything I wanted to say of a general nature, and the body of my remarks will then appear on the record in one place instead of in bits and pieces.

Regarding community stages, I merely intended to say that where they had been well located—most of them have been so placed, and some have been exceptionally well located—they have increased the productivity and profitability of the fisheries of the community out of all recognition. I am sure that within a relatively few years the increased returns to the exchequer alone, to say nothing of the returns to the economy as a whole, will pay for them.

Again I say that I do not know why we do not do this job thoroughly rather than just building two or three, or six or seven stages per year. I feel that they should be placed immediately everywhere they are needed to stabilize the fisheries and thereby place the fishermen in a position to make a better living, under more satisfactory conditions and, incidentally, to make it possible to produce a better product. These community stages, with a reasonable water supply, with greater sanitation and so on, do result in the production of a better product than is produced by the use of the old stages of individual fishermen.

I must say that I was rather disappointed when I asked the minister a couple of weeks ago if the government was contemplating any legislation for the fisheries comparable to the legislation introduced by his colleague, the Minister of Agriculture, and I refer to the rural rehabilitation legislation. The rural rehabilitation legislation is, of course, designed for the improvement of the rural economy in those areas which need rehabilitation. It is certainly true that, as far as the east coast fisheries are concerned, there is just as much need for community rehabilitation, for the improvement of fishermen's gear, boats and other implements of production, as there is in any rural area of this country. I urge the minister and the government to seek to do something comparable in respect to our fisheries. I admit that such a program would be carried out on a long term basis and would have very little immediate effect. That is of course true of the rural rehabilitation program. However, this is a patrimony that we ought to seek to preserve.

It is very extraordinary that we have, off the coast of Newfoundland and the east coast of Canada, the greatest fishery in the world; a fishery that has been exploited for 500 years by the Portuguese, the French and the English, and which is being exploited today, not merely by the historic fishing nations, but by the Russians and the Germans, all whom have to cross the Atlantic, making voyages from 3,000 to 4,000 miles, and who feel there is an economic advantage in doing so. Here we are right at the front doorstep of this great fishery and yet the fishery is perhaps the most depressed of our industries. Surely that

is not a situation we can regard with satisfaction. Surely we should not throw up our hands and say that we have developed such a high cost economy and such a high standard of living in this country that we cannot take advantage of that great natural wealth at our doorstep. We cannot take advantage of it by using nineteenth century methods. It is impossible to do that. Technological advances have enabled other countries to maintain their fisheries.

This is the most ancient of all our industries, and one which is of great importance to a large segment of our population living in the five eastern provinces, as well as, of course, in the province of British Columbia, where the fisheries are rather different, and about which I would not attempt to speak because of my lack of direct knowldge. This is the industry from which many of the people living in the five eastern provinces derive their livelihood. Surely no industry is in more urgent need of the kind of consideration that is being given to those agricultural rural communities which need rehabilitation. I suggest this is one area where there is a demand for vision and for action.

Mr. Chairman, since I have been transgressing on the time of others, that will be my last word regarding this subject at this stage of the estimates.

Mr. Stewart: Mr. Chairman, in rising to speak on the general item, I should like to state that I have no intention of unnecessarily holding up the minister's estimates. However, I feel that in view of the importance of fishing to the constituency which I represent, and in view of some of the observations which have been made by hon. members in this committee, certain information should be placed on the record.

The fishing industry, as has been pointed out by the hon. member for Bonavista-Twillingate, is very old. Long before there was any western Canada we had a fishery on the east coast. As a matter of fact, history discloses that one of the first commercial companies was given the exclusive right to the sea and inland fisheries of Canada on certain terms.

I was quite interested in the observation of the hon. member relating to codfish in Newfoundland. This interest arises also out of the statement made by the premier of that province that the codfishery of Newfoundland was on the decline. We sometimes wonder whether the decline is due to the lack of markets, improper methods of curing or even the dearth of improvement in the method of catching fish. Be that as it may, I agree with the hon. member that codfishery is a very important part of the economy of eastern Canada.

When we consider the importance of the fisheries of Canada, I think we should give careful consideration to the problems facing the fishermen, particularly on the east coast. I am not going to say anything about the fisheries of the Pacific coast, of which I know very little, but sometimes hon. members, and possibly the country at large, get the impression that the only segment of our economy of any importance is the farming industry of western Canada.

Let me assure hon. members that we have our problems on the east coast. Perhaps because we are a little more independent and a little more self-reliant we do not ask the government for the same amount of assistance as do our brothers in the western provinces. Nevertheless, we have problems and it is about some of them that I should like to speak for a few minutes this afternoon.

Every year Canadian fishermen take some 2 billion pounds of fish and shellfish from the salt and fresh waters off the Pacific and Atlantic coasts. Those fisheries are valued at approximately $200 million. Therefore, it can be seen that they are of vital importance to the economy of Canada.

The primary fishing industry in Canada supports the families of over 80,000 fishermen and also a number of people connected with the industry in various activities, and this number is increasing every year. This fact should be taken into consideration when we are talking about the per capita income of the various kinds of fishermen. Although there has been an increase in the gross production of fish there has also been an increase in the number of fishermen employed in the industry.

The extent of our fishing activity can be appreciated when we realize that Canadians have access to three of the world's five oceans. Together with its coastal islands, Canada has a sea front of 60,000 miles, which is more than twice the length of the equator. Even more remarkable is the fact that 260,000 square miles of lakes and rivers, one half the fresh water supply of the whole world, are located within Canadian boundaries.

The history of the canning industry in Charlotte goes back a great many years. We find that many years ago sardine canning originated in Eastport in the state of Maine. In the constituency of Charlotte we have the largest sardine factory in the British commonwealth. At St. Andrews we have the largest live lobster pound in the world. On the Atlantic coast groundfish, especially cod and haddock and also lobsters, are the mainstay of the fisheries, while herring, mackerel

and other fish add to the value of the industry. The annual Atlantic herring catch, including sardines, is around 225 million pounds, about one third of which is used in my constituency in the canning industry. In addition to this we have smokehouses, pickling plants and the lobster fishing industry. Each of the canning industries, which up to a few years ago operated only a matter of a few months each season, now operates about 10 months of the year, and during the peak of the season the sum of $100,000 to $125,000 is paid out each week for fish, wages and so on. This has been made possible by the improvements made in methods of fishing, type of gear, and in the packing systems and plants.

I do not intend to go into the history of the canning industry, but during the past few years the largest and practically the only packing plant in my constituency, namely that of Connors Brothers Limited, has been packing annually over a million cases of sardines which are sold in all parts of the world. When we consider the number of individuals employed directly or indirectly in this industry, the number of boats operating, the new ones built and old ones repaired and maintained, the number of fishermen and factory workers employed, it will be realized that the fishing industry is a pretty important one in the southern part of New Brunswick. I have some figures which indicate the value of this fishery, and this applies only to the constituency of Charlotte.

In 1959, 97,498,000 pounds of sardines were taken, valued at $1,528,000. In 1960 the quantity had risen to 103,964,000 pounds valued at $1,700,000. These sardines were caught in various types of gear. Of that amount 61.2 per cent were caught in what is known as weirs; 35.6 per cent in purse seines; 2.6 per cent in beach seines; and 0.6 per cent in other types of gear. Therefore, hon. members can see that there is a wide diversification in the type of gear used in this particular industry.

In addition to the herring industry, lobsters provide an excellent and large source of cash income. Most of the catch is marketed alive, fresh boiled or as fresh or frozen lobsters, and sent to all parts of Canada. Recently lobsters have been shipped to Holland by air where they are commanding an excellent price. Let me give an illustration of the value of this particular fishery. In 1959, 879,000 pounds of lobster were taken, valued at $440,000. In 1960, the catch had risen to 1,081,000 pounds, valued at $496,000.

A large scallop bed was recently discovered off the state of Maine. In 1959 nearly 5 million pounds of scallop meat were produced in the area and this development is providing a further source of income.

In connection with the fisheries, a fisheries research board is operated at St. Andrews. In 1958, this government opened a large addition to this board, which has provided excellent service to the fishermen of the area. I am sure this service is appreciated by all my constituents.

This fisheries research board was established at St. Andrews in 1899, and now employs a large number of technicians and scientists, all under the careful guidance and excellent leadership of Dr. Hart. This board not only provides great assistance to the fishermen in my area, but is a source of employment in an area which might otherwise experience difficulty in providing employment. In 1955-60, there was spent on new construction in this area, $417,617; on repairs and maintenance, excluding the fleet of boats, nearly $5,000; on salaries and wages, excluding the crews of the vessels, $527,208; on vessel operations, including the salaries of the crews, $178,928, or a total for that fiscal year of $1,172,190.

The 30th annual report of the Department of Fisheries, which is available to all members, sets out in some detail the value of the fisheries in the maritime provinces and Quebec, and the amount of money expended in the various stations of the maritime area for scientific investigation and protection of the various fisheries. I do not intend to give these figures in detail, but I should like to refer briefly to some of the figures put on the record by the hon. member for Gloucester.

The hon. member for Gloucester represents a riding which is primarily a fishing riding, like my own, although his interests are particularly related to groundfish and not sardines. If the hon. member will examine some of the figures and make some comparisons, I feel he will realize that his criticisms of the Department of Fisheries are unjust and unfair. He indicated, if I interpreted his remarks correctly, that we are not getting a proportionate increase in the value of the fisheries for the amount of money expended by this department.

In 1953-54, we spent on protection in New Brunswick, $485,000, and in 1959-60, $568,000, in round figures. Now, in the same year, 1953-54, we spent on assistance for the construction of vessels, only $57,268, while in 1959-60, we spent $110,335. This indicates that in this period we have doubled our assistance to the fishing fleet. The recent announcement by the Minister of Transport indicating that an increased subsidy would be granted on the construction of fishing vessels was received by my constituents with appreciation. There are several vessels now being completed, and several more are contemplated.

As an indication that the Department of Fisheries is keeping in touch with developments, I would point out that in 1952 the value of fishing gear in Canada was $106 million. In 1958, the latest figures available to me, the value of this same gear had reached over $114 million. The landed value of sardines in the maritimes in 1952 was $1,797,000, while in 1959, only seven years later, it amounted to $3,186,000. Although there was only a slight increase in the value of the cod catch, the lobster catch for the maritimes, excluding Newfoundland, in 1953 was $13 million and in 1959, it was $16 million. Although there has been an increase in the expenditures of the various departments over the intervening years, I think that these expenditures have been justified and have been worth while.

The department is now spending a considerable amount of money on research on the improvement of methods of catching fish, and rendering every possible assistance to the fishermen of Canada. I think at this time I should pay tribute to the minister and, through him, to his officials, for the work done by the department in the investigation of the Passamaquoddy power project. The Department of Fisheries carried out a long and careful survey of the project and formed a part of the two engineering teams that laid before the international joint commission the findings on which the commission based its report. Whether or not this power project is eventually undertaken is not now under discussion but the fact is that the Department of Fisheries, through the fisheries research board, carried out an excellent survey and gave real leadership to that commission.

I think I should make some comments on the unfair discrimination between fishermen in so far as unemployment insurance is concerned. At the present time a very unfair and unjust discrimination is exercised as between the fisherman who catches fresh fish and the fisherman who cures fish. The man who cures fish is able to spread his contributions over a greater period of time and therefore receives greater benefits from his unemployment insurance credits than does the fresh fish man. I would suggest to the minister that some changes might be made in the regulations in order to correct this anomaly. I should like to mention also that, especially in areas where there are a number of fishermen operating at different times of the year and with different types of cure, the regulations should be looked at from time to time in order to ensure that each particular segment of the industry receives a fair opportunity for catching fish. I realize that this is difficult because we have overlapping seasons. However, in so far as the government is able, it should endeavour to provide regulations that will ensure that no group is unjustly discriminated against. I think I should at this time also thank the minister and his officials for the co-operation and assistance given to the people of my area during the past few years.

Mr. Noble: Mr. Chairman, I am especially interested in the welfare of the great lakes fisheries; and I wish to say that the fishermen, sportsmen and many others interested in the great lakes fisheries are looking forward with satisfaction and anticipation to a visit to the Georgian bay and upper lake Huron area of the Minister of Fisheries. His proposed visit is an indication of his desire to secure first-hand information on the problems at present facing the fishermen of these waters.

Despite the fact that some success in lamprey destruction has been achieved, we still have a long way to go in the restoration of our fisheries to any degree of normalcy. Our biologists and researchers are highly respected authorities on the measures that should be taken in this program of rehabilitation of the great lakes fisheries industry. However, the men who man the fishing boats, many of whom have spent their working years on the lakes, have a wealth of knowledge and information that would also be useful in solving the big problem that confronts us. I therefore suggest that meeting with them will be time well spent and could bring to the fore some good practical ideas.

Several streams flowing into Georgian bay were treated with lampricide last year. It was evident that this treatment of these waters was attended by some success, as many young lamprey were destroyed and seen floating along with the current. We may have reached the point where we can control the lamprey, provided that we continue to treat their spawning beds periodically. It can hardly be expected that they can be completely eliminated from the great lakes. But then will this be the last barrier to lake trout production? Shall we find that the smelt has also taken his toll and that control of this predator will also be required before we can build up our lake trout and whitefish populations? With this thought in mind, I would continue to recommend the planting of sockeye and spring salmon fingerlings in the upper great lakes at the earliest convenient opportunity. These fish have proven their ability to survive in these waters and prospects are favourable to the development of a reproduction cycle.

The lake trout, whitefish and pickerel population of the great lakes was never lower than it is right now, nor was there ever a time when we had such an overwhelming population of predators and undesirable fish. There should be no hesitation on the part of

the great lakes fisheries commission in using some of their funds for the removing of these undesirable fish from our lakes. The removing of large quantities of these undesirable fish is required if we are to create the proper environment for the propagation of more valuable and desirable fish. Hundreds of fishermen whose boats are now idle would welcome the opportunity to work on such a project.

I should also point out that the majority of the fishermen have reached a time in their lives when they are not acceptable to other industry, but have years of good service ahead of them in their chosen field. These men could be employed on this clean-up program until the desirable fish population was restored to a point that would warrant their return to usual routine of reaping a just reward for their labours.

Seventy two streams on both sides of the border have been treated with lampricide. All these streams flow into lake Superior and lake Michigan with the exception of six flowing into lake Huron and Georgian bay. To make a check on lamprey population during their spawning season of 1960, 4,810 of them were taken by the electrical barrier method on the Canadian side of lake Superior, and more than 39,000 adult lampreys were taken as they entered United States streams. The 1961 program calls for the operation of 39 electrical barriers to measure changes in lamprey population in lake Superior.

While on the matter of destroying lamprey, I should like to put on the record something about an operation that is worthy of mention. On April 20 two former natives of Latvia pitched their tent at a site on the Saugeen river for the purpose of trapping lampreys. They have trapped lamprey at this location for five years and last year they were successful in securing over 10,000, which were roasted and canned for a Toronto market. They anticipate that this year's catch will be a similar quantity. This operation indicates that lamprey are plentiful in lake Huron.

In the great lakes much of the fish population that we wish to reduce does have some commercial value. Mink ranches in the great lakes area are finding it difficult to secure enough codfish racks from the coastal regions to supply their needs; therefore many tons of certain types of lake fish would find a ready market close by.

Now that equipment is available to take alive fish such as suckers, catfish, sunfish, rock bass and perch, another method of marketing has recently developed. These fish can be sold alive to buyers who convey them in tank trucks to private lakes or ponds in the U.S.A. where people pay for the privilege of angling for them. Such establishments are making their appearance now in Canada and a noted development in this field can be expected.

Lake trout in years past were prominent in rewarding sport fishermen. Now that these beautiful game fish have fallen on evil days, our sportsmen in the days ahead will, of necessity, have to rely to some extent on man-made ponds and their production. This is an example of private enterprise stepping into the breach created by negligent handling of one of our great resources. Like any other form of wealth, this inheritance of ours has been misspent to quite some extent. It has been abused and can be ruined for want of care, or it can be wasted by miserly failure to use it fully.

From a conservation viewpoint, the great lakes fisheries are perhaps the most poorly managed of all our natural resources, first, because we do not know enough about the resource itself, and second, because the departments, in their undertaking of the phases of investigation necessary are often hampered by the problem of insufficient, and often inadequate, personnel.

The restoration of our great lakes fisheries will require several years of earnest effort and intelligent planning. Canada and the United States should pool the knowledge of all studies made on both sides of these lakes through all interested and contributing groups so that a directed program could be developed to eliminate the cost and waste of effort in conducting parallel or like projects. This procedure in time, should lead to the development of good management techniques based on this knowledge. In that way we could best utilize this valuable natural resource and hasten the day of restoration.

It is fallacy to think our fisheries, if restored, will be self-perpetuating. The fishing industry is now equipped with modern fishing gear that can locate fish and take them from the water with greater efficiency. This is as it should be. It is one more indication of progress. This is one of our renewable resources and there should be no hesitation in exploiting every possibility that would lend itself to the over-all program of putting this great natural asset back into production of lake trout and whitefish, or the equivalent thereof in quality and demand.

When the great lakes fisheries have been restored to their rightful place in our economy, the knowledge gained during the process should be sufficient, if used wisely, to assure the perpetuation of the industry at a level of high production. I will venture to say that natural production will fall far short in supplying stock of the desirable species. Therefore, artificial processes will be the means of

assuring the proper balance. Modern hatcheries will be needed with rearing pond facilities where fry would be fed and protected until they are able to fend for themselves with a reasonable chance of survival.

Perhaps we will also find that some artificial protection will be needed at various points where fish are found to congregate and feed in their early life. Off the coast of Florida a reef was built up of old car bodies which serves this purpose. The interiors of the cars form caves which promote the growth of natural food for the fish as well as providing shelter for small fish so that they have a better chance to survive to adulthood. The use of this idea would be of twofold benefit, in that we could clean up many unsightly areas in the countryside while promoting our fisheries. Perhaps our researchers could discover some cheap material that could be placed in the water at these locations to promote algae and plankton production so that food would be plentiful.

Most of our fish hatcheries in the great lakes area are producing fish for the stocking of our streams and inland lakes. Therefore the basic requirement for the restoration and maintenance of our great lakes fisheries is hatcheries. So I would propose to the minister that at least two modern hatcheries should be provided on the Canadian side of the lakes.

Plans are now under way for the construction of a hatchery at Jordan, Michigan, which is estimated to cost $892,000. This would indicate renewed vigour in the United States effort.

Before I conclude these remarks I want to reiterate that our great lakes fishermen are in trouble. Twenty five fishing boats left Kingsville a few weeks ago and returned with only enough perch to fill fifteen 60-pound boxes. In 1959, 11,000 pounds of lake trout were taken from lake Huron, and in 1960 only 200 pounds were taken during the year.

A few days ago a 100-pound box of lake trout and whitefish arrived at Meaford from northern Saskatchewan and the express was in excess of what these same fish sold for a few years ago, when Meaford was a noted lake trout centre.

Now, sir, after having been in close association with the great lakes fisheries for over 25 years, and during that period having used hundreds of tons of fish for food on our mink ranch, I believe I am in a position to make some pertinent observations in respect to this industry. In that time I have seen a thriving, renewable resource descend from prosperity to the depths of poverty. During this transition those charged with the welfare of the industry were indifferent to a variety of factors contributing to the decline of the industry. This deterioration has been more pronounced since the lamprey and smelts appeared on the scene; but these are not completely responsible, mismanagement must be included.

With this thought in mind, sir, I would suggest that it is hard for any business to prosper under dual control. Therefore I am of the opinion that this work of restoring and maintaining one of our great natural resources, which we share with another country, should be under the complete control of the federal government, and thereby we would eliminate any duplication of effort in management or administration of this, the largest body of fresh water in the world.

In conclusion, I would further suggest that the great lakes fisheries be given prominence at the resources for tomorrow conference in Montreal next October.

Mr. Howard: Mr. Chairman, I should like to make just a few comments about two or three specific items before the minister replies and answers the various questions asked. I do so in order that all the minister's comments may be in one place rather than being scattered throughout *Hansard*.

The salmon fishery in British Columbia normally accounts, I think, for 65 per cent or 70 per cent of the landed value of fish in that province. Accordingly, from an economic and other points of view it is the most valuable fishery we have on the west coast. There has been a notable decline in the salmon catch over the last few years.

For instance—and these figures are in five-year periods—from 1951 to 1955 the salmon catch was 860,080,000 pounds; in the period 1956 to 1960 this dropped to 625,140,000 pounds. This represents about a 25 per cent decline in the quantity of salmon caught, or a decline of over 200 million pounds in that period.

I understand that the salmon catch of last year was the lowest it has been during this century; the total was a little over 75 million pounds landed. Apart from the loss to fishermen of income and the loss in food value to the population, I think one can speculate about some of the reasons for the decline in the salmon fishery.

Mr. Macdonnell: Mr. Chairman, would the hon. member permit a question?

Mr. Howard: Yes.

Mr. Macdonnell: Would the hon. member mind repeating the first figure, which I think was 700 million or 800 million pounds, and then it came down to a figure of 75 million, if I remember well. Over what period of years was that drop?

Mr. Howard: Perhaps I could give the figures again. There are a number of different periods involved here. In the period 1951 to 1955 there were 860,080,000 pounds of salmon caught. In 1955 to 1960 inclusive, there were 625,140,000 pounds caught. This is a decline in one five-year period over the other of 234,940,000 pounds, or about 25 per cent. The 75 million pounds figure I used was the catch for 1960, just the one year. In fact, it was more than 75 million pounds; the actual figure I have here is 77,590,000 pounds. I used the figure of 75 million in round terms.

Mr. Macdonnell: If you multiplied it by five, it would again be a big drop.

Mr. Howard: Yes, but multiplying it by five would not give us an accurate picture for that five-year period, because this 1960 figure of 77 million pounds was the lowest catch since the turn of the century; so if we multiplied that low figure by five it would really put it a bit out of balance, I think.

I think there are a number of factors contributing to the decline in the catch of salmon and the decline of the fishery over this period of time which requires some examination.

We are a participant, as I mentioned earlier, with Japan and the United States in the international north Pacific salmon fisheries commission and agree with those other countries as to areas in the north Pacific for fishing so that immature fish will not be caught.

In recent years—and I should like the minister to bring us up to date on this matter so far as the knowledge of his department is concerned—we have known of Soviet ships being in that general area. As I understand it, a few years ago at least they were searching or fishing for bottom fish, or halibut, rather than salmon. This does not preclude the possibility of those ships fishing for salmon in those waters and it would account for some decline in the numbers of fish returning to the spawning grounds. There has been some disagreement as to whether the line of demarcation with the Japanese fishery is in the right place and the question has been raised whether or not the Japanese fleet has been catching Canadian salmon in that area. The Department of Fisheries and the commission has said this is not so and that no Canadian fish have been caught by Japanese vessels. In any event I think this is an area for examination, especially from the point of view of the Soviet fishing fleet, so that we may learn whether or not these factors are contributing to the decline in the numbers of Pacific coast salmon.

Another factor contributing to this decline is the use of insecticides when spraying operations are conducted in forest areas. It applies also to the east coast where different fisheries are affected. One such spraying operation was conducted recently on Vancouver island and another in the Queen Charlotte islands area. There have been further instances. Insecticides, though carefully chosen after consultations between the various departments interested, including the Department of Fisheries, do have a deleterious effect on the fry. They are a poison to them. This has undoubtedly contributed to the death of some of the young salmon in our streams. The logging industry on the west coast is an important part of our economy and its operations range from the southern extremity of the coast to the northern boundary of Alaska. The entire coastal area is the scene of logging operations by companies of various sizes. Their work leads, to some extent, to the denudation of our forests and consequent soil erosion. In addition, debris from the logging industry piles up in rivers and streams with a further detrimental effect on the salmon fishery. Water pollution obviously presents another threat to the salmon fishery. In Kitimat a while ago where there was a construction project in progress gravel was removed from the Kitimat river to mix with concrete, though I know there are laws which prohibit this sort of thing. Salmon spawning grounds have been destroyed in some instances through the removal of gravel in this way. Hydroelectric development has also had an adverse effect in some cases on the ability of salmon to reach their spawning grounds and on the spawning grounds themselves.

All these factors, in addition to others, have contributed to the decline in the salmon fishing industry and I am sure the difficulties will not be overcome merely by shortening the season or by imposing closures from time to time. It seems to me that the provision of a special fund to deal specifically with situations arising in the salmon fishery would prove of great advantage. Such a fund might be used in conjunction with the province of British Columbia to encourage reforestation and to ensure that salmon streams are not blocked, even temporarily, by logging debris. I think, also, that we might engage in the building of storage dams along the lines recommended in the report of the Fraser river board to ensure a regular flow of water through our salmon streams.

Stocks of salmon are also being depleted by predatory fish such as dogfish. An extensive program of destruction coupled with a research program into the economic use, for

example, of dogfish, would also help to arrest the gradual decline of the salmon fishery over the years. It has been suggested that sport fishermen should not be allowed to fish inside the fishing boundary and that by fishing inside the boundary they are contributing to the decline of the salmon fishery. I raise these considerations in a general way at this time hoping that the minister will be able to make some conclusive announcement concerning the activities of his department in this regard because, as I have said, the salmon fishery in British Columbia is not a minor one; any decline in that industry has a serious widespread effect.

The last time I spoke on this subject I made reference to the report of Dr. Sinclair on the question of licence elimination. Since that time I have received from the united fishermen and allied workers' union a resolution which was passed at the union's recent convention held in March this year. This dealt with the Sinclair licence limitation report and passed a couple of resolutions one of which resulted in a telegram being dispatched to the Minister of Fisheries and to the Prime Minister. The resolution reads as follows:

> Therefore be it resolved this seventeenth annual convention strongly and urgently demand immediate action by the government of Canada, and in particular the Minister of Fisheries, to introduce legislation imposing a five year moratorium on the issuance of new licences and providing that any licence that has not been renewed in any year or any licence which is not utilized in commercial fishing in any year be cancelled.
>
> Be it further resolved the foregoing legislation provide that commercial fishing licences in 1961 and continuing until 1965 shall not be issued to any person who did not hold a commercial fishing licence in 1960. The only exceptions to this rule should be: (a) the holder of a licence in 1959 who was unable to fish in 1960 due to proven illness (b) sons of fishermen who came of age in 1961 and have applied for licences with serious intent (c) any other special circumstances with all such cases being reviewed by an impartial board consisting of representatives of the united fishermen and allied workers' union, native brotherhood of B.C. deep sea fishermen's union of Prince Rupert, Prince Rupert fishermen's co-operative association, and the Vancouver and Prince Rupert vessel owners' associations and the government.

I should like to ask the minister to tell the committee what answer has been given to the wire which was sent with respect to this resolution, in order that the public may understand what action the government has undertaken with respect to this particular report and the suggestions made by the fishermen's union.

That convention also passed a resolution regarding the Sinclair report in respect of licence limitations. I should just like to quote the resolution to which I have reference. It reads as follows:

> Therefore be it resolved this seventeenth annual convention demands of the government of Canada and the government of the province of B.C. an immediate start on a thorough study of costs, earnings, price fixing, capital accumulations, export for capital, reinvestment of capital, financing systems and earnings of individuals directing and employed by the fishing companies and a thorough study of the costs, earnings and capital accumulation of private vessel owners employing two or more men in the fishing industry. The reports, when completed, to be released in the same manner as this Sol Sinclair report, but without the unnecessary delay of fifteen months experienced in release of this report.

Those two resolutions were passed at that convention, albeit a short while after the Sinclair report was released. It may well be that the resolutions passed were not worded in such a way as to cover all the possibilities arising out of the Sinclair report, nevertheless, this represents action taken in resolution form. I hope the minister will enlighten us and bring us up to date in regard to these particular methods.

I should like to mention one other subject before I sit down. Mr. Val Gwyther, a few years ago, wrote an imaginative article which appeared in the B.C. *Professional Engineer*, and also in the U.B.C. *Chronicle*. There have been reprints of his article appearing elsewhere. The gist of the article was that it was possible to develop the Fraser river for hydroelectric purposes, while at the same time retaining it as a fish river. When this article appeared in 1958, practically everyone in the fishing industry, as well as the engineering field, apart from British Columbia electric employees, who have a definite interest in this matter, suggested that Mr. Gwyther was attempting to put across propaganda in favour of the power industries in British Columbia. This suggestion has been refuted by subsequent writers, engineers and fishery people, and Mr. Gwyther has not been deterred from engaging in the promotion of the so-called multiple use of the Fraser. Within the last week or two, as a matter of fact, he made a speech or wrote an article, in which he stated that, following studies made over a period of two years, proof had been obtained of the feasibility of using the Fraser for the purposes of developing hydroelectric energy, while maintaining it as a salmon spawning river.

I should like the minister to comment in regard to what has been done in this field, and tell us what the results are of the engineering studies, if any, which have been made.

My own personal opinion in this regard is that Mr. Gwyther, in stating again that the Fraser river can be used for this dual purpose, has indicated he did not know what he was talking about in 1958. However, this

is of vital importance to the fisheries on the west coast, with particular reference to the salmon fisheries of the Fraser, which is the most important fish river in British Columbia. In order to ensure that commercial hydro-electric companies, such as the B.C. Electric Company, and other industries in this field, are not successful in their ventures to use the Fraser river for this dual purpose, they should not be allowed to issue propaganda under the guise of studies which indicate the river can be successfully used for that purpose.

Mr. Chairman, I think perhaps I should leave the subject at that, with the hope that other hon. members interested in it will place their remarks on the record.

Mr. Batten: Mr. Chairman, up to this point in the discussion of these estimates we have heard a great many references to many phases of Canada's fisheries. I should like to begin by making a few references to research in the fishing industry.

The minister in making his statement of May 11 referred at some length to the research activities of his department, and stated that across the country important research projects were going forward as a basis for expansion and development of our fisheries. I think everyone knows that Canada is not a country which is noted for the amount of research being done, particularly in view of the fact that this is a country with many valuable natural resources. This is as true of the fishing industry, as it is true of every segment of our economy. Research projects in the fishing industry now in progress are indeed important and worth while. However, I believe that more intensive work is required if Canada is to remain in a competitive position in the northwest Atlantic region.

In the province of Newfoundland limited fisheries research has been going on for almost three quarters of a century. Over 70 years ago Adolph Neilson initiated a form of fisheries research which was continued up to and during the 1930's. Thereafter, Harold Thompson commenced a project financed jointly by the governments of the United Kingdom and Newfoundland. A good deal of worth-while information resulted from this research and, over the years, some of the information has been used to great advantage.

The present Newfoundland research committee, an organization which is over seven years old, paid special attention to the marine resources of Newfoundland at its meeting held during the early part of April of this year. In my opinion this committee is making a contribution to the fund of information concerning the fishing industry as a whole. However, what is needed is a pooling of the research facilities of both the federal and provincial governments in order to define a new approach to the problems of production, processing, marketing and conservation.

There was a time when the fishery of Newfoundland was the foremost industry of the province. Over the years other industries have come into being and have expanded to such an extent as to replace fisheries, in terms of employment, or revenue and maybe both. The activities of the newsprint industry, as well as of mining production, have placed the fishing industry in a relatively less important position. Let me hasten to add, however, that the industry, for a long time to come, will be an important source of employment for many of the Newfoundland people.

The marine resources of Newfoundland represent a great part of the economy of that province. The part it represents could be increased, but this will be accomplished only as a result of a co-ordinated policy of research and expansion, and such a policy will cost money. But improvement in any industry in any part of Canada adds to the national economic picture. Central Canada is not so far removed from the economic success or failure of the fishing industry in Newfoundland. When one considers the fact that the the province of Newfoundland buys from the Canadian mainland commodities having an annual value of $250 million it becomes obvious that a large proportion of our dollar added to the value of fishery products provides labour for workers in other parts of Canada. In view of this I submit that research in the fishing industry in Newfoundland should be intensified and conducted by the Newfoundland research committee, the fisheries research board and the national research council.

The demands for research services are unlikely to decrease in the years that lie immediately ahead. There are not only pressures as a result of the domestic picture, but also demands owing to Canada's responsibilities under international agreements. Indeed, there are even local problems to which attention should be given. For example, in my own area I should like to know how extensive is the source of halibut off the west coast of Newfoundland. If there are sufficient quantities, how best can this type of fish be harvested, processed and marketed? Another problem is the need to improve methods to transport live lobsters to market. In the area from Bonne bay to St. John's bay on the west coast of Newfoundland—and I used this area as an example—about three quarters of a million pounds of lobster were marketed last year. In 1960, only 72.5 per cent of the quantity shipped arrived at the point of delivery in first class condition. The remainder was made up of 6.3 per cent of culls; 14.2 per cent were weaks; and 17 per cent unsaleable.

One can well imagine the loss to the fishermen when over 25 per cent of their catch fetches a reduced price or no price at all.

I point this out as a problem of local concern but none the less important. What is the reason? Are the lobsters taken from the Newfoundland area less durable than the lobsters taken from any other areas? Are the methods of holding awaiting shipment such as to be detrimental to the lobsters? Are the actual transportation conditions too rigid for the lobster to survive the ocean trip? These are questions which need expert investigation to determine the best corrective methods in order to give the fishermen the greatest possible return for their labour.

I mention these as local problems, Mr. Chairman, because they are problems that require practical solutions based on information already acquired or to be acquired by scientific research.

I should now like to make a few comments of a more general nature. The hon. member for Charlotte referred to a statement made by the premier of Newfoundland, implying that the fisheries of the province of Newfoundland were declining. No such statement is true, of course. When he made his statement the premier was referring to two things, first to the number of fishermen employed in the industry in Newfoundland; and second, to the importance of the industry when compared with some other industries. Now obviously, or I think it is obvious, in any composite whole one component may increase in absolute value and yet decrease in relation to its percentage of the whole. To me it is just a simple application of Engel's law. I would say to my hon. friend that while it may be true that the number of fishermen engaged in the fishing industry in Newfoundland may be fewer than they were in years gone by, the actual value of the fisheries is not decreasing. I hold in my hand the Atlantic provinces statistical review of April, 1961. I note that the preliminary figures for the year 1960, as compared with the figures for 1953, of total landed values show an increase of 33 per cent. The landed value of all sea fish in Newfoundland in 1953 amounted to slightly over $12 million. The preliminary figures for 1960 show $16 million, or an increase of roughly 33 per cent. This in fact is slightly higher than the increase for the Atlantic provinces as a whole.

The total landed value for the four Atlantic provinces in 1953 was $43 million. The preliminary figures for 1960 are $56 million, or an increase of 30 per cent. Our problem in Newfoundland, Mr. Chairman, is that the fishing industry is not maintaining its place in an expanding economy. What we need are more research, more investment, better quality products and larger markets. One of the great difficulties of the fishing industry in Newfoundland is that in a large sector of its activities it is almost impossible for the fisherman to make a living wage when he is employed in that industry alone. There are many reasons for this, included among which are low prices for the product, too low a production particularly of those types of fish which fetch the highest prices, and the inability of fishermen to work for long periods of the year.

As far as low prices for the product are concerned, the solution does not rest entirely in our own hands. Markets will determine the prices to be paid on factors over which we have no control. Prices paid may be relatively high in relation to the general economy of the area in which the market exists, but relatively low in relation to the general economy of the area in which the commodity is produced. In any industry in Canada I think we shall find it increasingly difficulty to maintain Canadian wages on European prices, but we do have in our own hands the possibility of improving the situation to some degree. The fact of producing specific articles of the highest quality for specific markets may be one way of doing this. An example is light salted cod. It is possible to attain further improvement in the position by endeavouring to produce more of those fishery products which bring higher prices. It was for this reason that earlier in my remarks I referred to the possibility of producing and marketing a larger amount of halibut and attempting to increase the percentage of first class lobsters arriving at the marketing points.

The average price of all sea fish landings in the year 1960 was lower in Newfoundland than in any other of the Atlantic provinces. For example, in 1960 Prince Edward Island landed 3.4 per cent of the total landed weight of the four Atlantic provinces. Prince Edward Island had 8.2 per cent of the total landed revenue at an average value per pound of 10.9 cents. For the same year the percentage of the total landed weight of the four provinces for Nova Scotia was 34.4, and the percentage of the landed value was 46.5, at an average value per pound of 6.1 cents. New Brunswick, in the same year, produced 18.1 per cent of the total landed weight and had 16.4 per cent of the landed value at an average of 4.1 cents per pound. On the other hand, Newfoundland produced 44 per cent of the total landed weight and received only 28.9 per cent of the total landed value, at an average value of 3.0 cents per pound.

It is my contention that these figures support the view that we should strive to produce a higher quality commodity and, at the same time, attempt to increase the production of

those types of fish which will command a higher return. I hasten to point out, Mr. Chairman, that I do not believe such goals as I have suggested are going to solve all the difficulties now facing the fishing industry, but they are facets of the problem which cannot be ignored.

If the fishermen are going to continue their operations for longer periods of the year, one of the things which must be done is to provide those facilities which fishermen could not normally be expected to provide for themselves. Here, I am talking about the physical requirements and services such as wharves, breakwaters, community stages and bait depots. I recognize immediately that wharves and breakwaters are the responsibility of the Minister of Public Works and not the responsibility of the Minister of Fisheries. Nevertheless, I think that you cannot dissociate the marine facilities provided by the Department of Public Works from the fishing industry. For many areas of my constituency the men have to use fairly large boats. They have to go a long distance from the shore, well beyond the three mile limit. These boats have to be hauled up in the evening and launched in the morning. Many days' fishing are lost because they are not able to get their boats afloat.

There can be no doubt that, so far as the fishing industry is concerned, protection is needed for the fisherman's gear. On the other hand, community stages and bait depots are part of the programs administered by the Department of Fisheries. I feel that the community stage program has a great deal of merit. The minister informs us that already we have 20 of these stages built in Newfoundland, and that these 20 have demonstrated the advantage which they are to the fishermen. I suggest this advantage should be extended to other areas which are equally deserving. The minister said on May 11 that the program of constructing community stages was virtually complete. I was sorry to hear that because I do not believe this very advantageous program should be confined to the areas which have been served to date. These community stages provide not only a convenience to the fishermen, but they provide more sanitary landings where the fish can be properly cured. They do have a very definite effect on the quality and also the stability of the quality.

However, the minister did intimate that the program might be continued at a slower pace. I would suggest to him that the program should be continued, and continued at an even faster rate, particularly in those areas where economic patterns are changing in such a manner that fishing offers the major opportunity for employment.

I might make similar remarks regarding the bait service. We do need more of these units, and they need to be supplied at a faster rate. In many parts of Newfoundland, fresh bait supplies are not so readily obtained as they were a few years ago. The units being provided by the department offer a source of bait which assists our fishermen in beginning their fishing earlier in the year and remaining at their fishing for longer periods. There are two areas in my constituency which would benefit greatly from the program for community stages and bait depots. They are the areas known as the St. Barbe coast and the Port au Port peninsula. The St. Barbe coast is the western part of the great northern peninsula. The people of this area have for centuries been fishermen and, for a great part of that time, they have had no occupation other than fishing. At the turn of the century there was a great lumber industry developed on the coast. This, in turn, gave way to pulpwood cutting. We have reached the period now where the lumber industry is no longer as important as it was. We have reached the time when pulpwood cutting is no longer carried out to the extent it was. Fishing, therefore, offers perhaps the only opportunity which these men have for making a living. The program for community stages and bait depots, if extended would serve this area well.

Another area which I should like to mention is the Port au Port peninsula. This is a peninsula which juts out into the gulf of St. Lawrence a distance of about 30 miles. Twenty five or thirty years ago, nearly all the people in this area were fishermen. Then, sometime between 1940 and 1942 the United States leased bases in the area. The men left the fishery for work at Harmon air force base. It is understandable that, no matter how long this base remains in Newfoundland, construction in the years that lie ahead is not going to proceed at the pace which it did during the last 20 years. Employment opportunities at Harmon air force base are not as plentiful as they were. The men now have to return to the fishery, and I believe the men will return to the fishery only when they are provided with those facilities which they could not be expected to provide for themselves.

I have here a chart of the Port au Port peninsula. I brought this today particularly because some of the replies I have received to my questions have indicated that there are not enough fishermen in this area. I have here a chart showing the number of fishermen as of February, 1960, in each settlement in the Port au Port peninsula. The total number of fishermen in the area was 403. I believe that this number could be doubled if

the men who are no longer able to find employment at Stephenville on the United States base were able to see that the facilities for fishing were going to be provided for them. I would again suggest to the minister, therefore, that rather than have the community stage program proceed at a slower pace, perhaps he could speed it up so as to provide some of these facilities for the St. Barbe coast and for the Port au Port peninsula.

I should like at this point to make a few brief comments regarding the seal fishery in the northwest Atlantic area. In the past few years and in recent days in the House of Commons we have heard a great deal as to the past and present methods of harvesting these resources. We have been informed that nations other than Canada are sending men with modern equipment to augment the indiscriminate killing which in time must result in the complete destruction of this form of marine life. Much has been said about the need for conservation and control measures if the seal is not to follow some other forms of Canadian wildlife into the realm of total extinction.

These expressions of opinion are not new. Intermittently over a period of 40 years people in various walks of life from the individual conservationist to the marine biologist, from the seal hunter to the businessman in the trade, from organizations at the local level to the United Nations, have expressed views as to what should or should not be done to preserve this natural resource and at the same time maintain a maximum sustainable yield having regard for other forms of marine life.

Conservationists became interested in this problem as early as 1920. Further representations were made to the Newfoundland government in 1930. The Canadian government began a survey in 1950, which was completed in 1956. In 1958, at the United Nations conference on the law of the sea the following resolution was agreed on:

> The United Nations conference on the law of the sea requests states to prescribe by all means available to them those methods of capturing and killing marine life, especially of whales and seals, which will spare them suffering to the greatest extent possible.

Canada was represented at that conference and supported this resolution. From surveys which have been made and from the experience of many engaged in the industry I suggest that it is clear that some conservation methods are necessary and may in fact be well overdue. In this particular industry as well as in many other fields of endeavour there is a need for adequate scientific information upon which sound, practical and effective regulations can be based. There is also the problem of obtaining the co-operation of all those concerned within the confines of our own country. Maybe the situation is still further complicated by the fact that a large part of the sealing operation is carried on outside Canadian territorial waters. Maybe it is fair to say that because other nations such as Norway and Russia prosecute the seal fishery in areas adjacent to Canadian waters, Canada should take the initiative in arriving at some agreement with these nations which have a direct commercial interest in the industry.

In February, 1957, the north Pacific fur seal commission was established. Represented on this commission are Canada, Japan, the United States and the U.S.S.R. The purpose of this commission is to establish regulations based on knowledge resulting from scientific research which will best conserve the fur seal herds in and around the Bering sea; including the Pribilof islands, the Commander islands and Robben island. This commission met from January 22 to February 4, 1961, in Japan. At that meeting the Canadian representative, Dr. William M. Sprules, said this:

> The convention under which this commission is established contains references to several principles which we in Canada believe are essential to the rational utilization of any marine resource. These include recognition of the need for international co-operation to achieve maximum sustainable productivity of important marine resources; recognition of the need for detailed scientific knowledge; recognition of the complex biological inter-relationships existing between one resource and another; and recognition of the need to waive the right of free fishing in specific instances. The constantly growing world interest in utilization of the valuable living resources of the sea coupled with the rapid technological advances in harvesting efficiency make it apparent that the principles just referred to might be expected to form the foundation of future international agreements concerned with conservation of the living resources of the sea.

I believe these words were well spoken and I would commend them to all those who have an interest in our marine resources, not only in reaping an annual harvest but also in promoting those conservation measures which will ensure that continuing annual harvests will be possible.

Canada was a signatory to the international northwest Atlantic fisheries convention in 1949. This body does not have regulatory powers but it can make representations to the governments included in the agreement. I would suggest that at the next meeting of this commission Canada should initiate discussions leading to the proper surveys being made which in turn would result in the formulation and implementation of measures designed to conserve the harp seal of the north Atlantic. I should indicate here that I understand that a great deal of work in this regard is being

done; but since the seal fishery is prescribed in areas adjacent to Canadian waters it might be well if Canada were to give that extra impetus which this conservation program requires. It may be that efforts in this direction are further complicated by the fact that, although Russian ships have been very active recently both in the seal fishery and in other branches of the fishing industry, Russia is not a member of the international northwest Atlantic fisheries convention. Nevertheless, it may be possible to obtain with respect to the north Atlantic the same co-operation that has been experienced in the north Pacific in the hope that this form of marine life may continue to provide a sustainable annual yield by regulated methods and at the same time be protected in such a manner as to afford a maximum opportunity for survival.

Mr. Carter: I should like to resume at this time the remarks which I was making on this item on the day when these estimates were last before the committee. I think that day was May 12. At that time I had pointed out to the committee that the fishing industry on the Atlantic coast of Canada was not prosperous. The industry as a whole might be holding its own, but it was certainly not as prosperous as the fishery on the west coast, and in many sections it was very much a depressed industry. Particularly in terms of returns to the fishermen there had not been very much improvement in the last 10 or 12 years.

To remedy that situation I urged upon the minister the need for an over-all program of fishery development for the Atlantic provinces. That program should embrace all phases of the industry in all provinces. It should co-ordinate all the different agencies connected with the fisheries in all the provinces and it should be flexible enough to make provision for individual differences in the industry as between one province and another.

The second course of action which I urged upon the minister at that time was to set up a fact finding body to get the necessary information upon which such a program of development could be based. That fact finding body could first of all, I think, investigate the clash of interests within the industry itself, that is, as between one phase of the industry and another, or between different phases of the industry in different provinces.

There is no doubt that a clash of interests does exist, and ways and means must be found to avoid future differences and reconcile existing ones. The second category of facts which I think should be investigated is the individual problems connected with the industry which are peculiar to certain provinces. My colleague, the hon. member for Bonavista-Twillingate, referred to one of them this morning in connection with the light salted fish industry, which we share with the people of Gaspe but which perhaps does not obtain in the other Atlantic provinces.

In connection with the salt fish industry there is the problem of culling. Some years ago government officials attached to the department were qualified to cull fish. That particular practice was not too satisfactory in many cases and after a while the department abandoned this idea of having official cullers. But there is still a need for something to be done along this line and I think the particular problems which arise in connection with the culling of fish and the standardizing of culls is one that should be investigated in all provinces.

In connection with the inshore fishery we have a very particular problem in Newfoundland which I think is not shared by any other province. Any program for development of the fisheries in Newfoundland must certainly make provision to do something about it. The problem to which I refer is the distribution of our population along a large coast line and broken down into a large number of small settlements.

A few days ago we passed a bill in this house to rehabilitate rural communities. At that time I asked the Minister of Agriculture whether there was any way in which the principles involved in that legislation could be used in connection with the rehabilitation of fishing communities. I am not going to repeat the minister's reply; it can be found at the bottom of page 5593 of *Hansard;* but the minister did indicate in his answer that this question was being given some consideration.

I hope the Minister of Fisheries will get together with his colleague the Minister of Agriculture and work out some arrangement whereby this principle of rural rehabilitation can be applied to the fishing communities in my province. Our own provincial government has for several years grappled with this problem. They have had a program of concentration of population whereby a number of settlements have been denuded and the inhabitants have been induced to move their houses and belongings to larger settlements.

However, it has been found from experience that this sort of program is far beyond the financial resources of our provincial government; yet it is an essential part of any program of fisheries development in Newfoundland and it is something that must be done. I believe the legislation which we passed in this house for the rehabilitation or rural communities can be very well applied

to remedy this situation and I do hope the minister will give every possible consideration to this suggestion. I hope that action will be taken before too long to have this principle incorporated as part of an established program, a special program, if you like, for fisheries development in the Atlantic provinces.

In connection with the inshore fishery in my province there is another problem on which I think facts should be gathered. The other day the Minister of Transport announced in the house a program of assistance in the building of fishing vessels. That assistance was applicable only to boats over 45 feet in length. In many of our communities, particularly in the inshore fishery where the boats do not have to go more than 12 or 15 miles from land, or at the most 20 miles from land, you do not require a boat 45 feet in length. If we are to prosecute this fishery so that our production costs are kept as low as possible, we must apply that principle to every item. If a 35 foot boat will do the same job as a 45 foot boat, then the assistance given to people who want to use a 35 foot boat should be the same as that extended to those who wish to buy a 45 foot boat. I would point out that there are many harbours in my constituency where fishermen cannot conveniently use 45 foot boats because there is not room to moor enough of them. On the other hand, 35 foot boats can be accommodated. Again, a larger boat means heavier gear and heavier equipment all around with a corresponding increase in cost. If we are going to operate our fishery at minimum cost we must pay attention to items such as this.

Our experience in the province has already shown that an expensive boat does not always benefit the fisherman. Both federal and provincial governments have done a great deal to assist fishermen to get larger and larger boats, but what has happened is this: in order to obtain the kind of boat which will meet the conditions under which assistance is granted, fishermen must incur a debt running between $30,000 and $40,000, sometimes even more. It is true the owner has a first class boat, but it will not be large enough to go 200 miles offshore and fish on the Grand Banks, while it will very often be larger than is necessary to go 20 or 30 miles offshore. Insurance on the larger boats is very costly and so are running expenses. It is true the fishermen earn more money in some cases but the extra earnings are used to pay off the debt. By the time the debt is paid off, boat and engine are worn out and the fishermen are back where they started without having received any personal benefit to show for their effort.

It is my belief that the maximum cost of a boat for the inshore fishery should not be more than $10,000. That should include everything and it should be shared between two persons. We have to think in terms of minimum cost of production. I would ask the minister to get together with his colleague the Minister of Transport and devise some way of making this assistance available with respect to fishing vessels down to 35 feet, in length and possibly smaller.

One other matter which I should like to see investigated concerns the prices received by fishermen. For some reason or another our Newfoundland fishermen do not seem to be able to get the same prices for their fish as are paid to those who fish off the mainland. I can understand some of the reasons why this should be so. It is true that the mainland fishermen can sell a large proportion of their fish fresh and unfrozen. They have the advantage of transportation facilities and this enables them to avoid having to store the fish in expensive warehouses. But I am not satisfied that this is the full explanation.

There are practices—I do not have first-hand information about them; I am going by what I am told—which should definitely be investigated. I have here a letter from one of my constituents. I do not propose to read it, but I should like to draw attention to what the writer says. He and his friends were trapping codfish last summer in a trap —this, by the way, is the most economic way of catching inshore fish. He took the fish to the plant, and the plant would only pay two cents a pound for them. Other inshore fishermen catching the same quality of fish in much the same depth of water by hook and line were getting half a cent a pound more at the same plant. Once taken by the plant, all these fish were mixed together and processed, emerging as the same product. No difference was made between the fish which had been trapped and those which had been caught by hook and line. The people who had been catching fish in the traps complained to the plant management about the discrepancy in the prices paid.

What happened? Instead of the trap fishermen getting 2½ cents a pound, the price to the hook and line fishermen was cut down by half a cent. There is something wrong when things of this kind can happen and I should like to see some competent body look into the matter and decide what can be done about it.

I am told there are occasions when a plant operator uses what is called the weigh back method. A dragger may go out and fish for four or five days on the Grand Banks and come in with a load of fish. The fisherman

does not know how much he is going to be paid until the catch has been discharged on the plant wharf. Then the weigh back method goes into effect and the plant operator reserves the right to discard any fish he does not want. Of course, any fishermen on these draggers get paid only for the fish which the plant will take for processing. The discarded fish go to the meal plant, and we must assume that the operator gets something for them. But the fisherman gets nothing for these discarded fish although he may have spent a day catching them. In addition, he and the crew are charged with the expenses of unloading these extra fish, so the return he gets from the plant is further lessened on that ground. I am told these practices are prevalent in parts of my riding and I think some fact finding body should look into the matter to see that our fishermen get a square deal. I say this because the fishermen have no means of looking after themselves. If there is only one fish plant in the place or if they are employed on draggers owned by the plants they have to sell the fish to those plants or else throw it overboard. I think it is our job here to protect the interests of those who sent us to parliament and, as I say, I think the government should set up a fact finding body to collect all information relating not only to this but to other problems in connection with the fishing industry in my province so that we can work out an integrated policy for the industry in the Atlantic provinces as a whole.

Perhaps the minister will contend that we are doing just that at the present time, and in theory he may well be right. However, the result is that we end up by treating each industry in each province as a separate industry. I do not feel we will put the fishing industry of the Atlantic provinces on a sound economic basis until we look at the industry as a whole, working out a plan of development for the whole industry which, at the same time, will be flexible enough to take care of the individual problems peculiar to an individual province.

Mr. Granger: Mr. Chairman, I should like to take one or two minutes at this time to mention several items which I omitted when I spoke earlier during this debate.

I should like to call the minister's attention to the desirability of looking into the possibility of developing an inland fishery in Labrador for the Labrador Indians. As the minister is doubtless aware, there exist in Labrador a number of Indians, particularly in the Northwest river area and in the area of Davis inlet. I suggest it is desirable to find for these citizens fields of employment, other than hunting. A suggestion has been made that the lakes in the area could provide an inland fishery, in which the Indians could engage. Similarly, in the northern Labrador area, there exists a sea trout industry which could possibly be developed to provide increased income for the Eskimos on the coastline.

I should also like to refer to the development of a suitable type of house at a cost within reach of the fishermen. I refer of course to the desirability of embarking upon a program to create fishing communities along the coast of Labrador, and I ask the minister to give this suggestion sympathetic consideration.

Labrador requires to be exploited, in the best sense of that word, and requires a great deal of development. The waters of Labrador, lucrative as they are to many fishermen, must also become lucrative sources of employment for the people who live in Labrador on a year round basis. It is in connection with those individuals that I ask the minister to consider the possibility of embarking upon a program of developing a type of house suitable to that area at a cost sufficiently low to enable those residents to purchase them.

A further matter which has already been mentioned has reference to the desirability of increasing patrol fleets with the use of aircraft in order to retain those waters for the use of Canadian fishermen.

I should also like to support the remarks of the hon. member for Burin-Burgeo regarding the desirability of providing assistance to fishermen on the same basis as is contemplated with respect to farmers. This parliament has approved the provision of assistance to certain agricultural areas of this country and I am sure the minister will agree that one producer in Canada should be entitled to the same assistance that is given any other producer in Canada. I cannot believe that hon. members would in any way wish to see one set of standards for fishermen and another set for farmers.

The hon. member for Bonavista-Twillingate referred to one other subject which I believe is deserving of the earnest consideration of all hon. members of this committee. I refer of course to our trade with the West Indies. That trade is based on the supply of fish and has been in existence for many years. It is important today in the light of present circumstances.

The whole issue involved in this trade with the West Indies is more than one of the export of fish, but one involving a question as to whether we are our brothers' keepers. In the light of present day events in relation to the world we are living in today, hemispheric solidarity is more important than ever.

As a matter of fact, a time may arrive very soon when such solidarity is of critical importance. I should like to ask the minister to bear in mind the importance of developing, extending and expanding this ancient trade, with a view of drawing these areas, which are of such mutual assistance one to the other, and whose friendship is as desirable as their business is desirable, closer together.

Mr. McGrath: Mr. Chairman, would the hon. member permit a question?

Mr. Granger: Certainly.

Mr. McGrath: Surely the hon. member realizes that the responsibility for trade and for the marketing of our fishery products is within the jurisdiction of the Minister of Trade and Commerce, since it was taken from the jurisdiction of the Minister of Fisheries by the previous administration?

Mr. Granger: Mr. Chairman, I am well aware that trade, as such, is the business of the Department of Trade and Commerce. However, I am equally aware that the business of selling fish is at least part of the business of the Department of Fisheries.

Mr. Robichaud: Mr. Chairman, before the minister comments in regard to remarks which have been made today, I should like to be permitted to ask him to make a report regarding the losses suffered by fishermen in the provinces of New Brunswick and Prince Edward Island resulting from ice conditions which existed during the month of May. I have reference to the loss of fishing gear, and the loss as a result of reduction in catches, which has been suffered.

Mr. MacLean (Queens): Mr. Chairman, I should like at this time to express my appreciation to all hon. members who have taken part in the debate on the first item in my estimates because much of what has been said will certainly be of help to my department in assessing the weaknesses and strength of the program which it has tried to carry out continuously in the interest of the fishing industry of this country.

A great deal has been said, and I should like to comment in a brief manner in respect of some of the questions which have been raised. I hope hon. members will realize that this debate has continued for quite some time, over a period of three different days, so that my observations and comments therefore will perhaps not be complete, nor cover every matter entirely. However, should I fail to comment in respect of a problem raised by any hon. member, that does not mean that problem is being ignored. *Hansard* has been and will be very carefully perused so that all the questions raised by hon. members will be dealt with where action is required.

I intend to try to comment seriatim on the questions raised by the various members. On the opening day of these estimates the hon. member for Gloucester was the first speaker. He was concerned with the relative position of the Canadian fishing industry with the fisheries of the world. This is something of major and fundamental concern, of course, to the industry in Canada and to the department. But I should like to point out that most of the fish produced in the world is produced by nations for their own use and in most instances to fill a desperate need on their part for the supplementing of their national diet, which fish provides. On the other hand, Canada—and there are very few countries in this position; Iceland and Norway are probably examples—exports about two thirds of its production. When we have to compete in world markets to maintain our production this creates additional difficulties.

The hon. member for Gloucester also referred to the necessity of increasing the subsidy on wooden vessels from the figure of $165 a ton. This is a case of serendipity, because at the very time he was speaking the decision had already been made to increase the amount up to a maximum of $250 a ton and, as is well known, the announcement was made in the house by the Minister of Transport a short time afterwards.

The same hon. member asked for figures as to losses of lobster fishermen in various areas of the maritimes owing to ice conditions. The latest information I have is that in northeastern New Brunswick 27,150 traps were set and 3,300 were reported lost, or about one ninth. Certain areas from Escuminac to Baie Ste. Anne were very heavily hit and acknowledged that 3,000 of the 3,300 traps were lost. I think he also inquired about the Magdalen islands. At the time of this report some 115,000 traps had been set, and losses appeared to be very heavy. About 30 fishermen in this area had insured a total of 9,000 traps.

On the Gaspe coast some 3,600 traps had been set and losses were also quite high. I think I should also mention district 5 because hon. members from Halifax and other members in that general area of district 5 have been concerned about the losses to fishermen there. About 64,000 traps were set and of this number about 12,000 have been reported as lost. The most heavily hit areas were Jeddore, Jeddore harbour and Ecum Secum. The situation varies from place to place; it is very spotty. In some places no losses may have occurred, and at another place very close by a fisherman may have suffered very heavy

losses. At the moment I do not have figures on the lobster catch for the various areas but this is being watched very carefully by the department with a view to nothing as accurately as possible what the situation is.

The hon. member for Skeena raised the question of the Soviet union fishing fleet in the Bering sea. The situation is being kept under close review in the event that it may be appropriate to discuss these problems with the government of that country.

In the case of red China, there has been no indication that a fishing fleet has been developed, or is being developed, for operation in the north Pacific ocean. The hon. member also raised the question of reef nets used in Juan de Fuca straits by native Indians. The views expressed by the hon. member have been noted and the matter will be taken up again by the Pacific salmon fisheries commission which is responsible for conservation matters in this area and also with the appropriate United States fisheries authorities.

The question of Indians fishing for salmon for food purposes for their own consumption, and the situation described by the hon. member about pink salmon in the Queen Charlotte islands, will be investigated. It is well known, of course, that free permits are issued to native Indians to take salmon for their own use as food. At the same time, certain basic conservation requirements must be followed.

The hon. member also asked what was the situation with regard to the Sinclair report. As I said on a previous occasion, we have written to the various segments of the fishing industry on the west coast asking for their views in writing by the end of May, if possible, on the matters covered by the Sinclair report and only a few of those have come in as yet.

I covered the matter of artificial spawning grounds, which was raised by the hon. member for Skeena, in my opening remarks. I think most of the information he had in mind will be found there. He also inquired about the use of aureomycin in the preservation of fish. The use of aureomycin was developed in the technical station of the fisheries research board of Vancouver. It is being used quite extensively on the Pacific coast by the Pacific coast fishing industry as a very useful preservative; also to a more limited extent on the Atlantic coast. With the use of the proper quantities there are no harmful effects when the fish are consumed because the antibiotic is boiled off during the cooking process.

The question of more general use of herring for human consumption is being worked on and was discussed on an international basis at a meeting in Rome last April, and also as a means of making a more general use of this great resource of the sea for direct human consumption.

The hon. member for Comox-Alberni also raised some questions regarding an appraisal of the Campbell river area salmon stocks and suggested an examination of the possibility of artificial spawning grounds being constructed in that area.

The hon. member for Grand Falls-White Bay-Labrador spoke of a scheme for small loans to fishermen. In most areas, this matter is being taken care of adequately by the various provincial fishermen's loan boards. In addition, of course, loans are available to fishermen, administered by the Department of Finance. There are the chartered banks and the fishermen's credit unions, which are also sources of credit.

I have noted the observations that were made with regard to assistance in the cost of construction of wooden boats under 45 feet in length. This matter will be reviewed, but I would point out that the construction of fishing vessels of this type is undertaken in co-operation with the provinces and the advice of the provinces will have to be considered in relation to the type of boat that should be covered. Of course, there are the obvious matters which must be taken into consideration from the point of view of the federal government.

The question of community stages was raised by a number of hon. members from Newfoundland. I want to say that I appreciate the kind words they have uttered about this program. One hon. member said he was sorry to hear me state that the program was about completed. I was referring, at that time, to the first 20 stages only. We hope to continue with other stages from time to time in co-operation with the provincial government of Newfoundland, so that this need can be met as time goes by.

The bait supply this year is adequate so far as the bait itself is concerned. There is, however, the continuing problem of satisfying the very wide demand for the bait holding units we brought into use. There is provision in these estimates for eight more of these units at a cost of $69,000, or thereabouts. I want to say that this program will be pursued as actively as possible.

The question of the production of light salted fish as opposed to heavy salted fish was raised by various members with various views on the matter. I want to say that the department has succeeded in developing a method whereby heavy salted fish can be desalted and then artificially dried to produce an excellent light salted product to meet the needs of the market in Europe. As the member for

Bonavista-Twillingate is aware, I believe, the question is only one of price, relative market prices.

The hon. member for Queens-Lunenburg posed some interesting questions with regard to the oyster industry. The department is proceeding as rapidly as possible much along the lines suggested by him. In so far as clams are concerned, these, too, are receiving attention and the views of the hon. member will be given consideration. He also expressed concern about the protection of the Atlantic salmon. This is a problem which is very acute. As hon. members know the habitat of the Atlantic salmon has been decreasing in area since very early times. This is obviously because of the impact of civilization itself, especially industrialization, and the detrimental effect on the environment in which the Atlantic salmon, and all other types of fish, live. Changes take place which may not be obvious to human beings, but are very critical so far as salmon are concerned. For example, there may be variations in the run-off, variations in water temperature, changes in the consistency of spawning beds as a result of siltation, as well as more obvious things like obstructions caused either artificially or naturally and the contamination of streams by such things as sewage, pulpwood logs and that sort of thing.

Several hon. members, including the member for Skeena, raised the question of the damage done to the salmon on the west coast by spraying. This problem is extremely difficult because hon. members will realize, I think, that if the forests are destroyed the habitat of the salmon will be destroyed as well. Nevertheless, we are able to report that the damage done to the salmon directly by d.d.t. spraying of the forests has been considerably reduced by using diluted sprays which remain effective for the purpose for which they are used, the destruction of the spruce budworm and other insects, without doing much direct damage to the salmon themselves.

In this connection there was some interesting press comment on this matter last winter when it was announced that half strength d.d.t., compared with that which had been used previously, had now proven successful and would not do so much damage to the salmon. The announcement produced a headline in the Saint John *Telegraph-Journal* for January 6 to the effect that we had succeeded in eliminating morality amongst the salmon. Far be it from me to eliminate morality amongst the salmon, if it is meant by that that we want to reduce in any way their capability of reproducing.

[Mr. MacLean (Queens).]

I am happy to say that we have made progress, especially on the west coast, in designing and developing artificial spawning beds. The results look very good at the present time. It will take a period of time to prove their usefulness, but the results so far have been nothing short of spectacular. I am hopeful that this development will go a long way toward compensating for the loss of natural production of salmon to which the hon. member for Skeena referred just a little while ago. He also mentioned the Russians fishing for salmon. We have no information that would indicate that the Russians are fishing for salmon in the north-east Pacific area. They do catch large numbers of salmon, of course, but in their own waters, of stocks that originate in Asia. I might say that the Russians, of course, are actively fishing for groundfish in the Bering sea area. We have been able to find no indication that the Japanese are catching any salmon of British Columbia or Canadian origin. Therefore, as far as Canadian salmon are concerned, there is no indication that they go beyond the line of demarcation agreed upon, which is 175 degrees west longitude. I am speaking from memory but I think that is correct.

The question of the resolutions passed by the united fishermen and allied workers union has been noted. I might say that this whole question is under very careful study. The resolution read by the hon. member would indicate that, if the policy they suggest were brought into effect, legislation would be required. This is not the case. The changes they recommend could be introduced, from a legal point of view, by regulation under the Fisheries Act as it now stands.

The hon. member for Queens-Lunenburg also raised the question of construction standards for subsidized fishing vessels. This matter of improving the standards of this type of vessel so that they will have a safer vessel for fishermen to operate in is something that we are working on at the present time in co-operation with the maritime commission.

The hon. member for Vancouver East took the view that a great deal more assistance was given to the Atlantic fisheries than was given to the Pacific fisheries. I do not think that this view can be well substantiated because a great deal of assistance is given to the fisheries on both coasts. The problems are entirely different on both coasts. On the west coast the primary problem is one of keeping up the supply of the resource. In most types of fish on the east coast this problem is not so acute, especially with regard to cod and groundfish, although there is a problem.

I agree that there is a problem with regard to stocks there but it is not so acute as is the problem of the stock of salmon on the west coast. The problems on the east coast tend to be more economic ones in the sense of trying to have a reasonable return to the fishermen engaged in the industry whereas on the west coast—I am speaking now very generally and there are all sorts of exceptions to what I say—the problem fundamentally is one of keeping the resource at a level which will provide sufficient fish for those engaged in the industry.

The hon. member for Vancouver East was concerned about the British Columbia herring fishery. I am happy to report that the fish meal situation, as far as markets are concerned, has strengthened considerably and has brightened to a decided extent. As I have already mentioned, an international meeting was held in Rome under the auspices of FAO to consider this matter. I think that meeting had beneficial effects almost right away. Every attempt is being made to improve and develop new herring products for human consumption and continuing efforts are being made to seek new market outlets.

With regard to the problem of more humane methods of killing whales and seals about which the hon. member for Vancouver East was concerned I might say this. It is not correct to make the flat statement that the use of electrical harpoons at the present stage of development would be more humane in whaling than is the use of the explosive harpoon. As a matter of fact, a great deal of work is being done on the use of the electrical harpoon by the electrical companies and by the industry but as yet it is doubtful that they would be any more humane than are the harpoons now in use.

With regard to Atlantic seals may I say that my department has already taken the initiative in this matter. Along with other countries we are keeping informed on technological advances with a view to introducing them to the sealing industry if they are practical and effective. On the conservation side, we have taken the initiative in bringing this question before the international commission for the north Atlantic fisheries which is meeting in Washington next week. I might say in passing that I believe it was the hon. member for Grand Falls-White Bay-Labrador, although I might be mistaken about that matter—in any event it was one of the Newfoundland members—who went on the assumption that the U.S.S.R. which is one of the countries interested in the Atlantic seals is not a member of ICNAF. May I say that they have joined. They are now a member as they have been for about two years. Denmark, France, Norway and Canada all agreed on a closing date for the sealing this year. There is therefore some progress to report in this connection.

The hon. member for St. John's East also raised the question of community stages. I have dealt with that matter to some degree already. The marketing of salt fish, a matter which he also raised, is one which is of direct concern to the Department of Trade and Commerce. However, my department is concerned also in certain phases of marketing such as helping the industry to develop more acceptable types of fish and of containers so that salt fish, especially, will have a growing appeal for a widening market.

Several hon. members, including the hon. member for Bonavista-Twillingate, the hon. member for St. John's East and the hon. member for Trinity-Conception spoke of the neeed for and the problem of markets for salt cod. In this connection I should like to say that production of salted cod in 1960 in Newfoundland, at about 70.6 million pounds, dry basis, was 5 per cent above that in 1959, but was approximately average production for recent years. There were no stock holdings of 1959 fish at the beginning of the marketing year, last July 1. Despite the good catch, prices to fishermen from processors, were 15 per cent to 20 per cent above 1959 levels. Strong buying by processors and exporters was presumably based mainly on the short European catches in 1959.

Fishermen's income from cod fishing were at a post-union record of $1.1 million above 1959. In marketing the 1960 production Canadian exporters had been faced with greater competition from increased European production, together with a major reduction in exports to Cuba particularly since January of this year.

Stocks at the end of April were approximately 10 million pounds above the same date a year ago, but early in May substantial shipments of salt fish went to Portugal. However, this is a matter which is under very close and active scrutiny by the department with a view to finding some means of alleviating it if this proves, in the end, necessary.

Several hon. members raised the question of the use of the Valleyfield fish processing experimental plant. A good deal of progress has been made at Valleyfield in respect of salt cod. Projects include various drying methods, brining methods, a process for the production of light salted fish by the desalting of heavy salted fish and, most important, the development of new products and improved packaging.

In order to meet present day consumer demands a salt fish block has been developed.

This block is made basically from fillets of cod and thus is boneless and skinless. Substantial samples were sent in 1960 to outlets in Canada, the United States, Italy and all other potential markets. The reception was so good that there is an excellent possibility of this product being produced commercially this year.

The method of producing these fillet blocks and other new processing methods and techniques will be demonstrated at several courses for salt fish plant foremen and operators this summer at Valleyfield.

I may say that we are also most anxious to receive from the salt fish industry their suggestions and reviews of technological problems so that we can do our best to meet these problems and test the suggestions for their practicability.

I may say that as far as prospects for this year are concerned, due to the rather optimistic outlook as far as the fresh and frozen fish market is concerned these are brighter. With respect to freezing operations the department has been advised that several plants on the northeast coast of Newfoundland which were not expected to operate in 1961 will be put into operation in response to the much improved market outlook. This will relieve to some extent the pressure on the salt fish market. But it is only one factor and will only apply, of course, in some areas.

The hon. member for Bonavista-Twillingate also pointed out that we were dependent entirely, I believe he said, on the United States market for the export of fresh and frozen fish. I believe that is no longer entirely the case, since exports are now going to the United Kingdom market. This is an encouraging development.

I may say too that in certain cases the provisions of the agricultural rehabilitation and development act will have application to large numbers of people who are engaged in the fishing industry, at least partially. In cases where it does not apply, very careful study will be made of the situation so that proper compensation can be made in a way which we hope will be practical, along the lines suggested by the hon. member for Bonavista-Twillingate.

The hon. member for Charlotte and various other hon. members raised the question of the application of unemployment insurance to fishermen. The hon. member for Bonavista-Twillingate, it would seem more in sorrow than in anger, regretted a quotation that he was forced to read from a speech which I had made in Toronto about fishermen fishing for stamps rather than for fish.

What I said was that we wanted to remove any incentive which might lead fishermen to fish for stamps rather than for fish. I did not mean to suggest that any fishermen had yielded to this temptation, as yet at any rate.

Mr. Herridge: That is very diplomatic.

Mr. MacLean (Queens): The hon. member for Charlotte also gave an interesting review of the fishing industry in his riding, which is a very important and, generally speaking, prosperous one. But there is still much that can be done to develop the industry in all parts of the country, provided the development will result in activities that are economically sound.

The hon. member for Grey North raised the very important question of the great lakes fishery. Mr. Chairman, I should like to say something about the progress which is being made in the lamprey control program of the great lakes, but I will not make an extended statement at this time.

I think hon. members of the committee are aware that scientists have succeeded in producing a lampricide, a specific poison which will poison lamprey without affecting other forms of life. In 1959-60 more concentration was applied to the use of lampricides while still maintaining the barriers in lake Superior that were formerly used to prevent the migration of lamprey up the streams to spawn.

Finally in 1960-61 all streams tributary to lake Superior known to have lamprey populations had been treated. In addition, seven streams in lake Michigan and six in Georgian bay had been covered. In every case it is estimated that a kill of over 99 per cent of the lamprey population was obtained. As a result a reduction should be seen in 1961 from the operations of 1959, but the final demonstration will only show clearly in the spring of 1962.

It is thus crucial in demonstrating success or failure to maintain the barriers in lake Superior for checking through 1961-62. In the meantime the chemical program will be further expanded in lake Huron, Georgian bay and lake Michigan.

Concurrent with these lampricide experiments the commission has been considering and taking action on the rehabilitation of the trout population. This of course involves obtaining the co-operation of the various states and the province of Ontario since these organizations are responsible for such work. This co-operation has been gladly given, with the result that broad stocks have been substantially increased and the actual stocking was raised to over one million yearlings in 1960, with every indication of increase in

the future. Close assessment of the results of this experiment is being carried out.

In brief, the lampricide program in the great lakes appears to be promising but it is too early yet to make definite forecasts as to how successful it is actually proving. There still remains the problem of the rehabilitation of those types of fish which will produce the highest income to the fishermen of the great lakes and thus add the greater strength to the industry.

I think that is all I wish to say at the present time, but if any questions arise as we go through the various items I shall do my best to answer them.

The Acting Chairman (Mr. Chown): Shall the item carry?

Mr. Robichaud: I wish to thank the minister for his comprehensive reply to the various remarks which have been made by members of the committee on this the first item on the estimates of his department. I have a brief observation to make which could refer to item 131 or to the next item. I wish to make it now. A few moments ago I came across an editorial in the Ottawa *Journal*, June 3. It has for its title: "146.5 lbs. of Meat—Each". May I be allowed to quote a brief paragraph from this editorial. It reads as follows:

> Not everyone in Canada is unemployed and those who have work or income are doing very well indeed. So well that total per capita consumption of meat in 1960 was 3.6 pounds greater than in 1959 and more than 12 pounds above the 1951-55 average.

I wish to remind the minister of the remarks I made on May 11 when I said that fish consumption, which had reached 13.7 pounds per capita in 1950, had declined to 13.2 pounds in 1957, and called for drastic action on the part of the department to increase the consumption of fish in this country. When we realize that during the same period the consumption of meat has increased by 12 pounds per capita and the consumption of fish has decreased by half a pound—

An hon. Member: Utter nonsense.

Mr. Robichaud: I heard the hon. member say "utter nonsense".

Mr. Browne (St. John's West): Exactly. Utter nonsense.

Mr. Robichaud: These are statistics made available by the dominion bureau of statistics, and if the hon. member wants to question them he should direct his observations to the minister responsible.

Mr. Browne (St. John's West): I think you should sit down.

Mr. Robichaud: I will sit down at the call of the Chair. I have as much right to make observations in the committee as has the hon. member for St. John's. This is typical of what we hear from members on the government side of the house, for no reason whatever.

When we have to face such a serious situation as this decline in fish consumption we may well ask ourselves what will happen to future generations of Canadians when such a brain food as fish is set aside.

(Translation):

Mr. Valade: Mr. Chairman, I am not taking part in this debate as an expert on commercial fishing and I imagine that members of the committee will perhaps be surprised to hear me say a few words on this subject. I should like to ask the minister to look especially into the problem I intend to submit to him and to give us some information about a situation prevailing at present in the Montreal area with regard to sport fishing. With the committee's permission, I should like to quote from an article published in the *Gazette* of June 2, 1961, which reads as follows:

(Text):

I shall read from this article in English as it is written in English. It is entitled: "Quebec reverses itself on minnow situation". It reads:

> We told you in yesterday's column to look elsewhere in the paper for the ruling on minnows by Hon. Gerard Levesque, minister of game and fisheries. Well, you didn't find much—simply an announcement that special permits are to be issued effective immediately for the sale of minnows.

Later on in a paragraph headed: "Prime interest to Montreal" the article says:

> These details will be particularly interesting to Montreal district fishermen in view of the fact that one suggestion had been that the sale of minnows should be permitted in a zone of the south shore but not on the island of Montreal which would be placed in the same category as the trout belt in the Laurentians. This would be a blow at the many thousands of anglers who depend upon minnows for fishing dore, pike and perch in local waters.

(Translation):

Mr. Chairman, that article was brought about by a rather radical decision taken by the present government of the province of Quebec concerning the sale and transportation of minnows.

That legislation was introduced at a most inappropriate time, that is last spring, and without any previous warning to dealers who sell not only minnows but fishing tackle.

Moreover, the provincial authorities received strong protests from certain sports associations concerning the adoption of that bill which is rather prejudicial to their interests.

(Text):

The Acting Chairman (Mr. Chown): Order. Is the hon. member not touching on a purely provincial matter?

Mr. Valade: No. I am dealing with the part of the law which comes under the administrative responsibility of the federal government as I will show later on if you allow me to continue.

(Translation):

Mr. Chairman, as I was saying a moment ago, that decision has caused serious losses to all those business people who depend on the sale of fishing gear. Representations were made to the present provincial government, which washed its hands of the matter and said it was a federal responsibility. That is why I now ask the Minister of Fisheries to clearly state the stand of the federal Department of Fisheries with regard to that legislation enacted by the Quebec government.

(Text):

Mr. MacLean (Queens): Perhaps I can answer the observations which have been made by the two hon. members who have spoken.

In the case of fishing regulations which are enforced by the provinces, the regulations are made under the authority of the Fisheries Act and the order in council which brings them into effect is the responsibility of the federal government. However, I wish to make it clear that the appropriate ministers of the provinces make recommendations as to what these regulations should be and we rarely, if ever, modify them, or, if we do, we do so only after consultation with the minister of the province concerned.

In the case of regulations having to do with the use of minnows in Quebec, the recommendation was put forward by the provincial government. I communicated with the minister, who takes full responsibility for making this recommendation. He is happy with it. Therefore, it was made into law by the passing of an appropriate order in council. It is the direct responsiblity of the provincial minister concerned to make recommendations in this regard.

I was very pleased that the hon. member for Gloucester raised the suggestion that publicity should be given to the advantages of including fish in diets. In this regard I might suggest that my department is doing all it can to acquaint Canadians with the benefits arising from the consumption of fish, both from a health and economical point of view. There is a very excellent service in existence carried out by skilled young ladies who demonstrate the uses of fish to groups across the country, including the operators of restaurants, hotels and so on. This operation is being carried out in an attempt to familiarize Canadians with the benefits of the use of fish in diets and to increase the per capita consumption in Canada.

We have also introduced methods to improve the standard of processed fish in an attempt to establish a reputation of dependability in that regard.

Mr. Howard: Mr. Chairman, I realize that every minister of the crown is anxious to have the estimates of his department passed as quickly as possible, and I suggest the Minister of Fisheries is no different in this regard.

At the beginning of the minister's remarks in reply to suggestions made by hon. members he referred to the fact that this debate had taken quite some time. As a matter of fact, he stated it had extended over a period of three days. That statement is true, in that the debate took place on three different days, but in terms of total time it has taken no longer than the number of hours this house sits on a Monday, Tuesday or Thursday approximately 8½ hours. I suggest that the fishing industry is of sufficient importance to the five Atlantic provinces, as well as to that important province of British Columbia, that we should not attempt to rush through the estimates of this department simply because we are approaching a particular time of day. Should we run through and complete the estimates during this last hour, that is perfectly all right, but they should not be hastened in any way which would limit our discussion.

Earlier today I mentioned articles which had been written by Mr. Val Gwyther. At that time I was unable to locate the reference to these articles, but I have since found this reference contained in the Vancouver *Sun* of June 1, 1961, at page 42. I should like at this time to make further reference to the statements made by that individual so as to relate them to the location in which they were made. The article in part reads as follows:

> Two university of B.C. engineers said today a hydroelectric dam can be built in the Fraser river canyon without harming salmon runs.
>
> They said a 100-foot high dam at Spuzzum, 30 miles north of Hope, would produce 700,000 horsepower and allow safe passage of 750,000 salmon a day.
>
> The engineers are J. F. Muir, head of the U.B.C. department of civil engineering, and Eugen Ruus, assistant professor of civil engineering.
>
> They were speaking at the 75th annual meeting of the engineering institute of Canada—

This article then makes reference to Mr. Val Gwyther who is reported there as saying that watersheds are now open to development of both fish and power. The article then goes on to state as follows:

> Gwyther said that with proper planning of fishways in conjunction with power dams, survival of fish can be increased over that in natural settings filled with predators.

I do not intend to quote further from this article because I think the essence of their approach to this subject is contained in the remarks I have quoted which were made at a meeting of the engineering institute of Canada. I should appreciate very much if the minister would indicate his opinion of the validity of these statements.

As I said earlier, Mr. Gwyther has been noted in past years for his one-sided approach to this question which would tend to serve the interests of those individuals concerned with the development of power exclusively. I think the approach presented in the report from which I quoted represents the same high pressure tactics resulting from these studies which have been financed, at least in part, by the B.C. hydro industry.

Mr. MacLean (Queens): Mr. Chairman, I should like to make it clear to the hon. gentleman that I did not object to the length of time being taken for the consideration of the estimates for my department, but merely pointed out that the discussion had taken place on three different days, two of which were about two weeks ago, and therefore I hoped to be excused if my remarks this afternoon were not comprehensive enough to cover every point that had been raised.

I should like to thank the hon. member for bringing this article to my attention but would suggest to him that individuals are free to express their own opinions. The best advice that I can obtain from experts, not only from my department, but elsewhere, is that there is as yet no feasible means whereby hydro development can take place on the Fraser river without serious damage to the salmon industry. I am sure that if there had been a tremendous breakthrough and discovery in this regard in recent times I should be aware of it.

Item agreed to.

134. Industrial development service, $806,750.

Mr. Pickersgill: Mr. Chairman, in respect to vote No. 134 I should like to ask the minister to briefly comment in regard to new projects to be undertaken this year.

Mr. MacLean (Queens): Mr. Chairman, there are a wide number of items which are under consideration for this year. A few examples of those projects are as follows: a study in regard to the use of a stern trawler, the development of a scallop stern trawler, the development of a combination dragger purse siener and a trap tender for the great lakes, the continued development of a multi-purpose 50-foot boat, and the development of a 48-foot long-liner in co-operation with the province of New Brunswick, the development of reinforced fibreglass hulls for fishing boats, the tank testing of various types of fishing vessels and fishing gear, the development of an unloading device for fishing vessels, some work in regard to hydro jet propulsion. We have also been assisting, to some extent, the development of a free-piston gasifier engine which we hope will be very useful in application to fishing vessels on the basis of a very flexible type of installation. Some hon. members may be aware of that project. Those are some examples.

Mr. Pickersgill: Practically all of the examples the minister has given had to do with the catching of fish. This item is called "Industrial Development Service". Can the minister say whether any of the money is being spent for what one would ordinarily think of as industrial development?

Mr. MacLean (Queens): We look on the catching of fish as an industrial activity, and it is part of our industrial development work, but not all by any means. For example, there is a great deal of work, to which I have already referred to some extent, being done at the Valleyfield experimental station on the processing of fish. Another example is the development of fish processing and holding equipment; the various developments in the drying of fish, the packaging of fish, and bulk containers for fish, which are not only the large containers used in shipment but also the retail containers. A while ago I mentioned salt fish blocks which are being developed. These blocks are for the retail trade. They are blocks about the size of a pound of butter and are quite attractive. We feel they will have a very great acceptability on the market. There is such a wide field of endeavour in this directorate that it is hard to give in a few words a complete review of what is being done but if the hon. member has anything specific in mind I shall certainly get the information for him.

Mr. Pickersgill: I just have this specifically in mind. The only substantial reduction anywhere in the estimates is in this item and while in general I am in favour of reducing expenditures rather than increasing them—I am an old fashioned Grit in this respect—I must say that in this particular field I do not think that reducing expenditure is the wise thing at all, because surely the most important thing is not to find new ways of

catching fish but new ways of processing fish and getting it onto the markets in an acceptable form, and this is where Canada is not leading the world and where it seems to me we ought to be advancing even more rapidly than we are.

Mr. MacLean (Queens): Let me put the hon. member's mind at rest right away. The general program is not reduced. This may be a bit misleading, but actually the over-all program of industrial development is being expanded as far as expenditure is concerned. The apparent reduction is due to the fact that there has been a quite sudden reduction in the amount of money being used in the building of community stages which is covered by this vote.

Mr. Pickersgill: The minister knows that I would like to see that expenditure increased also.

Mr. MacLean (Queens): Yes.

Mr. Carter: I have two supplementary questions on this item. The minister referred to the stern dragger as one of the experiments being carried out under this item. Is this the first year in which we have been carrying on such experiments? If not, what was the result of any previous work done in this respect?

My second question has to do with marketing. Can the minister tell the house whether any marketing research is being carried out by his department and whether it is done under this item? If not, under what item is it financed?

Mr. MacLean (Queens): With regard to the stern trawler, this is the development of a suitable design of boat that may be used specifically for Canadian Atlantic coast conditions. There has been no work done with stern trawlers in Canada up to this date.

Mr. Carter: No, but work has been carried out on the stern trawler or the stern dragger in England, I think, and in Norway.

Mr. MacLean (Queens): Oh, yes.

Mr. Carter: The results of that experiment should be available to us. What additional information are we trying to acquire under this item or under the program the minister referred to? Just what is the purpose of continuing the experiment when the information is already available?

Mr. MacLean (Queens): Well, the information is available in a general way, but it is a question of the design of a stern trawler calculated to meet specific Canadian Atlantic coast requirements. Our requirements for a stern trawler might not be the same as for a stern trawler which would be operating from Europe.

Mr. Carter: The minister did not answer my second question about marketing research. Is anything being done along this line?

Mr. MacLean (Queens): It actually is being done but it comes under item 133.

Mr. Robichaud: I have a question to ask the minister but I do not know whether it comes under this item. In recent years the department has carried out certain experiments to locate scallop beds especially in Northumberland strait and in the gulf of St. Lawrence. Is it the intention of the department to carry on with similar experiments this year?

Mr. MacLean (Queens): Yes.

Mr. Robichaud: Has any arrangement been made by the department to select certain boats or certain vessels in certain areas?

Mr. MacLean (Queens): This is being done at the present time. As far as I know certain research is being done along this line at the St. Andrews station of the research board.

Mr. Robichaud: When such experiments are carried on the results should be made available to the fishermen. I know that fishermen in our own areas are still wondering whether beds were found in 1959. If beds were located, what amount of scallops was in those beds, and where were they? Steps should be taken to make the results of such experiments available to the fishermen so that they could use the beds to their benefit.

Mr. Howard: My question has to do really with the fishing bounty. I assume, from past practice, that we deal with statutory items where they follow immediately after a vote. In as much as it is six o'clock, I wonder whether I can defer my comment to another day?

Mr. Churchill: Would the committee be prepared to continue for a few minutes on these items? If we are striving for the deadline of the 30th day of June, would it not be wise to complete the estimates of this department? I do not want to hurry anyone if there are questions to ask, but the house sometimes shows that it is quite willing to take an extra few minutes and carry on. I am sure we are quite prepared to do that.

The Acting Chairman (Mr. Morton): Have we unanimous consent to carry on?

Mr. Howard: There is another point. For instance, the fisheries research board becomes involved quite extensively in the next item and I have some remarks to make which would take more than a few minutes. I think we should call it six o'clock.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: I presume there is no change from the announcement made last night in connection with next week's business?

Mr. Churchill: No change is expected, Mr. Speaker.

Mr. Chevrier: May I ask the minister whether, perhaps after consultation with the Minister of Finance, he is now able to tell the house when the budget will be brought down?

Mr. Churchill: That is not in my field.

At six o'clock the house adjourned, without question put, pursuant to special order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

NATIONAL DEBT

Question No. 231—**Mr. Regier:**

1. As of the latest date of record, what was the total gross national debt of the people of Canada for each of the following categories: (a) each of the various levels of government (b) institutions of Canada (c) corporations of Canada (d) individuals?

2. What was the average interest rate on such indebtedness in the years 1945, 1956 and 1961?

Answer by: **Hon. Donald M. Fleming (Minister of Finance):**

1. (*a*) Federal[1] [2] ..... As at March 31, 1960, $25,145 million

Provincial[1] [3] ..... As at March 31, 1960, $7,094 million

Municipal[1] [4] ..... As at fiscal year ends nearest December 31, 1958, $3,940 million.

(*b*) Information not available.

(*c*) Taxation year 1958, $28,139 million[5].

(*d*) Information not available.

2. (*a*) Federal:[6]

Fiscal Year	
1944/45	3.00 per cent
1955/56	2.85 per cent
1960/61	not available.

Provincial:[3]

As at fiscal year ending nearest Dec. 31	
1945	3.86 per cent
1956	3.59 per cent
1961	not available.

Municipal: Information not available.

(*b*) Information not available.

(*c*) Information not available.

(*d*) Information not available.

[1] Total direct and indirect debt before adjustment for sinking funds.

[2] Preliminary—prepared in Department of Finance.

[3] SOURCE: D.B.S. "Financial Statistics of Provincial Governments". Average interest rate on bonded debt.

[4] SOURCE: D.B.S. "A consolidation of public finance statistics".

[5] SOURCE: Department of National Revenue—1960 taxation statistics.

[6] SOURCE: Public Accounts of Canada. Average interest rate on unmatured debt.

NATIONAL DEFENCE—CIVILIAN CREWS OF AUXILIARY VESSELS

Question No. 241—**Mr. McCleave:**

1. What are the work hours per week and rates of pay of cooks and stewards serving aboard civilian manned auxiliary vessels of the Department of National Defence on the (a) east coast (b) west coast?

2. What are the work hours per week and rates of pay of crew, apart from cooks and stewards, serving aboard civilian manned auxiliary vessels of the Department of National Defence on the (a) east coast (b) west coast?

Answer by: **Hon. Pierre Sevigny (Associate Minister of National Defence):**

1. (a) East coast—Cook, $269 per month; cook steward, $269 per month; second cook, $238 per month; mess boy, $229 per month. Hours of work—48 hours per week, 6 days at 8 hours per day.

(b) West coast—Cook, $285, $290, $301 per month; cook steward, $290, $311 per month; steward, $280, $290 per month; second cook, $260, $280 per month; mess boy, $231, $253 per month. Hours of work—40 hours per week, 5 days at 8 hours per day.

2. (a) Hours of work: Approved work schedules—Effective 1 January, 1960, the approved work schedule for GSOs and seamen shall be 8 hours per day from Monday to Friday with Saturday and Sunday as rest days, with the following exceptions:

Naval Fire Tug—H.M.C. *Dockyard,* Halifax and St. John's, Newfoundland: (i) the standard work week is 56 hours; (ii) the work week shall be averaged over a 3 week cycle using the 24 hours on 48 hours off duty system.

Stand-by duty boat—H.M.C. *Dockyard,* Halifax, N.S.: (i) the standard work week is 40 hours; (ii) the work week shall be aver-

aged over a 4 week cycle; (iii) 8 days of rest shall be granted in the cycle.

Stand-by duty boat—H.M.C. *Dockyard,* Esquimalt, B.C.: (i) the standard work week is 40 hours; (ii) the normal daily working hours per day shall be 8; (iii) two days in seven shall be rest days.

Naval fire tug—H.M.C. *Dockyard,* Esquimalt, B.C.: (i) the standard work week is 48 hours; (ii) normal daily working hours shall be 8; (iii) one day in seven shall be a rest day.

(b) Rates of pay vary according to vessel classification.

(a) East Coast

Classification	Class 1	Class 2	Class 3	Stand-by Crew	Yardcraft
	$	$	$	$	$
Master	5,690 per annum	5,378 per annum	4,799 per annum	5,793 per annum	4,397 per annum
First officer	4,441 "	4,278 "		4,516 "	
Second officer	3,974 "	3,720 "			
Third officer	3,564 "				
Chief engineer	5,162 "	4,882 per annum	4,562 per annum	5,162 per annum	
Second engineer	4,441 "	4,278 "	4,124 "	4,516 "	
Third engineer	3,974 "	3,720 "		3,343 "	
Fourth engineer	3,564 "				
Electrical officer	3,974 per annum				
Oiler	264 per month				
Boatswain	269 "				
Seamen	229 "				
Quartermaster	260 "		243 per month		
Donkeyman	226 "				252 per month
Fireman	257 "				
Mate			3,642 per annum		3,609 per annum
Engineer					4,085 "
Master and dockyard pilot	5,793 per annum				
Senior master	5,860 "				
Senior chief engineer	5,259 "				

NOTE: Rates for personnel below officer status are similar for all vessels unless indicated.

(b) West Coast

Classification	Class 1	Class 2	Class 3	Class 4
	$	$	$	$
Master	6,288 per annum	6,026 per annum	5,227 per annum	5,372 per annum
First officer	5,038 "	4,891 "	4,743 "	4,429 "
Second officer	4,596 "	4,446 "		
Third officer	4,356 "			
Chief engineer	5,950 "	5,663 per annum	5,115 per annum	4,951 per annum
Second engineer	5,038 "	4,891 "	4,743 "	
Third Engineer	4,596 "	4,446 "		
Fourth engineer	4,356 "			
Electrical officer	4,596 "		4,378 per annum	
Fireman	289 per month			
Boatswain	289 "			
Oiler	292 "			
Seaman	279 "			
Donkeyman	289 "			
Quartermaster	289 "			
Master and dockyard pilot	6,417 per annum			
Senior chief engineer	5,982 "			
Engineer				4,951 per annum

NOTE: There are in addition to the above, a small number of harbour vessels on each coast carrying individual rates of pay. They are for the most part manned by an engineer officer and a crew of two. Generally speaking, the engineer's rate runs from a low of $4,193 per annum to $4,663 per annum on the east coast and from approximately $4,500 per annum to $4,951 per annum on the west coast.

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF SECRETARY OF STATE

Office of the chief electoral officer—

46. Salaries and expenses of office, $83,685.

Civil service commission—

66. Salaries and contingencies of the commission including compensation in accordance with the suggestion award plan of the public service of Canada, $4,486,681.

Public printing and stationery—

322. Departmental administration, $767,360.

323. Purchasing, stationery and stores, $1,212,540.

324. Distribution of official documents, $560,521.

325. Printing and binding official publications for sale and distribution to departments and the public, $750,000.

326. Printing of *Canada Gazette*, $140,000.

327. Printing and binding the annual statutes, $35,000.

328. Plant equipment and replacements, $250,577.

DEPARTMENT OF FISHERIES

131. Departmental administration, $473,500.

132. Information and educational service including grant of $3,000 to Nova Scotia fisheries exhibition, $236,470.

133. Economics service including the expenses of an international meeting on the economic effect of fishery regulation, $373,770.

HOUSE OF COMMONS

Monday, June 5, 1961

The house met at 11 a.m.

COMMITTEES OF THE HOUSE

Eighth report of standing committee on railways, canals and telegraph lines—Mr. Howe.

STANDING ORDERS—CONCURRENCE IN TWELFTH REPORT OF STANDING COMMITTEE

Miss Margaret Aitken (York-Humber) moved that the twelfth report of the standing committee on standing orders, presented to the house on Thursday, June 1, 1961, be concurred in.

Motion agreed to.

CRIMINAL CODE

AMENDMENT TO CHANGE METHOD OF EXECUTION

Miss Judy V. LaMarsh (Niagara Falls) moved for leave to introduce Bill No. C-102, to amend the Criminal Code (capital punishment, form of sentence).

Some hon. Members: Explain.

Miss LaMarsh: Mr. Speaker, briefly it is an amendment to the Criminal Code to provide that the sentence of death where applicable shall be one of death in a lethal gas chamber and not by hanging by the neck.

Motion agreed to and bill read the first time.

MOTIONS FOR PAPERS

LABOUR DISPUTE, TRANS-CANADA AIR LINES

Motion No. 136—**Mr. Howard:**

For a copy of all correspondence, telegrams, and other documents exchanged between the Minister of Labour or the Department of Labour and any chairman of a board of conciliation appointed to deal with any labour dispute to which Trans-Canada Air Lines was a party since January 1, 1950.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I have no objection to this motion except for one reservation; that the correspondence and other documents asked for in this motion shall not be tabled until after the negotiations are completed and settled, if that is agreeable to the hon. member.

Mr. Howard: That is quite agreeable.

Mr. Speaker: Subject to the reservation expressed by the minister, is it the pleasure of the house to adopt the motion?

Motion agreed to.

PRESERVATION OF BATTLEFIELD PARK, STONEY CREEK, ONT.

Motion No. 138—**Mr. Herridge:**

For a copy of all correspondence exchanged between the federal government, the Ontario provincial government, the municipal government of Stoney Creek, and any organization or person, since January 1, 1958, regarding the purchase of a parcel of land from Mr. Harry Smith for the preservation of Battlefield park at Stoney Creek, Ontario.

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, I am happy to accept this motion subject to the approval of the province of Ontario and the reservation concerning privileged documents.

Mr. Speaker: Subject to the reservation expressed by the minister, is it the pleasure of the house to adopt the motion?

Motion agreed to.

POST OFFICE LOT, BEAUCEVILLE EST, QUE.

Motion No. 141—**Mr. Racine:**

For a copy of the lease signed by the government for an area to be used as a post office in the town of Beauceville Est, county of Beauce.

Motion agreed to.

BUSINESS OF THE HOUSE

BILL NO. C-70—REPORTED DELAY DUE TO U.S. PRESSURE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Justice and ask whether the minister has seen the article in the *Financial Post* of June 3 entitled "Here's Why New Bill May Perish" dealing with Bill No. C-70, the disclosure bill, now on the order paper, and wherein it is stated that United States pressure is the reason for stalling what is described in the article as the "tell facts" plan. Has the minister any comment to make on this article?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I have not seen the article, but if the hon. member has correctly summarized it I can only say the article is without foundation.

Inquiries of the Ministry

LABOUR CONDITIONS

WINTER WORKS PROGRAM—REQUEST FOR EXTENSION AND INCREASED FEDERAL CONTRIBUTION

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like to ask the Minister of Labour whether he is now in a position to answer my question of June 1 dealing with the winter works program and the request of the Canadian federation of mayors and municipalities, which question was taken as notice by the minister's parliamentary secretary.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, we have not as yet received any resolution from the Canadian federation of mayors and municipalities. I have read about what happened at their annual convention, as did the hon. member. We are very gratified indeed to have an acknowledgement on the part of that large and important organization that the municipal winter works incentive program has been such a huge success that they want it extended for a longer period. However, this is a matter of government policy, and when a decision is arrived at by the government an announcement will be made.

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO APPOINTMENTS TO BOARD OF DIRECTORS

On the orders of the day:

Mr. O. H. Phillips (Prince): Mr. Speaker, I should like to direct a question to the Minister of Transport. During the recent by-election campaign in Kings, the hon. member for Bonavista-Twillingate advocated that the defeated candidate be appointed to the board of directors of the Canadian National Railways. Has the minister given any consideration to appointing Mr. Kickham, the defeated Liberal candidate, to the board of directors of the C.N.R.?

Mr. Speaker: Order. I question whether the hon. member is warranted in taking up the time of the house at this time in directing to the minister an inquiry of that nature concerning an individual.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, may I direct a supplementary question to the Minister of Transport and ask whether the minister is giving consideration to appointing Mr. Donald Gordon to the board of directors of the Canadian National Railways?

[Mr. Fulton.]

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the person to whom we are really thinking of offering the position of director of the C.N.R. is the hon. member for Bonavista-Twillingate.

REPORTED DIVISION OF POSITIONS OF BOARD CHAIRMAN AND EXECUTIVE HEAD

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to address a question to the Prime Minister. Can he say whether the president of the national Progressive Conservative Association was announcing government policy when he forecast a division between the positions of chairman of the board of the Canadian National Railways and the executive head of the railway?

Mr. Speaker: Order. It is customary to ask whether a minister speaking outside the house is announcing government policy, but not any other person, particularly one not associated with the ministry.

Mr. Chevrier: May I draw to your attention, sir, the fact that this matter was discussed in the house on two occasions, first on the estimates of the Minister of Transport and again on a bill to increase the number of directors of the Canadian National Railways from 7 to 12. At the time the statement was not made; otherwise it could have been introduced and the ministry asked questions on it. Since then the statement has been made, and it seemed to me this was a proper question to ask on the orders of the day.

Mr. Speaker: I am sorry to differ from the hon. member on this, but if such a question were accepted it would open the door to a great many questions which should not be asked, certainly in that form.

(Translation):

TELEVISION

SUDBURY, ONT.—INQUIRY AS TO OPENING OF FRENCH STATION

On the orders of the day:

Mr. O. J. Godin (Nickel Belt): Mr. Speaker, I should like to direct a question to the Minister of Transport with regard to the French television station at Sudbury. Could the minister reply to the question I asked him about two weeks ago, when I inquired whether his department had given approval for an early start to be made on the installation of French television facilities in the Sudbury area?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, my department is prepared to take appropriate steps to enable the applicants to start the work without the slightest delay.

Mr. Godin: Mr. Speaker, a supplementary question. Does the minister mean by that statement that his department's approval has been granted, in view of the fact that it is required before the work can start?

Mr. Balcer: Mr. Speaker, I would have to check, because as the hon. member knows, such an application must be approved by order in council. I am not sure whether the order in council has yet been promulgated, but as soon as it has been, my department will do its utmost to have the work started without delay.

(Text):

AGRICULTURE

MARITIME PROVINCES—INQUIRY AS TO AID TO POTATO GROWERS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Agriculture whether the government has yet reached a decision in respect to a recommendation which he said he made to provide compensation for those who have suffered from fusarium rot among the potato growers in Prince Edward Island?

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, I can only refer the hon. gentleman to that answer given by my parliamentary secretary in my absence.

Mr. Pickersgill: Mr. Speaker, I should like to ask a supplementary question. Is the minister aware that some of those people are dependent on these payments which he promised in order to put in this year's crop?

Mr. Hamilton (Qu'Appelle): Yes, the minister has been aware of the development of fusarium rot since it was first discovered last October.

OATS—WHEAT BOARD PRICES FOR FUTURE DELIVERY

On the orders of the day:

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, on May 30 the hon. member for Drummond-Arthabaska posed a question concerning the so-called refusal of the Canadian wheat board to sell July oats futures. I should like to give the answer to that question at this time.

The Canadian wheat board has not withdrawn offers to sell July oats futures. The board continues to offer, and sales are being made daily but in smaller volume due to limited availability. All stocks of oats in store at lakehead terminals have been contracted for, and the wheat board has ordered additional quantities forward from country elevators to meet commitments already entered into and to provide for additional sales contemplated under the July option. Stocks of oats in country elevators in western Canada are 9.4 million bushels.

In an effort to encourage increased producers' deliveries of this grain, a week ago the board authorized a supplementary quota on oats to 5 bushels per seeded acre with a minimum delivery privilege of 250 bushels per permit holder. Producers' deliveries to date this year have amounted to 27.7 million bushels compared with 15.3 million bushels to the same date a year ago.

The July oats futures opened on February 2, 1961 and the board has offered continuously in the market since that time and has sold a substantial volume for this delivery period. The initial sales were made at 77¼ cents per bushel, and there has been a small but steady increase in the futures market price since February 2, reflecting improved demand for available supplies.

GRAIN

WHEAT—DECREASE IN EXPORTS THROUGH PORT OF QUEBEC

On the orders of the day:

Hon. Alvin Hamilton (Minister of Agriculture): While I am on my feet, Mr. Speaker, I should like to give an answer to a question asked by the hon. member for Levis concerning exportation of wheat from the port of Quebec.

The facilities at this port are used for both domestic and export movement of grain. During the last few years the volume of domestic business handled by this port has increased year by year, making up a large percentage of the port's business. In the fall the elevator contains large quantities of domestic grain and, consequently, smaller quantities of export grain. In the spring, when navigation opens, the facilities are busy replenishing stocks for domestic requirements.

Export clearances during the past few years have remained at about the same level of 9 per cent to 10 per cent in relation to total shipments from all St. Lawrence ports. This year this has been somewhat reduced owing largely to the domestic movement. However, as the year progresses and more grain is shipped from the lakehead to Quebec, I expect export clearances from this port to continue to increase and at the end of the crop season to reach close to the normal level of past experience.

Inquiries of the Ministry

NATIONAL DEFENCE

FURTHER STATEMENT ON CLOSING OF U.S. RADAR STATIONS IN CANADA

On the orders of the day:

Hon. Pierre Sevigny (Associate Minister of National Defence): Mr. Speaker, with reference to the two questions asked me by the hon. member for Bonavista-Twillingate I wish to give the following answer. In the answer I gave concerning the effect of the closing of three radar stations and six gap fillers on the east coast I mentioned that the discontinuance of those radar installations would have no effect on the work load of any other radars which will remain in the system. This answers the question which the hon. member asked with reference to the Sydney installation.

In connection with his question concerning what will happen to the Point Edward naval station, I wish to inform the hon. member as follows. The Royal Canadian Navy has no plans to make increased operational use of the Sydney naval base in peacetime. It is envisaged that the level of activity will remain more or less the same as it has in the past year or so, depending on the number of operational exercises that are planned to take place in that area from time to time.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask a question perhaps to clarify the question I asked the minister. The question was whether there was any increased activity in construction contemplated at the Sydney base.

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, perhaps I had better just say a word on that. A number of proposals have been put forward by the Sydney board of trade and other people in Sydney in connection with construction projects at the Point Edward naval base. These are now under consideration but a decision as to which ones, if any, to go ahead with immediately has not yet been reached.

(Translation):

TRANSPORT

SOULANGES CANAL—REPRESENTATIONS BY CHAMBER OF COMMERCE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to put a question to the Minister of Transport. Has he published an ad in *La Presse* of Montreal, whereby his department is putting up for sale a piece of land at Cascade Point, at the eastern end of the Soulanges canal, in opposition to public opinion in this riding?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I am not sure whether the ad in question has been published in the papers. I shall check on this. I know, however, that such action was being contemplated.

Mr. Chevrier: A supplementary question, Mr. Speaker. Has the minister read an item published in *La Presse* of Montreal on June 1, 1961, to the effect that the department was mysteriously offering a property for sale at Cascade? Is the minister aware also that eight chambers of commerce have unanimously approved the setting up of a fish-breeding station and of a natural science museum, and does he not feel that he should follow up those representations, instead of those made by a certain individual known to the minister?

Mr. Balcer: Mr. Speaker I do not agree with the chambers of commerce in question. It would be a wonderful project to have a fish-breeding station and a natural science museum on the properties belonging to the Department of Transport. However, I believe the department has been generous and co-operative in offering 13 miles of this canal and reserving, for a relatively short period, certain parts of these properties for industrialists who might be interested in buying them and setting up plants in order to provide work in the area. If, after a certain time, no industry shows interest in such a project, we shall revise our policy concerning that particular section which has been reserved.

Mr. Chevrier: Another supplementary question, Mr. Speaker. Does the minister not agree with the chambers of commerce in this area that the ideal site for an industrial development would be at the west end of the canal, namely at Coteau, where railroad facilities are available?

Mr. Balcer: Mr. Speaker, I do not agree with my hon. friend and with the chambers of commerce in that connection.

In my opinion, a fish-breeding centre or station could be built just as well in another section of the canal. Indeed, I would like to draw my hon. friend's attention to an article which appeared in the *Gazette* under the signature of a great fish-breeding expert who felt that the requests submitted by the hunting and fishing association and the Quebec department of fish and game were exaggerated under the circumstances.

I feel that our offer is both generous and logical and that people will agree with the citizens of that district that our attitude is reasonable.

Mr. Chevrier: Everybody would seem to feel different from the minister on that point.

(Text):

FLOODS

NEW BRUNSWICK—REQUEST FOR FINANCIAL ASSISTANCE

On the orders of the day:

Mr. W. L. M. Creaghan (Westmorland): Mr. Speaker, last week the hon. member for York-Sunbury directed a question to the Prime Minister concerning the current flood disaster in New Brunswick. I wonder whether the Prime Minister could make a further statement on this disaster in my province.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the hon. member said, a question was asked last Wednesday by the member for York-Sunbury regarding the disaster that has taken place in New Brunswick. I informed him that there had been no request for assistance by the government of New Brunswick up to that time. I have since received a communication from the premier of New Brunswick, the effect of which is that those in charge of the assistance fund being raised are asking for a contribution of $250,000 from the federal government.

As I stated on the earlier occasion, there have been certain customs followed throughout the years in determining whether or not there should be federal assistance for provincial disasters. Those rules are being considered in the light of the nature of the disaster in that province, but so far there has been no authentic or complete assessment of the potential damage. When all things that ordinarily enter into the consideration of such matters have been determined, the government will then be in a position to advise the house as to the attitude to be taken, that attitude, of course, to be determined on the basis of those regularly accepted principles that have heretofore been followed.

SUPPLY

The house in committee of supply, Mr. Chown in the chair.

INTERIM SUPPLY

Mr. Fleming (Eglinton) moved:

Resolved, that a sum not exceeding $633,958,817, being the aggregate of

(a) one sixth of the total of the amounts of the items set forth in the main estimates for the fiscal year ending March 31, 1962, laid before the House of Commons at the present session of parliament, $614,823,482.50;

(b) one third of the total of the amounts of items 140, 226, 318 and 370 of the said estimates, $946,866.67;

(c) one quarter of the total of the amounts of items 90, 281, 282 and 400 of the said estimates, $7,184,844.50;

(d) one sixth of the total of the amounts of items 16, 65, 218 and 493 of the said estimates, $3,709,604;

(e) one twelfth of the total of the amounts of items 208, 209, 210, 212, 214, 222, 223, 227, 228, 337, 399 and 462 of the said estimates, $7,294,019.33, be granted to Her Majesty on account of the fiscal year ending March 31, 1962.

He said: Two months ago parliament voted interim supply for the first two months of the current fiscal year, namely April and May. A further sum is now required to meet current expenses. The present resolution asks for a sum estimated to meet the needs in this respect for the next two months. It would provide one sixth of the amount of all items in the estimates, and in the case of 24 items it would vote additional amounts. These 24 consist of items such as grants and provision for programs that do not move at an even pace throughout the year, so that additional sums are required to carry on programs that are often seasonal in their nature.

In no case will this resolution, if approved, carry with it a vote of the entire amount of any item in the estimates. I am pleased to give the usual undertaking that the approval of this resolution and the passing of the bill to be based upon it will not prejudice the rights and privileges of hon. members to criticize any item in the estimates when it comes up for consideration in committee of supply. The usual undertaking is hereby given that such rights and privileges will be respected and will not be curtailed or restricted in any way as a result of the passing of this measure.

Mr. Chevrier: The minister has given a very short and brief explanation of the items of which it is proposed to obtain approval in this measure now under discussion. It concerns the amount of, roughly speaking, $634 million broken up as you, Mr. Chairman, indicated to us a moment ago.

Before I enter upon the remarks which I intend to make I should just like to pose this question to the minister. Why has it been found necessary to ask for a two month's vote for interim supply? I ask the question anticipating that the reply of the minister will be that it is the usual and normal course to follow. However, the question which I am prepared to ask is this. Is it the usual course to follow when the estimates are under discussion as they have been under discussion during the course of the last several weeks

and, particularly, during the course of the period since morning sittings were initiated? As the minister knows, we have entered upon a discussion of the estimates of the various departments beginning on Wednesday, as a rule, and going right through, with but few exceptions, for the remaining days of the week. It therefore occurs to me that we should be given some explanation of this matter. Perhaps the minister, if he does not mind, will do so later.

Then there is another matter that comes to our minds at this time, namely that the minister has given little or no indication of his policy for the future, as I indicated on Saturday when I posed a question to the minister on the orders of the day inquiring when it was his intention to bring down the budget.

At that time I indicated to him that we were quite willing to co-operate in the passage of this measure for interim supply. However, I think it should be noted that co-operation is a two way street. Co-operation means co-operation not only from this side of the chamber but also from the government side as well. We are now into early June. The budget has not been presented, and this is a rather unusual situation. The new fiscal year started on April 1. Two months after entering upon the new fiscal year we do not know what the program of the government is; and by "program" I mean the outline of expenditures which the government has in mind. We know nothing of the money that will be required. We are in complete ignorance of the amount of the deficit which is envisaged by the government or the amount of money which will have to be borrowed by the government. We have no idea of the federal taxes which the Canadian people will be called upon to pay.

I think those various items which I have enumerated are matters about which the House of Commons and the Canadian people should know when we are discussing a measure of this importance. On Saturday the minister indicated that there was no direct relationship between the measure which would be discussed on Monday, namely this vote for interim supply, and the budget which he intends to bring down. I disagree with the minister. I think such is not the case. In my opinion there is not only an indirect but a direct relationship between the two matters. Normally the budget is brought down at the end of March or early in April. Last year it was brought down on March 31. I think it would be useful if the committee were to know the dates on which the budget has been introduced in this house in the last 17 or 18 years.

In 1946 the budget was presented on June 27. That was a late date, but having regard to the fact that the session was begun on March 14 it can easily be understood why the budget was not introduced much earlier. But that was an exceptional year. In 1947 it was introduced on April 29; in 1948, on May 18; in 1949, on March 22 and again on October 20; in 1950, on March 28; in 1951, on April 10; in 1952, on April 8; in 1953, on February 19; in 1954, on April 6; in 1955, on April 5; in 1956, on March 20; in 1957, on March 14; in 1958, on June 17; in 1959, on April 9; in 1960, on March 31 and December 20.

This gives some indication to the committee as to when the budget was introduced in the past. Here we are in early June and we have had no indication, contrary to what I believe are the rights of parliament, as to when the budget will be brought down.

The voting of supply is the traditional occasion for demanding the redress of grievances. It is the duty of the opposition to bring forward any grievances before voting supply. Here is a grievance now, a grievance of which we are complaining; that we on this side of the chamber, as well as the Canadian people, are entitled to know when the general presentation of the finances of the country is likely to be given to the house.

We are being asked to vote money before we know how these estimates are going to be spent. We are being asked to vote interim supply, but we do not know what the taxes are likely to be and what the whole expenditure program of the government is likely to be in connection with those very matters which we will be discussing.

It seems to me that the committee is entitled to a clear-cut statement by the Minister of Finance. We must know precisely when the budget will be brought down and whether there will be an appropriate and immediate opportunity for full debate. We do not want to be placed in the position we were put in last Christmas, when we had no opportunity to discuss the supplementary or baby budget, as it has been called. We were faced with an adjournment, and were not in a position to discuss it until several weeks later. I do not think we should be put in this position.

If the minister expects to obtain co-operation from this side of the chamber in connection with interim supply, he will get it; but as I indicated earlier, and I repeat it now, he will get it on certain conditions. He will get it on a condition which the opposition thinks it is entitled to obtain, and that is a clear statement by the minister of the matters about which I have asked, so that the opposition and all hon. members of the

house will be able to discuss the matters which normally come up in the budget, at the appropriate time.

If that were forthcoming I am sure the Minister of Finance and, for that matter, the government would certainly have no fault to find with the co-operation from this side of the chamber. That being so, I hope the minister will find it possible to respond to these questions which I have put to him.

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member for Laurier first asks why the house is asked to vote two months' interim supply. The answer, which he himself has indicated is in his mind, is that this is the normal period for which interim supply is asked. This is a well established practice. In some years when the house was clearly on the eve of prorogation or the end of the session was in sight or two or three weeks away at the most it has sometimes not been necessary in the last interim supply motion to ask for more than one month. However, no one in this house I think would be bold enough to say he is absolutely positive that this session will end by June 30. So, Mr. Chairman, it is in keeping with the practice of the house and it is necessary under all the circumstances that the vote should be sought in the amount indicated.

As to the second point, Mr. Chairman, all I can say to the hon. gentleman is that the date for presentation of the budget has not yet been set. I am not in a position at the moment to announce the date. As soon as I am in a position to make the announcement I propose to do so. That has been the practice I have always followed in the past while I have held this portfolio, and the committee may be assured that the date will be communicated to the house in ample time.

Mr. Chevrier: Mr. Chairman, may I ask the minister what is the reason for this unusual delay in announcing the date of the budget?

Mr. Fleming (Eglinton): Mr. Chairman, I do not think I can agree with the hon. member that the delay is unusual. It must be remembered, in the first place, that this session has been unusual in that there has already been a budget. That budget was introduced in December; it was debated through January; a considerable number of measures arose out of it; the last of those measures only cleared this house several weeks ago, and one of them has not cleared the other place yet. So account must be taken of that fact in considering the date of this budget and comparing it with the dates of the budgets in other sessions.

The hon. member for Laurier, in reviewing dates of budgets in earlier sessions, did take note of the fact that in 1946 the budget was presented later than the present date. I recall that in 1958 the budget was presented later than the present date. There were circumstances in both cases which accounted for the budget coming in in June, just as there are circumstances this year which account for the budget—

Mr. Pickersgill: Only one of them was in June.

Mr. Fleming (Eglinton): —coming in in June.

Mr. Pickersgill: Only one of them was in June; the other was in May.

Mr. Fleming (Eglinton): If I correctly noted the remarks of the hon. member for Laurier the 1946 budget was in June, and certainly the budget which I introduced in 1958 was brought in—I am speaking from memory—on June 9.

Mr. Pickersgill: June 17.

Mr. Fleming (Eglinton): Yes, June 17, 1958. So while the hon. member has said there were exceptional circumstances in those years, I must say to him that there are exceptional circumstances in the present session, namely the fact that there has already been one budget and it is not very long ago that the last of the measures arising out of that budget was cleared by this house.

I cannot go beyond that. The date has not yet been set. I assure the committee that when I am in a position to announce the date I shall be pleased to do so, and to give the house about the normal length of notice in that regard.

Mr. Chevrier: Mr. Chairman, may I ask one or two other questions. The minister seemed to take exception to the phrase I used, "unusual delay". I still think it is unusual delay; none the less, if the minister does not like that phrase surely he must admit that there has been a rather long delay. If one looks at the order paper he will see that this is the 124th day of the session. Will the minister not agree that it has been the practice in the past to announce the date of the budget much earlier in the session than the 124th day? That is why I now ask whether we have gone this long before, and why it is that the minister waits this length of time before announcing the budget. The other question which I would direct to the minister is this. Will the minister give the house an assurance or an indication that a budget will be brought down before the end of this month?

Mr. Fleming (Eglinton): Mr. Chairman, I hope to be in a position to bring down the budget before the end of this month.

Mr. Martin (Essex East): There is nothing in the suggestion we have heard that there will not be a budget in 1961?

Mr. Fleming (Eglinton): Well, Mr. Chairman, I should not wish to be held responsible for everything the hon. member for Essex East concludes from suggestions he has heard.

Mr. Pickersgill: Mr. Chairman, will the minister give us a categorical assurance that there will be a budget in 1961?

Mr. Fleming (Eglinton): Mr. Chairman, I have just said in reply to a question asked by the Acting Leader of the Opposition that I am hoping to bring down the budget before the end of this month.

Mr. Pickersgill: That is not the question I asked. I asked the minister a simple question and I repeat it now. Will the minister give us a categorical assurance that there will be a budget in the calendar year 1961?

Mr. Fleming (Eglinton): That would be my hope and expectation, Mr. Chairman.

Mr. Pickersgill: I should like to ask the minister one more question. Does the minister expect that the budget will be brought down in sufficient time to permit the budget debate to take place in the month of June?

Mr. Fleming (Eglinton): That would depend on the date of the budget and on the arrangements that are made by the leader of the house and the whips of the parties, or those who have charge of these matters for the parties, as to the dates chosen for the debate.

Mr. Martin (Essex East): In view of the fact that it is rumoured that the government intends that we shall adjourn at the end of June and come back either in August or in the fall, will the minister give us an assurance that if he does introduce his budget in the month of June—and from what he has now said it is not clear—there will be provided an opportunity of debating this most amazing budget in accordance with the practice laid down under our procedures allowing for six days of debate? While the minister is on his feet will he say whether his decision to postpone the introduction of the budget has something to do with the alarming state of the unemployment insurance fund and the suggestion that the deficit is likely to be not $700 million but closer to $1 billion?

Mr. Fleming (Eglinton): Mr. Chairman, the hon. member will not be surprised when I tell him that I must reject categorically the rumours and assertions that he heaped into the second part of his question.

In reply to the first part of the hon. member's question, let me say there has been no delay in the presentation of the budget, having regard to the fact that there was an earlier budget this year which ran its full course in this house and occupied, actually, rather longer than usual in being processed through all stages.

As to the dates of debate, that is again a matter for arrangement in accordance with the ordinary practice that prevails in the house. I should not think that the idea of a divided period would be acceptable to the house. I should think that when the house begins the budget debate it would probably wish to continue the debate until it has been concluded, but that must be a matter for discussion and arrangement among all parties in the usual course.

Mr. Chevrier: Mr. Chairman, there is one other matter on which I seek clarification, having to do with the statement the minister made earlier concerning the supplementary budget. I feel I should remind the minister that the supplementary budget of last December was supplementary to the budget of last year. It had nothing to do with this year's financial accounts. The other point which I think is of importance is one which I have raised indirectly earlier and which has now been raised more directly by the hon. member for Essex East. I refer to the opportunity to debate the budget when it is brought down.

We were placed in a most unusual position when the supplementary budget was brought down last December, in that we were not given an opportunity to discuss it until some weeks later. In other words, the budget was brought down in this house and the house adjourned—

Mr. Fleming (Eglinton): Is the hon. member not overlooking the opportunity provided for debate?

Mr. Chevrier: I have not overlooked the opportunity provided to the financial critic of the opposition to make his remarks, but after all there are others in this house who are entitled to speak, and indeed the house generally is entitled to the opportunity to discuss the budget continuously without interruption so there can be an appropriate and full discussion of the financial accounts of the country.

The minister gave no affirmative answer this morning when we inquired whether an

opportunity for continuous uninterrupted debate would be provided. The minister said he hoped it would be possible for him to bring down the budget before the month of June is out. He went on to say he had every expectation that this would be the case. Let us suppose that the budget were introduced one day next week. This would mean that debate on the budget would not be entered upon until the following week. This would give an opportunity for six days of debate, as provided under our new rules, in the month of June. But suppose that were not the case and the introduction of the budget were delayed for another week. It would be impossible to discuss the budget continuously without interruption during the month of June.

While I realize we are not entitled to confidential information, on the other hand the opposition are entitled to know in connection with the matter now before us, interim supply, what is going to be the position of the government with respect to the discussion of the financial accounts of the country. The minister has gone some distance. He has said there will be no budget brought in this week. He went still further by saying that he hoped to introduce the budget this month. I believe we are entitled to know whether, in bringing down the budget this month, there will be an opportunity for continuous discussion of the budget before the month is out.

Mr. Fleming (Eglinton): Mr. Chairman, I do not think I can usefully add anything to what I have said. The days set aside for debate on the budget will have to be arranged in the usual course. It is the house leader who makes those arrangements, not the minister introducing the budget. I think the views of hon. members opposite are known in this regard. I am sure that in whatever arrangements are made, effort will be exerted to make such arrangements as will accommodate the wishes of the house. I do not know what more I can say.

The request for interim supply that is made this morning makes provision for only the months of June and July, so that if the business of the house were not finished before July and if there were to be some adjournment proposed at that point, there would have to be a request made for a further vote of interim supply. The rights of the house are fully protected in that regard.

Mr. Martin (Essex East): There is one aspect of this problem I think we should emphasize. We have been discussing, and I believe justifiably, the rights and convenience of hon. members of this house with regard to an opportunity to discuss the budget which the minister now assures us is going to be brought in some time in the course of the present calendar year. We hope this will be done before the end of June.

We must also consider, however, the question of public convenience. The minister says the delay in the introduction of the budget does not present an unusual picture in the sense that a delay of this kind has occurred before, although he has not satisfied me that there has been a parallel situation since confederation. The fact that there was a baby budget in December does not in any material way affect the fact that the budget normally presented before this time has been unduly delayed. The effect of this delay, as my hon. friend knows better than anyone else, is being felt throughout the country at a time when there should be definite knowledge on the part of business, industry, agriculture and the work community as to the intentions of the government, so all these groups can make the preparations they have to make in regard to their operations, including the kind of adjustments which inevitably flow from the presentation of a budget.

We are entitled to know from the minister at this stage, not what his budgetary proposals are, but the explanations for this delay. We are not receiving them from the Minister of Finance. We have been directing questions to the minister since Easter as to when the budget was going to be brought down, yet none of his replies at any time suggested that we should not expect the budget until some time well into the month of June at the earliest. Because of the fact that the minister at one time gave the impression that he was ready to present the budget—

Mr. Fleming (Eglinton): No, I never gave that impression.

Mr. Martin (Essex East): Well then, because of the fact that, in my judgment, he left that impression, and his words are there to be seen—

Mr. Fleming (Eglinton): Oh, no.

Mr. Martin (Essex East): He has certainly given the impression that he was ready. That has now been changed, and I cannot—

Mr. Fleming (Eglinton): Mr. Chairman, may I ask the hon. gentleman to point out my words to which he has reference?

Mr. Martin (Essex East): I am afraid I cannot at this time, but in all fairness to the hon. gentleman I will ascertain those words which gave me this impression. Perhaps some of my colleagues will find them in the meantime.

Mr. Macdonnell: You will never find them.

Mr. Martin (Essex East): In any event that was my impression. That hon. gentleman who always comes to the assistance of the Minister of Finance has said that I will never find them. Perhaps he can offer some explanation in this regard.

All I am seeking to say now is that the Minister of Finance cannot take the position that he is going to hold the country in suspense beyond a reasonable period, and he should give us some definite reasons for this change. I have asked him two questions which he has treated lightly. I asked him first whether the delay in presenting the budget is because the deficit is going to be even more glaring than that suggested by the tax foundation and certainly much in excess of what the minister himself forecast last year. I then asked the minister if the delay was caused because of his wish to avoid the embarrassment which will come because of the state of the unemployment insurance fund. If those are the reasons they are legitimate, particularly the latter. The minister could tell us whether he intends to bring in legislation to replenish that fund, there now being no authority to make loans to the fund under the Unemployment Insurance Act because there are no securities which can be pledged in sufficient amounts. This again reflects the serious state—

An hon. Member: There are.

Mr. Martin (Essex East): There are not enough securities in the fund now to warrant the Minister of Finance making loans which would put the fund into a condition of security and give the necessary confidence to those who have contractual rights under the Unemployment Insurance Act.

The minister may nod his head, but if that is the situation—that there has been a sudden burst in unemployment insurance revenues, I should like to remind him that seeding is now under way, businesses are even now getting ready for their autumn work, and there is a serious stagnation confronting the automobile industry.

I asked the Minister of Finance the other day whether, in view of the decline of over 10.45 per cent in production of commercial and other motor vehicles, he could say that he was prepared to give some relief. Mr. Speaker said at that time that under our rules I had no right to anticipate questions of that kind involved in the budget. Surely in the face of this kind of situation it is not unfair to ask the minister when he is going to bring down his budget so that industry, among others, will know what the situation is. Those are not unfair questions, I suggest.

The report of the royal commission under the direction of Professor Bladen was given the Prime Minister five or six weeks ago. The government has had an opportunity of examining that report. If it has not taken that opportunity then it is certainly remiss in the performance of its obligations. I recognize how busy the ministers are, particularly the Minister of Finance, but I have no doubt that he has had that report carefully examined, and if it has no relation whatsoever to the budget it ought to be tabled so we can ascertain the situation from the point of view of the commissioner in order that we may determine what course to take during the budget debate. If the minister informs us that he cannot reveal the contents of that report because it is to play a very important part in his budget and, as a result, he has not been able to do the necessary homework, even though his statement might not be approved it would be understood. However, those are considerations which the Minister of Finance ought to explain to this house. I do not know under what prerogative the Minister of Finance takes the position that he does not have to give a more definitive accounting to the house with regard to the presentation of the budget. No minister of finance is a law unto himself, no matter how much of a law unto himself he may be in the cabinet.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): The Minister of Finance laughs and I laugh back at him, because no matter how much of a law he may be in the cabinet, that is not his position in this parliament, nor is it his position in the country; and the Canadian people have a right to know why this postponing and procrastinating government has delayed so long in presenting its financial accounts to the nation. I suggest to the minister that this is a bit of finessing; that in the absence of a positive reason the minister is hoping to be able to divert public attention from the financial situation which has evolved under this government. If it is a fact that we are going to have a deficit of over $700 million, let alone a deficit of $1 billion, it is understandable that the minister is seeking to coincide our initial discussion on the budget with an adjournment so that the dreadful news may, on that account, be received with less objection on the part of the Canadian people.

If those are not the reasons for this delay the Minister of Finance should stop this humourous appreciation of a serious argument and tell us exactly why the budget is not being presented. The Minister of Finance may laugh, but I should like to tell him—

Mr. Fleming (Eglinton): I cannot help it.

Mr. Martin (Essex East): —that the people in the country who are out of work, and the businessmen of this country facing these conditions of stagnation as a result of the financial policies of this government are not going to laugh. They will be greatly amused today by the reactions which the Minister of Finance has displayed toward suggestions that have come from us in the Liberal party when we have asked reasonable questions of the minister.

Why does the minister not now tell us that the reason he has not brought down the budget is that he is not ready and that certain considerations have yet to be given? If that is the situation I suggest we are entitled to know what those considerations are, unless they go to the very root of the secrecy of the budget itself.

I suddenly recall, and would remind the minister, what happened in the British house with regard to the repeal of certain laws having to do with maize, when a situation arose not unlike the present situation. When the chancellor of the exchequer, Mr. Ritchie, was asked to state when he intended to bring down his budget he refused and sat mute in his seat, like the Minister of Finance, and possibly arrogant, like the Minister of Finance. It was that arrogance which caused the government of which Mr. Ritchie was a member to lose its life and its head when the next election took place. That, of course, is what is going to happen to this government.

An hon. Member: What about the by-elections?

Mr. Martin (Essex East): And one of the main contributors toward the fall of the head of the government will be the serene, unimpassioned, unexcited Minister of Finance who sits in his seat so quietly and serenely on Monday, June 5, 1961.

Mr. Martin (Timmins): Mr. Chairman, as we move into committee of supply today we must realize, of course, that there are many problems facing this government, and I am sure they would be the last ones to deny it. In addition I believe also many problems are facing the people of this country which they are given to believe the government is not aware of. We have signs of squalor, and unemployment. There are problems connected with defence, transport, external affairs, and so forth. We must also realize that some of the estimates of departments we shall deal with today have already passed through this house. They have been subject to detailed discussion. We hope that the other departments will soon be before the house and again their estimates will be subjected to detailed discussion. In fact, notwithstanding the fencing and political footwork that we have witnessed here this morning, we may even hope that, since the by-elections have been held, we shall have a budget before us one of these days.

Therefore it is not my intention to cover the waterfront in this debate. I should like to discuss one problem only, namely the position in which the old age pensioners find themselves today. The problem of the old age pensioners is unique. If we look at the other problems we find that the sick can possibly look forward to getting well and the unemployed can look forward to the possibility of a job in the future if things take an upturn. If they do not, they can hope at least to hang on until the next election, when they will be able to take some positive action. International tensions can improve, and we all hope they will. But if all these problems were solved it would still leave the old age pensioners in the same position they are in at the present time.

What is ahead for our old age pensioners? Only one of two things can happen to them in which they find themselves at the present time. The first is to lower the cost of living. The second is to raise the old age pension. Either solution can help the old age pensioners today. Unfortunately this government has raised rather than lowered the cost of living since it took office. We see no signs of any change in this regard at the present time. This government has not raised the old age pension, although its promise to do so is now four years old.

Mr. Fleming (Eglinton): We did raise it in 1957.

Mr. Martin (Timmins): Yes, but that was four years ago. At the time it was raised there was a clear promise that it was only a temporary measure and the amount would be raised in the future.

Mr. Fleming (Eglinton): That is not true.

Mr. Martin (Timmins): This idea was sold to the Canadian public and the old age pensioners of the country.

Mr. Fleming (Eglinton): That just is not true.

Mr. Martin (Timmins): This government has raised the veterans disability pension during this session. That was a commendable move which received the full support of the house. In more recent days the government have also raised the war veterans allowance. I believe they raised it even higher than the amount asked for by the legion. This again is very commendable and received the full support of the house, but the position of

the old age pensioners of the country today is a finger of accusation pointed straight at the government. We have to realize that improvements in the unemployment situation do nothing to assist the old age pensioners, because in the main they are unemployable people. Certainly in most instances the ones who are in need are unemployable. As the years go by they must expect to become less and less employable and more and more dependent on the whims of the government of the day.

As I said at the beginning of my remarks, I have no intention to discuss individual cases in detail. I have done this before and so have other hon. members. I am sure the situation is, or must be, fully realized by this government; but what I should like to ask today is, what is the government going to do for the old age pensioners, and when are they going to do it?

Mr. Martin (Essex East): Mr. Chairman, I want to put on the record something to which I alluded when I spoke last. I said the minister did give me the impression during the course of this session that he had just about finished the necessary preliminaries which would enable him to bring in his budget. I now want to put on the record my support for that position. On March 29, as will be found at page 3461 of *Hansard*, the hon. member for Wellington South put this question to the Minister of Finance. I think it is significant that the question was put by a member on the government side. While I have the highest regard for the hon. member for Wellington South, I am sure he will not misunderstand me if I say he has not taken part too often in questions on the orders of the day, and one may reasonably conclude that this was a planted question, in other words a question which he asked at the insistence of the Minister of Finance. This is the question the hon. member asked:

> Mr. Speaker, I should like to direct a question to the Minister of Finance. Will the minister indicate to the house whether he has yet established a deadline date by which time he hopes to complete hearing delegations making representations in respect of the main budget?

The Minister of Finance replied as follows:

> Mr. Speaker, I hope to complete the hearing of the delegations by the end of next week, April 8.

Now, everyone knows that once a minister of finance has completed hearing delegations he is then in a position to put the finishing touches on his budget—

Mr. Fleming (Eglinton): No.

Mr. Martin (Essex East): —and get the necessary consent of his cabinet colleagues. My hon. friend says "No". I am speaking from some experience over a long time in government, and I am sure this government's experience is no richer than that of other governments. In any event, on March 29 the Minister of Finance said he hoped that the hearing of delegations would be over by April 8. This is the reason I clearly had the impression that the minister would then be ready to present his budget shortly afterward. Something has intervened in the meantime and we are entitled to know, I repeat, why the Minister of Finance is now, on the 5th day of June, unable to give the hon. member for Laurier, who put this question on behalf of the opposition, the kind of reply which would normally be given by any other minister of finance.

Mr. Fleming (Eglinton): I am indebted to the hon. member for Essex East for exposing to the committee the manner in which he misled himself into the state of mind which he indicated earlier in his remarks. What I said on March 29, in reply to a question by the hon. member for Wellington South, was that I hoped to complete the hearing of the delegations making representations in regard to the budget "by the end of the next week, April 8". The hon. member has been out of office for four years, Mr. Chairman, and he must have forgotten that normally after the completion of the hearing of delegations there is a great deal of work to be done on the budget. In my experience the hearing of the delegations for a budget brought in in April was completed about the end of January, and it is quite customary for about two to two and half months, in that range of time, to pass after the hearing of the delegations is completed before the budget is introduced in the house.

In the four years that he has been out of office the hon. member has forgotten that a tremendous amount of work has to be done after the completion of the hearing of the delegations. That is one of the earlier stages in the work of preparing the budget. So if he will add two and a half months to the date referred to for completion of the hearings he will find that we are running about on schedule. I might also remind him that the earlier period this year, when in a normal year the hearing of the delegations would have been done, was devoted as far as the Minister of Finance was concerned to sitting in the house following the debate on the budget and on the measures arising out of the budget.

Mr. McIlraith: Mr. Chairman, the Minister of Finance has given an explanation of his procedure in preparing the budget. I suppose that precisely how he conducts himself in preparing the budget is not the concern of

the house, but I would not want the impression to go across the country that over the years successive finance ministers have stopped hearing delegations two and a half months before the presentation of the budget. They have heard delegations right up to the last week before the presentation of the budget.

Mr. Fleming (Eglinton): That is not true.

Mr. McIlraith: The minister says that is not correct. I do not want to use language that you would rule out of order, Mr. Chairman, but may I say that many delegations have presented their representations on major financial matters as little as a week or ten days before the actual delivery of the budget. I have every reason to believe that the representations of those delegations were treated with respect and decisions were taken on them after they had been considered thoroughly by the finance minister of the day.

I can only draw the conclusion that the Minister of Finance has somehow revealed a situation that is a cause for concern in the country, in that the machinery for considering representations and taking decisions thereon on the part of the government is not adequate to the task. The reason for that will remain something peculiarly within the knowledge of the government and a few people working closely with it, but there is some alarming breakdown in the machinery, and what it is we have a right to know.

When the Minister of Finance brushes aside requests for information as to the date of the delivery of the budget and the other representations of my colleagues on this matter of such great concern to the Canadian public, he forgets that in part the great concern over the failure to deliver the budget stems from a certain action on his part for which he must remain answerable. I remind him that he is the Minister of Finance who in the previous parliament, between the 1957 and 1958 elections, refused to deliver a budget as such. He was the new Minister of Finance of a new government taking office after 22 years in opposition who refused to make known the state of the public accounts to the people of this country during the whole life of that parliament. He is the one who refused to state what changes in fiscal policy the new government proposed.

I said at the time in the house and I repeat now that that failure caused a great deal of doubt and hesitation in the business community of this country. It has done more than that. It has been a contributing factor in the slowing down of business activity in the last few years. However much the minister may defend his action on that occasion, I remind him now that it does leave him in the position of being suspect when we recall that the house has been meeting since last November and, having in mind the length of the session, it could reasonably have been expected that the budget would be delivered in April. With that background on his part, whether he was right or wrong in doing so, the delay and the unsatisfactory explanations for such delay have created a situation in the country that is most damaging to the economy.

I would hope that he would see fit to answer fully as best he can, so that the businessmen of the country who are concerned with the budget and the public generally will know when they may reasonably expect the budget to be delivered, the precise reasons for the delay, and will also be given the related information of a nature that can properly be given and does not entrench upon any of the matters with relation to the contents of the budget itself which must by their nature be kept secret. It is a matter of some importance to the public, and I would ask the minister to treat it in that way.

Mr. McMillan: I should like to ask the minister a question. He referred to the fact that we have already had a budget this year and he was referring, of course, to the baby budget. This morning is the first time I have ever heard him call it a budget. It was not a statement of the government accounts. The only figures he brought before the house had to do with a surplus or a deficit. In the previous budget he had forecast a surplus of $12 million and in December he came along and said there would be a deficit of $286 million. These are the only figures he brought forward. They had nothing to do with the government accounts. I should like to ask the minister whether he considers that is a proper accounting to parliament and the people with respect to the government accounts.

Mr. Fleming (Eglinton): The hon. member says he did not hear me refer to the December budget as a budget. It will be realized, of course, that by reason of illness the hon. member was not here in the early part of the session, and that is the reason he did not hear it. It has always been referred to by me as the supplementary budget. The expression "baby budget" was a colloquialism applied to it. I have always referred to it, and have done so not infrequently in the house, as the supplementary budget.

Mr. McMillan: Would you say it was a proper accounting?

Mr. Fleming (Eglinton): It is so referred to in the budget speech itself.

Interim Supply

Mr. Winch: Mr. Chairman, I want to take a few minutes to express my personal concern that thus far we not only have no budget but we have no indication when it is going to be presented. My particular concern is as to any announcements that may be made by the Minister of Finance with relation to our Canadian financial structure from the point of view of trade. I know that we have already dealt with the estimates of the Department of Trade and Commerce, but there have been developments since that time which I am certain must be of concern to the government and particularly to the Minister of Finance; therefore there may be something in the budget that will deal with this most important phase of our economy.

I also cannot help wondering whether the delay in bringing down the budget, which of course is a policy statement, may be having a detrimental effect on our export trade in that some of our industries and manufacturers may be refraining from pursuing an aggressive policy trying to sell Canadian goods abroad. Only last week I noted in a Vancouver newspaper the statement by an official of the timber industry that our export sales in the previous month were down 2 per cent. That is a very important matter to the province of British Columbia at this time of the year.

I also could not help but note and feel disturbed, as I hope the government is, about a statement which appeared in one of the eastern newspapers just a matter of two or three weeks ago. Mr. Victor G. Bailey, Jamaican publisher of the Caribbean *Spotlight* magazine, stated that Canada is rapidly losing its position as a traditional supplier in the West Indies market. He stated that the main reason is Canada's lack of a go-getting sales approach. On the occasion of this speech or interview he gave some most startling facts. Not only did he point out that we were rapidly losing out on our traditional West Indies market, but that we were losing out on the importation by the West Indies of those goods for which Canada is, I would say, an absolute natural. He says that West Germany, Japan and Italy are flooding the West Indies market with precisely the kind of products made by Canadian factories. For example, West Germany sold 11,526 radio sets in Jamaica and Japan sold 2,627, while Canada sold only 35. That is one illustration. But may I come to a product which is an absolute natural. Here is what we find in a statement made by Mr. Victor G. Bailey:

> Even in items which the West Indies thought synonymous with Canada, he said, newcomers to the market are pushing out Canadians.
>
> Holland, said Mr. Bailey, sold 343,125 pounds of paper bags in the West Indies while Canada sold 21,654 pounds; and West Germany supplied 216,870 hundredweight of counter flour, compared with only 10,983 hundredweight from Canada.

The situation is getting fairly serious when in an attractive West Indies market, in matters of wheat, counter flour, and products made from our timber resources such as paper bags, we are being completely wiped out by other countries, according to this information. It is something new.

In view of this report of what is happening and in view of the information I gave a few moments ago with regard to declining exports of our forest products from British Columbia at this time of the year, I say this is something that cannot be ignored by this House of Commons or by the Minister of Finance. I would expect the budget to contain something of a policy nature. I say it is bad for Canada and for parliamentary procedure that we should not have had a budget by this time. To my mind it is almost tantamount to a dereliction of duty, a lack of concern for the well-being and welfare of Canada.

As emphatically as possible I want to say that although we cannot do anything about the past, I sincerely hope that just as speedily as possible or almost immediately the budget may be brought down, and that it may have in it some policy analysis and statement and some forward looking views and recommendations to deal with the many problems which are of concern to our people, and the many factors which we see developing and which can be a hindrance to the economy of Canada.

A grave responsibility rests upon the Minister of Finance. Although we can hardly find words with which to condemn his lack of action or his lack of speed in the past, we sincerely hope he will now give us some indication that the government is concerned about what is taking place and that there will be almost immediately an explanation to this House of Commons and to the Canadian people of the fiscal and economic policies of this government. I would say this is a necessity for, let alone a demand by the people of Canada.

Mr. Chevrier: I have another question I should like to direct to the minister. Before doing so, however, I think I should commend the attitude taken by the hon. member for Vancouver East, which was entirely opposed to that of the hon. member for Timmins. The hon. member for Timmins seemed to think that we were simply shadow-boxing with the minister from this side of the house on a matter of perhaps little or no consequence. However, the hon. member for Vancouver East has in effect, I believe, rebuked the hon. member for Timmins, who did not seem to

think that the rights of parliament were affected in any way in this matter. We on this side of the house say they are affected. We repeat what has already been said, namely, that there is a direct relationship, to say nothing of an indirect one, between what is being asked at the moment, namely supply to the extent of $634 million, and the bringing down of the budget itself.

However, what I rose to deal with was a matter which the minister has already put on record in connection with the question which was put to him by the hon. member for Wellington South on March 29. In explaining away that question the minister used these words: "A great deal of work must be done after the representations in respect of the main budget have been made". I presume no one will find fault with this statement by the minister. However, the true story is that a great deal of work is done prior to that time. A great deal of work is done by the experts in the Department of Finance in preparation for the budget. The minister said on March 29, as found at page 3461 of *Hansard*:

> Mr. Speaker, I hope to complete the hearing of the delegations by the end of next week, April 8.

When he said that surely he had not in mind that this important work would not be completed until after June 10th. On Saturday he indicated that the budget would not be brought down this week. The only conclusion to which I can come is that between the time this statement was made and the time the budget will be brought down something has happened to estop the minister; to make him change his opinion or to make him consider other amendments than those which he intended to bring down.

I am not complaining about the fact that it is necessary to do all these things. What I am complaining about, and what I think everyone in this house has a right to complain about, is the fact that it has taken more than two months for those representations of which the minister has spoken to be implemented in the form of an actual presentation. There is no doubt in my mind that this was a planted question. I do not mean to be disrecpectful to the hon. member or to anyone else. Here the answer was clear:

> Mr. Speaker, I hope to complete the hearing of the delegations by the end of next week, April 8.

Here we are at June 5, approximately two months later, and thus far we have had no indication of when the budget will be brought down. We have from the minister a statement of hope and expectation. There is hope and expectation on the part of the minister that the budget will be brought down before the end of the month. I do not think that is sufficient. I think the minister should make a definite statement, yes or no; and I think he can do that without divulging any information that should not be given to the house. I think he should tell us categorically whether or not we are going to get the budget before the month is out. In view of what was stated here in the month of March I think the committee is entitled to know what the position is with reference to the financial accounts of the country at this late date.

The Acting Chairman (Mr. Chown): Shall the resolution carry?

Some hon. Members: Carried.

Mr. McMillan: Is the minister not going to answer?

Mr. Fleming (Eglinton): Answer what?

Mr. McMillan: Is the minister not going to answer the questions?

Mr. Fleming (Eglinton): I answered the same questions earlier this morning, and there is nothing I can add. I said earlier that I cannot give the committee the date of the budget because the date of the budget has not yet been set. I did say that I would give the house the information as soon as I was able to do so. What more can I do than that?

Mr. Pickersgill: Perhaps the minister has given us the explanation now. He says "There is nothing I can add". That is no doubt the explanation of why we have not had the budget; he has got nothing to add. The treasury is empty; he does not know what his deficit is going to be.

Mr. McMillan: Mr. Chairman, this is the second time this session the Minister of Finance has come before the committee for interim supply. I do not think it is out of order for him to ask for interim supply for two months, one sixth of the estimates. I think that is O.K. Ever since I have been in the house, when asking for interim supply the government has always asked for one sixth of the estimates.

In voting interim supply hon. members of this committee have an opportunity and a right to raise grievances. On this side of the chamber we believe that the matters we wish to put before the committee could more properly be raised in a budget debate. As has been suggested this morning, if the minister will give us some assurance that the budget will be brought down soon and that we will have the proper time to debate it after it is brought down, we will forgo any discussion at this time. In fact we will cut down our discussion on interim supply to the minimum and do all we can to process it through the different stages of the house.

The minister referred this morning to the baby budget. That certainly was not in any way, shape or form an accounting to this country. The only accounting the minister gave was that he would have a big deficit instead of a small surplus. There was no accounting for any one government account.

I do not think our request is unreasonable. It is almost two months since the completion of the last fiscal year, and we are voting money day after day in the estimates. We are voting millions of dollars, and we have not a clue whether or not we are going to have the money. We have no idea how much money will have to be borrowed. I think the minister could probably give us that information now, but he refuses to do so.

Never before in the history of parliament has the session lasted for so long without an accounting to parliament by the Minister of Finance. This session started in November and is now over seven months old. It is true that in two or three election years—and I have gone away back in looking at this matter—and in one war year the budget was presented as late as the latter part of June, but in those particular years the session started either in March or April.

When the minister presented his last June budget I have forgotten the date parliament was called back after the election in 1958, but it was very late, and he presented his budget rather early in the session. If the minister would give us the assurance now that he will bring down the budget some time this month and give us an opportunity to debate it, we on this side of the chamber will not pursue the matter further.

However, I feel that if the minister will not give this assurance I should raise those matters which I should like to put before the committee at this time. I will say this; if the minister is not able to give this assurance to the committee we can only conclude, and the country can only conclude, that he has not the intestinal fortitude to put the financial position of this country before the people.

Mr. Pickersgill: That is right.

Mr. McMillan: As I have said before, a year ago the minister predicted a surplus of $12 million and at the end of the year, in December, he predicted a deficit of $286 million. I predicted then that he would never have a surplus. I predicted three years ago that the Minister of Finance would never have a surplus. I hope his figure of $286 million is right. I predicted it would be more and I hope, for the sake of the taxpayers of Canada, that my prediction is wrong.

An hon. Member: They all are.

[Mr. McMillan.]

Mr. McMillan: I have read different references in the press. I saw one in a Montreal newspaper the other day to the effect that our deficit for the last fiscal year would be between $700 million and $1 billion. I say that when the government refuses to give an accounting to parliament the Prime Minister and the government are holding parliament in contempt; they are taking away some of the rights of parliament from its members. How can we carry on and discharge our duties in a proper way unless we have the fundamental information with which to carry on parliament? After all, the author of the Canadian Bill of Rights, the Prime Minister, is taking rights away from the members of this house.

I read in the current press that the Minister of Finance created a pitiful and sad spectacle when trying to get the chartered banks to reduce the interest rate at the same time as the governor of the Bank of Canada was doing nothing in that regard. Surely this is a matter for discussion. It is time the minister laid his cards on the table. The minister has refused to bring the governor of the Bank of Canada before a committee of this house. We should have an opportunity to question the governor.

The report of the Bank of Canada says nothing about salaries, and I think we should have an opportunity to question the governor about salaries. I am not particularly interested in the salary that any one particular person receives, but I do think we should know what the total salaries are. We should also know something about the building of premises. I have heard—I do not know whether it is true—that the Bank of Canada builds and rents premises. From my reading of the Bank of Canada Act I think the bank has no right to build and rent premises.

I have said before that there is no room in Canada for two sovereignties. The government should take responsibility for fiscal policy, but so far they have taken no responsibility in this respect. The Minister of Finance has said that the governor of the Bank of Canada is responsible only to parliament. Then why does he not call the governor before a committee of this house so we may question him? The governor of the Bank of Canada has said on two occasions that he has a cure for Canada's ills. He has said he knows how to cure unemployment. Evidently the government is not following the recommendations of the governor, or hon. gentlemen opposite would have introduced a solution to the unemployment problem. The governor should appear before a committee of this house in order that we may question him on these points.

An announcement was made of a $1 item relating to shipping. This house voted $1

to assist shipping in Canada this year. I opposed that move at the time and said the government should give an estimate of the cost, which I predicted might run even to $100 million. We voted that $1 item not knowing what expenditure might be involved.

Mr. Fleming (Eglinton): I think the hon. member must be mistaken. No item has been voted yet.

Mr. Pickersgill: There was an intention announced. There was no item but there was an announced intention, as the minister well knows.

Mr. McMillan: I wish to refer to a recent advertisement which appeared in the Victoria daily *Colonist* sponsored by the Progressive Conservative association. Twelve points are listed under a photograph of the Prime Minister. The tenth point indicates that the government will spend $500 million for aid to the Canadian shipbuilding industry this year. We have heard nothing about an expenditure of $500 million; we have heard only about a $1 item.

I was laughed at in this chamber when I suggested that the expenditure might run as high as $100 million. An hon. member opposite interjected during the course of my remarks on that occasion and said I did not know what I was talking about. I mentioned that the government might pay as much as $100 million under a $1 vote, but the statement appeared under a photograph of the Prime Minister that $500 million would be spent in aid of the Canadian shipbuilding industry this year. The Minister of Finance or someone on the government side of the house should give us a clear indication of what the amount might be.

Mr. Martin (Essex East): The government is following the same course it followed with respect to A.R.D.A., so called.

Mr. McMillan: What is to be done in connection with the unemployment insurance fund? Is the government going to place a sum of money in that fund after parliament adjourns? Will it be done under a $1 item? If the minister does bring in a budget will he include a $1 item for the unemployment insurance fund as he is doing for shipping, but in practice spend several hundred million dollars? How will he proceed to replenish the unemployment insurance fund? In connection with the railways I should like to know from the minister whether the money voted in connection with the equalization of rates will be brought into the budget.

The Canadian economy is sick. This is not the time to introduce a budget designed to help the party in power. We have had several budgets designed to boost the stock of the party in power. Surely the time has come when we should have a budget designed for the good of the Canadian people and not for the good of the party in power.

Mr. Martin (Essex East): Even though the party in power needs help.

Mr. McMillan: The minister made reference to the baby budget. The only thing of much moment in that budget was the half hearted, wishy washy measure to assist depressed areas. Not long ago there was only one so-called depressed area, and today we elicited information to the effect that two or three other communities have qualified for assistance under this plan. I doubt whether one man has been put to work under this program since the measure was introduced. The government had every right to proceed under this program after it was announced in the baby budget last December.

If we had the right kind of leadership our economy could be reinvigorated and we could get going again. If proper action were taken the unemployment insurance fund would look after itself because there would be more employment. The United States economy is building up, but if one reads the *Financial Post* one learns that after a slight pick-up the Canadian economy is again faltering. We need assistance from this government to stimulate our economy and assist the business community.

Last year business failures in Canada were at the highest level since the Tory thirties. There is no doubt about that. Immigration has gone down to a trickle, and according to recent press reports more people are leaving Canada today than are entering the country. It is true that our population is increasing because of the increased birth rate, but at the present time more people are leaving Canada than are taking up residence here. Taxes are higher now than ever before at all levels of government. People are going hungry in our cities, including the minister's home city of Toronto. Unemployment is higher in Canada than in any other country in the western free world. A recent article in the New York *Times* indicated that our unemployment level is approximate two and one half percentage points higher than that of Italy, the next worst country in that respect in the western free world. Our federal bonds have sold at prices lower than the bonds of cities elsewhere including the cities of Hamburg, Buenos Aires and Oslo.

I have been right in a good many of my predictions. I venture to predict now that if we have another four years of federal fiscal

policy such as we have had, we will jeopardize the pensions and other social welfare payments to which we are already committed. Our country needs leadership—

The Acting Chairman (Mr. Chown): Order. I am sorry to interrupt the hon. member, but before he launches into the next portion of his address I should like to call it one o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. McMillan: Mr. Chairman, at one o'clock I said that this government needed leadership. I should like to emphasize that statement at this time by saying that this country needs leadership now. Before we adjourned at one o'clock I intended to deal more with the program of action as described in the Victoria *Colonist,* in an advertisement paid for by the Progressive Conservative party. There appears in this advertisement, among other things, the following statement:

> When this government entered office in 1957 immediate action was required and was taken—a serious recession was under way—these measures were taken—

Following that statement there appears a list of 12 measures, and I should like to refer to No. 10, which is as follows:

> 10. $500 million aid to Canadian shipbuilding industry.

In this house we voted a $1 item in the estimates of the Department of Transport.

Mr. Fleming (Eglinton): No.

Mr. McMillan: There was a $1 item included there.

Mr. Pickersgill: It was just promised, not voted. It was just another promise.

Mr. McMillan: That is right.

Mr. Pickersgill: The minister should look at page 4784 he will find there the Minister of Transport's promise.

An hon. Member: Who has the floor?

Mr. McMillan: I suggest we have been kept in the dark in regard to this $500 million program. I should like the minister to tell us what was intended by the inclusion of that $1 item in the estimates of the Department of Transport, as well as this program involving $500 million as indicated in the advertisement of the Progressive Conservative party. I suggest that information was made public in that way as election bait, and that the elected members of this house were given indication only of the $1 item. I wonder whether the minister can tell us why we are being asked to vote that $1 item in view of the announced plan regarding the $500 million in aid to the shipbuilding industry. At the same time I would ask the Prime Minister what has happened to the bill of rights in this regard.

It is no wonder that in this country we are in such a financial mess, and no wonder that the government has had to ask the taxpayers of Canada to foot the bill for $800 million in extra interest over a four year period. The trouble resulted from this government's policy, commenced at the time of the baby budget in December of 1957, followed by the losses suffered by the conversion loans, in turn followed by the high interest on borrowings which this country has had to make.

I should like at this time to briefly refer to the 1960 income tax rate. Many individuals have been fooled this year in regard to their 1960 income tax return because this government has raised the rate paid by individual taxpayers. In 1959 individual taxpayers paid the increase for that year from July 1 on, but in 1960 they had to pay the increased rate for the whole year. Many individuals have asked me why that is so. I suggest the reason is that the government has raised the income tax while at the same time it has lead people to believe that it has lowered it. I suggest this situation has become fully known to the individual taxpayers following their filing of returns for 1960.

The minister referred to the fact that he presented the baby budget to this house at a period when I was absent because of illness. I should like to inform him that at the particular time it was presented I was overseas in the company of other hon. members of this house attending a NATO parliamentary conference. I was at the officers' mess of one of the fighter wings in France when the news of the baby budget arrived from Paris. I felt it was bad news at the time, and was asked to comment in respect to it. I said at the time I felt it would not in any way help our economy and that it bore out my prediction that the $12 million surplus, which the minister had forecast, would in fact turn out to be a huge deficit.

I am sure all hon. members have read press reports regarding the financial difficulties suffered by Britain at different times, particularly following the wars. The government of that country, as well as the chancellor of the exchequer, has always been able to step into the breach by adopting measures to improve the situation. I wish that we had a

government in Canada that would step into the breach in order to cure our ills at this time.

Mr. Herridge: Mr. Chairman, I intend to be very brief in my remarks this afternoon. At the outset I must say that our group has been restrained because of our impression that the members of this committee were going to all restrain themselves at this time in order to facilitate the business at hand. I suggest that we have kept our word in that regard.

Before proceeding with the matter in respect of which I rise at this time, I should like briefly to support the representations made by the hon. member for Timmins. I refer to his plea to the government for consideration of the plight of many of the persons in receipt of old age security and old age assistance payments. As we see it we have a responsibility to our senior citizens to make sure that they are able to enjoy their declining years with at least a measure of comfort and some security.

In order to save the time of the committee I will not go further in that direction. I rose particularly to proceed with a question that I raised on the estimates of the Secretary of State last Saturday. I was ruled out of order because the person I wished to deal with is a public servant and not a civil servant as I was informed. Therefore I trust that this afternoon I am completely in order.

First of all I wish to refer briefly to two or three news reports which have caused us, and I think a number of people in Canada, some concern. The first is a report in the *Gazette* of Saturday, June 3, which reads:

> Chaput says he'll reply in few days
>
> Dr. Marcel Chaput, vice president of a Quebec secessionist movement, yesterday said he will reply within a few days to an invitation that he quit his defence research job.
>
> He said he will issue a statement replying to Dr. J. E. Keyston, vice president of the board. Dr. Keyston said Thursday Dr. Chaput's "political activities" are incompatible with his work as a federal government civil servant.

First of all, I must say we think it is highly improper for the vice-chairman of the defence research board to make a public statement to the press with respect to Dr. Chaput. I am quite sure he has started something that is bound to end up in Dr. Chaput getting justice from all quarters. I understand that Dr. Chaput addressed an independence meeting recently and said that "Quebec will secede from confederation before 1967 if the secessionist movement continues to expand at the present rate". Of course there is a big "if" there. A number of people have asked me the meaning of the word "secede". I understand it is to go apart, to leave, or to assume a different unit or grouping, and so on. Then in the *Gazette* of Monday, June 5, I read:

> Chaput still backs secessionist group refuses to quit Ottawa job.
>
> Speaking in French, he said:
>
> "In the dispute between myself and my employer, there is, as far as I'm concerned, only one possible reply: I have no intention of resigning from the defence research board or from the vice presidency of the R.I.N."
>
> This was his reply to an invitation from the board that he resign.
>
> Dr. J. E. Keyston, vice chairman of the board, said last week he considers it "morally and ethically inconsistent that anyone should publicly urge the disruption of the federal government while continuing to be employed by the government."

First of all, I think comment on the action of an employee of this status is the responsibility of the minister and not that of the vice-chairman of the board. I think the vice-chairman of the board should know better than to make such press statements. Because of this unfortunate publicity a certain amount of understandable resentment and concern has been aroused in certain quarters. In this morning's *Gazette* I read:

> Dr. Chaput supported in Ottawa.

This reaction is the result of precipitate and unfortunate publicity on the part of the vice-chairman of the defence research board. The article goes on:

> Five French language Canadians have formed a "civil rights committee", a group to back up financially any French language Canadians restrained in the exercise of their civil rights.
>
> The five men are Gaetan Legault, an Ottawa lawyer; Claude Trottier, a Quebec city industrialist; Pierre Laporte, a Montreal newspaperman; Paul-Emile Robert, a Montreal life insurance underwriter, and Jacques J. Paris, a Hull translator.
>
> Formation of the group was decided during the week end following the suggestion that Dr. Marcel Chaput resign his defence research board job because of "political activities".

Later on in the report we find:

> "We are not separatists," said the five men in a statement. "But we believe that any French Canadian patriot threatened, because of his opinion, in the exercise of his civil rights deserves the moral support and the financial backing of all his compatriots."

We agree with this statement. We are concerned about this unfortunate situation and publicity on two grounds. First, we are concerned with freedom of speech, the right of free association and the right to political opinions being enjoyed by public servants. We believe in the system they have in Great Britain where those civil servants who have access to certain confidential documents on a political level, deputies and senior civil servants, are not permitted to take part in political activities; but the great mass of

civil servants, including technical and professional personnel, have the right to take part in political activities and many of them do so.

I must say, Mr. Chairman, we want to emphasize our interest in and recognition of the causes of this discontent which finds expression, I understand, in three or four so-called separatist movements in Quebec. While no established political party has adopted the idea of separation of Quebec from Canada, its revival no doubt has certain deep rooted causes which we should understand and recognize.

As I understand it, a number of our French Canadian patriots, Canadians of French descent, consider that their place in confederation has been that of a junior partner. Personally we think they are incorrect in that assumption, but they have that opinion and this lack of understanding is the cause of some discontent. We must appreciate the circumstances which promote these ideas and also, shall I say, to some extent these fears, and we must do all we can to strengthen unity and fraternity on the basis of understanding and a recognition of the principle of equality in all aspects of government and administration.

I am one who believes that we should not get upset about these activities. I must remind the committee that Scotland and Wales have had separatist movements for centuries. In Great Britain they actually provide the places for them to expound their views and talk to their audiences, and they get listened to attentively. They are respected as citizens of Great Britain; not that great numbers agree with them, but they have their rights and they are recognized. Actually, I think just prior to the last coronation some of them stole the coronation stone.

Well, no one in any separatist movement in Canada has suggested stealing anything of a similar kind in Canada, but here is another interesting thing. In Great Britain we find civil and public servants participating in these separatist movements which are the expression of long-standing minor grievances as a result of the union of England with Scotland or England with Wales, and it suggests there is no necessity for people to get concerned and become intolerant because some persons express these views. In Great Britain this is a long-standing tradition.

What about Dr. Chaput about whom there has been this unfortunate publicity? He has not violated his oath of allegiance or of secrecy; he has not violated his oath of office. As a matter of fact, shall I say, on strictly legal grounds the movement is to date non-partisan because there is no political party in Canada that represents it. Dr. Chaput has not transgressed any of his constitutional and legal rights as a Canadian citizen or as a public servant.

Therefore, Mr. Chairman, I did want to bring to the attention of the committee that this group regrets the public statements of the vice-chairman of the defence research board with respect to Dr. Chaput's political activities or whatever you may wish to call them, and the consequent unfortunate publicity. We uphold and defend his right to practice all his privileges as a Canadian citizen and as a public servant, and we urge that the Minister of National Defence announce his support for the practice of the principles of the bill of human freedoms and fundamental rights with respect to all the civil and public servants who come within the jurisdiction of his department.

I am being as brief as possible because we do not wish to lengthen the debate on interim supply. Finally I wish to say with emphasis: Let not the frosts of intolerance wither the blossom of democracy in this country by unfortunate statements or unfortunate publicity.

Mr. Martin (Essex East): Mr. Chairman, notwithstanding what the hon. member who has just spoken has had to say I hope he will regard my intervention at this time as wholly within the procedures that we have laid down and within the rights of a member of parliament in accordance with what he thinks are the merits of the situation.

Mr. Herridge: Absolutely.

Mr. Martin (Essex East): The hon. member has been speaking on behalf of the freedom of the individual, and that, of course, is a very important matter to engage anyone's consideration. Without in any way commenting on what the hon. member has said I want to say that we in the Liberal party have been discussing this morning a matter that involves not only the freedom of the subject but the freedom of parliament, the rights of parliament and the rights of the people to have from the Minister of Finance an accounting of the financial affairs of the nation.

We offer no apology whatsoever to anyone in the house for persisting in our denunciation of the refusal of the Minister of Finance to give us satisfactory responses. We join heartily once again in support of the position taken by the hon. member for Vancouver East, who in a succinct and able presentation this morning indicated that apparently he appreciates the seriousness of the reluctance of the Minister of Finance to give any indication of when we may expect

the next budget, when we may expect him to give an accounting of the state of the finances of this country.

Though I was not able to put my hands on the specific remarks this morning, I said I had gathered an impression which led me to believe that the Minister of Finance had clearly indicated that he was ready many weeks ago to present his budget. When I pointed that out this morning the hon. member for Greenwood took issue with me and said he did not agree that I could have justifiably formed that impression. He was out of the house when I later produced a question that had been asked by the hon. member for Wellington South and replied to by the Minister of Finance having to do with eliciting from the minister the probable date of the presentation of the budget.

The Minister of Finance replied that he expected to finish hearing delegations by April 8, 1961. We pointed out that in the experience of other governments, certainly no less efficient than this government, once that chore had been completed it had not taken a very great length of time for the minister to come forward and present his budget to the nation. There can be no doubt that if the Minister of Finance had finished hearing delegations by April 8 he was not very far away from the date when he could reasonably be expected to present a budget in this house. I find that later in the session the Minister of Finance gave a further indication that he had reached the point where he was about to present his budget. I find on page 6140 of *Hansard* for May 1 a question—

Mr. Fleming (Eglinton): What page?

Mr. Martin (Essex East): Page 4140.

Mr. Bell (Carleton): You were just 2,000 out.

Mr. Martin (Essex East): The hon. member will recognize that some of us are capable of making mistakes. We do not have that infallible attitude of this arrogant government. We can make a mistake, particularly when it comes to a page of *Hansard*. The contribution of the parliamentary secretary to the Minister of Finance to this debate thus far has consisted of grunts.

Mr. Bell (Carleton): That is more than the hon. member's contribution so far.

Mr. Martin (Essex East): He is very close to the Minister of Finance, and if his minister cannot give satisfactory answers I suggest that possibly he might like to take part in the debate and give some indication along the lines which we feel we are entitled to receive and which, as responsibly as we can, we are going to elicit from the government. As found on page 4140 of *Hansard*, no less estimable a member than the hon. member for Winnipeg South put this question to the Minister of Finance with regard to the probable date of presentation of the budget:

> Mr. Speaker, today being May 1, may I ask the Minister of Finance whether he has as yet fixed the day for the presentation of his budget?

The Minister of Finance said:

> No. Mr. Speaker, and I do not think it will be possible to present the budget during the first half of this month.

That question, as was the former question, was put by a member sitting behind those on the ministerial benches. I am not suggesting in this case that it was a planted question because the hon. member for Winnipeg South is quite resourceful and is capable of thinking of questions without even the promptings of the Minister of Finance. The fact is that the former is a member supporting the government. The minister said that he would not be ready during the first half of the month, which leaves open only one conclusion, of course; that he would be ready during the last half of the month of May. This is the 5th of June, and still we have not had from the minister any definite statement when we may expect the budget.

We on this side contend, and we do so with force, that this is an affront to parliament, that this is an affront to the nation as a whole, that business conditions are such as to warrant some assurance from the Minister of Finance that the budget will not be delayed much longer. There is certainly no violation of our traditions in pressing the Minister of Finance to give us some indication when the budget may be presented. We have the right to ask whether there is going to be a budget at all. We have the right to ask within what dates it may be expected, just as did the hon. member for Winnipeg South. The Minister of Finance, in refusing to give us any answer, has left only one real conjecture, the possibility that there will be no budget at all.

If that is the situation, let the government courageously say that in its judgment there is no occasion for a presentation of the financial situation to the nation this year. Let the Minister of Finance say that he is content with the budget brought in on May 18, 1960. There would, of course, be controversy over that position, but at any rate the government would at least have taken some definite position. The Minister of Finance this morning spoke loosely of the relation of the so-called baby budget to the budget which he said may be brought in some time in the course of the next few months.

Mr. Fleming (Eglinton): I did not say that at all.

Mr. Martin (Essex East): The Minister of Finance says he did not say that at all.

Mr. Fleming (Eglinton): The record will speak for itself.

Mr. Martin (Essex East): My memory of the inaccurate words of the minister is as good as his. My memory is that the minister said this morning that the budget of last December could not be regarded as not related to the budget which may or may not be presented in 1961. Here is what the minister actually said about the relationship of this so-called baby budget. He did not relate it to a future budget at all. It had no relation, he said, to the future. As found at page 1006 of *Hansard* of December 20, 1960 the minister said this:

> As I said earlier in my speech, this is not a full scale budget. It is a series of specific proposals supplementary to the regular budget I brought down last March. It is an integral part of the broad economic policy set forth in the speech from the throne.

That is not what the hon. gentleman said when he interrupted the hon. member for Welland and said that the baby budget was related to a budget that may or may not be brought down some time in 1961. The minister cannot have it both ways. If the statement made by the minister on December 20 and to which I have just referred is the one that is to be accepted, then the minister is bound to bring down a budget this year because, on his own words, the baby budget of 1960 was related to the previous budget of March, 1960. Hence, unless we can get from the minister some definite assurance we run the chance now that we may not only not have a budget before the end of June, or before adjournment, or before the prorogation of parliament, but that in fact we may not have a budget at all during this year 1961. We are entitled to know what the position of the government is in that regard so the business community can be forewarned and so that parliament can take its decisions and formulate its judgment with regard to the policies of the government in that regard.

The situation must be faced. The minister has left us in an unsatisfactory state as a result of the indefinite replies he gave this morning to the hon. member for Laurier and to other hon. members with regard to the date of the budget. I cannot understand why the minister cannot say positively that there will be a budget before the end of June, or before the adjournment of parliament, or before the prorogation of parliament or before this session comes to an end. Why the minister does not rise in his place and give that definite assurance is something I do not understand. If he does not want to tell us that there will be a budget some time after June 10, why can he not at least rise in his place and say that there will be a budget along about the dates and times that I have specified? I therefore ask the minister the following questions, and I say that his refusal to answer these questions will be regarded by parliament, and properly so, as an affront to parliament.

Mr. Aiken: You are speaking only for yourself.

Mr. Martin (Essex East): His refusal to answer these questions will be regarded as an affront to the nation. His refusal to answer these questions will be a discouragement to the business community and to those in avocations concerned with the economic well-being of this nation. The questions are as follows. Will a budget be brought down before the end of June, 1961, or before the adjournment of parliament in 1961? The parliamentary secretary to the Minister of Finance is taking these questions down and I will go slowly so that he may have a record.

Mr. Bell (Carleton): It is quite unnecessary for the hon. gentleman to go slowly.

Mr. Martin (Essex East): In that event I will repeat the question. Of course I could consider that remark as a definite indication of the arrogance of this government, but I will leave that remark stand. The minister did not make it and I do not suppose I have the right to attribute to the minister the indiscretions of his parliamentary secretary. Nevertheless I will leave that remark stand, but I will repeat my questions.

(1) Will a budget be brought down before the end of June, 1961, or before the adjournment of parliament in 1961?

(2) In that event, will there be an opportunity for a full debate in accordance with our rules before adjournment or prorogation in 1961?

(3) Will a budget be brought down in 1961 before adjournment or prorogation of parliament?

(4) In that event, will there be an opportunity for a full debate in accordance with our rules?

The failure of the minister to reply to these questions will raise in the public mind conjectures which are now being made and which have a very unsettling effect on the economic welfare of this nation. I hope the minister is now carefully considering the kind of reply to these questions which will give satisfaction to us in the Liberal opposition and more particularly to the people of Canada. The government cannot sit by and hope to extricate itself from the dilemma in which the minister's words have put it. These are questions of the greatest moment. We

have the right to know whether or not the financial situation of this country is as it was portrayed by the tax foundation. We have the right to know whether the government is going take certain relief measures in order to assist certain sections of Canadian industry.

Does the Minister of Finance think I am unfair when I take this line, particularly in the face of the situation that confronts the automobile industry? Does the minister feel that one is unreasonable in asking for some indication, not of whether there is going to be tax relief but whether the government is going to announce its policy, from which it will be possible to determine whether or not there is going to be tax relief to assist that industry or to assist the Canadian economy generally?

I repeat that the Minister of Finance does not satisfy the traditions of this parliament by refusing to answer these questions. He may refuse to answer them. He may carry us right on until the time of adjournment tonight without giving any indication other than that with which he has now left the house. He may take that attitude because he has behind him a strong following that can resist, through voting power, any attempts of the opposition to elicit information in the public interest. But if that position is taken by him I can assure him that it will not add to the appraisal that is being made in this country in the most responsible quarters with regard to the inadequacies of the financial policies of the government of Canada.

Mr. Pickersgill: I do not know how many hon. members have reflected on the fact that we are being asked at the present time to vote $640 million, which is more than the total pre-war budget of this country and more than the total amount that was spent in the year 1939 by the government of Canada for all purposes. We are being asked to vote this on the 124th day of the session. While I do not pretend to have perused all the records since confederation, I would be immensely surprised if it has ever happened before, since confederation, that a session of parliament reached the 124th day without any indication being given of when there would be a budget or whether there would be a budget. And that is what the minister has said to us today. He said he hoped to have a budget in the calendar year 1961. That was the best he could say in reply to a categorical question which I asked him twice.

Mr. Fleming (Eglinton): That is not true, and you know it.

Mr. Pickersgill: That is true, and the minister's words are on the record.

Mr. Fleming (Eglinton): Tell the whole story.

Mr. Pickersgill: The whole story is that I asked the minister to say categorically whether there would be a budget, and the minister did not say there would be. If the minister wants to get up and say categorically there will be a budget in 1961, I will sit down and let him do so; but unless he does, there is no assurance that there will be, even on the 124th day of the session.

We are being asked to vote a second $600 million or more, the second instalment of this year's estimates—not last year's but this year's estimates—without knowing what the deficit was last year and without knowing what the minister's current estimate is of the deficit for this year, which he will no doubt have to correct in the house next December or January. One sometimes wonders when one reflects that in this house, in another parliament, the hon. gentleman's leader made a great deal of a so-called secret economic forecast, whether the minister is determined to wait until this fiscal year is over so he can announce his deficit by hindsight rather than by foresight. I say this because here we are well into the third month of the fiscal year and nobody except the tax foundation, a private organization, can give the country any idea of the state of the nation's finances. That is a most serious thing.

The minister finds the rights of parliament and the right of voting the taxpayers' money in $600 million gobs a laughing matter, but it is no laughing matter to the public, sir; it is no laughing matter at all to the public. Nobody knows today where this money is coming from. Here we are being asked to vote hundreds and hundreds of millions of dollars; in fact the amount is over $1 billion already. The government has asked us to vote this amount this fiscal year without giving us any clue, as my hon. friend from Welland said earlier, as to where the money is coming from. We know there are certain taxes now being imposed, the highest that have ever been imposed in peacetime on the people of this country.

Some hon. Members: No.

Mr. Pickersgill: Nearly as high as the wartime peak and the highest ever in peacetime; yet the tax foundation months ago estimated that with the present levels of taxation and other present indications the minister would be $700 million short.

That was before a lot of shocking things were revealed in all their nakedness. That was before it was absolutely clear that the unemployment insurance fund would be bankrupt as it is at the present time. For months,

since last November, we have been promised amendments to the Unemployment Insurance Act. Many people are beginning to speculate whether there are going to be any such amendments at all; and you cannot blame them, because they get no information whatsoever from the government. They are beginning to speculate as to whether the government has any intention of amending that act, or whether the minister just intends to add to his deficit or make a huge dole to the unemployment insurance fund in a supplementary estimate, which would mean $100 million, $200 million—nobody knows—added to the deficit for this year.

That is only one aspect of the disorder, of the uncertainty, of the confusion that exists in the public mind, and it exists in the public mind, because of the failure of the government to do what the minister said earlier would have been done if this had been a normal year. I do not know what the minister considers abnormal about this year, except that he made a terrible boob in his budget last year and predicted a surplus, and then had to come in with a deathbed repentance in December and predict a deficit. If that is what he means by abnormal, that was last year. But what is abnormal about this year? The session started early; there has been lots of opportunity for the minister to bring down this budget long ago.

As my hon. friend from Essex East demonstrated so very clearly, the minister was obviously twice on the verge of doing so; because we know enough about the way hon. gentlemen opposite behave to know very well that those questions would never have been asked without some prior arrangement or consultation between the questioner and the minister. I quite agree that hon. gentlemen opposite can think up their own questions, but they are not going to embarrass the front benches—that is most of them are not—by asking questions until they know those questions will be acceptable. When the hon. member for Winnipeg South asked his question on May 1 there was no doubt from the tone of the question that he was a little shocked that it was already May 1 and there was no sign of a budget.

The minister shoved it off then for two weeks. Why did he say two weeks? Why did he say "not the first half of the month"? It is hard to understand unless he was seeking to create an impression in the public mind that in the third week of May there would be a budget. Therefore everybody had every right to expect that there would be a budget then. However, when the third week of May came there was no sign of a budget, and finally the minister blurted out the fact that he was not going to present a budget in May. Apparently he is now being more cautious; he does not know when, if ever, he is going to present a budget.

We do know that the railway labour dispute was settled. We know this because there was no denial and one is reasonably entitled to surmise that since there was no denial some undertaking was given that the railways would be provided with the money to pay those increased wages, or part of them. This is a reasonable assumption, particularly when you put two things together, the failure to settle the railway dispute last November or December, and the settlement coming in May after the government received the recommendations of the MacPherson report.

This is going to be another huge addition to the deficit. How is it going to be done? Are we going to have legislation brought down in the proper way, as the Prime Minister promised, or is this just another of those promises? Are we going to have another supplementary estimate, another dole and another addition to the minister's budgetary deficit? Is that why thing are being held up? Nobody knows what is going to happen about this.

Then we had this shipping business. The minister said that his colleague the Minister of Transport did not know what he was talking about.

Mr. Fleming (Eglinton): That is untrue. That is a contemptible, false statement, and you know it.

Mr. Pickersgill: Mr. Chairman, on a question of privilege, the minister has suggested that a statement I made was a contemptible, false statement. The minister knows perfectly well that when my hon. friend from Welland referred to this $1 item, he said there was no such thing. I am going to read from the Minister of Transport—

Mr. Fleming (Eglinton): Let us have the facts straight. What the hon. member for Welland said was that an item had been passed, and I said there was no item. There is not any item. No item has been placed before the house on this matter as yet.

Mr. Pickersgill: Unless the minister changes the record he will find that he went a good deal further than that. When I interposed and said that the Minister of Transport had said there would be an item, the minister disclaimed that. Here is what the Minister of Transport said as reported at page 4782 of *Hansard* for May 13 this year. That was the day after he came into the house and made his statement on motions. These words ought

to go on *Hansard* again. The Minister of Transport was asked by the hon. member for Vancouver East:

> Can the minister give us an idea of the amount of the supplementary estimate?

That was for shipbuilding assistance. The Minister of Transport replied:

> My understanding is that it will be a one dollar item.

Then a little later, no page 4782, the Minister of Transport when replying to my hon. friend from Laurier had this to say. The hon. member for Laurier had asked:

> As to this important program, consisting of two divisions, to assist the ship operators and the shipbuilders and the fishing industry—will all of it be put into effect by the insertion of a $1 item in the estimates?

To this question the Minister of Transport replied:

> Yes. It will be inserted as a $1 item because there is no limitation to this subsidy.

Whether there is any money in the treasury or not, there is to be no limitation. The sky is the limit. He continued:

> We do not want to restrict shipbuilding in Canada. I think our regulations will be drafted in such a manner that we can look at after all reasonable requests from shipbuilders and ship owners. No ship operator, I am quite sure, will risk 60 per cent of the cost of a ship if there is no market for the services of that ship. However, on the other hand, if a definite amount was set up the result would be to limit this subsidy policy and we do not want to do that.

Apparently they did not want to do it, because when they got away from this house to a place where they could be even more irresponsible than they are here, if that is possible in view of the attitude taken by the minister today, the subject was revealed in an altogether different light. Here we have a program of action, an advertisement containing the pictures of the Prime Minister and the member elect for Esquimalt-Saanich which appeared in the Victoria *Colonist*, containing also a list of the billions which this government has spent including item No. 10, to which my hon. friend from Welland has already referred: "$500 million aid to Canadian shipbuilding industry".

Remember, the minister said that this amount could not be estimated in Ottawa. But in Victoria, in Esquimalt-Saanich, it became $500 million, nearly as much as the total budget of Canada in the last year before the second great war. There is another way of putting it. The party opposite won that seat by a majority of about 500 votes. That majority is apparently going to cost the taxpayer a million dollars a vote.

This is the kind of finance we get in our by-elections when we do not have a budget, and no doubt that is why we did not have a budget. I doubt if the Minister of Finance would have dared to include the $500 million, that sum of more than half a billion dollars, in his deficit. Does the minister say that this advertisement, to quote him, is a contemptible lie? Is that how he would describe it? He used the words a little while ago. Would he describe this advertisement as a contemptible lie, or does he stand behind this advertisement inserted by the Esquimalt-Saanich Progressive Conservative association? I ask the minister whether this is a truthful statement made on his behalf in order to elect another member to support him in this house, or whether it is, to quote the minister —it is not the kind of language I use—a contemptible lie, this offer of a million dollars a vote to win a by-election.

Mr. Martin (Essex East): The minister should answer.

Mr. Pickersgill: The minister will not answer, because the minister is far too embarrassed to answer. The minister is noted for his exuberance. He was even more noted for his exuberance when he was sitting on this side of the house. But I imagine that even the minister would not have been as exuberant as this if he had gone out to the Pacific coast. He did not go, and I think I know why. He did not go out there because he did not want to pledge another $500 million to the premier of British Columbia to pull the government out of the mess the government got into because he refused to pay heed to the premier's warning on the 13th of whatever month it was—February, I am told. Whenever it was, it was far too soon.

We remember how forgetful the minister was on this subject when he read that letter in the house. When asked to table it he said he would have to get the premier's permission first, although he had already read it in the house. That is a fair sample of the way in which this whole question concerning the province of British Columbia has been treated. It seems to me that no federal government has ever been more humiliated by a provincial government than this one has been over the Columbia development by the government of British Columbia, and all because it was so eager to get something else to bolster its popularity, some other vision which, without the consent of British Columbia or a huge expenditure by the federal treasury, could not be translated into anything concrete.

It may be that this is one of the reasons the budget is delayed. It may be that, having signed this treaty, they are still trying to make up their minds whether to build the High Arrow themselves at the expense of the taxpayers of Canada. Maybe that is what

is holding up the budget; nobody can tell. All that exists is a state of hopeless uncertainty.

I need not deal further with the motor car question, because my hon. friend from Essex East has already dealt with it. For five weeks the government have been in possession of the report of the royal commission. They have not published it. Apparently it is another secret document. In any case they have no idea what to do with it. Do they think this problem, which the royal commission was established to deal with is not an urgent one?

What is the reason for the hold-up? Perhaps the government was waiting around for the report on magazines by Grattan O'Leary. Well, they have even got that. Today was the day the secretary said it would be available to the press. Of course the secretary got ticked off by the Prime Minister, who did not appreciate premature intelligence being given, and as a result the press has not received the report and neither have we.

My hon. friend the Leader of the Opposition suggests that perhaps the government is waiting for the report of the Glassco commission. Maybe the Minister of National Health and Welfare is sitting up at nights rereading the Clark report. That may be the reason the budget is being held up. Actually this matter of the Glassco report is very serious, because we remember the half billion dollars of waste there was supposed to be in the expenditures of Mr. Harris. We all remember that at a time when the budget of this country was over a billion dollars less than it is now. Perhaps the minister hopes that the Glassco commission can give him that half a billion dollars to reduce his deficit.

It may be that the minister is waiting for that great salesman the Minister of Trade and Commerce—the minister of "boo-boos", as I am reminded by my friend from Ottawa West—to sell enough extra goods to balance the deficit. Maybe that is what they are waiting for. As far as I can see, the only thing the Minister of Trade and Commerce is selling these days is the idea that the senior minister from Toronto is the Minister of Trade and Commerce and not the Minister of Finance. He is, obviously, assiduously doing that while the unfortunate Minister of Finance has to sit around here preparing his budget and rewriting it in the light of the next new half a billion dollar expenditure that one of his colleagues forces upon him for the purpose of attracting votes in a by-election.

[Mr. Pickersgill.]

Mr. Martin (Essex East): Do not forget the millions of dollars required by the Minister of Agriculture in connection with A.R.D.A.

Mr. Pickersgill: I thought that was going to take two years. Well, I do not think anybody takes very seriously the visions of the Minister of Agriculture. We have heard of them before. The Minister of Agriculture was moved from the north further south because his vision in the north turned out to be as impermanent as an aurora borealis. I suggest we should not take any of those expenditures too seriously, except perhaps expenditures on publicity in the ministry of agriculture and the expense account of the minister himself, who today paid one of his rare visits to the house to tell us he still has not kept the promises he made to the potato growers of Prince Edward Island before the by-election. Notwithstanding the intervention of my friend from Essex East, I doubt if the minister is much worried about any expenditures under that bill for quite some time except the continued expenditures on those projects that were started, under the P.F.R.A., by a man who was practical and knew how to get things done.

It may be that the minister is hoping before he brings down his budget to squeeze down on the provinces a little more. It may be that he is putting another squeeze on them before the budget is presented. Seriously, sir,—

Mr. Bell (Carleton): This is your first serious statement.

Mr. Ricard: He has been talking foolishness all along.

Mr. Pickersgill: Seriously, Mr. Chairman, the fact that there is no budget and that no one has the faintest idea how much the deficit is going to be, except that it certainly will be in the hundreds of millions of dollars, presents a very difficult situation. No one can inform us how much of this deficit is going to be covered by taxes. We have only the one forecast, what I suppose we might term an educated guess, made by the Minister of National Revenue at London some months ago when he said there would probably be higher taxes. That was the impression he attempted to give.

Mr. Fleming (Eglinton): That is not what my colleague said at all.

Mr. Pickersgill: The minister will have the opportunity in replying, to set any facts straight which he thinks I have misrepresented.

Mr. Fleming (Eglinton): You know that subject was raised in the house and that what you are saying is misleading.

Mr. Pickersgill: The minister will say what he wants—

Mr. Fleming (Eglinton): Why are you not fair and honest about this?

Mr. Pickersgill: There is one way to be fair and one way to be honest, and that is to be fair and honest in telling the people of this country what the taxes are going to be. Surely we should have known by the first of May what the taxes are going to be for this year and how much was to be borne by the taxpayers. Until they know that, the people of this country are not going to be able to carry on their business in an intelligent fashion.

Whether the Minister of National Revenue was just speculating, or whether he had some kind of inside knowledge—perhaps he was just trying to mislead the public—no one will know until we receive the budget, and that is the whole point involved.

These rumours, speculations, uncertainties, and worst of all, stagnations, are all results of the failure of this government, the incapacity of this government, and the unwillingness of this government to make up its mind about these problems. I admit they are tremendous problems, a good many of them the government's own fabrication. I am not surprised that the hon. gentlemen are completely overwhelmed by them.

I do not doubt at all the rumours which are rife throughout Ottawa, and elsewhere in this country, particularly in the financial press, that there are two schools in the cabinet; the school of what we might call the extra-mural minister of trade and commerce who, while the Minister of Finance is presumably wrestling with these problems here in Ottawa, is trying to steal that minister's support in order to become the heir apparent, who would like to have a sunshine budget, and the school of the Minister of Finance which is apparently the school of gloom and doom. I do not know whether that is right or not, but it is in accord with the character of both ministers. No one knows the answer to that question, nor on which side the Prime Minister is, if he is on either side.

The plain fact of the matter is that I do not believe, as I said at the outset—I will amend my remarks if anyone can demonstrate that I am wrong—ever before in the history of this country has a parliament reached the 124th day of a session, at any rate in peacetime, without having been informed as to when the budget would be presented. Certainly never before on the 124th day of a session has parliament been treated with the contempt with which it has been treated by the Minister of Finance today when he refuses to say categorically whether there will even be a budget presented in the calendar year 1961. To ask the members of this committee to vote over $600 million more than the whole budget of this country in the last year before the war absolutely blind and without knowing where the money is coming from—who is going to pay it, how it is going to be raised, and what effect the raising of this money would have on the economy of Canada is not only the height of irresponsibility but, coming from a government headed by the man who was going to restore the rights of parliament, is a mockery of parliament and a mockery of the rights of the people of this country.

Mr. Nugent: Mr. Chairman, I did not intend to say very much during the debate on this motion, but after listening to those members in the Liberal front benches, one after another, I thought at least one calm note should be introduced.

We are used to the sight of seeing them follow each other with more and more enthusiasm, one piling remarks upon those of another, until we get the impression that they are standing on top of a mountain instead of the molehill with which they started.

Mr. Pickersgill: It certainly is a mountain of debt.

Mr. Nugent: I decided to sit on this side of the house this afternoon to watch the hon. members of the Liberal front benches because I was impressed this morning with the idea that there was an unreal quality about the debate. However, the more I have watched, the more I have been convinced that I have been watching a play being played out which could perhaps be entitled "much ado about nothing". In fact, I felt if we allowed them to go on, the play might well be titled "the twelfth night", before it finished.

The play they have been carrying out was written by the chief propaganda agent of the Liberal party who has relied heavily on Shakespeare, I suspect. I do not think much of the material he has used but the cast has certainly been admirable. He has certainly chosen the right people to play the principal roles in this farce, full of wind and fury, signifying nothing; those individuals with the most experience in the parts. However, the entire Liberal front bench has taken part today, and I thought the hon. member for Essex East played the outstanding role. We have heard from him twice and should be convinced by now that he is really trying for an Oscar, though I am sure he has received criticism for trying to upstage his leader.

Mr. Martin (Essex East): Why not get to the issue?

Mr. Nugent: When he displays outraged regard for the rights of parliament and the people of Canada, I think he overplays his role and suggests another line from Shakespeare, if I may quote it slightly inaccurately, "Methinks the laddie doth protest too much."

I am reminded by the remarks of the hon. member for Bonavista-Twillingate, as well as those of other hon. members of the Liberal benches, of Shakespeare's MacBeth. I am sure that is where much of the material has come for this play today. I am sure that the poor unfortunate king who placed his safety in the hands of MacBeth was in no different position from that of the hon. members of this house were they to listen to the Liberal admonition, that they are the protectors of the rights of members of parliament. I believe, should we leave the rights of parliament in the hands of that party, there would be that cry which was heard in MacBeth's castle in the morning, "Murder, murder most foul".

I was very struck by the solicitude of the hon. member for Laurier who gives such concerned advice to the hon. member for Vancouver East. We heard today from the hon. member for Timmins who was apparently not so alarmed about the possibilities of the government delaying the budget. The hon. member for Essex East then presented an impassioned oration following which the hon. member for Vancouver East joined with his remarks in saying that the opposition was not being done right by the government. Whereupon the hon. member for Laurier commended him and warned him to beware of his mate from Timmins. The hon. member for Timmins does not look well suited for the part of Desdemona, but the speeches made by the hon. member for Vancouver East and the hon. member for Laurier would indicate that they are aptly fitted to form the rest of the triangle. I would suggest to the hon. member for Vancouver East that he again read his Othello and remember that the advice of Iago to Othello did not result in that union remaining together very long. I would suggest that here we have many pieces of advice, but when the Liberal front bench starts advising the C.C.F.'ers on how to conduct themselves in this debate I am sure hon. members will realize that my likening it to some of Iago's speeches is not out of keeping.

I would end with a very short comment. Despite all their filibustering I am sure the opposition realizes that the budget will not be too long delayed. I am sure that most of the noise they make about delays covers their apprehension that they will not find in it those things to scream about that they seem to think will be there. I am sure that the people of this country, along with hon. members when they hear the budget, will conclude by saying, "Despite the premonitions of the opposition, all is well that ends well".

Mr. Martin (Essex East): May I ask the hon. member a question? In view of the assurance he has given that there will be a budget can he say, as a supporter of the government, that he shares the view that there should be a presentation of the budget either before adjournment or before prorogation of parliament and that there should also be afforded an opportunity for a full debate of that budget in accordance with the rules of this house?

Mr. Nugent: May I just advise my hon. friend that I have every confidence in the government and in the Minister of Finance. I have no doubt that the budget will be presented in due course and that we shall all be satisfied if we just have a little patience.

Mr. McCleave: Does the hon. member think that the role of the three witches could be played by the four horsemen of the Apocalypse?

Mr. Nugent: I am not sure which one of them would be content to be silent.

Mr. Robichaud: Mr. Chairman, the hon. member who has just resumed his seat has described the opposition participation in this debate as "much ado about nothing". It may well be that no one is co-operating with us. To the members on the government side these things may not be worth mentioning but we feel we have certain responsibilities to the electors of this country. If the presentation of a budget and an accounting of the affairs of the country are of no concern to the members on the government side, they are to us in the opposition.

It is my intention, Mr. Chairman, to deal briefly with a matter which is of grave concern to the population of my province of New Brunswick. If we had had a definite commitment on the part of the Minister of Finance to the effect that the budget debate would be forthcoming soon I would have waited for that time to make these remarks; but since we have no assurance—

Mr. Fleming (Eglinton): This is just humbug.

Mr. Robichaud: —that the budget will be forthcoming soon, may I be allowed to speak briefly on this matter of grave concern to the population of New Brunswick.

Earlier today, on the orders of the day, the hon. member for Westmorland directed a question to the Prime Minister having to do with the possible assistance which could be expected from the federal government by the residents of central New Brunswick who have been so seriously affected by flood damage.

In his reply the Prime Minister took a very sympathetic attitude toward those affected by the flood and said that the government would make a decision when the damage had been assessed. I realize that this could be considered as the proper attitude to take on the part of the Prime Minister, but may I be permitted to say a few words on this matter which, I repeat, if of great concern to the population of the province of New Brunswick and particularly to those residing along the Miramichi, the Nashwaak and Saint John rivers and its tributaries.

Every member of the committee is aware of the heavy damage caused in the central New Brunswick areas over the week end of May 28 when the rivers I have mentioned rose to unprecedented heights and went on their destructive rampage. There is no doubt that the residents of those areas have experienced one of the most floods with the heaviest losses in years if not in the history of the province of New Brunswick. Bridges have been carried away; public roads have been undermined; private homes as well as churches and parish halls have been damaged or destroyed. Telephone and electric services have been disrupted. Railway lines were swept away. At this early date the over-all estimate of the damage is placed in the vicinity of $7 million or $8 million by officials of the New Brunswick disaster fund.

So far a request has been received from the premier of New Brunswick asking the federal government to contribute the sum of $250,000, being 25 per cent of the minimum objective of a $1 million fund to aid the flood victims. The government of New Brunswick has already committed itself to a contribution of $50,000 to the disaster fund. It has been made clear that this fund has been instituted to assist individuals who have suffered extensive personal losses in this unfortunate disaster.

I know that every member of this committee will agree with the premier of New Brunswick that those who have suffered so much adversity with such fortitude and raw courage deserve the friendly and willing assistance for which New Brunswickers are noted in time of trouble. However, the New Brunswick disaster fund will not take care of the heavy losses encountered by the municipal corporations or by the province of New Brunswick itself. In fact, as I said earlier, the total estimated losses of the province and of the municipalities have now reached an astounding figure exceeding $7 million, and the total is likely to climb much higher as the whole story of the damage comes to light.

Everyone knows that the federal treasury contributed $12.5 million to Manitoba in compensation for the Red river disaster in 1950. This was 46 per cent of the total estimated damage of $27 million. By this yardstick New Brunswick should be entitled to receive $3,225,000 from the federal treasury.

Without insisting further, Mr. Chairman, I urge the federal government to show unlimited interest in assisting the people of New Brunswick in this disaster which is the worst financial blow that has befallen our province in the present century. I certainly know that this national disaster fund will be applied in a most generous way to alleviate the misery and hardship which have fallen on a large segment of our people of New Brunswick.

Before resuming my seat I should like to place on record a statement made in the house at the time of the Red river disaster by the then prime minister of this country, the Right Hon. Louis St. Laurent. He did not make the statement after having been asked questions by members of the house but of his own volition he made a complete statement on motions respecting the Red river flood disaster in Manitoba and the Rimouski fire during the preceding week end. For the information of the house I should like to put on record the last paragraph of Mr. St. Laurent's telegram to the premier of Manitoba on May 8, 1950.

> No doubt you will want to know now in general terms upon what basis financial assistance to you will be considered. Until the extent of your misfortune is determined, no one can be specific, but I can say in general terms that in arriving at the amount of our assistance to you, we shall apply the same principles as those upon which our assistance to the British Columbia government in connection with the Fraser river valley floods was determined.

The then prime minister then went on to say in his statement that the same kind of immediate action was taken with regard to the Rimouski fire. Without going further, Mr. Chairman, I sincerely hope that in connection with the disaster which has affected a large segment of our population in central New Brunswick the government will take the same kind of immediate action that was taken with regard to the flood in Manitoba and the fire at Rimouski.

Mr. Winch: Mr. Chairman, I spoke for only five minutes this morning and I had not intended to speak again. However, I feel I have to rise again for a few minutes in view of the statement made a moment ago by an hon. member on the government side who said that the fact that we in the opposition had made a request or a demand—I prefer the word "request"—for a statement of policy

such as can only be had through the presentation of the budget was much ado about nothing.

Mr. Fleming (Eglinton): The hon. member was referring to the Liberals.

Mr. Winch: I do not know to whom he was referring but it was one of the most irresponsible statements I have ever heard in this house.

Mr. Fleming (Eglinton): The hon. member was referring to the official opposition.

Mr. Winch: As I say, I spoke for only five minutes this morning and I will take only two or three minutes now. I want to emphasize that there is a very serious situation in Canada. There are most serious problems and in spite of all the legislation and policies that have been announced and brought into the house by the government during this session, a great deal of which I and other members of this group have supported, we still face very serious problems which have not been met through the medium of the declarations in the speech from the throne or legislation already introduced or policies already announced.

I can assure the Minister of Finance that in my own province of British Columbia there are serious problems. In the month of June there are thousands upon thousands who are still drawing unemployment insurance payments because they cannot find employment and the weekly payment of $36 for a married person is not enough to maintain a half-decent standard of living. I can assure the minister that in my own city of Vancouver and in my own constituency of Vancouver East family after family has lost or is losing the amenities of life which are almost taken for granted in Canada but which they are losing because they cannot maintain their payments. Those who have tried to establish home ownership have lost or are losing their homes because they cannot keep up the payments and feed their families at the same time.

I say that right now in the month of June not only is that the position of those who are still drawing unemployment insurance benefits but there are thousands who are no longer eligible for such payments and whose positions are desperate. Something has to be done. The speech from the throne is out of the way. The government must be cognizant of the situation so the only place we can look for further consideration of these matters by the government is to a policy statement and that means the budget of the Minister of Finance. The budget not only deals with the situation I have mentioned and the trade situation to which I referred this morning but also with such matters as the Columbia river development which has been mentioned briefly. We should know whether there is going to be an answer to that problem this session. We should know whether or not negotiations will reach the position where the treaty can be ratified at this session of the house. If it is not ratified, this will mean a year's delay in engineering, a year's delay at least in the start of construction.

I am not a prophet of gloom or doom. I disagree with the politics of the government but I hope all of us have only one thing in mind, the happiness and security of the people of our country and the taking of immediate action of some kind to meet problems which have arisen in the past and are still with us. So far as policy is concerned, the only answer we can get is from the Minister of Finance through the medium of the budget. I want to emphasize that our representations at this time are not much ado about nothing. I will go so far as to say that the reason we plead for a policy statement through the medium of the budget is that only through such a statement can we find out whether something is going to be done and whether some new policy is going to be introduced.

Perhaps I am a little emotional, Mr. Chairman, but I have just returned from the province of British Columbia. I have met people there and have seen the suffering that still exists. I say that what we are discussing at this time is not much ado about nothing. It is something that concerns the happiness, security and standard of living of the people of our country whether they are unemployed or whether they are old age pensioners. We ask for only one thing, not a statement such as was made a few minutes ago but the acceptance of responsibility by the government in the way that we hope that all members accept and assume their responsibilities so that we can do our job as the elected representatives of those who sent us here.

Mr. Chevrier: Is the Minister of Finance not going to answer the questions which were put to him from this side of the house, particularly since the luncheon adjournment?

Mr. Fleming (Eglinton): I have answered those questions twice already.

Mr. Pearson: Oh.

Mr. Fleming (Eglinton): The Leader of the Opposition says "Oh". He was not here to hear me this morning. The hon. member for Essex East simply repeated questions that were asked this morning by the hon. member for Laurier and others. I answered them once this morning and then I was asked the questions again and I repeated the answers. What

more can one do? I have given all the information I can on the subject because the date is not set, and I told the house that the date would be imparted to hon. members as soon as I am in a position to do so. I also said that I hope and expect to bring in the budget this month. I cannot say any more than that.

We have seen this afternoon why it is that sometimes no firm statement can be made about a date because look at what has happened. It was understood on Saturday by all parties in the house that there would be co-operation and that the debate today would not be extended. What have we seen? It is now four o'clock. The house has been on this matter since shortly after eleven o'clock this morning. The understanding has simply been thrown to the winds. We have had speech after speech. The hon. member for Essex East I think has spoken three or four times in repetitious speeches.

Mr. Martin (Essex East): Twice.

Mr. Fleming (Eglinton): I had called a very important budget meeting for this afternoon. The fact that this debate, in violation of the understanding that had been reached, has extended until now means that the budget has to be one day later. I cannot be in two places at the same time. This is just a repetition of the sort of thing that has gone on previously. I could say some things that I think are abundantly called for in the course of this discussion today. I will, however, say only that, after all the time that has been spent in vain repetitions, I hope the house will pass this necessary vote of interim supply and give what assistance is required in this respect to get on with the preparation of the budget. The result has been that this important meeting today will either not be held or will be greatly reduced. I cannot be held responsible for delays of this kind when they happen in this way. As I say, Mr. Chairman, I could speak in the kind of attitude that has been exhibited here today by some hon. members opposite. However, I will say only that I hope good sense will prevail and that we can get on with the business of the house.

The Acting Chairman (Mr. Chown): Shall the resolution carry?

Mr. Pearson: We over here are not very much impressed by the minister's attitude of outraged virtue and injured innocence. I will therefore ask him questions which have already been asked him and to which he has not replied. If he would reply to these questions perhaps we could then get on with other business. Here are the questions.

Mr. Fleming (Eglinton): May I say at once that the Leader of the Opposition, for what may be good and sufficient reason about which I do not know, was not here this morning. I answered the questions twice on this subject. I gave to the committee all the information that I could give. There is no use in the Leader of the Opposition coming along now and asking questions that I answered this morning.

Mr. Pearson: Perhaps the minister will answer these questions or refuse to answer them. Will a budget be brought down before the end of June 1961, or before the adjournment of parliament in 1961 and will we have an opportunity to debate that budget? That is a simple question.

Mr. Fleming (Eglinton): There is a simple answer to it. I will refer the Leader of the Opposition to the answer I gave to that question this morning.

Mr. Chevrier: On that point may I say this. The only reply made by the Minister of Finance to the questions from this side of the house were these. He said no budget would be brought down this week. Next he said that he had the hope and expectation that one would be brought down before the end of the month. Notwithstanding the fact that several other questions have come from this side of the chamber, he has not replied to them. I refer to one that was asked of him by myself, another by the hon. member for Essex East and a third by the hon. member for Bonavista-Twillingate. The question is this. Will we be given the opportunity, when the budget is brought down, to debate it continuously before the end of this month?

Mr. Fleming (Eglinton): I refer the hon. member to the plain answer I gave to that question this morning.

Mr. Pearson: Let it be clear in the record that the minister has refused this afternoon to answer the simple question of whether there will be a budget during this session and whether we will have a full opportunity to debate it.

Mr. Fleming (Eglinton): Let it be clearly understood that the minister has already answered these questions two or three times now and he stands by the answers that are a matter of record.

The Acting Chairman (Mr. Chown): Shall the resolution carry?

Some hon. Members: Agreed.

Motion agreed to.

Resolution reported and concurred in.

Interim Supply

WAYS AND MEANS

The house in committee of ways and means, Mr. Chown in the chair.

INTERIM SUPPLY

Mr. Fleming (Eglinton) moved:

Resolved, that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1962, the sum of $633,958,817, be granted out of the consolidated revenue fund of Canada, as set forth in the resolution concurred in this day in the committee of supply.

Motion agreed to.

Resolution reported and concurred in.

Mr. Fleming (Eglinton) thereupon moved for leave to introduce Bill No. C-103, for granting to Her Majesty certain sums of money for the public service for the financial year ending March 31, 1962.

Motion agreed to, bill read the first and second times and the house went into committee thereon, Mr. Chown in the chair.

On clause 1.

Mr. Chevrier: A moment ago the Minister of Finance was complaining that he was held here until four o'clock this afternoon because of repetitious speeches from this side of the chamber. I can assure the minister that he could have been out of here by 12 o'clock if he had wanted to be out of here then. He could have been out of here by 12 o'clock if he had answered some of the questions that were put to him during the course of this discussion, particularly that question having to do with an orderly and continuous debate on the budget, in respect to which we were at least entitled to have an assurance from the minister.

Mr. Fleming (Eglinton): I should be glad to deal with any proper questions in relation to this bill. The bill is in the usual form.

As to the remarks now just made by the hon. member for Laurier, let me tell him that he received answers to his questions this morning and those answers are a matter of record and they will be a complete and sufficient answer to his most unjustified remarks.

Mr. Chevrier: Since when does the minister determine that it will be a complete and satisfactory answer? That is an arrogant way of putting the matter, I may tell the minister. I say that we on this side of the chamber are entitled to receive from the minister better treatment than that. On Saturday, the minister asked what the position was going to be with regard to the opposition and I quite clearly indicated that we would give co-operation in so far as interim supply was concerned. However, I say this to the minister. We have not received from him the co-operation that we on this side of the chamber are entitled to receive. All we have are two statements, one, that the budget will not be brought down this week and the other that he hopes and expects that a budget will be brought down before the month is out. That is not satisfactory, coming from the minister. The least he could have said is that we would be given an opportunity of a continuous and full debate on the matters concerning the finance and the accounts of the country without an interruption such as that which we had at the time of the Christmas recess.

[The Acting Chairman (Mr. Chown).]

Mr. Pickersgill: I should like to ask the minister whether he has personally examined the bill carefully and ascertained that it is in the precise language of the resolution.

Mr. Fleming (Eglinton): Mr. Chairman, the bill was drawn by the parliamentary counsel of the House of Commons, who drew it in the same form and gave me the assurance it is in the same form as usual. I have read the bill through. I believe it is in the same form as has become standard now in bills granting interim supply.

Clause 1 agreed to.

On clause 2—*$633,958,817 granted for 1961-62.*

Mr. McMillan: Mr. Chairman, in connection with clause 2 I just want to ask the minister, with regard to one twelfth of the amount in schedule D, whether there was not an amount voted in respect of this item on the last interim supply bill.

Mr. Fleming (Eglinton): One sixth of all items in the estimates was voted two months ago, and additional fractions of certain items as well. As I explained in opening this morning, the present vote now before the committee contains provisions for one sixth of all items, and then additional fractions of some 24 items.

The Acting Chairman (Mr. Chown): Shall clause 2 carry?

Clause agreed to.

Clauses 3 and 4 agreed to.

Schedules A, B, C and D agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Fleming (Eglinton) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

CRIMINAL CODE

REVISION OF PROVISIONS RESPECTING DEATH PENALTY

The house resumed, from Tuesday, May 30, 1961, consideration in committee of Bill No. C-92, to amend the Criminal Code (capital murder)—Mr. Fulton—Mr. Chown in the chair.

The Acting Chairman (Mr. Chown): Order. House in committee of the whole on clause 3 of Bill No. C-92, to amend the Criminal Code (capital murder). Shall clause 3 carry?

Some hon. Members: Carried.

Mr. Deschatelets: Mr. Chairman, I do not think we have dealt with that clause.

The Acting Chairman (Mr. Chown): Clauses 1 and 2 were carried, were they not?

Mr. Fulton: Mr. Chairman, clause 1 was allowed to stand and clause 2 was carried; that is my recollection. Clause 1 was allowed to stand, with the possibility of amendment on the question of police officers and prison officers.

The Acting Chairman (Mr. Chown): Could the minister assist me as to whether or not clause 1 has still to stand and we are therefore on clause 3?

Mr. Fulton: Yes, Mr. Chairman, that would be the best way of proceeding, I think, if that is agreeable to the committee.

On clause 3—*Capital murder to be specifically charged.*

Mr. Deschatelets: Mr. Chairman, clause 3 reads as follows:

> No person shall be convicted of capital murder unless in the indictment charging the offence he is specifically charged with capital murder.

Would the minister tell us just who is going to determine whether to prosecute in cases falling under clause 3. Is it the Attorney General of Canada's office or the attorney general of the province concerned?

Mr. Fulton: Mr. Chairman, I think my hon. friend will appreciate that the enforcement of the Criminal Code in matters of this kind is the responsibility of the attorney general of the province. The Attorney General of Canada does not authorize prosecutions for murder except that he may have some authority in the territories; but in the provinces it is the attorney general.

Mr. Deschatelets: Would the minister say who is going to determine whether the accused should be charged with capital murder or non-capital murder.

Mr. Fulton: I assume, the persons who have the responsibility under the attorney general of the province for the enforcement of the Criminal Code in the various parts of the province.

Mr. Martin (Essex East): This is, of course, a very important question. I think my hon. friend the Minister of Justice is right in saying that obviously those who are charged with the administration of justice should have that responsibility. But in discharging that responsibility they are going to have to be able to satisfactorily define the words "planned and deliberate". As there is not going to be any real jurisprudence in this matter for some time, that is, settled jurisprudence, how can we leave it to law officers of the crown in this way?

I am sure all hon. members were impressed the other evening with what the hon. member for Essex West had to say when he expressed his concern about the apposite character of the words "planned and deliberate". Is the problem not going to arise in the minds of many law officers of the crown, in the right of the province?

The minister had no difficulty in answering the question of the hon. member for Essex West. I have looked back on what the hon. member for Essex West had to say and I bear in mind that he has had very considerable experience as a lawyer. If he was concerned, and if there was this difference of opinion which is going to prevail right at the outset, does the minister feel that this matter can be left in this state in the face of this misunderstanding?

I do not know what effect a renewal of the plea made by us for consideration in a committee of this house will have on the minister after the interval of four days of cessation of debate, but I can say to him that since we have debated this matter I have reviewed it with some persons in this country who have had very considerable experience in the prosecution of criminals. Their concern is as great as that of the hon. member for Essex West with regard to the meaning of the words relating to what is a capital murder and what is non-capital murder.

To leave this in the hands of law officers of the crown at this stage, when there is no jurisprudence and when there is no precise definition of the words is, I say, leaving a matter of this sort in the greatest state of uncertainty. This is altogether different than the kind of action that revolves around the cabinet in the exercise of the royal prerogative. There the obligation, while no less important than that contained in deciding the form of prosecution indictment, is entirely different. There is not the same precision required in the mind of a cabinet member as there is determining what is "planned and

deliberate" in the mind of a person who is to authorize the laying of a charge from which will flow, if found guilty, a punishment involving death or life imprisonment.

I believe that one at least is justified in expressing one's concern again, particularly in view of the fact that we have had some opportunity since this matter was last discussed of reviewing the matter with other interested persons.

Mr. Fulton: Mr. Chairman, I think the effective answer is that the law officers of the crown in the provinces now have the responsibility, and it is very heavy and serious responsibility, of deciding whether or not a charge of murder or manslaughter will be laid. The same duty, no different in principle will, admittedly, face those responsible, that is, the duty of deciding whether the evidence in the possession of the prosecution will support a charge of capital murder on the one hand or non-capital murder on the other. It may be it will not support a charge of murder at all, or that a charge of manslaughter will be laid. So there is no difference in principle and I doubt whether there is very much difference in degree, because at the present time a decision has to be reached whether to lay a charge of murder or manslaughter, one carrying the penalty of death and the other not. We are now simply subdividing murder into two categories one punishable by death and the other not, so the duty which falls on officers of the crown is in my view no different from that which they have now.

Mr. Martin (Essex East): I agree there is no difference in principle, inasmuch as the crown now has the responsibility of deciding whether to prefer a charge of manslaughter or a charge of murder, but in making that decision the crown now has the assistance of a considerable body of jurisprudence as to what constitutes manslaughter and what constitutes murder. That is clear. What the crown has now to do, which is new and which provokes this question, is to decide in the absence of practice or with the benefit of very meager practice, except, perhaps for the persuasive influence of precedents in the United States, what constitutes planned and deliberate murder. We have had already in our debates a clear expression of differences of opinion with regard to what "planned and deliberate" really means. I took the opinion of one hon. member of this house who, to my knowledge, has had considerable experience in the interpretation of statutes—the hon. member for Essex West—and in this connection I would remind the minister of a discussion which took place the other night on this particular matter, a discussion which revealed differences of interpretation. Such differences are going to prevail, I say, in the offices of attorneys general, in the offices of crown prosecutors, when they come to determine what constitutes "planned and deliberate" in the course of deciding, in certain cases of homicide, whether the charge should be in respect of capital or non-capital murder.

The minister may say: I have expressed my views and made myself very clear as to what I mean. It is true that the crown if it wishes to ascertain what is meant by capital murder and non-capital murder may look at the debates of this house for the purpose of elucidating the meaning. They may rely—I am not saying improperly—upon the words of the Minister of Justice. But I would remind the minister that the courts cannot look on our debates here and on the words of the minister in order to determine what "planned and deliberate" means. The courts are themselves going to define the words "planned and deliberate" just as over the years they have given clarification and meaning to the phrase *mens rea*. To place this initial responsibility in the hands of the law officers at this stage gives reason for concern about the interpretations which will be placed on them in one jurisdiction as opposed to another—I am not saying this will necessarily happen.

I had a very important criminal lawyer in the province of Ontario tell me the other day that in a discussion of these words with a number of lawyers including an official connected with the office of a law enforcement agency there were three different opinions expressed as to what was meant by the words "planned and deliberate". The minister is not resolving this problem simply by saying he is leaving it to the officials charged with the administration of justice. That has not settled the matter. It can only be settled humanly by making sure that we have resorted to phraseology which is capable of the strictest meaning in accordance with the capacity of the human mind to formulate words which represent as accurately as possible the purpose that one has in mind.

Mr. Fulton: May I just answer the observations of the hon. gentleman before the hon. member for Vancouver South speaks? I am not saying that this is the final answer to the problem but we have, of course, endeavoured, and, I believe, with success to use words which are in themselves a precise definition of the kind of murder which will be capital murder from now on. It is true that jurisprudence will be built up with regard to this new category of murder as, of course, jurisprudence is built up as a result of any substantial amendment to the criminal

law. This does not mean that we should not go ahead and make this new subdivision of murders into categories, making clear at the same time what it is that constitutes the difference between the two categories as we have done here. I would point out, for instance, that in the United States when murder was first divided into degrees this was a new concept. In the commonwealth of Pennsylvania whose provision in this respect has been the basic one upon which all the others, generally speaking, have been founded, it was laid down that—

—all murder, which shall be perpetrated by means of poison, or by lying in wait, or by any other kinds of wilful, deliberate and premeditated killing, or which shall be committed in the perpetration or attempt to perpetrate—

Then follow a number of offences.

—shall be deemed murder of the first degree.

In my submission, the words "wilful, deliberate and premeditated" were no easier to interpret than are the words "planned or deliberate". But the legislature in Pennsylvania did not shrink from saying them and making a departure from the previous law when they thought it was appropriate to do so, having taken the precaution of indicating, as definitely as their legislature then could, precisely what it had in mind and what must be proven in order to constitute the subdivision of murder.

I said a moment ago that the crown officers will have a duty no different from that which now falls upon them. The duty they have now is to decide whether to lay a charge of murder or one of manslaughter. In future they will have to decide whether the charge shall be capital murder, non-capital murder or manslaughter. Cases may arise in the future, just as they do now, where there will be difficulty in reaching a decision. In that case the authorities can lay a charge of capital murder on the basis of which the jury may convict of capital murder, or non-capital murder if they feel that the graver charge is not proven, just as now a charge of murder may be laid and the jury may convict of manslaughter if they feel the charge of murder has not been proven. I do not deny that there may be cases where this will be the only proper course for the crown to follow. In general, however, it is our view that the accused should be charged with the offence for which he is to be tried. That is why we have provided that if a man is to be convicted of capital murder he must be charged with capital murder.

Mr. Winch: Mr. Chairman, the Minister of Justice has, at least in part, covered what I have to say. I find myself in a position similar to that of the hon. member for Essex East, in that I am slightly worried about the actual wording of clause 3, which reads as follows:

No person shall be convicted of capital murder unless in the indictment charging the offence he is specifically charged with capital murder.

That gives me a little concern. I am not a member of the legal profession and naturally have taken the opportunity, since this bill was introduced, of consulting with members of the legal profession who are experienced in the law, and particularly in cases involving homicide. I find myself having to accept the advice they have given me, and should say at the outset that I think it is sensible.

Those individuals have pointed out to me that the person responsible for drafting an indictment, even as the law now exists, must have a decision whether the charge should involve a conviction and sentence for capital murder, or manslaughter, which carries a maximum penalty of life imprisonment. Those advisers also pointed out to me another matter which I think is of concern. I hope the hon. member for Essex East will follow this situation. It has been suggested that with the adoption of this new law there will be no backlog of jurisprudence and, therefore, it should not be adopted. I suggest if that were the case, we could never make any advance in legislation. This represents a new law and will have to be interpreted. I therefore suggest the argument falls completely to the ground.

One other point, which was brought to my attention by those members of the legal profession with whom I spoke, has been partially covered by the Minister of Justice this afternoon. When an officer of the crown decides to draft an indictment which involves capital punishment and the evidence shows that it was incorrectly drafted, I am advised that it is then within the power of the judge to give direction to the jury, making certain recommendations and, under the proposed act, the jury will have the authority to bring in the finding that murder, in a capital sense, is not involved but rather homicide in the other sense, or manslaughter. In fairness I think I should state that, having consulted several members of the legal profession, I have been advised by them unanimously that the situation I have just outlined is the fact, and I, therefore, have to accept the wording as contained in this bill.

On clause 4—*Pleas permitted.*

Mr. Winch: Mr. Chairman, in respect of clause 4 I should like to say that I have some concern. Not being a member of the legal fraternity—thank God, perhaps—I should like the minister to explain the portion of this clause which reads as follows:

An accused who is charged with an offence punishable by death and is called upon to plea may plead not guilty, or the special pleas authorized by this part and no others.

It was my understanding that when a charge was laid against an individual in court there were only two pleas which could be taken, guilty or not guilty. I should like to ask the minister to explain the use of the words "may plead not guilty or the special pleas".

Mr. Fulton: Mr. Chairman, the pleas are *autrefois acquit, autrefois convict,* or pardon.

Mr. Winch: Could you put that in English?

Mr. Fulton: That is to say, that the accused has already been tried for the same offence and acquitted—that is *autrefois acquit;* that he has already been tried for the same offence and convicted, that is *autrefois convict;* or that he has been pardoned for the offence. Those are the three special pleas. If either one of them is established, the case is disposed of and there is no trial.

Mr. Winch: Thank you very much.

Mr. Deschatelets: Mr. Chairman, I do not understand the wording of (2a) which reads as follows:

An accused who is charged with an offence punishable by death and is called upon to plea may plead not guilty,—

The word "may" seems to be in contradiction of other sections of the act because it is a right that an accused can plead not guilty. Why is the word "may" or, in French, "*peut*" used there?

Mr. Winch: Mr. Chairman, the same thought occurred to me because that portion is tied in with clause 5 which also states that the accused may plead not guilty, although in that case it is when he is charged with an offence other than one which is punishable by death.

Mr. Fulton: Mr. Chairman, an accused must plead something. The law provides that he may plead—the word "only" is not in the code but I use it here—he may plead only not guilty or the special pleas authorized by this act, and that is all he can do. Those are the only pleas he can give which will be accepted.

Mr. Winch: Why do you not use the word "shall" then?

Mr. Fulton: This clause has been written to conform with the present wording of the section which we are actually amending. The effect of it is that on a charge of capital murder an accused cannot plead guilty.

[Mr. Winch.]

Mr. Martin (Essex East): Mr. Chairman, I do not raise this argument now, but it will be said by some that a jury will know that an accused could not plead guilty and will be influenced, therefore, to some extent in its decision. I do not raise that argument as my own, but possibly to elicit some comment from the minister which will assure other hon. members of this committee. The point is that because an accused cannot plead guilty a jury might be influenced.

Mr. Fulton: Mr. Chairman, I am not able to follow that argument or appreciate it because the statute provides that certain pleas only can be entered, and I do not see how the jury could be prejudiced or influenced by that fact. An accused can only make those pleas which are authorized by the statute.

Mr. Martin (Essex East): An accused person may not plead at all. He may refuse to say "not guilty", and cannot plead guilty. In that event, of course, the court automatically enters a plea of not guilty.

Mr. Fulton: That is right.

Mr. Martin (Essex East): If a jury was not aware of the law with regard to a plea of guilty, it could draw conclusions detrimental to the accused. I raise this point on behalf of individuals concerned with this point.

Mr. Winch: Mr. Chairman, I must admit that I become confused with the complexities of legal terminology but should suggest that we might get along a little better if laws were made much simpler so that they could be understood by laymen who actually are the individuals who form juries. It is difficult to understand that portion of this clause which reads:

An accused who is charged with an offence punishable by death and is called upon to plead may plead not guilty or the special pleas—

Under clause 5, if the offence is punishable by death, it has to be a plea of not guilty because the court cannot accept anything else. Let us go back to paragraph (2b) of clause 4, which I think is even more confusing in legal terminology than clause 5. It reads:

Where an accused who is charged with an offence punishable by death does not plead not guilty—

He cannot plead anything else but not guilty. I continue:

—or one of the special pleas authorized by this part—

The minister was kind enough to explain this to me a little while ago. I cannot understand why the wording in (2a) and (2b) refers to "not guilty" when in clause 5 it is

made mandatory, if there is a charge punishable by death, that the plea must be "not guilty". Why this confusion in terminology; why is it necessary?

Mr. Fulton: I think the hon. member must bear in mind that in a statute of this kind it is hardly desirable that the statute itself should direct the accused in so many words as to what plea he shall enter. The statute should provide only what the pleas are that may be entered, and in this instance it does provide what they may be. This is quite different, and it is an important difference or distinction, from saying by statute that the accused shall enter a plea of so and so. That distinction to our minds is important. Therefore, we have said that in the case of an accused charged with capital murder he may enter one of three special pleas, or a plea of not guilty.

Mr. Winch: Or guilty.

Mr. Fulton: No, we say that a plea of guilty may not be accepted, Mr. Chairman.

Mr. Winch: Clause 4.

Mr. Fulton: If my hon. friend will permit me to complete the sentence. He will find, if he reads clause 4, that a plea of guilty may not be accepted; that is, a plea of guilty to a charge of capital murder. If he does not plead not guilty, or one of the special pleas authorized by this part or does not answer directly, the court shall order the clerk of the court to enter a plea of not guilty. I do not think anything could be much clearer than that.

First of all he is given his option to enter any one of four pleas, not guilty, or one of the three special pleas. If he does not enter one of those pleas, or if he stays silent, then the court orders that the plea to be entered shall be not guilty. That is perfectly clear and to my mind a readily understandable method of providing in the proper legal phraseology that there cannot be a plea of guilty to a charge of capital murder accepted by the court.

Clause agreed to.

On clause 5—*Pleading over.*

Mr. Martin (Essex East): I think there is no objection to this clause except I feel that some part of it is unnecessary because a judge would refuse to accept a plea of guilty on a capital charge, or most of the judges would in any event.

Mr. Fulton: There is some uncertainty here, Mr. Chairman. My officials tell me, and have told me for some time, that they have always been told themselves when making research into this matter that there was one occasion where a plea of guilty was accepted and the accused was executed. It is quite true, I am advised, that we have not been able to run it down and produce the case, but neither can we disprove it positively, and rather than take a chance it seemed to us that the proper thing to do was to exercise an abundance of caution and make it perfectly clear that a plea of guilty cannot be accepted.

Clause agreed to.

On clause 6—*Effect of previous charge of capital murder or non-capital murder.*

Mr. Martin (Essex East): This is merely an extension of the old common law principle of *autrefois acquit* or, as the minister said a while ago, *autrefois convict* but as I read the clause now this amendment really carries the idea of *autrefois acquit* or *autrefois convict* a step further. It goes much further than the existing codification.

Mr. Fulton: If my hon. friend will look at section 519 as it stands at the present time, particularly subsection (2) thereof, he will see that the new subsection simply parallels the other one. That subsection refers to conviction or acquittal on an indictment for murder. We parallel that by providing in subclause (2a) the law that will apply with respect to conviction or acquittal on an indictment for capital murder.

Clause agreed to.

On clause 7—*Where capital murder charged and part only proved.*

Miss LaMarsh: I should like to make some remarks with respect to this clause and ask the minister some questions. The effect of this clause, of course, is to make non-capital murder an included offence in a capital murder charge. May I suggest to the minister that the necessary practical effect of this is going to be that every crown counsel throughout the country will not decide beforehand whether he is going to get a conviction for capital murder or otherwise. What he will do in every instance is to charge capital murder because this will probably prevent the escape of any accused person. It has been my experience both in my reading and in my practice that the crown counsel never charges manslaughter under present circumstances. He always charges murder and uses this as a basis of a possible reduced plea. Since the effect of all these sections together is that it is not possible to accept a plea of guilty in capital murder, the pressure will be on the defence counsel and on the accused, if, as will happen in every case, the crown counsel lays a charge of capital murder, to remove any

possibility of a death sentence, and therefore there will be a guilty plea on a reduced charge of non-capital murder.

I would suggest to the minister that this might well be considered before the discussion on the bill is concluded, and that if non-capital murder were not an included offence, but if the option was taken away so that there could only be a conviction, if there had been separate counts charged in the indictment. In other words, that non-capital murder be not an included offence, but that there must be a specific charge in the indictment, one for capital murder and one for non-capital murder. This will prevent the possibility of dickers being made to get a guilty plea on the lesser charge.

Mr. Baldwin: Mr. Chairman, I should like to take issue with the statement made by the hon. member for Niagara Falls. It has been my experience in at least three cases that I can lay my mind to that in the cases which were charged with murder, the original preliminary inquiries were held where all the facts were ventilated. When it appeared on the examination of those facts that the graver charge was not justified the attorney general's department reduced the charges so far as the indictment was concerned, and when the accused appeared before the jury he appeared on a charge of manslaughter and was tried on that charge.

It has been my experience that most agents of attorneys general, or crown counsel are responsible people who are determined to see that the charge which is laid is one which meets the facts. However, I should like to ask the minister this question. Am I correct in assuming that clause 7 as amending section 569 will leave five alternatives? If a charge is laid in respect of capital murder, will there be these five various alternatives open, capital murder, non-capital murder, manslaughter, not guilty by reason of insanity and not guilty? Would all of these five alternatives then be available if a charge is laid for capital murder pursuant to this amending clause?

Mr. Martin (Essex East): May I just follow up where the hon. gentleman left off. I recognize that in doing so we are not giving the minister the opportunity to deal with the point raised by the hon. member for Niagara Falls, with which I hope he will deal. As I understand clause 7, it would appear from the proposed amendment that on a charge of capital murder there are seven findings open to a jury: guilty of capital murder, guilty of attempted capital murder, guilty of non-capital murder, guilty of attempted non-capital murder, guilty of manslaughter, guilty of infanticide or not guilty. I have had some difficulty with this clause. Is this as far as that clause goes? If this is the correct interpretation, has the minister given consideration that the jury might make a finding of manslaughter if the facts warranted it?

Mr. Winch: Could I ask how a person can be guilty of attempted capital murder? I do not quite understand that. If you have committed murder, how can you be guilty of attempted capital murder?

Mr. Fulton: The conviction, as I see it, would be related to an attempt to commit capital murder. That is a perfectly well understood principle.

Mr. Winch: And if you are found guilty the penalty is death?

Mr. Fulton: You are only liable to the death penalty if you have killed someone and it is found to be capital murder, but the code does provide that a person may also be charged with an attempt to commit that offence and may be found guilty of an attempt to commit that offence. That is the situation in respect of a verdict of guilty of an attempt to commit the crime.

On the question of whether or not there should be two counts included in the same indictment, which was the point raised by the hon. member for Niagara Falls, it seems to me there would be certain objections. In the first place, the two charges are mutually exclusive. The person was either guilty of capital murder or of non-capital murder. He could not be guilty of both. Therefore it seems to me we would have to charge them in their alternatives and you would have one trial. We think that is undesirable, however, particularly in a case of this seriousness where it seems to me to be only appropriate that the crown should itself determine what is the charge for which the accused is going to be placed on trial. If he is going to be on trial for his life, the crown should so charge it. Alternatively, if he is only going to be placed on trial for an offence that involves life imprisonment he should know that and he should actually be placed on trial as the result of a charge accordingly. He should not have to meet them both either concurrently, which I think would be impossible, or alternatively. We think the crown should make up its mind and lay the charge accordingly.

Miss LaMarsh: May I say that I quite agree with the last words of the minister. If I were satisfied that in all provinces the practice was followed which one of my colleagues informs me is the practice in Alberta I would agree that this is the best sort of thing. The best way would be if crown counsel in the very first instance would make up their minds whether they are going to prosecute for

capital murder or non-capital. Failing that, perhaps it would be possible to follow the practice that apparently is followed in Alberta whereby a preliminary hearing is held and, on the basis of the evidence adduced at that hearing, crown counsel would decide to reduce the charge if the evidence would only support non-capital murder. This would at least mean that the trial before the jury would be only on the basis of that which the crown was able to prove. While I do not have any statistics with me to this effect, I think it will be found that at least in the province of Ontario the practice is that murder is always charged and is only reduced either as a result of the grand jury procedure or as a result of a plea taken or of directions and the jury's decision.

The hon. member for Vancouver East mentioned another point about an attempt. I am not able to find in the code at the moment exactly what the penalty is for an attempt. Although my recollection is not very clear, I believe that the maximum penalty for an attempt in the case of an indictable offence is half the maximum penalty if the offence has been completed. Perhaps the minister will recall that point. You cannot half kill some one, of course.

Mr. Fulton: I must apologize to the hon. member. I was not able to follow what the hon. lady was saying.

Miss LaMarsh: Does the minister remember what the general penalty is for an attempt at an offence?

Mr. Baldwin: Section 210 covers that.

Miss LaMarsh: Section 210, to which I have been referred, reads as follows:

> Every one who attempts by any means to commit murder is guilty of an indictable offence and is liable to imprisonment for life.

I notice no amendment in the bill before us today to provide a difference between capital and non-capital murder in this regard.

Mr. Fulton: We do not think it is necessary. Obviously you would not impose the death penalty for an attempt to commit capital murder because there would be no life taken. Therefore the maximum penalty would be life imprisonment. This section provides that an accused convicted of an attempt to commit murder is liable to life imprisonment. The hon. member for Niagara Falls will remember that the definition of murder is not changed by this bill. What is new in the bill is that murder, if proven, is in turn divided into capital and non-capital. So all you would have to prove in the future, as has been the case in the past, is an attempt to commit murder and then, whatever kind of murder the accused may have intended, he is still liable to life imprisonment. We did not think any amendment was necessary under the situation as it exists.

Miss LaMarsh: I wished to draw the minister's attention to the matter because the apparent *raison d'être* behind the whole amendment now before the committee is that there seems to be a gradation of guilt between those crimes which are premeditated and those which are not. Thus there should also be a gradation between those attempts at intentional crimes and the other types.

Mr. Fulton: I do not think so because the gradation here is where a life has been taken. Where a life has been taken and it is found to be murder, murder is then divided into capital and non-capital and the death penalty or life imprisonment follows respectively. But that is dealing with the case where life has been taken, that is, murder has been accomplished. The offence to which the hon. member is now directing her mind is the offence of attempting to commit murder and there the law already provides a penalty of life imprisonment. It seems to me that is the maximum penalty that it would be desirable to provide at any time for a crime which does not succeed or result in the taking of life. For that reason we did not think there was any necessity to amend that section, bearing in mind that whether it is capital murder or non-capital murder it still must be murder. Therefore it is not necessary in the charge of attempt to commit murder to say whether the accused intended capital or non-capital murder. All he has to attempt is murder and then he is liable to a penalty up to life imprisonment.

Mr. Martin (Essex East): Mr. Chairman, I assume that the six categories of guilt I have stated as being comprehended in this section are correct, but I suggest to the minister that it might well be stated in the section that the jury may make a finding of manslaughter if the facts so warrant. That is not authorized in clause 7. Assuming the incapacity to prove any one of these six categories of guilt, why should the jury not be specifically authorized to make a finding of manslaughter if the facts warrant it?

Mr. Baldwin: Mr. Chairman, the hon. member for Essex East has begged the question on the point I first brought up. I think subsection 2 of section 569 meets the hon. member's point but I do not know whether it meets mine. That subsection reads as follows:

> Subject to subsection 3, where a count charges murder and the evidence proves manslaughter or infanticide but does not prove murder, the jury may find the accused not guilty of murder—

I am assuming then that we have written into the word "murder" as it appears in subsection 2 "capital" or "non-capital" murder and that it would then read in effect as follows:

2. Subject to subsection (3), where a count charges capital or non-capital murder and the evidence proves manslaughter or infanticide but does not prove murder, the jury may find the accused not guilty of murder but guilty of manslaughter—

What I am trying to get at to the minister is this. Am I correct in assuming that in the case of non-capital murder, there can still be a reduction to a conviction of manslaughter?

Mr. Fulton: Yes. In that case—of a charge of non-capital murder—there may be a reduction of the verdict to manslaughter. As I understand it, the hon. member for Essex East correctly listed the possible verdicts which a jury can bring in on a charge of capital murder.

Mr. Martin (Essex East): I am satisfied about that matter. It is covered in subsection 2.

Clause agreed to.

On clause 8—*Right of appeal of person sentenced to death.*

The Acting Chairman (Mr. McCleave): I recognize the hon. member for Roberval.

Mr. Roberge: I will sit down if I am so designated.

The Acting Chairman (Mr. McCleave): I meant the hon. member for Megantic.

Mr. Roberge: I am a little bit puzzled about clause 8 and the exact meaning of it. I am now referring to subclause 2 which reads as follows:

A person who has been sentenced to death shall—

If I understand the matter correctly, the only persons who may be sentenced to death according to the Criminal Code or according to the bill before us are those guilty of culpable killing for instance, while committing piracy or capital murder. In cases of that kind sentence is imposed by law. The other instance would be in the case of treason. The clause reads as follows:

(2) A person who has been sentenced to death shall, notwithstanding he has not given notice pursuant to section 586, be deemed to have given such notice and to have appealed against his conviction and against his sentence unless that sentence is one fixed by law.

Will the minister tell us exactly what the meaning of that subclause is? Is or is not a man who is found guilty of capital murder able to appeal against the sentence or should he appeal only against the conviction? What about the other instance in which a man is found guilty of treason?

[Mr. Baldwin.]

Mr. Fulton: The answer is that in the case of a conviction for capital murder he would not be able to appeal against his sentence. He would only be able to appeal against the verdict. That is, of course the case of most concern. The situation is similar wherever the sentence is one fixed by law, where it is a mandatory sentence. However, in the case of treason, as provided in section 47 of the code, my hon. friend will note that there the sentence is optional. The section provides:

47. (1) Every one who commits treason is guilty of an indictable offence and is liable—

I would direct my hon. friend's attention to subparagraph (b).

—(b) to be sentenced to death or to imprisonment for life if he is guilty of an offence under paragraph (d), (f) or (g) of subsection (1) of section 46;

Obviously as to a person who was convicted of treason and sentenced to death, it is only appropriate that such person would have the right to appeal against the sentence as well as the finding.

Clause agreed to.

On clause 9—*Suspension of execution of sentence of death.*

Mr. Deschatelets: Will the minister indicate how this is going to work under clause 9? Suppose we have the case of a man who has been sentenced to death but whose execution has been fixed for a certain date. Where is the line of demarcation? He has a right of appeal. Can the minister indicate how this is going to work? Can he give us an example?

Mr. Fulton: The explanatory note makes clear that the purpose is to ensure that wherever a sentence of death has been imposed, the execution of the sentence will be suspended until after the termination of the appeal which is now provided as of right and indeed automatically to the court of appeal of the province. I would think that such a provision as that which we have in clause 9 is necessary, because the date of execution still must be fixed, and even although the judge imposing the sentence may have allowed what he regards as, and what under ordinary circumstances would be, ample time for the conclusion of the appeal, there may arise circumstances that would have the result that the appeal is not disposed of by the date fixed for the execution. The clause now before us makes it perfectly clear that if that situation should transpire then the date of execution is automatically postponed and a new date set on application to a judge who might have presided at the trial at which the accused was sentenced.

Another clause also makes it clear, and I think provides for the first time in specific

terms, that the application for extension or postponement of the date of execution does not have to be heard by the judge who actually presided at the trial. There was in Ontario one case which was a very difficult one indeed, where the judge who presided at the trial I think was away on holidays or ill and a very real question arose as to whether another judge of the trial division had the right to postpone the date of execution. We do not wish that sort of difficulty or uncertainty to arise again. Hence, in addition to providing an automatic right of extension, another clause makes it clear that any judge of the trial division who could have presided at the trial may extend the time.

Mr. Martin (Essex East): I think that is a necessary and good provision. However, I am wondering whether the language is not a little bit dangerous. The clause states:

> —it may be fixed by the judge who imposed the sentence or any judge who might have held or sat in the same court.

That language could be open to any interpretation. A judge might find himself sitting in weekly court when obviously it is not intended that he should be the judge who should have the right of providing for a stay of execution or of fixing another date. Obviously, what is meant is a judge of the same jurisdiction or a judge of co-ordinate jurisdiction such as judges of the trial division of the supreme court, but not "any judge who might have held or sat in the same court". The judge may be a retired judge or it might be a judge in admiralty sitting in a court of general sessions or something of that sort. This is an ambiguous phrase. I think what we really mean is that the judge who shall have the power to fix another date must be a judge of the same order as the judge who imposed the sentence in the first instance. If that is the case, I think that is what we ought to say.

Mr. Fulton: Mr. Chairman, my hon. friend will note that these words appear to have been taken from another provision in the code. We are looking it up now.

I think his fear that it might authorize, for instance, a retired judge to fix the date of execution is not well founded, because such a retired judge would not be a judge, and the words we have used are:

> —any judge who might have held or sat in the same court.

If my hon. friend will refer to section 643 (2) of the Criminal Code he will see the same words used:

> Where a judge who sentences a person to death considers—

Then there are certain things referred to, and the section goes on:

> —the judge or any judge who might have held or sat in the same court may, at any time, reprieve the person for any period that is necessary for the purpose.

So these words in the clause before us which deal with an order for the stay of execution are taken from the section dealing with reprieve in the Criminal Code. We felt it best to use the words that appear to have had an established usage.

Mr. Martin (Essex East): Now that we have the opportunity of using more precise language, why do we not do so?

Mr. Fulton: We think this language is perfectly clear and precise.

Clause agreed to.

On clause 10—*Transcript of evidence.*

Mr. Martin (Essex East): Mr. Chairman, of course the whole purpose of this legislation, *inter alia*, is to avoid sentencing anyone to death for a crime he did not commit. That being the case—it is a minor point, but it is a point that is consistent—why not make sure that not only the court of appeal but the accused also shall be supplied with the necessary documentation? Why not make sure it is supplied to the accused as automatically as it is to the court?

Why do we give to the judge the power of dispensing with documentation? I do not understand why the judge is given authority to decide what documentation, the evidence, the judgment, the charge and all that sort of thing, should go to the court of appeal. I think that if there is an appeal all this material should go to the court of appeal, and at the same time, to make this clause consistent with the general purpose of the bill, the evidence ought to be supplied to the accused as well.

Mr. Fulton: Mr. Chairman, I am afraid my hon. friend stopped at subclause 1 of this clause, because if he had read subclause 2 he would have seen this expressly provided:

> A party to the appeal is entitled to receive
>
> (a) without charge, if the appeal is against a conviction in respect of which a sentence of death has been imposed or against such sentence, a copy of transcript of any material that is prepared under subsections (2) and (3).

That is, prepared for the purpose of the appeal.

Mr. Martin (Essex East): If he is sentenced to death?

Mr. Fulton: Yes.

Mr. Martin (Essex East): But not if he is charged with—

Mr. Fulton: The only case in which we have provided an appeal as of right or, if the accused does not take it himself or through his counsel, an automatic review, is where the sentence is death. This is the only case where this automatic appeal lies. We have expressly provided that in such case the accused is entitled, without charge, to a copy or transcript of any material used in the court below, for the purpose of the appeal.

Mr. Roberge: Perhaps the minister will tell me whether or not I am correct about this. I think I am. The accused will be furnished with all the material that has been transcribed, but he will not be furnished with the material which the judge orders not to be transcribed; is that right?

Mr. Fulton: The only purpose of the provision that a judge of the court of appeal may dispense with the reproduction of part of the record below is that there may well be parts that all parties agree are not essential to be reproduced for the purpose of consideration in the court of appeal.

If there were any point to it, or if the accused wanted it, then I am quite certain the judge would order it to be included in the material provided for the court of appeal and would order that material to be provided to the accused.

Mr. Martin (Essex East): That may be, but the clause does not say that. All judges will not be as reasonable as the Minister of Justice.

Mr. Fulton: I think my hon. friend would find that in capital cases the judges of the courts would not order the omission of something which it was urged was essential to the preparation of or assisted in the preparation of the case for the accused. We do not want to provide automatically that everything, including material that may not be of any relevance or pertinence, must be reproduced.

Mr. Roberge: The clause provides:

—the addresses of the prosecutor and the accused or counsel for the accused by way of summing up, if

(i) a ground for the appeal is based upon either of the addresses,

shall be furnished to the court of appeal, except in so far as it is dispensed with by order of a judge of that court.

Why is there that restriction in the clause under consideration?

Mr. Fulton: The clause also says:

—or if the appeal is pursuant to section 583A.

Mr. Roberge: That is in that case; but if the accused gives notice of appeal he is not furnished with a copy of the address of the prosecutor or of his counsel if in the grounds of appeal there is no point arising out of those addresses.

[Mr. Martin (Essex East).]

Mr. Fulton: Why should he? If he really wants them, all he has to do is put them in as one of his grounds of appeal. He has only to put in his grounds of appeal an objection to the address of the prosecutor, and then he gets it. However, if there is no objection to the address of the prosecutor, why should it automatically be reproduced? We think it is a sensible provision to provide that it should not be reproduced unless it is relevant to the appeal; in other words, unless it forms one of the grounds of appeal.

Mr. Roberge: It might not be absolutely necessary, but it might be useful.

Mr. Fulton: Mr. Chairman, as my hon. friend knows, many lawyers anyway, out of an abundance of caution, include grounds of appeal upon which, in the final analysis, they may not be going to rely in their argument. If he thinks it is necessary or desirable, all he has to do is put it in his grounds of appeal.

Clause agreed to.

Clauses 11 and 12 agreed to.

On clause 13—*Recommendation by jury.*

Mr. Winch: Mr. Chairman, I wish to make some comments on clause 13. Perhaps it may seem rather strange that I, a person totally opposed to capital punishment, should be discussing the legalities which arise in this bill which will have the effect of putting a man to death, but I suppose that is one of the paradoxes of being a member of parliament.

I must admit that clause 13 made me do quite a bit of soul searching because there is a very important principle involved here. May I say in the first instance that on balance I think I agree with the principle and support of clause 13, but I would appreciate hearing from the minister and other hon. members their views about this.

Under this section we have this provision:

Where a jury finds an accused guilty of an offence punishable by death, the judge who presides at the trial shall, before discharging the jury, put to them the following question:

You have found the accused guilty and the law requires that I now pronounce sentence of death against him—

Then the judge adds:

Do you wish to make any recommendation as to whether or not he should be granted clemency.

As I see it, we are placing a dual responsibility on the jury. First of all the jury has to decide whether or not the person before the bar is guilty of homicide of a nature which carries the death penalty. That is a mighty grave responsibility to place upon a jury, and only the jury can decide that matter. They know they are actually, within the strict terms of the law, deciding

whether a man or woman shall live or die. I, personally, should hate to be placed in that position, but society demands that this course be followed and I think it is correct that it should. Having found a person guilty, the question is put to them whether they make, or do not make, any recommendation for clemency. On first reading this clause it was my impression that if a recommendation for clemency was forthcoming from the jury the governor general in council would have recourse to the royal prerogative and commute the sentence to one of life imprisonment.

I regret I was not able to be here when the previous discussion took place on second reading, but I understand through reading the newspapers that this point of view was confirmed by a statement of the Prime Minister—that in future all recommendations of clemency made by juries would be accepted by the governor general in council and that the sentence of death would automatically be commuted. We are, therefore, in this situation: under the terms of this clause not only is the jury responsible for deciding whether a person is guilty or innocent but, in addition, it must decide, in effect, whether, having found a person guilty, the penalty is to be carried out. If they say nothing they are, in effect, saying "death", unless, of course, clemency is exercised by the governor general in council in exceptional circumstances. If the jury recommends clemency they are saying that the sentence shall be one of life imprisonment. Perhaps this is as it should be. On balance I have had to come to the decision that this is the correct principle to follow, but I want to add that a great deal of soul searching was necessary before I could bring myself to agree that this double responsibility should be placed on juries as distinct from the responsibility placed upon them in the past when they had only to decide whether a person was guilty or innocent, it being then the responsibility of the governor general in council, reviewing all the evidence and all the circumstances, to decide whether or not clemency should be invoked.

From the wording of the clause as it stands it appears that the government is accepting what I understand to be the principle in Californian law where the same procedure must be followed. I am afraid I am getting repetitious, but I have been distinctly worried about this clause and I should like to hear the minister explain the basic reasoning which led him to draft this clause in its present form. As I say, I think it should be supported. On the other hand I should like to hear a little more about the reasoning behing the placing of this double responsibility on juries.

Mr. Martin (Essex East): I am convinced that the meaning of this clause is not clear and that its interpretation would give the courts a great deal of difficulty. It has always been our law that a jury when acquitting or convicting a person charged with a crime must reach a unanimous decision. If they do not, a disagreement is recorded. In the past, juries have on occasion brought in recommendations of mercy on their own initiative. Our juries, I believe, attempt to agree to a much greater extent than do juries in the United States, and perhaps this is a good thing. In any event, most lawyers who have had a great deal of experience in the practice of criminal law—I cannot profess to be in that category—tell me that often recommendations for mercy in this country represent a compromise. It may be that a few jurymen hold out for a conviction while a few are in favour of acquittal; agreement is then reached that a finding of guilty shall be returned with a recommendation of mercy.

The clause as now drawn is a complete departure, as I understand it, from the present conception of the roles of the judge and the jury. It was for the jury alone to determine the guilt or innocence of the accused; they have had no part in the sentencing of the accused, and the judge, being presumed to be one of great experience, was the person to whom had been delegated the responsibility of determining the sentence. Now we are changing that. Under clause 13, a question is to be put to the jury regarding any recommendation for clemency. I ask the minister —and a reply to this question is, it seems to me, important—is a unanimous vote required, as in a determination of guilt or innocence? Suppose one juror is against clemency being granted while 11 are in favour? Would there be an announcement of a disagreement of this kind. The wording is not clear. I think consideration should be given to asking the jury to record a majority vote on this question. The jury should therefore be asked whether a majority of their number is in favour of making a recommendation for clemency. Otherwise, I am told, there will be a great deal of confusion on this point, certainly with good reason, because there is no authority here for a judge to take the initiative himself in determining whether a majority or unanimity is required.

It seems to me that the clause can be clarified by an amendment, if it is thought desirable to leave it in its present form. I shall be prepared to speak to it later but I put it forward now for the purpose of discussion, at least.

I move, seconded by the hon. member for Maisonneuve-Rosemont that clause 13 be amended as follows:

That all the words after the figures 642 (a) be deleted and the following be substituted therefor: The judge who presides at the trial of an accused charged with an offence punishable by death shall at the time of charging the jury inform the jury that if they find the accused guilty, although they are not bound to make a recommendation for clemency, they are entitled to do so, and that any recommendation will be included in the report that he is required to make of the case to the Minister of Justice and will be given due consideration.

The amendment does not take into account he question which I myself raised concerning unanimity or a majority of opinion on the part of the jury in favour of clemency. Possibly I should have waited until I obtained the minister's reaction to my suggestion that the jury should be instructed to indicate whether they expressed a majority decision or a unanimous decision, and then the consequence could have been incorporated in the amendment. However, the amendment stands for what it seeks to do, and it may be of value in obtaining some reaction from the minister as to both the ideas I have expressed.

Miss LaMarsh: Mr. Chairman, one of the provisions of this proposed act which is alarming to me is contained in clause 13 of the bill before us. The minister is undoubtedly aware of the procedure which takes place in a court room, but I hope he will forgive me if I outline a part of it for the benefit of those members of this committee who are not familiar with that procedure.

For instance, hon, members may not be aware that a murder jury, whether the case involves capital murder or non-capital murder, is locked up, whether it be for hours or overnight, until it has reached a verdict and presented it to the court. When it has reached a verdict the jury is brought back into the open court room in the presence of the accused's counsel, members of the public and press, at which time, having presented its verdict, the provisions of this clause would be read. Whether the verdict presented represents a majority decision or a unanimous one, defence counsel has the opportunity of polling the members of the jury as to its verdict. The judge will then ask the members of the jury whether or not they wish to recommend clemency. I suggest that is a departure from the principles of justice because there should not be any suggestion made to a jury that they recommend against clemency.

I suggest most juries in Canada are sufficiently sophisticated to know that there exist instances when clemency can be recommended.

In many cases, although during the charge from the justice to the jury nothing was said regarding their right to make recommendations, the jury has come back into the court room, following deliberation and before announcing their verdict, asking if they had a right to do so. Juries are then informed that they of course can do so. They then are returned to the jury room where they decide this question.

Under the situation which will exist by the adoption of clause 13 of this bill before us, the question as to whether a jury recommends clemency or not, will be asked by the justice following delivery of their verdict. In other words the jurymen would be sitting in open court when the question was asked. I ask hon. members of this committee to consider what might then well happen. No deliberation in those circumstances could have been made in regard to such a recommendation nor would there be the opportunity afforded members of the jury to discuss this matter among themselves. The question having been asked of the jury, the foreman might well be startled, turn to the jurymen behind him, and then give an answer to the question which may or may not represent the opinion of the rest of the members of the jury. He may recommend clemency, or may recommend against it. In any event, whichever he does, it may not be the unanimous feeling of those gentlemen sitting behind him. That being the case, another member of that jury could stand up and inform the court that it was not representative of his opinion. It must be remembered that this would take place in open court without the jury having been afforded an opportunity to deliberate on this most crucial point.

I suggest the situation which I have alluded to is important particularly in view of the Prime Minister's statement a day or two ago that a recommendation for clemency would be tantamount to an escape from the gallows. I should hope that what the Prime Minister said could not be interpreted as being indicative that a recommendation against clemency would be tantamount to closing the door ensuring that the individual would hang.

Nevertheless, and because of the great importance being attached, not only by the Minister of Justice, but by the Prime Minister as expressed in his speech, to this particular feature of the new legislation, I suggest that a law, which could be taken as standing between an accused and the gallows, should not be interpreted by a judge so that such a question could be put to a jury in a casual

way, in an open court room, the jury not having the opportunity to deliberate and discuss the matter.

Mr. Chairman, in the consideration of a subject as vital as this, disregarding the question as to whether or not the cabinet is shirking its responsibility by placing this decision upon the shoulders of individuals in local communities who make up juries, the phraseology used in this clause should be designed in such a way as to require the judge to inform the jury, without undue emphasis one way or the other, that it has the right to recommend or not recommend clemency, during that portion of the trial when the judge is charging the jury as to the law. If such were the case, when a jury had deliberated and decided whether the facts established a capital charge, it could then deliberate and discuss the question of recommending clemency, which would then be reported to the court, following the announcement of the jury's verdict.

(Translation):

Mr. Deschatelets: Mr. Chairman, section 13 is an innovation in our legislation. In fact, it was partly on the basis of that section that I said during the debate on second reading of the bill, that because of section 13, the whole of the bill resulted, for all practical purposes, in the abolition of capital punishment.

A while ago, the hon. member for Essex East (Mr. Martin) moved an amendment and I supported it with pleasure because I feel that it will greatly improve section 13 as it was submitted to us.

It is obvious that if the judge includes that question in his charge to the jury, the latter will be in a position to recommend or not to recommend mercy when they bring in their verdict. I feel that that is a great improvement and I sincerely hope that the minister and the government will take action in that respect.

(Text):

The Chairman: Do I understand the hon. member for Essex East to have moved the amendment?

Mr. Martin (Essex East): Yes.

The Chairman: I had thought the hon. member had indicated his intention to move such an amendment later.

Mr. Martin (Essex East): No, Mr. Chairman, I moved the amendment, or intended to.

The Chairman: In that event, I shall put the amendment to the committee.

The hon. member for Essex East, seconded by the hon. member for Maisonneuve-Rosemont moves that clause 13 be amended as follows:

That all the words after the figures 642 (a) be deleted and the following be substituted therefor:

The judge who presides at the trial of an accused charged with an offence punishable by death shall at the time of charging the jury inform the jury that if they find the accused guilty, although they are not bound to make a recommendation for clemency, they are entitled to do so, and that any recommendation will be included in the report that he is required to make of the case to the Minister of Justice and will be given due consideration.

(Translation):

Mr. Roberge: Mr. Chairman, when I said a few words on clause 1 of this bill, I stated that if I had not been unavoidably absent when the vote was taken on second reading, I would have supported the bill. I also indicated that I had certain reservations with regard to the provisions of the bill, and what I had in mind was section 13 which is now before us.

I followed with close attention what my colleague from Essex East (Mr. Martin) had to say in introducing his amendment, just as I followed the very clear statement made by our colleague from Niagara Falls (Miss LaMarsh). I do think that if the presiding judge must ask the jury this question after the verdict has been given, this places the jury in an extremely difficult position. As a matter of fact, it seems to me that the Minister of Justice and the government, in putting forward this section 13, are transferring to the jurors —in fact, to the general public—the responsibility of the royal prerogative.

I have here, Mr. Chairman, an article which appeared on May 30 last in the Toronto *Star*, which reads in part as follows:

(Text):

Prime Minister Diefenbaker made it clear yesterday he believes juries should decide whether a murderer will hang—and his cabinet will abide by their verdicts.

(Translation):

This certainly implies that if there should be a recommendation for mercy, the governor in council will accept it and that in all cases, even if the jury who made the recommendation was in the wrong, the governor in council will commute the death penalty into life imprisonment or another penalty.

That is a heavy responsibility to be thrown upon the shoulders of jurors who already have to decide whether there has been capital or non-capital murder.

It would be much better for the jury if the judge would explain the law when he makes his comments on evidence or law matters. Under this new section, if the jury find the accused guilty of capital murder. They will not know exactly what they should do. First, as was pointed out by the hon. member

for Niagara Falls (Miss LaMarsh), it happens very often at present that the jury ask the judge when they come back into the court, whether they have the right to recommend clemency.

As the act stands now, there is no such provision but the judge will say nevertheless that they may so recommend.

Now, in all cases where this clause would apply, the jury would deliberate twice, and I believe such a procedure should be followed, as I just said.

(Text):

Mr. Aiken: Mr. Chairman, I should like to say a few words on this amendment because I feel it should not be supported and I will vote against it. The basic trouble with the proposed amendment is that it will confuse the jury. Under the jury system, the first duty of the jury, or of the judge when he is sitting alone, is to find whether or not the accused is guilty of the crime with which he is charged. The question of sentence or of punishment should not come into it whatsoever while the jury, or the judge when sitting alone, is deciding the innocence or guilt of the party charged. As the act stands now, this is exactly what happens. The jury first decide the guilt or innocence of the accused and report their finding to the judge. At that point they are not confused in any way with the question of punishment or with the result of their finding.

It is very easy for a judge—or it should be easy for him—to keep the two problems before him separate in his mind, but it is not easy for a jury. They have a great many problems to consider when they are trying to determine whether or not an accused is guilty. I think it is fairly simple after they have brought in their finding of guilty of capital murder. They have carried out this part of their duty and the only part that they have normally to decide by law. However, after having sat on a jury trial for perhaps several days, or a week, they have heard all the evidence that has been given and they have come to a conclusion as to guilt. They are also qualified at that particular moment to come to some decision on the question of clemency. But the time at which they must direct their minds to it is after they have made their decision on the guilt of the accused. Therefore, having delivered their finding, they are asked a second question.

The hon. member for Niagara Falls pointed up the difficulty that might arise but I cannot agree with her that it is likely to arise. There is no reason on earth why the jury, having been asked the second question, if they wish to make a recommendation of clemency, ought not then to retire again to the jurors' room and consider this second question. I can understand that they should not decide right away while they are sitting in their seats the way they do when they are selecting a foreman, which I think is what the hon. member had in mind. We often find that a jury will look around and see some person there whom they all know, and somebody says "We appoint a certain person foreman", which is really not a matter about which they even need to leave the courtroom. But when it comes to the matter of clemency, I could not possibly see how a jury would right offhand make a finding of clemency. They should then again retire.

However, if there is any feeling that the clause is not clear or that some confusion might arise, perhaps it could be clarified to the point where the jury should be asked to retire again to the jury room. Frankly, I do not see that it should be necessary. I think a judge would deal with them in the same way as he does when they come in and ask for further directions. He would merely be giving them further instructions as to their duty. They would again retire to the jury room and take as long as they felt necessary to come to a conclusion.

I think the bill as drafted is perfectly satisactory. The amendment would do no more than confuse the jurors as between the two duties that they are being asked to perform.

Mr. Winch: As I said a few moments ago, I found this section very complex. Now that the amendment is before us I find it very ticklish and difficult to come to a decision. Basically, I like the idea of the amendment in that the decision as to guilt and recommendation for clemency would be arrived at at one and the same time; but I can also see a certain complication which I am not certain that I like. For this reason I personally would like to get a greater exposition of the reasons why the amendment should be accepted. I make this request for two reasons. If the amendment carries we shall have the clause as amended. Although this may seem a little far fetched, I still think that by reason of the judge making this statement in his charge to the jury, there will be, whether we like it or not, a little pre-supposition of guilt. I say that because we find the word "if" is included. He is not yet found guilty or innocent but if he is found guilty, then two courses are open. As I said, it may be a little far-fetched but there is an implication there of the supposition of guilt. I wish there were a psychologist here. I say there is psychologically enough here to make an impression on a juror's mind. This is the first faint doubt which comes to my mind with respect to the amendment.

There is a second doubt which to me is a little more important. If the clause is amended

as suggested we will have the jury sitting in camera and at one and the same time considering the guilt or innocence and punishment of the accused. I have done a great deal of reading on matters which pertain to homicide and juries. If my understanding of what I have read is correct, it is quite conceivable that a lot of bargaining will go on during the deliberations of the jury. They will sit there hour after hour trying to reach a decision and one juror will say, "Very well, I will vote for guilty if you will vote for clemency and mercy". I think it is almost certain that will happen so therefore the function of the jury in determining only the guilt or innocence of the accused is being undermined. There will be bargaining or compromise with respect to guilt or innocence, and I do not think that is what is intended by our law. In the light of what I said a few moments ago when we first discussed this question, these two perplexing questions come to my mind. I hope I have laid sufficient groundwork so that those who favour this procedure will rise and expound further on why it should be accepted and whether there are arguments against the two points I have raised and tried to make clear.

Mr. Fulton: Mr. Chairman, the reasons why we made the change in the law in the form of the amendment as we now have it, have been admirably summarized by the hon. member for Vancouver East, and it is for those reasons that I would be unable to agree with the suggestion made by the hon. member for Essex East in moving his amendment. I also bring to the argument that I want to advance the views expressed by the hon. member for Parry Sound-Muskoka.

First, we felt that it was appropriate that the jury should be asked whether they had a recommendation to make. That is the first thing, and I will come back to the reasons why we feel that is appropriate in a moment. I want to deal now with the stage at which the jury should be asked that question. After most careful reflection we feel very strongly that they should not be asked to consider that question while at the same time they are considering the question of the guilt or innocence of the accused. These are two entirely separate things and the first thing that juries should be asked to decide is, is this man guilty of the charge or is he not guilty?

I do not think I can do much better than the two hon. members to whom I have referred have done in attempting to indicate why we feel it is inappropriate that the two questions should be mixed, but perhaps this additional argument is relevant. Surely if the crown prosecutor referred in any way to the possibility of commutation or the exercise of the royal prerogative of mercy it would be grounds for a new trial. It would be quite improper for him to try to suggest to the jury, come on, you might as well bring in a verdict of guilty because there is always a review by the cabinet and the possibility of commutation. This, of course, would be objected to and I am quite sure that even though it was ordered to be stricken from the record it would still be grounds for a new trial. It would be a most improper thought to intrude into the minds of the jury at a time when they were asked to consider whether or not the man was guilty as charged or innocent. I will not use the word "improper" in connection with the amendment and I am not suggesting for a moment that it is offered improperly in any sense but I think it would be unwise to adopt it because if carried into effect it would import an improper element to be considered by the jury, that is, improper for their consideration at the time when they are deliberating their verdict because it certainly could not fail to open to their minds the possibility that the matter is not so very serious after all if they find him guilty in that they can make a recommendation of clemency I think this is very dangerous and it would be a bad thing to import into the minds of the jury at that stage.

But I see nothing improper at all or unfair to juries, having brought in their verdict as a result of a process of deliberation in which their minds have been exclusively directed to the question of guilt or innocence, that it should subsequently be said to them, "You have brought in your verdict and have satisfied yourselves and reported accordingly that the accused is guilty; do you or do you not have a recommendation to make with regard to the exercise of clemency"?

It is true that this does then place another duty upon the jury, that of considering whether or not clemency should be shown but, as I have indicated before, this is not a duty which it is improper, unwise or unfair to ask the jury to discharge. As the hon. member for Parry Sound-Muskoka said, they have perhaps sat for days and have heard all the evidence. They are the twelve peers who have been asked to decide whether their fellow human being is guilty or innocent of the offence charged. Surely, therefore, they are proper persons to be asked subsequently while the evidence is still fresh in their minds, including the evidence brought forward by the defence, "You have found the accused guilty of the crime of capital murder; notwithstanding that, do you nevertheless feel that there is something in what you have heard that in your judgment would warrant

a recommendation that the royal prerogative of mercy be exercised and clemency shown"?

With respect to the question of whether or not they should deliberate that problem in open court, I agree with the hon. member for Niagara Falls that it would be very inappropriate for them either to attempt to reach a snap verdict or to find themselves in controversy in open court, but I agree fully with the hon. member for Parry Sound-Muskoka that it would be quite natural for the judge to suggest to them or invite them to retire to deliberate their decision on this matter just as they deliberated on their verdict. I do not think that poses any problem.

Perhaps the remaining problem is the question of whether or not the jury should be asked to do this and there I direct hon. member's attention to the findings of the Gowers royal commission. I agree that its findings are not the final word with respect to what should be done in Canada especially but nevertheless a group of very experienced judges and jurists came to the conclusion that indeed it was not only not wrong to ask the jury whether or not they thought clemency should be exercised but they also felt it was not wrong to ask the jury to determine what the sentence should be. They suggested that if the jury brought in a verdict of guilty they should then be asked whether the sentence should be death or life imprisonment. We certainly do not go that far. We think that would be wrong in that the law itself should provide the penalty automatically, but we feel it is perfectly proper for the jury to be asked whether they have an opinion or recommendation as to clemency.

I have one further word before six o'clock. Some suggestion has been made that the Prime Minister said that a recommendation for mercy would automatically be followed by commutation. I cannot find that anywhere in his statement made in the house on May 29. I do not know whether it is based on these words which I find at the bottom of page 5527:

> Having heard the evidence and having come to the conclusion on the basis of the law as explained to them by the judge that a verdict of guilty is the only one they can bring in, a jury ought none the less to have the right to add a recommendation to mercy, and having done that, to hope that the royal prerogative will be reasonably carried out.

Mr. Martin (Essex East): He speaks somewhere else of the jury in relation to its opportunities as a member of the community. I have not got the reference here.

Mr. Fulton: I will look through it again. I do recall the Prime Minister referring to the regard that ought to be had and the weight that would properly attach to a recommendation of a jury of the accused's peers but I find nothing in the Prime Minister's statement to say that the recommendation is other than a recommendation and to say that it is or should be automatic as far as the cabinet is concerned.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 7.30 p.m.

Mr. McMillan: In connection with clause 13 there are one or two points that are not clear to me. A jury must be unanimous in its decision to find a person guilty of an offence punishable by death. In case a jury returns a verdict of capital murder, before passing sentence the judge will be obliged to ask whether the jury has a recommendation for clemency. My question to the minister is this. Must the jury be unanimous in the decision to ask for clemency? Suppose they are divided about half and half. What happens then? Would the jury be polled in open court in connection with the recommendation for clemency? Suppose all but one had made a recommendation for clemency. Could he prevent it and vice versa? This seems to be a very important matter and it is very indefinite in this clause.

Mr. Fulton: There is, as I understand it, no provision for polling a jury anywhere in our statute.

Mr. Martin (Essex East): The minister says there is no provision for polling?

Mr. Fulton: So we made no provision for polling a jury with respect to a recommendation.

Mr. Martin (Essex East): Surely that is not the question. The question raised by the hon. member for Welland was this, and it was the same question that I had raised myself previously. What was the recommendation to consist of? Was it to be a unanimous decision or a majority decision? The minister's reply to that question is that there is no provision for polling the jury on this point.

Mr. Fulton: No. My reply was to the hon. member for Welland as to whether there was a provision for polling the jury with respect to the recommendation. My answer was confined to that matter.

Mr. Martin (Essex East): Would the minister mind repeating that answer?

Mr. Fulton: I said that my reply was to the hon. member for Welland as to whether there was any provision for polling the jury with respect to the recommendation. My reply was that there is no provision for that.

Mr. Martin (Essex East): The minister then replies and says there is no provision. I urge that there should be a provision and I inquire of the minister what was the intention of the minister since no reference was made to the possibility of a divided judgment. Suppose the jury had divided, as the hon. member for Welland has indicated, one for and eleven against. In that event will the section become operative? Will effect be given to the decision of the majority? In the case of the determination as to guilt the rule of unanimity applies and, in my opinion, wisely so. But in a matter of secondary importance—secondary in the sense that it is not as important as is the question of guilt—it is reasonable to argue that there will be some misunderstanding.

I can understand the minister being concerned about making a provision for it. The minister may possibly want to leave that matter to chance and to allow a practice to develop. However, I doubt whether that practice can eventuate because unless the jury know positively that a majority will be sufficient, they will not act; and unless the judge knows that a majority will be sufficient, he will not permit it to eventuate. Thus the purpose might be seriously defeated. In other words now is the time for us to meet this ambiguity and the ambiguity is there. Does the rule of unanimity apply? There is in this clause nothing that enables us to give a satisfactory answer to this question.

The point I sought to raise was that we should deal with the matter forthrightly and should indicate whether or not the majority or unanimity rule was required. Personally, in the case of clemency, I would think that where a majority of the jury recommended for clemency, it ought to operate. The minister may not have that view but he can state his position. However, we should not leave this section in the ambiguous state in which it is at the present time. In the first case confronting this amendment a judge may well conclude that he will accept a majority decision. Another judge in another jurisdiction may decide that he will not do so. There is no law which determines which judge would be right. Now, when we are passing an amendment to this particular section, is the time to remove any doubt and this is the place in which to do it. We in the legislature should not leave any doubt existent when we have an opportunity of removing it. I think the remarks made by the hon. member for Welland are appropriate and that they bear out and confirm what I myself sought to indicate earlier.

The Chairman: Order. May I indicate that, to my mind, this point, if it is to be pursued further, should not be dealt with at this time because the amendment does not deal with it.

Mr. Martin (Essex East): That is correct.

The Chairman: If there are other views to be expressed on the amendment I think that it would be more appropriate that they be expressed before we pass on to this new problem.

Mr. Martin (Essex East): You are right, Mr. Chairman.

Mr. Baldwin: It seems to me that this clause as originally drafted was quite plain and quite clear until the hon. member for Essex East offered his amendment. I think he has muddied the waters sufficiently to have created a great deal of difficulty. I suggest that the hon. member for Essex East in offering this amendment has completely misconceived the function of the jury. From time immemorial the function of the jury has been, in the words of the charge they receive, to try and make true deliverance between our sovereign lady, the queen and the prisoner at the bar. Their duty is to ascertain from the evidence presented whether the accused is innocent or guilty. The effect of the amendment offered by my hon. friend will be to send the jury on a detour where they may, and in many cases probably will, lose sight of what is their main function. The amendment introduced by the hon. member is in fact an invitation to juries to compromise on their verdicts. It is a suggestion to a jury and I am sure they will accept it as a direction by a judge such as is contained in the charge by a judge when directing the jury as to what the law is and what the functions of a judge and jury are.

This amendment would have the effect of the jury being told: "If you are in difficulties; if you find that one or two of the jurymen are not prepared to go along with a verdict of guilty or are not prepared to go along with a verdict of not guilty, you can bring in a verdict of guilty and couple that with a recommendation for mercy at the appropriate time".

I say that should not be done at that time The jury should come to its verdict as tc guilt or innocence on the evidence, and then it is *functus officio;* their duty is completed. They may then be asked, after they have brought in their verdict on the issue of guilt or innocence, whether or not they wish to make any recommendation so far as clemency is concerned.

May I point out, Mr. Chairman, that I think my hon. friend, in dealing with this matter, laid the foundation of his argument mainly on the ground that there might be

a divided jury. However, there are many instances which occur to me where other reasons would justify a jury making a recommendation for clemency after their verdict had been rendered.

Consider a case of insanity for example. I mentioned this when I spoke on second reading. The evidence offered to prove insanity may not be sufficient to bring it squarely within the M'Naghten rules. However, there may be sufficient evidence to indicate such a degree of mental defectiveness as will not justify a verdict of not guilty because of insanity, but which may put a jury in the position that, having brought in the verdict of guilty as they are required to do by law, when the opportunity is later offered to them they will say, "We think that on the strength of the evidence submitted we are perfectly justified and it is perfectly proper for us to bring in this recommendation for clemency".

I can think of a case of provocation. Under certain circumstances provocation justifies a verdict of manslaughter. I can think of many cases where there might be provocation and the provocation may be grave. Then, having suffered the provocation, the accused might go and secure a weapon and come back and commit the crime of murder. Then there would be those elements of preparation and planning which are essential to prove a charge of capital murder as defined in this bill.

The jury might decide that while the preparation and planning, which were incidental to the offence, did not permit them to find the accused not guilty of capital murder, after having brought in the verdict of guilty and when asked this question by the judge they might say "We feel we should make a recommendation for clemency".

I can think of a case of two young boys, one of whom is a few weeks under the age at which sentence of death can be pronounced upon him and the other just a few weeks over that age. Surely a jury, in those circumstances, having fulfilled their duty and having brought in a verdict of guilty of capital murder might, when invited by the judge under the terms of this clause, feel there should be a recommendation for mercy because they feel it is wrong that one man should have his life spared and the other should suffer the penalty of death.

Those are some circumstances which could justify recommendation for clemency, but they should not be brought in at the same time as the main verdict; they should be considered as matters completely extraneous to the main issue, which is that of guilt or innocence. Once that has been decided, then and then only should the jury consider this question of clemency. For this reason, Mr. Chairman, I must say that I cannot in any way support the amendment introduced by the hon. member.

Mr. Winch: Mr. Chairman, this is the third time I have risen to speak to clause 13. I do not apologize for rising again.

I do not think we can differentiate between the principle of clause 13 and the amendment. I raised a number of points both on the section as originally drafted and on the amendment and I am not going to cover that ground again. However, during the dinner recess I had the opportunity of looking into this clause and the amendment in more detail and I should like to ask, before a vote is taken on the amendment or on the clause as originally drafted, if we could hear the Minister of Justice's views on what I think is a rather important point.

Under the clause as contained in this bill we have the situation where after a jury find a person guilty the judge puts a certain question to them and asks whether they have any recommendation to make with regard to clemency. Under the amendment moved by my hon. friend from Essex East we have the recommendation for a change which means the two questions shall be put at the same time in the charge of the judge to the jury.

This leads me to a major matter of principle and a question which I hope the Minister of Justice will see fit to answer. My point is this. I still feel that basically, in principle, both clause 13 as contained in the bill introduced by the Minister of Justice and the amendment moved by my hon. friend are the same. However, I should like to ask the Minister of Justice this question. This is based on the law of California and a number of other states in which the jury has a definite say as to the penalty. Under the law of California and many other states the decision of the jury has a definite bearing upon the penalty.

Three times this afternoon the Minister of Justice stated that the penalty should be set forth in the statute. I hope I am not misinterpreting the statement of the minister, and I agree with what he said. The Minister of Justice nods his head, so apparently he thinks I have put the correct interpretation on his words.

The principle of clause 13 and the amendment give the jury, either before or after reaching their verdict, depending upon whether you take the clause in the bill or in the amendment, certain authority. Since six o'clock I have had an opportunity of looking at the speech made by the Prime Minister. I must say that I feel if one reads the comment of the Prime Minister as found on page 5528 of *Hansard* there can only be

one inference taken from that statement. The minister will find the statement at the bottom of that page. The inference is that a recommendation for mercy by a jury is one which must receive the most serious and moral consideration of the governor general in council. I can therefore understand from reading that one sentence why the press interpreted it as meaning that a recommendation for mercy from the jury would mean commutation of the death sentence to life imprisonment.

I should like to ask the minister if he can tell this committee what is the end result of clause 13, bearing in mind his contention that the penalty should be provided by law and the fact that this clause, even with the amendment, is based in principle on the statutory law of California. Why should the Minister of Justice reject the idea of prescribing in law that when there is no recommendation from the jury it means the death sentence unless the royal prerogative of clemency is exercised, and that recommendations of clemency would automatically mean the commutation of death sentences to life imprisonment?

The minister knows that this is the law in many states and, in principle, clause 13 even as amended means the same. I think this is an important matter and I hope the minister will see fit to explain why, since he has followed certain statutes in the south so closely, he has not carried this idea to its completion by making the penalty depend on the decision of the jury.

Mr. Fulton: In approaching this problem we reached the conclusion that the jury should have one primary task, that is, to determine whether or not an accused person is guilty as charged. The verdict may be varied, of course; a man may be found not guilty of murder, but guilty of manslaughter and so on. But we feel the jury should be in a position where they can approach this awesome task without their minds being burdened by consideration of whether or not they themselves are to be in the position of determining what penalty the accused should pay. We think the jury should not have to determine that question.

Mr. Winch: You are doing it under clause 13.

Mr. Fulton: No. If the hon. member will bear with me, I will endeavour to explain to him why not. We think the jury should pass on the question of fact, whether or not the accused is guilty of the charge for which he stands trial. That is all, up to this point, that they are required to determine and they are entitled to be placed in a position where they may make that determination without having at the same time to take into account the consequence of their verdict. Therefore we have endeavoured in the legislation to isolate this task as far as it can be isolated.

I am not suggesting for a moment that jurymen are not human beings and that they have no knowledge of the law but in so far as the law imposes on them the duty of ascertaining whether or not a person is guilty or innocent they are entitled so far as it can be provided to bring in that decision without being distracted by extraneous consideration.

Having done that, they are then asked, in accordance with clause 13 now under consideration, to say whether or not they think the accused, whom they have found guilty, should be shown clemency—whether they think any recommendations should be made in this respect. We have deliberately separated the two processes, the two tasks, if you like, which we are imposing on the jury.

For reasons I gave before six o'clock we think it would be improper to invite anyone to place before the jury at the time they retire to consider their verdict the question of whether or not their considerations in reaching a verdict should be clouded by the question of mercy. To do so would certainly be placing upon jurymen a perplexing task. Some members of the jury might be inclined to acquittal. Those who were inclined to a verdict of guilty could say to them, if the amendment of the hon. member for Essex East were adopted: never mind about holding out; let us get together and agree because even if we do convict the judge has told us we can bring in a recommendation for mercy; so let us convict and bring in a recommendation for mercy; if you will agree to convict we shall agree to support a recommendation. Thus the simple question of guilt or innocence would be clouded with these other considerations.

That is why we have thought it esential to keep these two questions apart and for the jury to consider them entirely separately. It is only after a jury has found an accused person guilty of capital murder that they are invited or instructed by the judge that they may, if they wish, bring in a recommendation. The jury will then retire and reach a decision on that point. This being the system we have devised and incorporated into this bill I must beg to differ with the hon. member for Vancouver East when he says it is based on Californian statutes. It is not. Under that system, if I read it correctly, the jury which tries the issue of facts is also charged with the ultimate decision as to what should be the penalty, that is, whether

the penalty should be death or life imprisonment. If the hon. member has followed me thus far he will appreciate we have not adopted that practice.

Mr. Winch: That is my question. Why have you not adopted it?

Mr. Fulton: I am coming to that. We have imposed on the jury the responsibility of determining guilt or innocence and then we have made clear in our law that they have the right to bring in a recommendation. I am sure my hon. friends will appreciate that the recommendation is only a recommendation and is not binding. We have done this deliberately because we felt that the law itself should provide the penalty in respect of an issue as supremely important as life or death, and it is not right to impose upon the same 12 men, who have had the responsibility of determining the guilt or innocence of an accused, the responsibility of saying whether that accused shall pay the death penalty or shall be subject to a lesser penalty. We feel the law should provide that, and that legislators should say that. I do not know whether or not my hon. friends will agree with that.

Mr. Winch: Could I ask the minister a question?

Mr. Fulton: Yes.

Mr. Winch: I understand the law of California is such that a jury, having found a person guilty, is then charged by the judge as to the penalty and must decide upon the penalty. I understand a jury in California must do that according to the statute.

Mr. Brunsden: Mr. Chairman, may I ask a supplementary question arising out of the question asked by the hon. member? Could the minister inform this committee whether there is any obligation upon the jury in respect to a recommendation for clemency? I understand that a jury is charged with finding a man guilty or innocent, and I should like to know whether there is anything further for which a jury is responsible, particularly with regard to the recommending of clemency.

Mr. Fulton: Does the hon. member refer to the law in California?

Mr. Brunsden: No, I refer to the law in Canada.

Mr. Fulton: I take it the hon. member means at the present time?

Mr. Brunsden: Yes.

Mr. Fulton: No. The simple issue before a jury involves the question of guilt or innocence. That is the only issue which we feel can appropriately be placed before the jury as a matter for their final and ultimate determination.

With respect to the law of California, if I read it correctly, it provides that the trier of fact shall fix the penalty. Therefore, the jury, being the body to try the fact, as to guilt or innocence, under the provisions of California law must fix the penalty in accordance with its verdict.

I am not sure that my hon. friends will agree with me, but I can only say again that we have considered this very carefully and have rejected that approach. We felt that it is not proper, fair, nor indeed appropriate to the jury system to have the same twelve men who are asked to decide this awful question —awful in the proper sense of the word—this awesome question as to whether a man is guilty or not of a charge of capital murder, then to go on and decide whether the man shall be hanged. I do not think that is a proper question to put to a jury. I think that is a responsibility of the legislators; that is, to say whether or not a person found guilty of capital murder shall hang, and that is what we are inviting this committee to provide.

The issue before the jury is then simple. It is simple but is awesome, and it is the only proper responsibility to impose upon the jury —deciding whether a man is guilty of capital murder or not. The jury having decided that question, it is our feeling that the law should provide the penalty. Then, as outlined in clause 13 of this bill, the jury is asked subsequently—not as part of a mixed bag to be considered at the same time—whether or not it wishes to make a recommendation for or against mercy, and it makes that recommendation without regard to the guilt or innocence of the accused because that issue has been settled.

My friend, the hon. member for Peace River, has posed the sort of consideration that we think proper to put to the jury. A jury may have found a man guilty of capital murder because it found that the technical defence of provocation, which would have absolved the accused from guilt, was not fully established. Perhaps a mounting series of provocations and irritations occurred and he finally succumbed to that provocation but instead of committing the murder immediately the individual went out and bought a gun and 24 hours later, or in some cases, with a few hours' intervention, committed the offence. In that event the law is such that the defence of provocation is not available to the accused, yet members of the jury might feel, as I have said to the committee earlier, there but for the grace of God go I; I should have done the same thing had I been subject to the same considerations,

provocations and irritations; I should not have been strong enough to stand up against them. That jury cannot avoid finding the man guilty of a planned and deliberate murder but, when and if it is asked whether it recommends clemency, certainly the members of that jury will recommend mercy. I do not feel that these issues will arise often, but they will arise, and when they arise they will be most extraordinarily difficult issues to resolve.

I should now like to come to what my hon. friend said about the Prime Minister's speech. I have read his speech again very carefully and believe what he really said was that when the jury that has tried the issue has come to its decision, and when that jury of the accused's peers states that under the circumstances it recommends the exercise of clemency, the cabinet is bound to be profoundly influenced by that recommendation. However, it is still only a recommendation. It is on that basis we have placed it in the provisions which are now before the committee.

The issue now before us in a sense is an issue which is comparatively simple: on the one hand, should the question regarding the jury's recommendation be put before the jury for its consideration at the same time they are considering the question of guilt or innocence? That is the suggestion of my friend the hon. member for Essex East. On the other hand, should the question be put to the jury only after it has considered the question of guilt or innocence and after the jury has decided it was bound to bring in a verdict of guilty? That is our suggestion, as incorporated into this bill.

For the reasons I have given, while respecting fully the views and arguments that have been advanced, I cannot accept them. I think the adoption of that practice would place juries in an intolerable position, requiring them to consider two issues at once. Therefore, I am unable to accept the amendment.

I think perhaps I should suggest, without getting into that area which you, Mr. Chairman, have said should be discussed separately, with which statement I thoroughly agree, regarding the question of whether the recommendation should be unanimous, that my hon. friends ought to look at the question which is to be put to the jury:

> Do you wish to make any recommendation as to whether or not he should be granted clemency?

Having asked that question, the judge will then state the following:

> You are not required to make any recommendation but if you do make a recommendation either in favour of clemency or against it, your recommendation will be included in the report that I am required to make of this case to the Minister of Justice and will be given due consideration.

In effect the jury will have three alternatives. The jury will be able to say that it has a recommendation to make for clemency; that it has a recommendation to make against clemency; or that it does not wish to make or is unable to agree in respect of a recommendation. It seems to me, those being the three clear alternatives that we place before the jury by the form of the question, that all the issues and all the variations of the issue which are in the minds of the hon. members are properly reflected in that question which the jury will be asked.

In conclusion, I would say it seems to me that the proposal as we have placed it before the committee in the form of clause 13 of this bill is a desirable one because it removes from the realm of uncertainty and places in the realm of absolute certainty the question of whether or not the jury is entitled to make a recommendation, but it places that question before the jury at the proper time, namely after they have reached their verdict on the question of guilty or not guilty.

Mr. Herridge: Mr. Chairman, as a layman I have listened very carefully to the arguments of the Minister of Justice. I realize that this is a technical, legal and intangible problem which is being discussed by persons on both sides of the house who are trying to face it quite honestly. I listened to the argument of the hon. member for Essex East. On this type of question I pay a great deal of attention to what he has to say because of his knowledge of the law and his humanitarian approach to those problems which face us from time to time.

I listened with great interest to the hon. member for Niagara Falls. I am influenced in this way. I think in problems such as these we would be very well advised to pay great attention to what the hon. lady has to say. Women approach these questions somewhat differently from what we do, not from quite such a legalistic point of view, although the hon. lady has a great deal of legal experience and knowledge and is quite able to hold her own with the legal luminaries in the house. But the point that bothered me when the Minister of Justice was speaking if I heard him correctly, was that he said that juries must not be clouded by considerations of mercy. That struck me rather hard because I am of the opinion that juries should always be terrified by considerations of mercy. I could not quite go along with him in that respect.

In dealing with a problem in which there is such, shall I say, hairline differences between the proponents of one point of view and of

the other I always come down on the side of mercy. I think it is quite true to say in this instance that the hon. member for Essex East, the hon. member for Niagara Falls and the member for Kootenay West are three minds that think alike. Therefore, I am of the opinion that if there is a sort of technical difference of opinion the committee would be wise to pass legislation about which the opinion of any juror would be clouded with considerations of mercy. I think that is a very sound principle, and if there should be a mistake made in which mercy is granted where possibly it would not be justified it would be well warranted rather than deny mercy where it would be justified. Therefore, Mr. Chairman, I wish to say I am going to support the amendment moved by the hon. member for Essex East, since it represents my attitude in this situation.

Mr. Deschatelets: A few minutes ago the minister gave his own interpretation of the remarks made by the Prime Minister on May 29. In order to put the record straight I think it advisable to read what in my view is the most important sentence in this speech in relation to the recommendation of clemency by the jury. I read from page 5528 of *Hansard*:

> That recommendation, excepting in extraordinary circumstances ought to be accepted.

The Minister of Justice did not read this sentence before the dinner recess. Surely this sentence indicates that the recommendation for clemency by the jury will bind the cabinet. I thought it necessary to put this sentence on the record before a vote is taken. After we have disposed of this amendment it is my intention to say a few more words on clause 13.

Mr. Baldwin: I wish to make one comment on the statement made by the hon. member for Maisonneuve-Rosemont. He was entirely incorrect in the interpretation he placed on the word "recommendation" as used by the Prime Minister in the speech he made in the house on May 29. The recommendation referred to in the sentence which the hon. member read has reference to the recommendation made by the Minister of Justice and the Solicitor General and not to the recommendation brought in by the jury. This is made quite plain when one reads the particular extract.

Miss LaMarsh: I should like to make a few remarks with respect to the last comments by the Minister of Justice. In the first place, it was suggested by the minister that it might be possible in a trial for capital murder for the jury to escape any consideration of the penalty. I suggest to the minister that this is absolutely not possible.

Mr. Fulton: I think the hon. lady will realize I did say that the jurymen are human beings and therefore it will not be possible for them completely to divorce their minds from it. We felt that in so far as the law could do it, it should endeavour to make it possible.

Miss LaMarsh: I accept this explanation, and it is what the minister said previously. But it cannot be possible for them to escape the fact that they are asked to decide two things. The first is whether the man is guilty of capital murder. No Canadian will be able to escape the necessary knowledge that when a man is guilty of this crime it will mean that in all probability he will be hanged. Therefore this very consideration is one which necessarily bears in upon their minds and consciences, namely the fact that in all likelihood when they find that the answer to this question is yes the man will meet his Maker as a result of the due process of law.

Second, the minister has suggested that it is difficult for a jury to dissociate the two things in their minds, one, guilt or innocence, and, two, the penalty. I am sure the minister knows—and I can speak only for the province of Ontario—that in any civil action where there is a jury there are two issues to be tried. One is the equivalent of guilt or innocence, namely fault or not of the defendant; and, two, if there is fault, what is the measure of damages? Now, in my experience of the law in the province of Ontario all jurors have been sufficienly able to differentiate between these two individual problems as to decide them independently one of the other. I suggest to the minister that juries are no less capable of doing this where the two problems which they must resolve are, one, guilt or innocence on the count of capital murder; and, two, the punishment which is to be meted out; and that this may be decided in one deliberation but in two stages. Certainly I would suggest that if a jury is expected to be as sophisticated as the amendment now before this committee will require it to be—and I think the hon. member for Essex East has already pointed this out—there are six different judgments, six different verdicts, which may be given on a charge of capital murder. If they can navigate among the intricacies of these six possible results, then I say to the minister they can separate in their minds the two things.

If there is one thing that has impressed me in my short experience in the law, it is the tremendous consideration which ordinary Canadians from every walk of life give to

a capital crime. Their attention never wanders either from the directions of the judge or the representations made by counsel or the evidence of the witnesses. They never miss a word. They direct themselves with the most astonishing clarity of mind to the decision they are asked to make. In my opinion they are a shining example of the best things in any community because they address themselves to the issue and solely to the issue.

If this is so, and it has been proven to be so, I suggest in all humility to the minister that the jurors are able to decide these two issues at the one time and that they should decide them at the one time rather than at separate times. They should not be called upon to make a second crucial decision when a period of time has intervened from the making of their first decision and knowing that when they brought in their first verdict finding the accused guilty of capital murder he died a little then and his family and, indeed, his counsel, also died a little. They should not be asked to retire again to make up their minds knowing that while they are out there will be great anguish on the part of the accused and everyone else in the courtroom and also knowing that if they come back and recommend against clemency, something that has never happened in our criminal law, they will be on the spot again and the accused, his family and friends and, indeed, members of the public, will die a little more. I would ask the minister and other hon. members to address themselves most seriously to this matter before voting on the amendment because it is of crucial importance. Those of us who practice in the defence of those who are accused but not proven to be guilty of a capital crime ask that fair treatment be accorded by having the jury charged as to this matter before they deliberate at all and not, as proposed in the legislation, after they have found the accused guilty of the offence.

Mr. Brunsden: Mr. Chairman, I find it necessary to rise tonight to speak in support of the Minister of Justice and against the amendment on two or three grounds. May I say that I speak as one who has served as a juror. I have sat on panels which have had to administer justice and I know the heart-throbs that men and women who go through this experience have.

With all due deference to the hon. member for Niagara Falls, I say that in my opinion jurors have one main task, to determine first of all the guilt or innocence of the accused. Once the jurors have done that they are free, as provided in clause 13, to offer some suggestions with respect to clemency. I am quite sure that jurors in a murder trial will have a much closer view of the actual case than anyone else, and I would be quite prepared to listen to any argument by a jury with respect to clemency after the verdict has been rendered. After all, those who are summoned to serve on these panels are first of all asked one question. Is the accused innocent or guilty? If he is guilty, and if clause 13 carries I will be very happy because those persons who have listened to all the evidence will have many more facts before them than anyone else, and I believe they would make a very commendable recommendation. My stand on capital punishment is very well known in this house. I somehow feel we are straying too far into the path of mercy. We are becoming too benevolent. Nevertheless, I support the application of clause 13 after the accused has been found guilty.

Mr. Regnier: Mr. Chairman, I believe it would be most unfair for the judge to instruct the jury to consider the matter of a recommendation of mercy because it would almost mean that the judge expected a verdict of guilty. If a verdict of not guilty is reached by the jury, they do not need to consider the matter of clemency at all. The hon. member for Vancouver East has expressed doubt whether it is a good thing to have the jury consider this matter. I think the judge might convey a mental presumption of guilt to the jury if he asked the jury to deal with the matter of mercy. It might not be necessary for the jury to consider this question at all because they might bring in a verdict of not guilty.

Mr. Macdonnell: Mr. Chairman, I should like to say a word or two with reference to what the hon. member for Kootenay West said. He referred to the words used by the Minister of Justice who had talked about the undesirability of the verdict of the jury being clouded with considerations of mercy. The hon. member for Kootenay West criticized that statement. He said that considerations of mercy should always be taken into account while the jury is functioning.

It seems to me that the advantage of the two stages suggested by the minister is that we can be sure that considerations of mercy will be dealt with but at the proper time. On the other hand, it seems to me that when the jury is determining the technical question of murder they should not have their minds distracted by the thought of the dreadful consequences which may flow from their verdict, and in my view that distraction is avoided by what I understand to be the minister's proposal.

Amendment (Mr. Martin, Essex East) negatived: Yeas, 17; nays, 58.

Mr. Martin (Essex East): Mr. Chairman, I raised another question with regard to this clause and the comments that I made were supported by the hon. member for Welland. It had to do with whether or not a majority would be sufficient or whether the rule of unanimity would apply. What would happen in the event of one juryman, let us say, being against a recommendation for clemency and the other eleven being in favour. The point was made that unless this ambiguity was resolved this question would arise, that is that there would be different attitudes taken by different judges, and the law would not become settled. There is ambiguity in the very language of the section and so it is our responsibility now to remove it.

If the minister takes the position that he believes the jury must, as in the case of a determination of guilt, be unanimous, then let him say so. If that is the position, let him put it in the statute. However, we take the position that the question is now doubtful, that it is not at all settled and that it is one that should be settled. I should be grateful for the minister's reply.

Mr. Fulton: I recognize the fact that this is a difficult question. However, I must start from the premise that we are asking here a question on a recommendation of the jury. The judge is going to ask the jury whether they have any recommendation to make. I therefore suggest that it would be a mistake to import into the law any provision which suggests that the jury can be less than unanimous. It must be borne in mind that the provision for unanimity is, generally speaking, one that works in favour of the accused. I therefore think it is proper that we should expect the same principle to be carried forward with respect to their recommendation which is now under consideration. The judge is not addressing this question to the jurors individually. He is addressing it to the jury collectively and he is asking them as a jury whether they wish to make any recommendation first, whether the accused should be granted clemency; and second, whether the accused should not be granted clemency. Then, as I said a moment ago, that actually and necessarily imports three alternatives. The jury may say, "Yes, we recommend that he should be granted clemency" or "We recommend that he should not be granted clemency" or "We are unable or do not wish to make any recommendation". I think that is all the jury should be invited to do.

I would point out that the judge, if he wishes to do so, may examine the jury as to the state of their minds. The judge is obligated by the provisions of the statute, section 643, to make a report of the case to the Minister of Justice for the information of the governor in council. I have thought of this matter a great deal both before I introduced the bill and since then, and also since this discussion started, but on reflection I would not be prepared to introduce into the law anything which would suggest to the jury that they may be less than unanimous. On the other hand, however, I would not be prepared to introduce into the law anything which would suggest that the judge may not report to the Minister of Justice unless the jury says "Our verdict is unanimous".

I have tried earnestly to devise an amendment that would meet these problems but I may say quite frankly that I have not been able to devise one which would not directly suggest to the jury that they may make a compromise decision, and I think this would be an unfortunate thing to suggest to the jury. I recognize the fact that juries may not be able to agree upon a recommendation. Indeed, juries on occasion have been unable to agree on a verdict. However, this is a very undesirable thing. It is a thing to be avoided and to be done only as a last resort. I therefore think it would be a mistake to write into the law anything that would suggest to the jury that they may be less than unanimous.

Mr. Martin (Essex East): The minister has stated his position quite clearly, I think, in so far as his objective is concerned of having the jury treated as a unit. However, that does not really resolve the question. Suppose that, after the judge reads out this particular provision, the jury repairs to the jury room, to bring in a verdict of guilty and then come back and the foreman of the jury says to the judge, "We understand the rule of unanimity as far as guilt is concerned and we the jury have found this individual guilty of murder. However we cannot agree on whether or not there should be a recommendation of clemency. Two of us take the position that there should not be such a recommendation and ten of us take the position that there should be one. May we now bring in such a recommendation?" What is the judge going to say?

Mr. Fulton: I think the judge would then be in the same position that he is in with respect to the verdict of the jury. As far as I can ascertain—and I have asked my officers to consider this matter—there is in the law no clear and specific provision which says in so many words that the jury's verdict must be unanimous. We are looking further.

Mr. Martin (Essex East): Section 560.

Mr. Fulton: No. Section 560 states that where the judge is satisfied that no further

purpose would be served by keeping a jury in an attempt to have it arrive at a unanimous verdict, he may discharge the jury. It is true that by implication the verdict must be unanimous but it is not specifically stated. However, the practice has grown up that where the jury shows quite clearly that it is not able to arrive at a unanimous verdict, the judge dismisses the jury and that trial is nugatory. The inability of the jury to agree on a recommendation would not make the trial nugatory. What would happen then, as I see it, is quite clear. The judge would simply report that after so much deliberation as was necessary it became quite apparent that the jury were unable to agree on a recommendation. He might indeed have elicited from the jury the extent of their disagreement; and I am satisfied that in the discharge of his statutory duty he would report to the Minister of Justice the extent of the disagreement. Then the facts of the situation would be clearly outlined to the governor in council for his guidance. After all, the purpose of this recommendation is for the guidance of the governor in council. If therefore the jury reach a unanimous decision that they should recommend mercy, that fact is reported by the judge. If they should reach a unanimous decision that they should not recommend mercy, it is also reported. If after such deliberation and return to the judge for further instructions as may be necessary, it becomes perfectly clear that they cannot reach a decision one way or another, that fact is also reported. I do not think that we can do more or that we should do more. To do more would involve the suggestion that a decision of the jury should be less than unanimous. If we cannot get a decision, then the effect of the section is that that fact will be reported to the Minister of Justice and it will then be obvious to the governor in council that some favoured mercy and some did not favour mercy.

Mr. Martin (Essex East): I do not wish to repeat the argument for something less than unanimity except to say this. I believe the minister has treated this point as one of primary substance when it is not one of primary concern. The primary question is the question of whether the accused is guilty or not guilty. Whether or not there should be a recommendation for clemency is not of the same order or category as the main decision; but the minister speaks of the jury, without speaking in terms of majority or minority, both in terms of unanimity with regard to guilt and unanimity with regard to recommendation.

I suggest to the minister the following. The purpose of this clause, I take it, is not to create a new procedure, a new tradition, or in fact really to create new law. The purpose of this clause is to bring home to juries an assumed power which they have had, I suppose, ever since our jury system in capital cases was established. I say this because now, although the law is not at all explicit, juries bring in recommendations for clemency, not in every instance but in so many cases where there is not even any suggestion by the court that they should do so.

That being the case I suggest to the minister that his reluctance to meet the point the hon. member for Welland and others have put will mean that juries will do the very thing I have suggested. Juries will not be able to agree in some instances, and the foreman of the jury will say, "Some of us believe there should be a recommendation for mercy; three of us think there should not, but the rest think there should".

The Minister of Justice, notwithstanding his objective of maintaining the jury as a unanimous body, will be faced I think by a practice which will not be denied under the law as it is to be amended or under the practice which is now followed.

Mr. Godin: Mr. Chairman, I indicated earlier that I was in many ways very much opposed to the amendment contained in clause 13, but at this time I should like to limit my remarks to the suggestion put forward by the hon. member for Welland, which I believe has a great deal of merit, especially when one reads the clause as phrased.

This clause will create many doubts about things which possibly it was the intention of the officer who drafted the clause to clarify. I should like to comment on some of the remarks made by the Minister of Justice a moment ago intending to indicate to the committee that the intention behind this clause was to ascertain that the finding of guilt and the recommendation for mercy would not become two instruments of battle among jurymen.

Certainly if the Minister of Justice meant this seriously he should realize that the clause as phrased does exactly the opposite of what he had in mind. I say this because if it was the intention to enact a clause which would give absolute freedom to jurymen with regard to clemency and it was not to be coupled with the discussion as to guilt, the minister should have said so. But in this clause the minister makes it necessary for jurymen to discuss their recommendation with regard to clemency at the same time as they discuss their finding of guilty or not guilty.

All the jurymen must find in favour of clemency to make such a recommendation, or they must unanimously decide against making any such recommendation. Therefore this clause takes away the right of some

jurymen to vote against clemency and means they will possibly be urged by the other jurymen to go into the question of the accused being not guilty because they cannot obtain a bargaining point and this matter has to be decided unanimously.

Therefore although I am not in favour of this clause dealing with a recommendation for clemency becoming part of our statutes, if it is included in the statute it should be left to the discretion of each and every member of the jury to indicate his wish. It could be indicated to the judge that four jurymen were in favour of recommending clemency and so many others were against it and so on. I feel there is much merit in that suggestion.

If the Minister of Justice will read the clause itself, the first paragraph seems to indicate that the question should be asked of each and every juryman and not of the jury as a whole. The first paragraph of the clause says:

> Where a jury finds an accused guilty of an offence punishable by death, the judge who presides at the trial shall, before discharging the jury, put to them the following question:

If that were meant to mean the jury as a body, the words would be "put to it". If you are going to put the question to "them" you must foresee that you will get an answer from each and every one, and not from the jury as a body.

Later on in the clause the question of whether or not there is a recommendation for clemency is dealt with. How can the jury vote on this matter? They either want clemency or they do not, and they have to vote "yes" or "no". In these circumstances how could they report to the judge that they absolutely do not wish to recommend clemency? It sems to me that this phraseology means it is the intention to obtain from each and every juryman his opinion or disposition with regard to this matter, "Are you in favour of clemency or not?". If this is the intention, why not make the words very clear? It is not a vote; it is not a determination; it is a recommendation in favour of or against clemency.

Surely if it is a matter of a vote of all the jurymen, the vote should be that they favour a recommendation for clemency or they do not. How can you recommend that no clemency be given? You can be against recommending clemency, but certainly you cannot in the same vote decide that no recommendation for clemency shall be made.

I see a slight distinction there. However, I am quite sure that if the minister reads that first paragraph again it will indicate to him that the intention of this clause is to have the question put to each and every juryman. Although I am against the question being included in our statute, I agree that if it is included there is a great deal of merit in the suggestion made by the hon. member for Welland. If it is a matter of recommendation the complete opinion of the men who sat on the jury should be given to the judge. If so many are in favour of recommending clemency and so many are against it, those figures should at least be given. It should be so written in the act, so that the judge will have a clear and definite picture of the jury's intention in deciding the course he is to follow.

Mr. Fulton: Mr. Chairman, I can, I regret, only say again that the jury is here being invited to make a recommendation; it is not being invited to reach a verdict. It is to my mind quite clear that if they are unable to agree, that fact will be reported to the judge and will be included by him in his report to the Minister of Justice.

The experience is that judges make very full reports on these cases and I have no doubt that the opinion or the state of mind of the jury will be ascertained by the judge and reported to the minister. Then it will be reported by the minister to the cabinet. But if what the jury is asked to do is make a recommendation, if they can make a recommendation they will make one as a jury. If they are unable to arrive at a recommendation they will report as much to the judge. Since they are only asked for a recommendation, it seems to me that it is a perfectly satisfactory state of affairs.

Mr. Deschatelets: I do not think this clause should be carried before I have a chance to outline the ridiculous position in which our judges would be placed in a number of instances should this provision be enacted. If a jury finds a man guilty of murder and decides to make a recommendation for clemency the judge is placed in the ridiculous position of having to go to his room, return with his black gloves and tricorne and everything else before sentencing the accused to death, knowing full well that in most cases the sentence will be commuted because of the jury's recommendation.

I am sure most judges would be reluctant to take part in what I would term to be a comedy. It is not good for justice that a man should be sentenced to death when we know full well—and the words of the Prime Minister leave no room for any other interpretation—that in most of these cases where clemency has been asked by the jury the sentence will not be carried out. I can imagine that in such cases the lawyer will say to his client, "Do not worry; we have a recommendation for clemency. This is only for fun; the sentence will never be carried out". This is something we should bear in mind before this clause is carried.

Mr. Fulton: The hon. member's concern for the situation of the judges would carry a good deal more weight if I did not know for a fact that many judges place themselves in the position which the hon. member has described, because at the present time it is far from rare that a judge who, following a verdict of guilty from a jury has solemnly donned the black cap and sentenced the accused to death, yet recommends in his report to the Minister of Justice that mercy should be shown. So I do not think the hon. member need have any fear about judges being placed in a ridiculous position. The judges themselves are, frequently, not reluctant to express their views for such guidance to the governor in council as may be attached to them with respect to whether or not mercy may be shown, notwithstanding that the jury had brought in a verdict of guilty and that they themselves had pronounced the death sentence.

Mr. Deschatelets: I do not want to pursue this point at length, but I think the minister himself must be aware of the criticism made by many judges in this country when death sentences which they have imposed have been commuted. I think that when we are trying to introduce a new concept of law dealing with the death penalty we should endeavour at the same time to find a system which would avoid such circumstances as I have described.

Mr. Fulton: If there be anything wrong with this situation I can only say that in some cases it is created by the judges themselves inasmuch as they make recommendations of their own notwithstanding the verdict of the jury. What we are doing here is clearing up an uncertainty in the law, namely, whether or not the jury has the right to make recommendations. That is the main purpose of this clause. The legislation provides means of establishing in the minds of juries that they have this right if they wish to exercise it and that their recommendations will be reported to the Minister of Justice. This is no great departure, seen in its proper prospective. It merely makes clear that the jury has the right to make such a recommendation. At the moment there is some doubt about it.

Mr. Godin: As I indicated a moment ago when I made some observations about what had been said by the hon. member for Welland, I have something more to say about this particular clause, clause 13. I trust I shall have the support of many members of this committee in my efforts to ascertain that this clause is not passed and shall not be placed on our statute books.

The Minister of Justice indicated that judges will not be embarrassed if there is a recommendation to mercy—that they will don the black cap and pronounce sentence notwithstanding. But what cap will the cabinet wear when it considers one of these recommendations to mercy; what gown will it put on and under what terms will it make a choice between death and life imprisonment? I am sure members of this committee are entitled to ask the Minister of Justice these questions. We know that throughout history statutes have been made pertaining to royal prerogatives. They have always been used to limit them, not to enlarge them. This statute, however, will be a procedure to enlarge the royal prerogative of mercy. I realize it is fitting that such a recourse should be in existence. I consider it to be a great and extraordinary thing, and in my opinion it should remain thus. It should not be placed in the hands of politicians as the product of a statute. This clause means placing into the hands of politicians final responsibility in the matter of capital punishment in this country and to that I am absolutely opposed.

No one who knows something about the confusion which this clause can bring about has failed to support my views on this matter. We know that recommendations, if they have any value, will be made by juries in certain areas. The government is the government of all Canada. We know that possibly it will become known that in certain areas juries will commonly bring in recommendations for mercy—recommendations which are invariably followed by the politicians. How can citizens be assured that justice will be done if politicians have the final decision on a matter of this grave importance?

Mr. Browne (St. John's West): I wonder if I may ask the hon. member a question? Does he not think that the setting up of different categories of murder will lead to fewer cases coming before the cabinet for consideration, and does this not mean that the use of the royal prerogative will be reduced rather than extended?

Mr. Godin: I am speaking on behalf of those individuals who should like to see justice done by our courts. That is why I voted in favour of the principle of this bill. That principle involves an attempt to indicate to our courts, judges and juries, what constitutes the offence of murder to be punished by death, and what constitutes the other types of murder, punishable by life imprisonment only. It is only in respect of the determination of the gravity of the crime which should be contained in this bill. It should be set forth clearly for the guidance of the judges and jury in determining what constitutes a

crime which is punishable by death, and a non-capital crime, although murder, punishable by life imprisonment. That decision should rest with the judges and juries in this country and not be placed into the hands of the politicians and crown employees.

I am speaking in regard to clause 1 because I feel that clause 13 is coupled with the other clauses of the bill. I find it very odd that we should concern ourselves with the fine distinctions which we have attempted to make between capital and non-capital murder.

As the bill is now proposed, I suggest the police officers, the crown prosecutors, and other employees in the field of justice will make the decisions as to whether an offence is capital murder or non-capital murder. I say that is absolutely wrong. I suggest that our courts, judges and juries should decide what crime an accused individual is guilty of, and that the penalty should be provided by legislation.

I should like to suggest that in certain cases there will be doubt as to why an individual was charged with a non-capital murder which carries only a sentence of life imprisonment. There might very well be talk of the fact that a man has contributed $10,000 in order to protect his son, following which a charge of non-capital murder was laid.

Mr. Fulton: Mr. Chairman, on a point of order. I understood the issue of the principle of the bill was decided some days ago during second reading.

The Chairman: It seems clear to me that the hon. member is not discussing clause 13 at this moment.

Mr. Godin: Mr. Chairman, I am discussing clause 13 and all its implications, because I say we are making distinctions at the tail end of our legislation in regard to the decision to lay a charge of capital murder or non-capital murder, and leaving it to the cabinet, composed of politicians, to decide upon clemency.

Mr. Fulton: Mr. Chairman, on a point of order, my hon. friend is not only out of order but is wrong. The present provisions of the Criminal Code provide that the cabinet shall review capital cases. This bill does not provide that at all, so my hon. friend could not be talking about this bill.

Mr. Godin: Mr. Chairman, by this proposed bill we are asking that recommendations be made to the cabinet in every case where an individual is sentenced to death, or could be sentenced to death. If the minister suggests that there is no reason whatever for this clause being included, because it is included in the Criminal Code, why does the Minister of Justice not agree to strike the clause out?

I do not suggest I have proof or evidence of something wrong in the administration of justice in this country but I have heard lawyers for the defence indicate surprise in finding that a charge of manslaughter had been laid against the accused rather than murder.

The Chairman: Order. The hon. member is again out of order. I must point out that this clause deals only with the recommendations a jury may make after it has reached a verdict, and that the choice of the charge to be laid is a matter that has been disposed of.

Mr. Godin: Mr. Chairman, we all appreciate that a verdict rendered by a jury must be rendered in accordance with the charge laid. Perhaps I should agree that the realm of discussion in respect of clause 13 should be limited and that you, Mr. Chairman, are quite right in finding that the discussion regarding the choice of charge to be laid is out of order in the discussion on clause 13. I have been discussing that subject because it is very difficult to distinguish between the subjects included in different clauses.

Regarding clause 13, I am sure all hon. members will realize that there must be uniformity of justice throughout this country, as provided by the British North America Act, and that recommendations to be made by the provisions of this clause will be made to the cabinet. I would suggest that because juries in a particular area are found to be inclined to make recommendations for clemency, that murderers will take their victims on joy rides into those areas in order to be liable only to a sentence of life imprisonment.

Mr. Brunsden: Mr. Chairman, will the hon. member permit a question?

An hon. Member: Oh, sit down.

Mr. Brunsden: Is the hon. member suggesting that there is a difference in the administration of justice in various parts of Canada?

Mr. Godin: I have suggested that there could not be such a difference if the law were defined clearly, but I suggest that a different interpretation is possible under the provisions of this bill because it tends to divide murder into two classes, one considered culpable, which is called capital murder, and the other less culpable, called non-capital murder. I suggest the law today, as proposed by this bill, particularly clause 13, should be clear in its definition of the two classes of murder.

Mr. Brunsden: Mr. Chairman, on a point of order. I asked the hon. member a question and he has not answered it.

An hon. Member: He does not have to answer it.

Mr. Chevrier: That is not a point of order.

Mr. Godin: Mr. Chairman, I do not wish to lecture the hon. member but I have just stated that according to our law today the same distinction of the crime of murder applies throughout Canada, if that is what his question has reference to.

I object to this proposed clause 13 because of the flimsy recommendations which our judges will now ask our juries to make in regard to capital and non-capital murder, which involves an element of distinction which is not properly defined, and which could result in different applications of the law in different parts of the country. I trust the hon. member understood that.

I suggest the law is clear today and that we should retain that clarity in respect of the distinctions which are proposed by this bill. This is a distinction provided by this bill to permit our judges and juries to make findings appropriate to specific circumstances. I am not in favour of introducing a procedure which will bring about the uncertainty of the application of this measure. My great fear is not so much what recommendations we may have from different localities. That difficulty may be overcome. What I am concerned with is what is the cabinet to do with the recommendations? Is the Minister of Justice prepared to say that when there is a recommendation from a jury which comes from the area where the crime was committed that the cabinet is entitled to disregard it and not commute the sentence? What will the cabinet do in other instances? Why make the cabinet the court of appeal, as this clause does? Why not give the authority to the judge and jury, those people who have been called in to decide the case on behalf of the citizens or the locality? Why place the cabinet in the position of being the court of appeal? I am sure that this cabinet, or any other cabinet, will regret it for a long time if clause 13, which we are now discussing, passes and is placed in the Criminal Code.

Mr. Winch: May I ask the hon. member a question. Do we gather from what he has said that he is unalterably opposed to any final authority in so far as the prerogative of mercy is concerned?

Mr. Godin: I thought I made that clear. I am not opposed to the royal prerogative. At the present time I am not discussing the royal prerogative. If there is the head of a country, then it is fitting that we give to that authority the right to pardon. This is a part of our society, something which we consider in the development of our social structure and of our democratic way of life as being most fitting. But should we add to this prerogative? By many statutes we have limited the prerogatives of the crown in Canada. We have done this and it was fitting that we should do it. But why increase that prerogative and make it a matter of statute law as we are doing here by way of a recommendation for royal mercy? I say it is the wrong thing to do. It is a backward step for any government to take. I hope I have answered my hon. friend.

Royal mercy should remain an extraordinary thing that a citizen can resort to in special circumstances and possibly obtain it or try to obtain it. To implement it by way of a statute I say is wrong. I trust I have made it clear to my hon. friend that I am not opposed to the right itself which is a beautiful and a wonderful thing and ought to be used on extraordinary occasions. But I do not want to see it any every day matter, nor do I want to see it used as a court of appeal in murder cases.

Mr. Carter: There is just one point in connection with this clause that bothers me a little bit, Mr. Chairman. The hon. member for Nickel Belt has raised the question of what purpose is to be served by this final recommendation. He has implied that the only use it could be put to would be to guide the cabinet in exercising the royal prerogative.

The jury is charged with two separate duties. One is to find whether the person is guilty or not of the charge of capital murder. Well, in that case, on the basis of evidence, an objective decision can be arrived at; but when it comes to consideration of making a decision on the second question, namely whether or not a recommendation for clemency should be made, I doubt very much whether a jury is in the same position with regard to making an objective decision because we all know from what we have seen take place in this house on more than one occasion when this question has come up that our views on it are fairly representative of those of the people of Canada and we know that just as we are divided in this house into two groups, one in favour of abolition and the other in favour of retention of capital punishment, so a jury must also have these two positions represented in it. I say this because a jury will have members who have come to the conclusion that capital punishment should be abolished. I feel sure that this will colour their judgment and they will not

be as objective in bringing in a decision on whether or not there should be clemency as there would be in making a decision as to the guilt or innocence of the accused.

If you are not going to have an objective decision—and I do not think you are—I think because of that fact there will be an effort made to try and get on the jury a number of people who are in favour of abolition so that it can be pretty certain that there will always be a recommendation for clemency. There may be ways of getting over this. I never served on a jury. I do not know whether or not jurors are frequently challenged, but certainly there is this problem of whether you are going to get an objective decision. If this clause is meant to serve a useful purpose, then we should try to improve it and do everything possible to make sure that an objective decision will be obtained.

Mr. Fulton: Mr. Chairman, I think every committee or commission that has considered the question of the exercise of the royal prerogative of mercy has come to the conclusion that it is not possible, if indeed it were desirable, that it should be exercised in accordance with a strict body of law and precedent.

May I just refer my hon. friend to one or two passages from the report of our own joint parliamentary committee, upon which, if I recall rightly, he himself served, when it was dealing with this subject. I will read from paragraph 12 on page 5 of the report:

> Since each case is judged on its own merits, the practice governing remission cannot be reduced to a statement of settled principles. The decision in many cases necessitates a review of varying circumstances and, not infrequently, the weighing of conflicting considerations. It would defeat the purpose of the exercise of the prerogative of mercy to attempt to codify the instances in which it might be invoked. The only safe and fair generalization than can be made is that commutation occurs in all cases where extenuating circumstances of a substantial nature exist or the degree of moral culpability is not sufficient to warrant the supreme penalty.

If these are the principles which are agreed on, and I wholeheartedly support that conclusion although I was not a member of the committee when it brought in its report, if it is agreed then that the considerations in the minds of the cabinet when it exercises the prerogative are many and varied and cannot be codified, then it does seem to me to be perfectly appropriate to say to the jury which has actually heard the evidence that you, too, will not be in a position to make any binding recommendation but of expressing an opinion whether or not there are present in this case the sort of facts which might warrant the suggestion that clemency be considered. This is why I feel, with deference to my hon. friend, it is perfectly appropriate to say to these 12 men who, it is true, may exercise a judgment in making their recommendation based partly on their emotion, nevertheless what do you think about it, bearing in mind that there is first only a recommendation which is not binding.

Mr. Carter: I thank the minister very much. He has clarified my problem quite a bit. If there were something in this clause which transferred what the minister quoted from the report which would sort of set down the principles on which that decision would be based, I think it would solve the problem. But there is nothing here. It simply says that they have to come to a decision whether or not they are going to recommend mercy, and on that basis alone I would think they would hardly be able to divorce their assessment of the evidence from their personal feelings as to capital punishment. That is the problem I was seeking to overcome.

Mr. McMillan: Mr. Chairman, earlier the minister said that there would be no polling of the jury in open court in connection with a recommendation for mercy. Later he said the judge could ascertain what was in the minds of the jury by asking them. I think he said "them" and I understood him to be referring to the individual members of the jury. How can he do this without polling the jury?

Mr. Fulton: I was referring, of course, to what I had understood to be a suggestion made earlier that counsel would have the right to poll the jury. So far as I know the judge can ask the jury any question he wants in order to ascertain what may be their state of mind.

Mr. Godin: If I may return to what the minister said a moment ago, he said that the recommendation made as a result of the study in 1955 and 1956 was that the royal prerogative should remain free and there should be nothing to tie it down. I do not disagree with that in any way but in the light of that I fail to see how the minister could bring froward clause 13 if that was the guiding principle. Clause 13 introduces into the Criminal Code the very thing which will tie the hands of the cabinet in that they will be presented with a recommendation for mercy although it is not stated that they have to recommend mercy. But how could the procedure develop otherwise? In what other way could such a recommendation be treated? Is this not in a sense doing away with the liberty and freedom in respect of the use of the royal prerogative which the minister

has just indicated it was the recommendation of the committee that the cabinet should exercise?

I think the Minister of Justice is going contrary to the recommendation which he said is to be found in the report. He is tying the hands of the cabinet so that the royal prerogative will not be exercised in the free way in which it was before. The cabinet will be tied down by a recommendation which by law must be presented to it. That is the objection I have, and surely the Minister of Justice must realize that he is blowing hot and cold when he says that the purpose of implementing this clause is to retain freedom with regard to the use of the royal prerogative. I say it is quite clear that the procedure which will develop will not tend to retain freedom in the use of the royal prerogative but will limit it and make it susceptible to the tendencies of local juries. It will tie down the use of the royal prerogative to the attitude toward capital punishment that the cabinet may have from time to time. That is why I say that the very principle of freedom in the use of the royal prerogative to which the minister has referred is gravely limited by this clause.

The Chairman: Shall clause 13 carry?

Mr. Deschatelets: On division.

Clause agreed to.

Clause 14 agreed to.

On clause 15—*Approval by governor in council of release after commutation of sentence.*

Mr. Winch: Mr. Chairman, I must admit that this clause puzzles me a great deal. I should like to ask the minister to explain how and why he came to the decision to recommend this clause to the house. According to the explanation, its purpose is to enable the governor in council, in commuting a sentence of death, to direct that the prisoner shall not be released from the imprisonment to which the sentence is commuted without the prior approval of the governor in council.

The reason I say the clause puzzles me is that prior to this session when the Minister of Justice in his wisdom introduced major policy changes in the parole system of Canada and set up the national parole board this group in general and I in particular wholeheartedly supported the advance which the Minister of Justice recommended in our parole system. To the best of my knowledge the new parole board and system of parole have worked exceptionally well. As a matter of fact, I think the Minister of Justice can take a great deal of pride in the changes brought about in the last two years in the parole system.

However, under this clause the parole board and its authority are by-passed with respect to one type of criminal only. Although the board has done a terrific job in the last 18 months it is now by-passed because according to this clause the decision as to parole has to have the prior approval of the governor in council. I think the Minister of Justice knows that I have been interested in this question for many years. For the life of me I cannot conceive that the governor in council knows better than the parole board whether a man who was sentenced to death but has had his sentence commuted to life imprisonment is fit to be released into society or whether he should remain in jail for a number of years more or for the rest of his life. That is the function and purpose of the parole board. The whole function and purpose of the board involve undertaking a study of all prisoners. They study their history and the reports of the warden, the supervisor, the psychiatrist, the psychologist and so on. That is not a job that can be done by the governor in council.

With all the responsibilities that the governor in council has I would think the only understanding they could have with regard to a matter of this sort would be on the basis of information from the parole board. From where can such information come except from the parole board? Surely to heaven the members of the cabinet cannot make a detailed study of all the records, psychiatric and psychological reports and other reports. Of course not. That is why we have the parole board and that board has full power in every other offence involving penalties up to life imprisonment, offences such as rape, manslaughter and homicide without the death sentence. Such cases are the responsibility of the parole board but when it comes to just one type of case, that of the criminal sentenced to death who has had his sentence commuted to life imprisonment—

An hon. Member: He committed a murder.

Mr. Winch: All the others who commit non-capital murder and are sentenced to life imprisonment rather than capital punishment have also committed murder but they come under the parole board. As I read the clause, and I think I am right, when a sentence of death is commuted to life imprisonment that person cannot be granted parole without the consent of the governor in council.

I want it made very clear that I think extraordinary care must be taken that, whether it is 12 years or 50 years, if a man is not fit to be released in society, he should not be released, whether he is in jail for rape,

homicide or any other reason such as punishment as a trafficker. What I cannot understand is why in this particular case the parole board, which is the only body that has knowledge of the matter, is by-passed in the final answer. In this situation the case must go before the governor in council.

I think the Minister of Justice understands why I am a little puzzled. I know he must have had some reason for putting in this provision. I think most of us in this chamber, being reasonable people, would be interested in knowing the reason. Men may be sentenced to life imprisonment for rape and other offences. Why is it that in this particular case the governor in council has the last say?

Mr. Martin (Essex East): Does the minister wish to reply?

Mr. Fulton: Yes. This clause is put in here for two reasons, really. First it must be remembered that the only persons whose sentence of death will be commuted to life imprisonment from now on will be, generally speaking, persons who the jury has decided committed a planned and deliberate killing. My hon. friend must bear in mind that this will be the situation from now on whereas it has not been the situation up to the present time. Up to the present time, all murder carried the death penalty and therefore everyone who committed murder and was convicted of murder would have his case come before the cabinet. Therefore all murderers were susceptible of having their sentences commuted to life imprisonment. From now on, however, the death penalty will be imposed only on those who are guilty of capital murder; that is to say on those who, the jury has found, have committed a planned and deliberate killing. Hence commutation, if it should take place, from now on is going to take place with respect to a man who has committed a planned or deliberate murder or, alternatively, who has killed in the course of the commission of a crime which itself imports the element of planning and deliberation.

The first point is that the type of crime which will now be coming forward for commutation will be a much more restricted one than the type of crime which has been subject to commutation in the past. However, there still may be commutation. We have discussed this matter quite fully already and I shall therefore not go into too much detail. However, let me remind my hon. friend of this fact. There may be this commutation although the verdict is guilty of planned and deliberate killing. For instance, in a case in which, although the man was not proved to be insane within the technical meaning of the law, psychiatrists' reports are such as to raise in the minds of the cabinet a doubt or a feeling that he is not a normally sane person, then in accordance with the well understood practice that we do not hang persons who are not mentally responsible, that man may have his sentence commuted although he has committed a particular type of crime and although he may be a type of person about whom no one at this point in time can say that it would ever be safe to release him again into society.

That is a very grave responsibility. It must be remembered that it is the cabinet which orders the sentence to be commuted. Therefore it is the cabinet which takes the responsibility of saying that this man will not be hanged but will be subject to life imprisonment. In view of the factors that I have outlined we have felt that it is not inappropriate that, in this particular and restricted class of case as it will be in the future, we should say, "The cabinet which orders the commutation shall also bear the final responsibility of determining whether that commutation will now result in his release in society".

In this process we, of course, shall have the benefit of the advice of the parole board. It is not as though we were going to set this man off in a corner where the parole board never saw him. They will have access to his file. They will review his case, and they will make recommendations. The situation simply is this. In that small segment of cases where there may be a real question whether it is ever going to be safe to release this man, we felt it to be appropriate that the cabinet which took the responsibility—not the same individuals but the governor in council—for determining that he should have his sentence of death commuted, should also have to bear the responsibility of deciding whether or not he will be released.

Let me impress upon my hon. friend this final point. This will not be the situation with regard to every case of commutation. This situation—I refer to the situation that the governor in council must finally authorize release—will apply only if at the time of making the commutation the governor in council so orders. In other words the governor in council at the time of authorizing the commutation must say that "in this particular case we think the case is so dangerous or so delicate or so border line that we now provide that he shall not be released on parole unless and until the cabinet authorizes it". May I also remind my hon. friend of another parallel. If in the course of a murder trial the jury were to find that the accused is insane, then the law provides that, instead of being sentenced to death, he shall be

ordered to be detained during the pleasure of the lieutenant-governor in council. In other words he is committed to an insane asylum until the lieutenant-governor in council decides that he is cured or is fit to be released. Then if the cabinet of Canada or the governor in council commutes a sentence because they feel this man is not mentally normal, under the law as it is at the present time there is no parallel authority to order that he be detained during the pleasure of the governor in council. Hence all we are doing is importing into the situation where we order a man detained because we have doubts as to his mental capacity, the same situation that prevails if the jury finds he is insane, in which case the sentence is that he be detained at the pleasure of the lieutenant-governor in council.

Mr. Martin (Essex East): As we come to the end of the amendments I believe we are conscious of the fact that this particular subsection deals with the basic philosophy behind this measure in so far as government policy is concerned. The bill throughout, I think, represents an attempt at laudable compromise. I think the bill—and I have said this previously and I do not recall any comment being made about this by the minister—aims now to put into statute law a practice which quite legally and constitutionally has been exercised by the crown since this administration came into office in respect of the royal prerogative. One has the deep feeling that the considerations which have motivated the crown in Canada in the number of commutations that have taken place are to be found in the principles of this bill. There is nothing wrong and there is certainly no unconstitutional act involved in the crown seeking to put into the law of the land for administration and adjudication by the courts situations which have formed its basic policy in the consideration of how it would exercise the royal prerogative.

However, this clause raises a number of other considerations that were mentioned by the Prime Minister, and the contrast between what the Prime Minister said and what this clause provides cannot go unnoticed. It is time that in this particular the Prime Minister was speaking by way of *obiter dictum* and his remarks did not have the sanctity of any law, but they were the views of the head of the government and on that account must receive more than ordinary attention.

Before commenting on what the Prime Minister said I should remind hon. members of the committee that in this clause the instrument of commutation is provided not by members of the cabinet or by a committee of the cabinet but by the governor in council. It is the governor in council, and not members of the cabinet, who is charged with the responsibility of dealing at some subsequent time with the question of the extent of the accused's confinement.

The Prime Minister told us that these capital cases took a good deal of the cabinet's time. I am aware of that fact. I am aware, as one who sat in Her Majesty's privy council in Canada, that the cabinet of this country is obliged to give much time, and necessarily so as long as the authority is reposed with it, to the consideration of capital cases.

The Prime Minister went on to complain about, I should not say the length of time but undoubtedly, as head of the government with his preoccupations, he was placing on one side the many responsibilities and the many questions that have to be considered and on the other the time that is consumed by the cabinet as a whole in the consideration of capital cases. I suggest that as great a factor as that may be, the number of capital cases in this country are not so numerous as to cause any cabinet to feel that it could not properly discharge its role in the exercise of the royal prerogative.

The Prime Minister went on to remind us that in the United Kingdom the home secretary exercises the power of clemency or commutation without any reference whatsoever to his cabinet colleagues. Indeed I think the Prime Minister went on to say that he does not even discuss it with the lord chancellor. On that score there seems to be some doubt. In any event it is clear that in the United Kingdom the home secretary does not discuss the matter with his cabinet colleagues, except possibly the lord chancellor who is of course a member of the cabinet.

The Prime Minister went on to say that perhaps we might evolve a practice in Canada where the exercise of clemency could be left to the Minister of Justice and the Solicitor General. I would simply point out that I think that would be a dangerous practice to evolve, in the light of the possible compromises because of this clause. In any event, that suggestion of the Prime Minister is not met in this clause because the role of recommending clemency and the ultimate role of determining the extent of confinement is to be exercised by the governor in council under this clause. I think that would have been the proper course for the Minister of Justice to have proposed.

It would seem to me to leave the decision in the first instance and in the ultimate instance to any body other than the governor in council, particularly at this time when this very important measure is about to be

enacted, involving as it does a very important departure from our practice, would be a very dangerous procedure.

The hon. member for Vancouver East wondered why the question of confinement should go back to the cabinet in the first instance. I am satisfied with the validity of the reply made by the Minister of Justice. The minister says that the cabinet, having ordered the commutation, is to be the body that will order the accused to continue in confinement. As the minister pointed out, it will not necessarily be the same cabinet. That is not without some disability because, one cabinet having been seized with all the facts and having ordered commutation in the case of a person in respect of whom the sentence of death was commuted to life imprisonment, will not have the same freshness in the second consideration as the cabinet which had the responsibility for the original act.

Mr. Chairman, I think it is desirable and I strongly support the minister in saying that when we are making very important departures from the punishment of death in the case of wilful murder or, as it is called in the bill, capital murder planned or deliberate, we should make sure that in cases where the sentence of death has been commuted to life imprisonment the confinement is one that will protect the interests of society as well as providing for a proper measure of justice in so far as it is humanly possible to do that by human adjudication and by resorting to human standards.

I do not think there would be satisfaction in the country unless it were provided that the cabinet have the responsibility of reviewing recommendations made by the parole board as to the release of an accused person who had been sentenced to death for the crime of murder.

It may be that we will not always want these particular subclauses to stay on the statute books. It may be that the pressure of government business will make it difficult for a measure of this kind to prevail. Certainly when our country expands to a population twice its present size the problems of government will increase in consequence and so will the responsibilities of the cabinet. There may also be practical considerations and other reasons that will cause us to take a second look at this provision.

However, at this time I think the minister would not be meeting the wishes of most people in this country unless safeguards of this kind were provided. This means the cabinet is going to have put on it double the load about which the Prime Minister complained. If the cabinet now spends a considerable amount of time in considering what it should do in regard to capital cases, it is now going to have to spend perhaps almost double that time in considering them.

I say this because if one bears in mind the record of commutations of this government one realizes the cabinet is going to have to spend a very considerable time in deciding whether or not a parole board's advice should be acted on and whether or not an individual sentenced to death, having had his sentence commuted to life imprisonment, is to be released as having fulfilled the life sentence substituted as a result of the commutation.

One wonders whether there will be the same care exercised by the cabinet with regard to the matter of further confinement or release from prison in the case of one who has been found guilty of murder, who has been sentenced to death but whose sentence has been commuted. Is the government going to take the same care in that direction as is taken with regard to the original act of commutation? I suspect there will be the same care, but I put the question in order to indicate the further burden which will be imposed on the cabinet and, I think, properly so, by this clause. The minister did say a moment ago that this bill does not in any way reduce the royal prerogative. I do not agree. I think this bill does reduce the incidence of the application of the royal prerogative just as the practice of commutation under this administration has resulted in an abridgement of the exercise of the royal prerogative by this particular cabinet executive as compared with its predecessor.

It seems to me that this is a compromise measure. I have expressed the view that although I do not agree with the draftsmanship of the bill it does meet my own point of view in principle. It obviously satisfies the government and it is likely a continuation of the practice which the government has itself pursued in considering how the royal prerogative shall be exercised. But it is a departure. The hon. member for Essex West said he voted for this bill on the assumption that we were retaining capital punishment. I have not read all the speeches made by those who participated in the debate on that subject but I do know that the private view of some members of this house is that through this measure we are taking a very forward step toward removing capital punishment altogether. That being the case, if we are going to be true to the opinions of those who have taken one position or another with regard to this bill it seems to me that this should be a trial measure only. We should resort to no process of finality in this legislation. We should adopt the procedure adopted in the United Kingdom of a five-year trial period—I think it was five years. I should like to see the minister say, without in any

way diluting or abridging the policy which the government has in mind, and without in any way retreating from the position it has taken, that in view of the importance of this matter to the administration of justice in this country the government proposes that this amendment should become law for a period of, let us say, five years or three years at the end of which time the amendment could be reviewed and the government of that day and the parliament of that day would come forward with new recommendations and urdertake a review of the position.

This suggestion does not in any way interfere with the principle of the bill and it would give many people in the country the feeling that in making this important departure we had acted in accordance with humanitarian instincts, in accordance with new concepts of the relation between offenders and the state and in accordance with new standards of morality while being, at the same time, moderate in our action and careful to keep within the rules of prudence. I think that is a consideration to which the minister might well give some attention and I hope he will say something about it.

Mr. Fulton: Before dealing with the last suggestion made by the hon. member for Essex East may I comment on what he said about the remarks made by the Prime Minister in this house on May 29? I think the hon. gentleman has to some extent misinterpreted what the Prime Minister said. The Prime Minister in indicating his views as to the procedures that might be followed in cabinet was doing nothing more or less, as I apprehend him, than taking this house into his confidence, as is so typical of him, as to the ways in which he feels our procedures, even our cabinet procedures, might be improved. The hon. member for Essex East appeared to take from the Prime Minister's remarks the impression that the right hon. gentleman thought a small committee of cabinet should have the final decision. That is not correct. What the Prime Minister said was that he felt that with respect to cabinet procedures we might approach more closely the procedures in the United Kingdom. As reported at page 5528 of *Hansard* the words used were:

> —whereby the Minister of Justice and the Solicitor General would make a determination and recommendation and, on the basis of the opportunity now given to juries to recommend mercy, would be able to bring their recommendation to the cabinet as a whole.

It is clear from those words that the Prime Minister had no intention of suggesting that a small committee of cabinet should make the final decision in these matters and, as I have said, the Prime Minister was not in any way attempting to lay down a principle of law. All he did was to take the house into his confidence with respect to his thinking as to how procedures even in cabinet might be improved.

With regard to the proposal that there should be a five year test period—that we should announce as a government that we are not laying down any final rule but would be prepared to review the act at the end of five years—I appreciate the evident intention of the hon. member to prejudge events and I agree with him that undoubtedly this government will have the opportunity to review the measure in five years. We shall be here five years from now.

But it is not necessary for us to write into the statute an intention to review it in five years. After all, the law is a living thing. The law progresses, and if it is found that in spite of the collective judgment of the government, the House of Commons and the parliament of Canada this has not proved to be a wise and desirable amendment, then, of course, we would invite parliament to make further changes. However, I suggest with all respect to the hon. member that when you are dealing with the law affecting people's lives it is not a good thing to say: we intend to do this for five years to see if it works and if it does not we shall change it.

We believe this legislation is sound and progressive. We are convinced that it meets the wishes of the people of Canada and that it does more. Not only does it reflect public opinion but it reflects that standard of morality of conduct by which the public of Canada would wish, in the highest sense, to be governed. In that sense we submit this bill to the judgment of parliament, not in any inflexible sense, not in the sense of saying "We are doing this and we must be right", but in our firm belief that it is a proper course to take. If it should prove not to have been a wise move, we should be prepared to consider amending it, not in five years, but at any time it becomes apparent that changes should be considered. I do not believe that it would be appropriate to put a five year time limit on any legislation as important and, if I may say so, as well conceived as this which, as I anticipate, will receive that indication from the House of Commons.

Clause agreed to.

On clause 17—*Transitional.*

Mr. Winch: Mr. Chairman, clause 17 is the last clause in this bill and I should like the approval of this committee to say a very few words.

I feel my position as an abolitionist is very well known, and should like to say at this

time I have not changed my view in any way whatever in respect of capital punishment. However, I do wish to say, in respect of the last clause of this bill, that I feel Canada is making a great stride forward in respect of penology, homicide and capital punishment. I find it rather paradoxical, being a strong abolitionist, that I should be discussing legalities and technicalities, but that is what happens when an abolitionist is a member of the House of Commons.

I should like to state that the feeling of this group, and my feeling particularly, is of appreciation and gratefulness for the great strides forward which are being taken, and on behalf of my colleagues I assure the committee that we will lend our unanimous support.

Clause agreed to.

The Chairman: Shall we now consider clause 1?

On clause 1—*Classification of murder.*

Mr. Fulton: Mr. Chairman, at the request of the committee, clause 1 was allowed to stand while we considered the possibility of amendments to take care of three suggestions. The first was that it should be made abundantly clear that a person who kills a police officer, or a member of a police force in the course of discharging the duties of that office, should be presumed to be guilty of capital murder. Second, that a person who kills a prison officer in the course of the discharging of his duties shall also be presumed to be guilty of capital murder. Third, the suggestion was made that the words used in the French version of this bill do not accurately reflect the English words in clause 1 (2)(a). The words involved are "planned and deliberate".

With regard to the first two of those suggestions, as I have indicated, it is our view that by virtue of the present draft, a person who kills a policeman in the execution of his duties, or a prison officer in the execution of his duties, would be guilty of capital murder as presently defined. However, as I indicated earlier, if there is doubt in this regard, in our readiness to be flexible, we are prepared to admit that we should not always have the last word, and are prepared to accept an amendment in order to clear away that doubt. Accordingly, I have had an amendment drafted which I will ask one of my colleagues to move after I have presented and explained its effect.

The first amendment would be made by striking out line 11 on page 1 and substituting therefor the word "person". Second, by striking out line 25 on page 1 and substituting the following:

Subparagraph (iv), or (c) such person by his own act caused or assisted in causing the death of (i) a police officer, police constable, constable, sheriff, deputy sheriff, sheriff's officer or other person employed for the preservation and maintenance of the public peace acting in the course of his duties, or (ii) a warden, deputy warden, instructor, keeper, gaoler, guard or other officer or permanent employee of a prison, acting in the course of his duties, or counselled or procured another person to do any act causing or assisting in causing the death.

The effect of that amendment, Mr. Chairman, will be the adding of another subparagraph to section 202A, (2), which will include beyond any possibility of doubt the killing of a police officer or prison officer in the category of capital murder. I should ask my colleague the Solicitor General to move that amendment.

Mr. Browne (St. John's West): Mr. Chairman, I believe you have a copy of the proposed amendment before you. I beg to move that clause 1 of the bill be amended as has been suggested by the Minister of Justice.

The Chairman: The hon. member for St. John's West moves that Bill No. C-92, an act to amend the Criminal Code (capital murder) be amended as follows:

(a) by striking out line 11 on page 1 thereof and substituting therefor the following:

person,

(b) by striking out line 25 on page 1 thereof and substituting therefor the following:

subparagraph (iv), or

(c) such person by his own act caused or assisted in causing the death of

(i) a police officer, police constable, constable, sheriff, deputy sheriff, sheriff's officer or other person employed for the preservation and maintenance of the public peace, acting in the course of his duties, or

(ii) a warden, deputy warden, instructor, keeper, goaler, guard or other officer or permanent employee of a prison, acting in the course of his duties, or counselled or procured another person to do any act causing or assisting in causing the death.

(Translation):

Mr. Deschatelets: Mr. Chairman, these amendments will certainly meet with the approval of several hon. members.

With special reference to section 1 (b) (i), I should like to remind the Minister of Justice (Mr. Fulton) that this amendment is due to the remarks made by the hon. member for Niagara Falls (Miss LaMarsh) who suggested that subparagraph (i) of that section should include the murder of a penitentiary officer or jail guard—

If I remember well, when the minister stated that he would ask his officials to submit to us an amendment covering that particular case, he added that he would give the merit to the hon. member for Niagara Falls. I am quite sure he will see no objection to doing that.

(Text):

Mr. Fulton: No. I am delighted to have the opportunity to support my hon. friend from Maisonneuve-Rosemont in his tribute to his colleague, the hon. member for Niagara Falls, with respect to her interest in and sponsorship of this suggestion.

The Chairman: Shall the amendment carry?

Amendment agreed to.

Mr. Fulton: Mr. Chairman, with your indulgence, I have one other amendment to move with respect to the French version.

You will recall that some of our colleagues from the province of Quebec questioned the fact that the words "projeté et délibéré", which appear in line 7 at page 1 of the French version, accurately reproduce and translate the sense of the English words "planned and deliberate" where they appear in line 10 of the English version. I have consulted with the officials and with my colleagues who are both highly experienced criminal counsel and etymologists from the province of Quebec and I am advised that the sense of the English phrase "planned and deliberate" are not best rendered in French by the words "projeté et délibéré"; and that the full sense of the phrase "it is planned and deliberate on the part of such person" can best be rendered in French by the phrase "commis de propos délibéré par". I would accordingly ask my colleague the Solicitor General to move the appropriate amendment.

(Translation):

Mr. Browne (St. John's West): I suggest that the French version of paragraph (a), subsection (2) of the new section 202A, which is section 1 of Bill C-92, be amended by substituting the words:

... commis de propos délibéré par ...

for the words

... délibéré de la part de ...

The Chairman: Mr. Browne (St. John's West) moves that the French version of paragraph (a) subsection (2) of the new section 202A, which is section 1 of Bill C-92, be amended by substituting the words

... commis de propos délibéré par ...

for the words

... délibéré de la part de ...

(Text):

Mr. Roberge: Since the Solicitor General was kind enough to move the amendment in French I will compliment him in English. We think it is a step forward and an improvement in the translation of the French version and we approve of it.

Amendment agreed to.

Clause as amended agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read a third time, at the next sitting of the house?

Some hon. Members: Now.

Mr. Roberge: Next sitting of the house.

Mr. Deputy Speaker: Next sitting.

COMBINES INVESTIGATION ACT AND CRIMINAL CODE

EXTENSION OF MORATORIUM RESPECTING B.C. FISHING INDUSTRY

Hon. E. D. Fulton (Minister of Justice) moved the second reading of Bill No. C-97, to amend an act to amend the Combines Investigation Act and the Criminal Code.

He said: Mr. Speaker, as I explained at the time when leave to introduce the bill was given, the purpose of the bill is to provide for a further year a moratorium which was first provided in an amendment in 1959, which has the effect that certain activities of the fishing companies and fishing unions in British Columbia which might otherwise be found to be contraventions of the Combines Investigation Act shall be deemed for this period not to be contraventions. This is necessary because the restrictive trade practices commission now has before it a report of the director of investigation in which he alleges that these practices do raise questions under the Combines Investigation Act. However, the matter has not yet been settled, and if we were not to provide this moratorium the fishing industry in British Columbia would be thrown into considerable disorder.

The reason for the delay in settling the issue is that there have arisen certain side issues in the course of the hearings arranged by the restrictive trade practices commission which have been the subject of injunction applications which have unduly protracted those hearings. Therefore I am asking that this moratorium be extended for a further year, until December, 1962.

Hon. Paul Martin (Essex East): I am sure that no one wants to endlessly affect the fishing industry in British Columbia or in any other part of Canada. I believe the reason which the minister has given tonight is the reason he gave last year. If there is a good reason for excluding the fishermen—I put this as a matter of interrogation—why should it be merely a moratorium? Why should there not be some more extended period during which the fishermen are given this protection? Why should they be given this protection for only a limited period of time? It seems to me the minister owes the house a further explanation.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I think the government ought to end this kind of farce here and now. The Combines Investigation Act was designed originally to protect consumers and the ordinary working people of our nation. However, inadvertently, I believe, a misuse is being made of this act. This is a deliberate attempt to smash a legitimate union of the fishermen, and they have been kept out on the limb now for a long time.

I can remember our present Prime Minister (Mr. Diefenbaker) expressing his opinion of the Combines Investigation Act when he was in the opposition ranks. He called for an act that had some teeth in it and for confinement behind bars of those who were found guilty of violating the intent of the act. I am sure that it never was the intent of the act to prevent the working people of Canada from combining with one another to get a fair deal. Yet, by one means or another, over a period of many years now, under both Liberal and Conservative governments, our fishermen have had a gun pointed at their heads. I believe it is high time that the government came clean and discontinued this particular investigation or demanded that the fishing companies produce their own records.

It is very easy. Mr. Speaker, to ask a fisherman to produce his records. These records are a matter of public knowledge. Yet, under the leadership of a former minister of the crown, the fishing companies are holding a gun at the head of the fishermen in British Columbia. This investigation is resented very deeply by all the working people of British Columbia, and we appeal to the government to end this nonsense once and for all. Either bring the fishing companies to task, make them open their books and expose their nefarious dealings to the public or allow the union of fishermen to negotiate as they have in the past in the interests of all our fishermen.

(Translation):

Mr. Alexis Caron (Hull): Mr. Speaker, last year we were bitterly critical of various sections of the combines bill which was then before us. This year, we still have some fears about the way in which the act is administered. The rather simple amendment now before the house, providing for a one year extension of certain privileges granted to fishermen in British Columbia, prompts me to ask this question: Do the fishermen of the rest of Canada not have the same rights as the fishermen of British Columbia?

I know that in the fishing industry, it is often very hard to sell at prices that will enable the fishermen to earn a decent living. If the purpose of this bill is to help needy fishermen, I am quite prepared to support it. On the other hand, if this is true for one part of the country, it must also be true for the rest of the country. Those who fish on the Atlantic coast must be in a similar situation and should enjoy equal privileges.

I am therefore wondering, as was mentioned a moment ago by the hon. member for Coquitlam (Mr. Regier)—I forget the exact name of his constituency—Burnaby-Coquitlam, I think—

An hon. Member: That is right.

Mr. Caron: —well, special case legislation is always rather tricky, and one must always be very careful before accepting or refusing such legislation.

However, I am not prepared to go as far as the hon. member for Burnaby-Coquitlam. I will not say it is like a revolver placed at the back of the head of a certain class of citizens, but I will say that if this is needed —and this must be proven—in one section of the country, it should also be needed in the rest of the country, because the plight of fishermen is serious throughout Canada, and there should be protection both for the Atlantic fishermen and the Pacific fishermen.

I feel they have been exploited by purchasers for many years. If a way, a system can be found that will end such exploitation, I am quite in favour of it and will support the bill. However, I think the minister should show us the need. And if such a need applies only to British Columbia, the minister should tell us why, because I think the Atlantic fisherman has been exploited just as much as the Pacific fisherman.

(Text):

Mr. Frank Howard (Skeena): Mr. Speaker, this is one of those bills which are becoming perennial and each time it is presented the minister is asked to make it applicable across the country, as the hon. member for Hull (Mr. Caron) has just suggested, or the minister is asked to make the moratorium effective for a sufficiently long period of time to encompass all of the activities that are going on in the fishing industry of British Columbia because that is what the bill deals with.

The reason that the bill is before us arises from the fact that an inquiry was initiated consequent upon the statement of six citizens five or six years ago, and it is one of the very few inquiries that have been initiated in this way. In general the inquiry dealt

with a price conspiracy in the fishing industry of British Columbia primarily with regard to sales on the export market. Last year there was an amendment to the Combines Investigation Act which provided that it was all right to engage in what we would call illegal conspiracies so far as the export field is concerned, and no sooner was the bill passed than the fisheries association of British Columbia issued a statement that parliament had now agreed that it had been proper for the fishing companies to engage in price conspiracies in past years. This, of course, is quite untrue.

The point is that by a series of legal manoeuvres involving applications for injunctions and so on—I understand the matter is now before the courts so perhaps we should not debate it too much—the inquiry that was started some five or six years ago has not even reached the stage of the restrictive trade practices commission holding hearings and the commission has not even progressed halfway toward making a report on its findings.

Like the hon. member for Burnaby-Coquitlam (Mr. Regier), I think the situation is becoming more farcical all the time. I for one believe that when the Combines Investigation Act was amended by parliament last session the minister should have introduced amendments to those sections of the act which state in essence that it shall not apply to workmen who combine for their own protection, or whatever the phraseology is, to ensure that this sort of legal persecution was discontinued. As I say, this is one of those types of bills that are becoming perennial. We find ourselves in the position of not being able to do anything at the moment other than support it and in effect allow these associations to engage again in illegal activities with the sanction of a statute until the matter is cleared up. But I think it is a disgrace that delaying tactics of this sort can go on year after year and that parliament should find itself in the position of having to provide moratorium after moratorium year after year to allow the situation to continue. I wonder whether I might call it 10.30, Mr. Speaker?

Mr. Churchill: If you would care to finish tonight, we are quite prepared to listen if the hon. member would like to continue for a few minutes.

An hon. Member: Ten thirty.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Would the house leader put on *Hansard* again the business he indicated for the rest of week so that it will be available to hon. members tomorrow?

Mr. Churchill: We will carry on with legislative items tomorrow and Wednesday. First we will take any third readings that are available. Then we will take Bill No. C-97, an act to amend the Combines Investigation Act and the Criminal Code. The third item will be the resolution in the name of the Minister of Justice dealing with the Judges Act and the Exchequer Court Act. The fourth item will be Bill No. C-99, an act to amend the Food and Drugs Act. The fifth item will be Bill No. C-100, an act to provide for the control of narcotic drugs. The sixth item will be Bill No. C-98, an act to amend the Canada Shipping Act. The seventh item will be the resolution in the name of the Minister of Trade and Commerce dealing with the Export Credits Insurance Act. Item No. 8 will be the resolution in the name of the Minister of Agriculture with respect to the Farm Credit Act. Item No. 9 will be the resolution in the name of the Minister of Finance with regard to amending the Financial Administration Act. That is for Tuesday and Wednesday. On Thursday we intend to commence with the estimates of the Department of National Defence. Depending on the progress that we make, we will consider the business for Friday and Saturday. I think it would be unwise to attempt to announce anything in addition to this at the moment.

Mr. Pickersgill: Last week the minister indicated that defence production would follow defence. Is that still the intention?

Mr. Churchill: Yes. Defence production will follow national defence.

It being thirty three minutes after ten o'clock the house adjourned, without question put, pursuant to special order.

Questions

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

C.N.R. GRANTS IN LIEU OF TAXES, MARITIME PROVINCES

Question No. 225—**Mr. Creaghan:**

1. How many urban municipalities in the maritime provinces are in receipt of grants, in lieu of taxes, from the Canadian National Railways?
2. What was the total amount of these grants in 1953, 1957, and 1960?
3. What are the names, and amounts in each case, of the urban municipalities in the maritime provinces whose grant in 1960 was in excess of $25,000?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

The management of Canadian National Railways advise as follows:

1. Thirty three.

2. 1953, $147,096.74; 1957, $213,527.70; 1960, $283,943.24.

3. Cities of Moncton, Saint John, N.B. and Halifax, N.S.: $65,000, $59,000 and $84,882.37, respectively.

TRANSPORT DEPARTMENT SHIPS' CREWS

Question No. 242—**Mr. McCleave:**

1. What are the work hours per week and rates of pay of cooks and stewards serving aboard ships of the Department of Transport on the (a) east coast (b) west coast?
2. What are the work hours per week and rates of pay of crew, apart from cooks and stewards, serving aboard ships of the Department of Transport on the (a) east coast (b) west coast?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

1 (a) The standard work week for cooks and stewards on the east coast is 48 hours. The rates of pay vary depending on the size of the vessel (number of complement) and the area of operation. The rates of pay for cooks range from $221 to $314 per month. The rates of pay for stewards range from $205 to $321 per month.

(b) The standard work week for cooks and stewards on the west coast is 40 hours. The rates of pay vary depending on the size of the vessel (number of complement). The rates of pay for cooks range from $280 to $333 per month. The rates of pay for stewards range rom $274 to $339 per month.

2 (a) and (b) The standard work week for ships' crews, other than cooks and stewards, is 40 hours on both coasts, except for waiters on the east coast and their work week is 48 hours. The following is a list of classifications of ships' crews, other than cooks and stewards. Where there is a range of rates shown, the rates vary depending on the size of the vessel (number of complement) and area of operation:

Classification	Monthly rates of pay	
	East coast	West coast
Boatswain	$238 to $279	$292
Boatswain's mate	248 to 257	284
Quartermaster	230 to 269	289
Leading seaman	248	
Seaman	*200 to 237	279
Ship's clerk	231	
Storekeeper	254	
Boatswain's mate and gasman	248	
Diesel operator	314	
Carpenter	269 to 279	294
Oiler	218 to 272	292
Fireman	227 to 265	289
Dayman	235 to 243	285 to 289
Electrician	289	304
Electrical assistant	303	
Donkeyman	279	294
Winchman	232 to 264	292 to 294
Deckhand	225	279
Waiter	200 to 237	253

* Paid $5 per month extra when performing stevedoring duties.

HOUSE OF COMMONS

Tuesday, June 6, 1961

The house met at 11 a.m.

COMMONWEALTH RELATIONS

EDUCATION CONFERENCE—ANNOUNCEMENT OF MEETING IN INDIA

Hon. Howard C. Green (Secretary of State for External Affairs): I wish to inform the house that at the invitation of the government of India the second commonwealth education conference will be held in New Delhi from January 11 to January 25, 1962. An announcement to this effect is being made today in the various commonwealth capitals and by the commonwealth education liaison committee in London, which is responsible for the co-ordination of the commonwealth education program.

Canada will, of course, accept the invitation of the government of India to attend the conference, and in due course the government will announce the composition of a representative delegation competent to contribute in a constructive manner to the success of the conference.

It will be recalled that the first commonwealth education conference was convened at Oxford, England, in July, 1959 following an initiative taken by Canada at the conference of commonwealth finance ministers in Montreal in September, 1958. The Oxford conference recommended that a second meeting should be held after an appropriate interval to examine in retrospect the general progress of the program and, in the light of experience gained in the first few years of its operation, to consider in what manner the arrangements for co-operation among the countries of the commonwealth could be improved.

The commonwealth scholarship and fellowship plan, which came into effective operation with the beginning of the scholastic year in September, 1960, has already made substantial progress toward its goal of having 1,000 students studying in various commonwealth countries at any one time, at an intake rate of 500 students per year; and it is expected that by the end of 1961 almost all commonwealth countries will have made or offered awards under the plan.

For the first year of the plan's operation 338 scholarships and three fellowships were awarded by all participating countries; of these, 281 scholarships and the three fellowships were in fact accepted. I am happy to be able to report that, in that period, from the total of 281 scholarships we in Canada have had the pleasure of receiving as our guests 101 commonwealth scholars from 25 different countries or areas of the commonwealth. I might add that they are very widely distributed, as follows: Australia, 9; Basutoland, 1; Bermuda, 1; British Guiana, 2; British Honduras, 1; Ceylon, 5; Fiji, 1; Ghana, 5; India, 14; Kenya, 3; Malaya, 2; Malta, 2; Mauritius, 2; New Zealand, 4; Nigeria, 2; Pakistan, 8; Federation of Rhodesia and Nyasaland, 4; Sierra Leone, 1; Somaliland, 1; South Africa, 4; Tanganyika, 1; Uganda, 4; United Kingdom, 13; Singapore, 2; and the West Indies, 9. This autumn we shall be receiving approximately 115 additional commonwealth scholars, so that by the second year of the scheme's operation Canada will have well over 200 of these welcome visitors from across the seas.

The scholars from abroad have done very well in their studies in Canada, which is a tribute to the care exercised by the special nominating committees in their own countries and in Canada by a scholarship selection committee set up for this purpose. The Canadian universities which received the commonwealth scholars deserve a great deal of credit for their successful efforts.

In addition to the Canadian scholarship and fellowship program, significant advances have been made in the area of training and supplying teachers. Although the United Kingdom has carried the largest share of the responsibility in this particular respect, Canada has assisted both by sending teacher trainers to help in the development of teacher training institutions in other commonwealth countries and by receiving trainees to undertake teacher training courses in Canada. Arrangements also exist whereby Canada and other commonwealth countries which have the necessary facilities available send selected teachers and advisers from their own education services to fill key posts in countries where they are most required. By the end of 1960 Canada had sent abroad a total of 20 educators to assist in teaching and teacher training, and plans for significant expansion in this particular field of activity are well under way.

Another important area of co-operation in commonwealth education is that of technical

education, where existing plans are being developed and expanded in accordance with the recommendations of the Oxford conference.

Hon. Paul Martin (Essex East): Mr. Speaker, I am sure hon. members of this house have listened with great interest to the minister's statement and the decision to have a second conference in Delhi, in that great Asian nation of India, is warmly welcomed. The promotion of further educational opportunity among students of the commonwealth provides an additional strengthening of the commonwealth and will afford the opportunity for further understanding and collaboration in a very important area of human endeavour.

We have listened with great interest to this statement which denotes progress in a matter which has so much to do not only with improving the standard of living, but also with the promotion of peace, through the processes of education and enlightenment.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I am always heartened to hear of Canada's participation in commonwealth activities of this type, and am very pleased to know that Canada is sending delegates to the educational conference and is supporting wholeheartedly this educational program aimed to develop peace, reform and prosperity in all parts of the commonwealth.

[*Later:*]

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Can the minister inform the house what steps have been taken and what progress has been made to implement the minister's announcement that $300,000 would be made available to the French speaking nations of Africa for educational and training programs?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, the department is busy working out the details of this program. I cannot give any further information at the present time.

TRADE

WHEAT—ANNOUNCEMENT OF SALE TO POLAND

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, I should like to inform the house that the Canadian wheat board has concluded an agreement with the Polish national trade organization, Rolimpex, for the sale and purchase of approximately 100,000 tons of wheat, equivalent to 3.7 million bushels, for shipment this crop year.

[Mr. Green.]

The wheat has been purchased on a credit basis, and the Canadian government has authorized export credits insurance in order to facilitate this sale. The terms of repayment include 10 per cent cash and the balance as follows: one third payable two years from the date of shipment; one third payable two and one half years from date of shipment; one third payable three years from date of shipment.

[*Later:*]

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to direct a question to the Minister of Agriculture in relation to the announced sale of grain to Poland. I wonder whether the minister could use his good offices in suggesting to the Canadian wheat board that the bulk of these shipments go out through the port of Churchill, thereby allowing western farmers the additional 8 cents to 9 cents a bushel through saving which results from shipment through this port.

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, coming as I do from the west I should like nothing better than what the hon. member suggests in his question. However, if he reads my announcement carefully he will find that this particular deal is for delivery in this crop year. It is physically impossible to take grain out of Churchill before the last week or so of July.

[*Later:*]

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I should like to address a supplementary question to the Minister of Agriculture regarding the sale of wheat to Poland. The minister's announcement of the new sale will be of great interest to prairie grain growers. Can the minister inform the house whether the wheat to Poland will be shipped from eastern or western ports?

Mr. Hamilton (Qu'Appelle): Mr. Speaker, this particular contract for the sale of wheat to the Polish government calls for shipment through the St. Lawrence ports.

NORTHERN AFFAIRS

ANNOUNCEMENT OF REVISION OF OIL AND GAS REGULATIONS

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, I am pleased to announce revisions of the Canada oil and gas regulations applying to the north and to other lands under federal jurisdiction. These revisions are the result of

a great deal of study and two years of discussions with the oil industry. In several important respects they represent a new approach to the handling of oil and gas rights in Canada. They are designed to provide a greater incentive for increased exploration in the north, and to establish a system under which oil and gas can be produced in the north at competitive prices. At the same time they assure returns to the crown commensurate with the value of this great resource.

The regulations have been divided into two basic divisions. The sections dealing with drilling and production have been segregated and grouped together under the title "Canada oil and gas drilling and production regulations". The sections dealing with land disposition have been grouped together under the title "Canada oil and gas land regulations". A number of changes have been made in this part of the regulations to meet the special circumstances of the north in regard to climate, difficulty of access, distance from supply bases, and distance from markets.

Some specific changes are as follows. Up until a year ago the length of a permit term in the north was uniformly nine years. A year ago it was extended to 12 years in the Arctic islands. In the new regulations, in the area between 65 degrees and 70 degrees north, the exploration permit term has been increased from nine to 10 years. This is in recognition of the difficulty of access and problems of exploration in that area. For the same reason, the exploration expenditure requirement on the whole of the mainland has been decreased as a result of experience in operations in this area in the past few years.

Under the former regulations a permittee on going to lease could select 50 per cent of his permit area in blocks of specified size. This provision is maintained, but a new option allows the permittee to select blocks of larger size up to 40 per cent of his permit area. This change is designed to give greater flexibility.

The requirement that crown reserve be disposed of by cash bonus bid only has been removed. The disadvantages of the cash bonus bids are now being recognized throughout the industry. Western Canadian oil is high cost oil, and part of the reason for this is the cash bonus bid system. That system was designed to maximize revenues to the crown in the most active stage of oil development in the west, and at that time was successful in doing so. However, it encourages overdrilling and closer spacing than is necessary; it requires a complicated prorationing system to ensure its continuity, and it encourages inefficient operation because of the diversification of interest in a field. In brief, it is now apparent that the cash bonus bid system if used exclusively in northern Canada would discourage exploration and place a burden on production in the north.

I expect to announce in the near future alternative methods of disposition of crown reserve which will lower the cost of producing oil in northern Canada by decreasing land costs to operators. The cash bonus bid system could be retained for use in appropriate circumstances. Other alternatives could include giving an option to a permittee on going to lease to retain the crown reserve on payment of a higher royalty. This would produce some of the advantages I have referred to, particularly in higher revenues to the crown. Detailed proposals are now under study by the industry, and I will await comments from them before making definite recommendations to the government.

Unit operation is, I think, the real key to the successful and economic development of northern oil and gas. Oil and gas pools are continuous underground and are not broken into fragmented land parcels. Pools can be most efficiently drained by their operation as single units. The method used in disposing of crown reserves must take into account the necessity of ensuring that no more wells are drilled than are necessary. I am confident this will be the key to lower cost northern oil.

As a further incentive to exploration in this remote area, royalty has been reduced from 12½ per cent to 10 per cent. Although this may not appear a significant reduction, it may prove an important factor in many areas of the north where the wellhead cost must be kept to the lowest possible figure. Other minor revisions have been made in the technical and administrative sections of the regulations for clarification and efficiency in administration.

I believe this revised policy establishes a sound legal framework for development of northern oil. The other major requirement, of course, is success in discovery of large oil and gas fields. With encouraging geology in many areas, there is every promise that the necessary reserves will be found. Under these two conditions I look forward with confidence to the development of northern Canada as a major oil and gas producing region. There should be no concern in western Canada regarding possible competition from northern oil. Prairie crude serves the interior continental markets. Northern oil will find its outlet in world markets, and it is for that reason that the achievement of competitive cost is essential to success.

Revision of Oil and Gas Regulations

I realize, Mr. Speaker, that the announcement I have made deals with a very technical subject. Because of this I have endeavoured to make my exposition of the new policies of the government in non-technical language. For the benefit of those persons and companies directly and personally interested in northern oil I have prepared a statement giving in more technical language and in greater detail particulars of the new policies. These are available to members of the press. Should it be the wish of hon. members, I will be glad to table this additional statement at this time. Perhaps, Mr. Speaker, it could also be printed in *Votes and Proceedings* of the house.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, the house will have listened with interest to the statement of the minister on this rather complicated subject. The statement covers a wide range, and I think it is probably more appropriate that it be studied carefully to see exactly what its implications are. There is no doubt about the fact that the oil and gas regulations as originally drafted and now in existence have been in need of revision, and I take it from the statement that there has been a rather extensive revision.

From listening to the minister I do not believe he said anything about the parts of the regulations having to do with the ownership and control of companies taking part in exploration. The regulations on that point as they now exist were the subject of a great deal of discussion back and forth, with some criticism and some favourable comment. I noted that the minister did not deal with that point in his statement and has not relieved our curiosity about it. I shall wait until I examine the regulations to see whether in fact the government has retreated from its so-called Canada first policy, or how the rights of Canadians have been dealt with in these new regulations. I would ask the minister to table his supplementary statement and have it printed, and I should also like to ask him whether the regulations themselves are now available in printed form.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as a member with little technical knowledge and no information with respect to natural gas and oiliness, I want to thank the minister for his informative announcement on this very important question. I cannot resist congratulating the minister again for following this practice. I trust that some of his colleagues will follow his example in the near future, and we shall await with interest the minister's influence on some other members of the cabinet with respect to the practice in the following of which he has set such an excellent example.

Mr. Dinsdale: Perhaps I might be permitted to make a supplementary statement respecting one point raised by the member for Ottawa West. I am happy to assure him that the Canadian participation features of the Canada gas and oil regulations have proved to be in the best interests of Canada, and on the basis of experience they stand in their original form.

Mr. Speaker: What document is it that the minister suggests be printed in *Votes and Proceedings,* both statements or just the first one?

Mr. Dinsdale: It is a supplementary statement providing greater technical detail for those who have a special interest in the subject.

Mr. Speaker: I take it that it is not too extensive. Is it the pleasure of the house that the supplementary statement referred to by the minister be printed in *Votes and Proceedings*?

Some hon. Members: Agreed.

[*Later:*]

On the orders of the day:

Mr. Arthur Smith (Calgary South): Mr. Speaker, I wonder whether I might ask the Minister of Northern Affairs and National Resources whether he has had any indication that any company or companies are interested in proceeding in the immediate future with drilling in the Arctic islands.

I should like to ask the minister another question. I wrote down very quickly his statement to the effect that if a permittee fails to live up to his exploration or drilling obligations he will forfeit his permit. I should like to ask the minister whether any thought has been given to granting himself discretionary power in this matter in the event that there are extenuating circumstances, the difficulty of access to the north and so on, and whether perhaps some provision should be made for extending the permit under certain conditions.

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, in reply to the first question I would say there is indication that there will be active drilling in the Canadian archipelago during the current year. I shall take the second question under consideration.

TRADE

QUOTAS ON EXPORTS TO CANADA—REPORTED STATEMENT BY JAPANESE AMBASSADOR

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Finance a question based on a reported statement by the ambassador of Japan, to the effect that Japan is becoming resentful over the need to fix quotas on its exports to Canada and that it was forced to accept curbs on exports under the threat that otherwise Canada would resort to such measures as the arbitrary fixation of value for customs purposes. Has the minister any comment to make on this statement?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I saw the report in this morning's press of the statements attributed to the Japanese ambassador in a speech made, I believe, in Regina yesterday. Some of these statements are, to say the least, somewhat surprising. The export restraints which the Japanese government is applying on certain exports to Canada in the year 1961 were set forth in a letter written to me by the Japanese ambassador and tabled by me in the house some weeks ago.

These restraints were accepted by the Japanese government, and the kind of statement attributed to the Japanese ambassador in the morning's press it seems to me, is not in harmony or in tone with the letter written to me in setting forth those restraints which the Japanese government is voluntarily applying in 1961 on these designated commodities. These decisions of the Japanese government, as the letter itself indicated, were arrived at by decision of the Japanese government and I think that is perfectly clear.

The whole problem here, as all hon. members are aware, is the degree of concentration of Japanese exports in certain commodities. The Canadian government at all times has indicated its belief that trade between these two countries must be on a two way basis. We look forward to the expansion of trade between the two countries, but not on the basis of continued concentration of Japanese exports in certain selected commodities. That is the position we have taken consistently. We welcome the expansion of trade between the two countries, but not when it takes the form of this concentration to the point where the conditions of competition which Canadian producers are called upon to meet are, in the view of most Canadians, not fair.

Inquiries of the Ministry

Mr. Lucien Cardin (Richelieu-Vercheres): I wish to ask a supplementary question, Mr. Speaker. Has the minister's attention been drawn to a report in the London *Times* of June 1 to the effect that several textile trade associations in Hong Kong have refused to attend a meeting called by the government of Hong Kong for the negotiation of voluntary export quotas until similar proposals from Canada have been considered? Would the minister advise the house exactly what proposals Canada has made to Hong Kong on the establishment of voluntary export quotas?

Mr. Fleming (Eglinton): I have not seen the article in the London *Times* to which the hon. member refers. I have acquainted the house very fully, in my several reports over the past month or so, with the kind of proposals that were submitted to the Hong Kong authorities by the Canadian team that went to Hong Kong to discuss the question of their exports.

FIRES

ALBERTA—INQUIRY AS TO ASSISTANCE OF ARMED FORCES

On the orders of the day:

Mr. H. M. Horner (Jasper-Edson): Mr. Speaker, I should like to direct a question to the Minister of National Defence. The hon. member for Peace River and myself are very concerned about the serious forest fire situation in northwest Alberta. I should like to ask the minister whether he has received any request from the province of Alberta for assistance from the armed forces to help in fighting the serious forest fires in the Edson and Grande Prairie areas of Alberta.

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, no request has been received from the province of Alberta for assistance in fighting these forest fires. Should such assistance be required, the procedure for obtaining it is simple. The premier or provincial authority authorized by him requests assistance from the G.O.C. western command or the commander, Alberta area. These officers have authority to comply with the request as far as their resources enable them to meet it.

BUSINESS OF THE HOUSE

UNEMPLOYMENT INSURANCE ACT—INQUIRY AS TO REVISION THIS SESSION

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Labour a question. In view of the fact that the Prime Minister seems to be anxious to have an adjournment of this house at the end of June, can

the Minister of Labour say whether in that event amendments to the Unemployment Insurance Act will be introduced before the end of June, or will we have to wait until the end of August or some time in the fall?

Hon. Michael Starr (Minister of Labour): No, Mr. Speaker.

Mr. Pickersgill: No what?

Mr. Chevrier: No adjournment?

Mr. Martin (Essex East): Mr. Speaker, in view of the reply "no", does that mean there will not be any amendments to the Unemployment Insurance Act introduced?

Mr. Starr: Not necessarily.

Mr. Martin (Essex East): I take it the answer is they may not be brought in.

HOUSING

C.M.H.C.—ADVERTISEMENT IN PARIS NEWSPAPERS FOR CITY PLANNERS

On the orders of the day:

Mr. M. W. Martin (Timmins): Mr. Speaker, I should like to direct a question to the Minister of Public Works in view of a report in *Le Devoir* of June 5 to the effect that C.M.H.C. placed an advertisement for city planners in the Paris newspaper *Figaro* on May 18. Since this advertisement was entirely in English, would the minister care to inform the house whether C.M.H.C. was hoping to obtain only English speaking city planners in Paris?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, what we did want to obtain was a city planner who would be bilingual.

N.H.A.—REFERENCE TO SPEECH BY MINISTER OF PUBLIC WORKS

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to direct a question to the Minister of Public Works based on a report in the Halifax *Chronicle-Herald* of June 3. The article reads:

> Public works minister David J. Walker "missed the main point" of "repeatedly stated" municipal requests when he spoke Thursday to the national convention of the Canadian federation of mayors and municipalities, Mayor A. T. Alsbury of Vancouver said yesterday.

In view of this statement by the mayor I wonder whether the minister would consider tabling a copy of the text of his speech on that occasion.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I wish to thank the hon. member for Nipissing. I was just hoping that somebody would ask me to table it, and I would be delighted to do so. I have it here already. I must say I have a great debt of gratitude to express to the 700 municipal mayors and reeves at that convention. I have never had a better reception. Of course I complimented them on the magnificent work they are doing, and suggested there was a great field still waiting for them to take advantage of, with all the tremendous opportunities under the National Housing Act. I thank the hon. member.

An hon. Member: Is the minister going to table his congratulations?

Mr. Walker: Yes, I can table them as well.

NATIONAL DEFENCE

SUBVERSIVE ACTIVITIES—ALLEGED INFILTRATION OF DEPARTMENT

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to address a question to the Minister of National Defence. Will the minister undertake an inquiry into the allegation of Mr. John B. Witchell at a meeting in Toronto last night to the effect that the Department of National Defence is infiltrated with subversives?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, I think this is a statement which does not display any degree of responsibility on the part of this ex-employee of the defence research board who is no longer with the department, for good and sufficient reason.

Mr. Hellyer: A supplementary question, Mr. Speaker. Will the minister assure the house that he has satisfied himself fully that there is no authenticity whatsoever in the allegation.

Mr. Harkness: The security precautions in the Department of National Defence, as I think the hon. member well knows—

Mr. Ricard: No, he does not know.

Mr. Harkness: —are pretty good. I think any allegations along this line cannot be taken seriously.

PETAWAWA—INQUIRY AS TO RESULTS OF INVESTIGATION

On the orders of the day:

Hon. Paul Hellyer (Trinity): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Will the minister table the report of the inquiry into the establishment and operation of the Camp Petawawa yacht club?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, I have had a report on this for some time, which I will be very glad to read to the house if it is the desire that this should be done.

Mr. Hellyer: Just table it.

Mr. Harkness: I am quite prepared to table it—

Mr. McIlraith: That was the request.

Mr. Harkness: —or read it, if that is what is desired.

Mr. Speaker: May I ask the minister how many pages there are in the report.

Mr. Harkness: About a page and three quarters, Mr. Speaker.

An hon. Member: That is too much.

Mr. Speaker: Is the house agreeable that it be read?

Some hon. Members: No.

Mr. Speaker: I hear some dissenting voices. Perhaps the more advantageous course would be to table the report.

(Translation):

THE CENSUS

STATEMENT ON USE OF BILINGUAL FORMS

On the orders of the day:

Hon. George H. Hees (Minister of Trade and Commerce): Last Friday the hon. member for St. Henry asked me if I would not find it appropriate to give instructions immediately so that all census enumerators have English and French forms when they call at our homes.

In reply, I should like to say that several forms used by the enumerators are bilingual. As for the other forms, the enumerator receives forms in the language he speaks. However, every briefcase contains forms in the other language and the enumerator must use them when necessary. If his supply becomes exhausted, he is supposed to ask his commissioner to give him some more. We have clearly indicated to the commissioners that enumerators are to have forms in both languages at all times.

(Text):

HEALTH AND WELFARE

ROYAL COMMISSION—INQUIRY AS TO PERSONNEL

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Prime Minister a question in respect of the announcement he made last December of the setting up of a royal commission to inquire into the problem of medical care insurance, particularly. In view of the replies the Prime Minister has given me several times, the last being as late as a week ago, can he say whether he is now in a position to announce the remaining members of that commission, particularly in view of the recent request by the medical association?

Right Hon. J. G. Diefenbaker (Prime Minister): This matter has received very full consideration. We wanted to choose as the chairman someone with experience. We did that in the person of Chief Justice Hall, now the chief justice of Saskatchewan. In view of the fact that his appointment to the court of appeal, then anticipated, would require his presence in Saskatchewan, we delayed proceeding with the appointment of the other members. Now that his work is reasonably up to date so that he will be free, having everything in proper order so far as outstanding judgments are concerned, the appointments should be made at once.

I am most anxious to have these appointments made because there is in the province of Saskatchewan, as the hon. gentleman knows, a commission under the chairmanship of the former president of the University of Saskatchewan, Dr. Thompson. My understanding, at least from what I read in the press, is that the premier of Saskatchewan, Mr. Douglas, is very desirous of having a report from his commission considerably in advance of the report we shall expect of our commission. His purpose would be as soon as possible following that report to introduce a measure applicable to Saskatchewan as a jumping-off place in the competition which is shortly to take place between the hon. member for Assiniboia and himself.

Hon. Paul Martin (Essex East): Of course I have no comment to make on the last part of the right hon. gentleman's answer, but does the Prime Minister not think in the light of this experience, having announced the appointment of the commission over six months ago, it would have been better to select as chairman of the commission, notwithstanding the good qualities of the gentleman he has suggested, someone whose time would have permitted immediate attention to the assignment at hand?

Mr. Diefenbaker: I know of no one in Canada more qualified for this task than Chief Justice Hall. His experience in connection with the Catholic hospital association and hospitals generally is such that we wanted to have him as chairman. I know that after he takes over, a report will be made even earlier than the hon. gentleman now hopes.

(Translation):

PRIVILEGE

MR. CARON—REFERENCE TO ARTICLE IN "LA PRESSE"

On the orders of the day:

Mr. Alexis Caron (Hull): Mr. Speaker, I rise on a question of privilege. In an article published yesterday in the Montreal newspaper *La Presse*, signed by Mr. Alfred Ayotte, about practical bilingualism, are mentioned in addition to the Secretary of State (Mr. Dorion), L. J. Pigeon, Liberal M.P. and Alexis Caron, Conservative M.P. I can easily understand that the hon. member for Joliette-L'Assomption-Montcalm may be flattered, but as far as I am concerned, I strenuously object to the epithet conservative being associated with my name.

Mr. Pigeon: Mr. Speaker, I protest strenuously, even more so than the hon. member for Hull.

(Text):

Mr. Speaker: It may be a question of privilege in ordinary parlance. It certainly does not affect the privileges of the house.

NATIONAL AFFAIRS

DR. CHAPUT—REQUEST FOR STATEMENT BY DEFENCE MINISTER

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I wonder whether the Minister of National Defence would bring us up to date on the case of Dr. Chaput.

Hon. D. S. Harkness (Minister of National Defence): The case of Dr. Chaput is under consideration at the present time.

CRIMINAL CODE

REVISION OF PROVISIONS RESPECTING DEATH PENALTY

Hon. E. D. Fulton (Minister of Justice) moved the third reading of Bill No. C-92, to amend the Criminal Code (capital murder).

(Translation):

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I have no intention of speaking at length at this stage, but after the bill has been considered by the committee of the whole, I should like to make a few brief remarks.

This bill does not amend the definition of murder as found in sections 201 and 202 of the Criminal Code, but it divides it into two classes, capital and non-capital, according as the crime is planned and deliberate or not.

On second reading, I suggested that this definition, along with other provisions of this bill, constitutes in practice, if not in principle, an almost complete suppression of capital punishment. Besides, the remarks made by the Prime Minister (Mr. Diefenbaker) on May 29 last, leave no doubt on that score. In fact, I shall now quote a few lines from the speech of the Prime Minister, as reported on page 5527 of *Hansard*. This is what he said then:

(Text):

I feel that responsibility for carrying out the law and maintaining the safety of the public in each area depends on the jury. Having heard the evidence and having come to the conclusion on the basis of the law as explained to them by the judge that a verdict of guilty is the only one they can bring in, a jury ought none the less to have the right to add a recommendation to mercy, and having done that, to hope that the royal prerogative will be reasonably carried out.

The Prime Minister went on to say further, and I quote from page 5528 of *Hansard* of May 29:

Responsibility now rests squarely upon the jury to determine in its area and on the particular facts of each case what is just and fair, what constitutes the proper course to be followed in the opinion of those who have heard all the evidence and live in the community in which they are desirous of maintaining justice and equity as between the crown and the subject.

These remarks and, indeed, the whole speech made by the Prime Minister leave no room for any other interpretation. I wish also to quote from an article which appeared in the *Globe and Mail* of May 30, 1961, the first paragraph of which states:

Prime Minister John Diefenbaker indicated clearly today that recommendations for mercy by juries on behalf of murderers sentenced to death will almost always be accepted by the government.

(Translation):

Mr. Speaker, I also want to read into the record the first paragraph of an article which appeared in the *L'Action Catholique* of Tuesday, May 30, under the following title:

The cabinet and the recommendations by the jury.

And I quote:

Prime Minister Diefenbaker stated yesterday that the federal cabinet would have to accept recommendations for clemency by the juries in murder cases.

Moreover, said the head of the government, the Minister of Justice and the Solicitor General should be the only two people deciding whether a sentence should be commuted, and not the cabinet as a whole.

Mr. Speaker, when the matter was discussed in the committee of the whole, all hon. members tried, I think, to make this bill as practical and efficient as possible, while taking into consideration the upsurge in the incidence of crime in this country, and throughout North America.

I should point out that, following our studies and discussions on clause 1 and the resulting suggestions, significant amendments were

submitted, several of which were accepted by the government, at the request of members of the official opposition, among whom the hon. member for Niagara Falls (Miss LaMarsh).

While discussing clause 2 we moved various amendments which the government thought it could not accept. Yet the fact of those amendments having been submitted indicates that the bill should be reconsidered so as to meet public opinion with regard to the death penalty.

Moreover, during the discussion of clause 13, we tried to convey to the government that this clause, in particular, was entirely devoid of practical sense.

We moved an amendment which was rejected. And I very respectfully submit that this clause introduces an innovation in our statutes. Hon. members are very much concerned with regard to that clause being passed. I, for my part, cannot accept it, because I think it absolutely impracticable; it will indeed put the jurors in an extremely awkward position and the judges in an impossible one.

I repeat what I said yesterday: when it is proved that a capital crime was committed, when the jury assumes its responsibilities in recognizing the accused guilty of the crime and at the same time decides to make a recommendation for mercy, the judge is placed in the ridiculous position of having to sentence the accused to death, whereas we know very well that, in most cases, the cabinet has the moral obligation of carrying out the jury's recommendation for clemency.

I therefore think that this clause should be reconsidered because it is lacking in realism and we have not every day the opportunity of discussing such a significant bill. Moreover, the minister knows, and the government should realize, that we are introducing new legislation in regard to such an exceptional and important issue as the death penalty.

Let us therefore make sure that any amendments we pass with regard to our statutes are of a practical nature.

Mr. Speaker, the bill has certainly been improved following discussion in the committee of the whole, but it has not yet been tested by experts in criminal law and I would remind the Minister of Justice that when, in the United Kingdom, it was thought proper to amend the law with regard to the death penalty, it was done with the greatest of care. Amendments were introduced only after thorough and searching studies had been completed by experts.

As the minister is aware, the Gower commission was established in 1949, its final report was submitted in 1953 and it is only in 1957, after further studies, that the 1957 homicide act was passed by parliament in London.

In this country, the government has introduced this bill which, as I have already said, is not based on conclusions arrived at by a committee of experts. I do not question the knowledge of the Minister of Justice and his advisers in this matter, but, with all due respect, I must say that these advisers seem to be lacking that direct court experience which would enable them to express an opinion on the major clauses which represent a new law and to tell us whether these clauses would have any practical value before a court under existing procedures.

Mr. Speaker, for these reasons, I submit that the bill should be given further consideration and, supported by the hon. member for Megantic—

(Text):

I move, seconded by the hon. member for Megantic (Mr. Roberge):

That Bill No. C-92 be not now read a third time, but that it be referred to a special committee for the purpose of further study and examination and that such selected committee shall have the power to send for persons, papers, and things.

(Translation):

Mr. Gabriel Roberge (Megantic): Mr. Speaker, I am pleased to support the amendment just put forward by my hon. friend from Maisonneuve-Rosemont (Mr. Deschatelets) on third reading of this bill.

I should like to make a few general remarks to explain why I support the amendment.

On second reading, according to *Hansard*, at least 30 hon. members spoke in the debate, including the Minister of Justice (Mr. Fulton), thus enabling us all to benefit from their experience.

When the bill was considered by the committee of the whole, many hon. members commented on practically every single clause. Even the Prime Minister (Mr. Diefenbaker) deemed it fitting, following the speech of the leader of the official opposition (Mr. Pearson) to refer to his own experience.

Personally, on section 1, I twice urged the minister and the government to allow the bill to be referred to a special committee, which could hear experts on criminal law, people who have practised in criminal courts.

I now paraphrase what I had to say at the time: We are here as a group of legislators, and I think we should use every means provided by parliamentary procedure to gain more information on this proposal.

Division

When the bill was considered in committee, a number of amendments were put forward, even by members on the government side. I refer particularly to the member for Chambly-Rouville (Mr. Johnson) who suggested an amendment to section 2.

The amendments to section 1, both in the English and French versions, were accepted by the government.

At least two amendments were put forward concerning clause 2 and another one concerning clause 13.

I feel, Mr. Speaker, that the proposed amendments indicate that there is still some doubt in the minds of hon. members and it would be advisable, I think, that this bill in its present form be referred to a special committee of this house.

One of the main objections of the minister against referring this bill to a committee of this house is that such procedure would delay the adoption of the bill. It is true that such procedure would cause some delay.

However, I do not believe that any prejudice would result for those who are to be judged under the present Criminal Code.

Indeed, the experience of these last three years indicates that the government or the governor general in council, exercising the royal prerogative has commuted, I think, some 40 death penalties to life imprisonment.

If while the bill is being studied by a special committee any case arose under the Criminal Code, nothing would prevent the governor general in council from exercising the royal prerogative once again.

For all those reasons, Mr. Speaker, I support the motion put forward by the hon. member for Maisonneuve-Rosemont.

(Text):

The house divided on the amendment (Mr. Deschatelets) which was negatived on the following division:

YEAS

Messrs:

Badanai
Batten
Boulanger
Bourget
Bourque
Cardin
Caron
Carter
Chevrier
Clermont
Crestohl
Deschatelets
Dumas
Dupuis
Eudes
Forgie
Garland
Godin
Granger
Habel
Hellyer
LaMarsh, Miss
Leduc
Lessard
Macnaughton
McIlraith
McMillan
Martin (Essex East)
Meunier
Mitchell
Nixon
Pearson
Pickersgill
Richard (Ottawa East)
Roberge
Tucker—36.

NAYS

Messrs:

Aiken
Aitken, Miss
Allard
Balcer
Baldwin
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Brunsden
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Casselman, Mrs.
Cathers
Chambers
Charlton
Chown
Churchill
Clancy
Coates
Comtois
Creaghan
Crouse
Danforth
Diefenbaker
Dinsdale
Dorion
Doucett
Drouin
Drysdale
Dubois
English
Fairclough, Mrs.
Fane
Fisher
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flemming (Royal)
Forbes
Fortin
Fulton
Green
Grenier
Grills
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Hees
Henderson
Herridge
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howard
Howe
Jorgenson
Jung
Kennedy
Kindt
Korchinski
Kucherepa
Lahaye
Lambert
Legere
Lennard
MacEwan
MacLean (Queens)
MacLellan
Macquarrie
McBain
McCleave
McFarlane
McGee
McGrath
McIntosh
McLennan
McPhillips
McQuillan
Mandziuk
Martel
Martin (Timmins)
Martineau
Martini
Matthews
Milligan
Monteith (Perth)
Montgomery
More
Morissette
Morris
Morton
Muir (Lisgar)
Murphy
Nesbitt
Nugent
O'Hurley
O'Leary
Pallett
Parizeau
Pascoe
Payne
Phillips
Pigeon
Pitman
Pugh
Rapp
Regier
Regnier
Ricard
Rogers
Sevigny
Simpson
Smallwood
Smith (Calgary South)
Smith (Lincoln)
Smith (Simcoe North)
Southam
Spencer
Starr
Stearns
Stefanson
Tassé
Taylor
Thomas
Thompson
Thrasher
Tremblay
Villeneuve
Walker
Webb
Weichel
Winkler
Wratten—143

[Mr. Roberge.]

Mr. Speaker: I declare the amendment lost. The question is on the main motion.

(Translation):

Mr. Alexis Caron (Hull): Mr. Speaker, even though the bill was considerably improved due to the suggestions of the hon. member for Niagara Falls (Miss LaMarsh) which were accepted by the minister, I feel that it could certainly stand further improvement so as to be acceptable to those who are against the abolition or reduction of punishment in capital cases. And I am entirely opposed to the abolition of capital punishment. As I said on second reading, where the issue was the principle of the bill, I feel that clause 13 which puts the jury in an extremely difficult situation is a clause which in my opinion tends to cover the minister who seems inclined to abolish capital punishment indirectly.

I suggest that it would be very difficult under such a procedure to find a jury who, faced by the accused, the defence counsel, a family in tears, would be ready to answer: "No", when the judge would put the question: "Are you prepared to recommend mercy?" Moreover, as the Prime Minister said, we know that it would be necessary and practically justifiable for the cabinet to take into account the recommendation for mercy when taking a decision.

Consequently, this is an indirect and practically inevitable way of abolishing capital punishment. Now, I feel we should maintain capital punishment. In my opinion, if the cabinet wanted to abolish it, they should have had the courage of saying plainly: "We want capital punishment to be abolished." Then, at least, we would have known what was the cabinet's position on that question. Under this bill which may otherwise contain very good sections, people who do not have the proper legal training to pass on this matter, will be forced to give the government an indirect means of abolishing capital punishment. If the minister had really wanted to be of service, if he had really wanted to improve his bill, he could have accepted the suggestion which was made to him, namely to compel the judge to say to the jury before they file out to deliberate: "You have the right to recommend or not to recommend mercy for the accused." But that would not have been said in front of the people who usually attend a murder trial, those people who are curious to see how the trial will turn out. The jury would thus have been able to deliberate freely in its private quarters without being influenced by the people around them; we would then have been able to say that the jury's recommendation was based on facts, on a thorough examination, that it has not been brought about by the embarrassment caused to them by the judge asking that question in the presence of the audience.

Because of that and because of the fact that, in my opinion, too much consideration is being shown to a handful of criminals at the expense of the vast number of honest people whom we must protect, I will vote against the bill.

(Text):

Mr. Fulton: Mr. Speaker—

Mr. Deputy Speaker: I am afraid I must inform the minister that he is considered as having spoken, having moved the third reading. Is the house ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The question is the following:

Mr. Fulton, seconded by Mr. Churchill, moves that Bill No. C-92, an act to amend the Criminal Code (capital murder), be now read a third time and do pass.

Is it the pleasure of the house to adopt the motion?

Some hon. Members: Carried.

Some hon. Members: On division.

Mr. Deputy Speaker: Adopted on division.

Mr. Fulton: Mr. Speaker, will you please ask for the yeas and nays.

Mr. Deputy Speaker: All those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: All those opposed to the motion will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Deputy Speaker: Call in the members.

The house divided on the motion (Mr. Fulton), which was agreed to on the following division:

YEAS

Messrs:

Aiken	Campbell (Lambton-Kent)
Aitken, Miss	Campbell (Stormont)
Allard	Cardiff
Badanai	Casselman, Mrs.
Balcer	Cathers
Baldwin	Chambers
Baskin	Charlton
Batten	Chevrier
Beech	Chown
Bell (Carleton)	Churchill
Bell (Saint John-Albert)	Clancy
Belzile	Coates
Bigg	Comtois
Broome	Creaghan
Browne (St. John's West)	Crestohl
Browne (Vancouver-Kingsway)	Crouse
Brunsden	Danforth

Division

Diefenbaker	McGrath
Dinsdale	McIlraith
Dorion	McIntosh
Doucett	McLennan
Drouin	McMillan
Drysdale	McPhillips
Dubois	McQuillan
English	Mandziuk
Fairclough, Mrs.	Martel
Fane	Martin (Essex East)
Fisher	Martin (Timmins)
Fleming (Eglinton)	Martineau
Fleming (Okanagan-Revelstoke)	Martini
	Matthews
Flemming (Royal)	Milligan
Forbes	Monteith (Perth)
Forgie	Montgomery
Fortin	More
Fulton	Morissette
Garland	Morris
Granger	Morton
Green	Muir (Lisgar)
Grenier	Murphy
Grills	Nesbitt
Hales	Nugent
Halpenny	O'Hurley
Hamilton (Notre Dame de Grace)	O'Leary
	Pallett
Hamilton (Qu'Appelle)	Parizeau
Hanbidge	Pascoe
Harkness	Payne
Hees	Phillips
Hellyer	Pickersgill
Henderson	Pigeon
Herridge	Pitman
Hicks	Pugh
Hodgson	Rapp
Horner (Acadia)	Regier
Horner (Jasper-Edson)	Regnier
Horner (The Battlefords)	Ricard
Howard	Roberge
Howe	Rogers
Jorgenson	Simpson
Jung	Smallwood
Kennedy	Smith (Calgary South)
Kindt	Smith (Lincoln)
Korchinski	Smith (Simcoe North)
Kucherepa	Southam
Lahaye	Spencer
LaMarsh, Miss	Starr
Lambert	Stearns
Legere	Stefanson
Lennard	Tassé
Macdonnell	Taylor
MacEwan	Thomas
MacLean (Queens)	Thompson
MacLean (Winnipeg North Centre)	Thrasher
	Tremblay
MacLellan	Tucker
Macnaughton	Villeneuve
Macquarrie	Walker
McBain	Webb
McCleave	Weichel
McFarlane	Winkler
McGee	Wratten—161.

NAYS

Messrs:

Boulanger	Dupuis
Bourget	Eudes
Bourque	Godin
Cardin	Habel
Caron	Lessard
Carter	Meunier
Clermont	Mitchell
Deschatelets	Nixon—17.
Dumas	

Bill read the third time and passed.

[Mr. Deputy Speaker.]

COMBINES INVESTIGATION ACT AND CRIMINAL CODE

EXTENSION OF MORATORIUM RESPECTING B.C. FISHING INDUSTRY

The house resumed, from Monday, June 5, consideration of the motion of Mr. Fulton for the second reading of Bill No. C-97, to amend the Combines Investigation Act and the Criminal Code.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Chown in the chair.

On clause 1—*Application of acts to fishing agreements.*

Mr. Howard: Mr. Chairman, I should like to ask the minister whether he can inform the committee as to the present state of legal proceedings in this regard, and in which courts they are being dealt with.

Mr. Fulton: Mr. Chairman, I regret that I do not have the precise information with me in sufficient detail to enable me to inform the committee as to the status of the injunction applications. I could get that information during the lunch hour and provide it for the hon. member if he wishes.

Mr. Howard: Mr. Chairman, perhaps that would be agreeable, and in the event that no other hon. member wishes to speak at this time we could call it one o'clock.

The Acting Chairman (Mr. Chown): Is it the committee's wish to call it one o'clock?

Some hon. Members: Agreed.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

The Chairman: Is it agreed that I rise, report progress and ask leave to sit again later this day, or at the next sitting, as the case may be?

Some hon. Members: Agreed.

Progress reported.

THE LATE WILLIAM ANDERSON

TRIBUTES ON DEATH OF MEMBER FOR WATERLOO SOUTH

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, once again while the house has been in session one of our members has passed away. This morning he

was about ready to attend the session when he became suddenly ill. He was taken to hospital, where he passed away.

I refer, of course, to William Anderson, a deeply beloved member of this house. He served in the city council of Galt for a period of 12 years before becoming mayor, a position which he occupied for three years. I do not know anyone of whom it could be said in a truer sense than our late friend, that amid all the vicissitudes and thrusts of parliament he enjoyed to a great extent the affection of members in all parts of the house.

Many there are who know of the work he did in helping others. I think of his work in connection with the Red Cross, the contributions as blood donor that he made to that institution, unostentatiously and as silently as he did many other kind deeds. In other fields of endeavour, too, it can be said of him that he loved to serve others. He was on three committees of the house, research, estimates and miscellaneous private bills. He gave devotedly of his best to the service of his constituents, his province and his country. To his widow, his daughter Jean Elizabeth and his son Donald William I express a deep sense of personal sorrow at his passing.

After hon. gentlemen opposite have paid their tributes I intend to suggest, if the house is agreeable, that we adjourn this afternoon until 7.30 this evening. By our adjournment we will reveal in a tangible way something of the feelings that are ours and at the same time we do that which he would have expected us to do, namely carry on our responsibilities.

Again, sir, through you, I extend the sympathy not only of ladies and gentlemen on this side of the house but I know of all sections of this chamber.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, in the passing of Mr. William Anderson the House of Commons mourns yet another of its members who had contributed in more ways than one to the public life of his country. He was the mayor of his city, the representative of a constituency that was highly industrialized, which he represented in this house not only with competence but certainly with faithfulness and loyalty to his constituents.

It is not always easy, sir, to represent a constituency such as that which the hon. member served so faithfully and well from the time he was elected. We on this side of the house feel particularly for the Prime Minister and the members of his party on this occasion. We have been told that not only did this member work hard but that he had driven the whole of last evening and into the night on his way back to perform his duties in the house. There is no doubt that this, along with the other many duties that he performed in the house and elsewhere, took a toll on his physical capacities. There is also the fact that here goes another young man, because relatively speaking he was still a man of youthful age and one who would unquestionably have performed many more tasks for his country.

We join with you, sir, in expressing to your party our deep condolences. To his bereaved widow and his two children go our profound sympathy.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, members of this group join with the Prime Minister, the hon. member for Laurier and all members of the house in expressing our sincere sympathy for this sad and unexpected event. I must say on this sad and in this case quite unexpected occasion words are completely inadequate to express the deep feelings of us all. All in this group extend to his widow and children our most sincere sympathy and trust, Mr. Speaker, that they will find some comfort in the knowledge that he will be long remembered by many people as a colleague, as a friend, as a neighbour and as one given to good works for others and his community.

Hon. Donald M. Fleming (Minister of Finance): Perhaps in this sad moment I might be permitted to say a word. I suppose I knew the late William Anderson perhaps longer than any member of the house. We were natives of the city of Galt. He had been a student of my father at the Galt Collegiate Institute years ago, and there was a very warm bond of friendship between his family and mine and between him and me personally.

I think we are all numbed by the shock of this sad news that has come to us. The hand of death has been laid upon him with great suddenness and with no warning.

On an occasion of this kind, Mr. Speaker, I know it is superfluous to attempt to convey those deepest feelings that such an experience stirs; but I think it can be said of William Anderson that he had won the wholesome regard and complete respect of all members of the house, just as in his own community he enjoyed the widest measure of respect and regard. He had won these rewards by his own native qualities. He was a completely unselfish man. He was unassuming. He had a great desire to be of service to others. This characterized not only the service that he rendered in the municipal sphere and in parliament but all his contacts with other people. There are many people who will be able to testify to a host of personal kindnesses rendered to them and to others within their knowledge by the late William Anderson, a

kindly man to the roots of his being. We mourn the passing of one of God's gentlemen.

Mr. A. D. Hales (Wellington South): Mr. Speaker, perhaps I might be permitted to take a few minutes to say a few words about the late Bill Anderson, whom it was my pleasure to know most intimately for some years. Our ridings adjoin one another. During our last session we roomed together, and I got to know Bill possibly better than others may have. I always found him a most beloved and respected friend, and I am sure I speak for all those in the house when I say just that.

Bill was very well known in his area of Galt and Waterloo South. He rendered great service to that community. He was most interested in the work with retarded children, so much so that the first school in Canada for retarded children was built in Galt. That school bears the name, "The William Anderson School for Retarded Children", and it will be there for years to come as a tribute to the memory of this great and noble public servant.

I should like at this time to express my feelings of sorrow to his wife Jean, his daughter Betty and his son Don, and I can do no better than to use the words of the author who once said, "The light he leaves behind shines upon the path of men".

Mr. Lawrence E. Kindt (Macleod): Mr. Speaker, I should like to place on the record some remarks made by our beloved friend, William Anderson, in the restaurant only this morning. He left his home at eleven o'clock last night and arrived in Ottawa at five o'clock this morning, and in the restaurant he said he had driven all night in order that he might be here for the opening of today's session. He mentioned that he had only missed four of the 58 votes that have been taken in the house, and I am sure we shall all say that this is an amazing record of faithful service.

I knew Bill Anderson well because he occupied the room in this building next to mine and our relationships were always excellent. He often came into my room to tell a story, and his stories were always appropriate and fitted the point he was trying to make. The devotion to duty and hard work of Bill Anderson for the constituency he represented are undoubtedly responsible for his passing today. Bill Anderson died because he used a drug, and the drug he used was hard work. To his widow and his children whom he has left behind go my deepest and most sincere sympathy.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, every member of the house has reason to feel a deep personal loss in the passing of the hon. member for Waterloo South. As his seatmate during the twenty-third parliament and during the first three sessions of the current parliament, I feel I must add my words to those that have already been spoken. I know that every member of the house without exception will long remember Bill Anderson.

Mr. Diefenbaker: Mr. Speaker, shall we now rise until 7.30 this evening?

Mr. Speaker: Is it agreed that the house shall stand recessed in tribute to the late William Anderson until 7.30 this evening?

Some hon. Members: Agreed.

At 2.50 p.m. the house took recess.

AFTER RECESS

The house resumed at 7.30 p.m.

COMBINES INVESTIGATION ACT AND CRIMINAL CODE

EXTENSION OF MORATORIUM RESPECTING B.C. FISHING INDUSTRY

The house resumed consideration in committee of Bill No. C-97, to amend an act to amend the Combines Investigation Act and Criminal Code.

On clause 1—*Application of acts to fishing agreements.*

Mr. Fulton: I think I should put on the record the answer to the question asked by the hon. member for Skeena. There were five actions for injunction dismissed in British Columbia, and it is expected that the companies will appeal. There is one interim injunction outstanding prohibiting a public hearing, and we hope to have this disposed of before the end of June. In Ontario, a permanent injunction was granted by Mr. Justice Parker on May 30, 1961, against the chairman and director prohibiting disclosure of transcripts and documents to the union.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the said bill be read a third time, now?

Mr. Fulton: By leave of the house?

Mr. Martin (Essex East): Next sitting.

JUDGES ACT AND EXCHEQUER COURT ACT

AMENDMENTS PROVIDING FOR APPOINTMENT OF ADDITIONAL JUDGES

Hon. E. D. Fulton (Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Judges Act and the Exchequer Court Act, to provide one additional puisne judge of the Exchequer Court of Canada and to provide salaries for such additional judge of the exchequer court, for two additional puisne judges of the Superior Court of Quebec, for one additional judge of the Court of Appeal for British Columbia, for two additional Ontario county court judges and for one additional Alberta district court judge.

Motion agreed to and the house went into committee, Mr. Flynn in the chair.

Mr. Fulton: I think this resolution is self-explanatory. There is a need for the judges for whom we are asking the committee to provide the salaries in the provinces which are affected, namely, British Columbia, Alberta, Ontario and Quebec, as well as for the Exchequer Court of Canada.

(Translation):

Mr. Meunier: Mr. Chairman, this resolution provides for the appointment of one judge to the Exchequer Court of Canada, of one judge to the court of appeal for British Columbia, of two county court judges for Ontario, of one district court judge for Alberta and of two puisne judges to the superior court of Quebec.

I should like to deal only with the appointment the minister intends to make to the superior court of Quebec. Last year, the minister introduced legislation in the house to amend the Judges Act. At that time, the province of Quebec requested six judges. However, the minister saw fit then to appoint only four, one for the district of Three Rivers, and three for the district of Montreal. In addition, when he was asked why he was not appointing six judges immediately, he stated then, as reported in *Hansard* for June, 21, 1960, that under an agreement with the Quebec administration of the day, he had been told, and I quote:

—they have agreed that the provision of three extra judges at this time, as soon as we can do it, will be a real contribution toward meeting that need. Therefore, there is no quarrel between us on this point.

Later on, while the bill was given first reading, the minister said that, although he was no expert, he felt he had grounds for appointing only three judges for the time being. He added that the matter had been discussed with the former government and that three judges were sufficient at the moment.

It is a fact, however, that the Montreal district has a tremendous backlog of cases, and that the appointment of additional judges would permit disposing of them. The minister added that a committee would be set up to revise the code of civil procedure and that any resulting amendments would facilitate the introduction of cases and consequently would speed up the hearing of trials. He admitted he was no expert in those fields, Nevertheless, he pointed out how complicated the code of procedure was, that no change had been made since 1867 and that certain motions took all the judges' time. I disagree with him on this point because I know that there is never more than one judge per week to preside over those incidental procedure hearings.

He mentioned among other reasons that there was no accommodation for the judges, no rooms for hearings and no offices where the judges could do their work.

What I am trying to tell the minister is that the situation in Montreal has not improved. If anything, the situation has worsened, since space is even scarcer. After all you cannot expect a judge to hold hearings in a hallway. A judge cannot hold court or render judgment in a corridor. There is no accommodation at present in the court house. Will some be provided? I don't know. What I do know is that in provincial courts the number of judges has been increased, but no accommodation has been provided for them. Consequently, there is little room to accommodate other judges.

Here is, then, the question I should like to ask the minister: since the provinces themselves look after the administration of justice, has the minister come to any agreement with Quebec government authorities to appoint those two judges, in order that accommodation and court rooms be provided for them?

That is the only remark I had to make to the minister about what he said last year to explain why he had not, at that time, appointed the two judges he was asked to appoint.

(Text):

Mr. Aiken: Mr. Chairman, I should like to make just a few comments on this resolution with particular reference to the exchequer court. Just recently I had drawn very forcibly to my attention the situation with regard to the shortage of judges in the exchequer court. Obviously I am very much in favour of this resolution which would add a judge to that court and give them at least a chance

to catch up on the large backlog of work which has accumulated.

The situation which was drawn to my attention related to a very unfortunate case in which the plaintiff was severely injured in an accident. I am not going to go into the facts except to say that the parties have been waiting for about 14 months now, in very difficult circumstances, for a decision from the exchequer court. This has caused a great deal of hardship, because regardless of which way the decision goes the parties could have prepared themselves or done something toward remedying the situation. This long wait is another example of the old maxim of "justice delayed is justice denied" and I certainly approve of the resolution.

While making inquiries about this matter I was also advised that the exchequer court now makes a practice of reserving judgment in all cases and then delivering a written judgment. I am not sure whether this is a practice or a policy, but it seems to have grown up and appears to be causing a great backlog in the amount of work that is accumulating in the exchequer court. I am hopeful that the appointment of an additional judge will strengthen the court and will mean they will be able to deal more more expeditiously with the work that comes before them.

Mr. Crestohl: Mr. Chairman, as a practising lawyer I would most certainly support a resolution to increase the number of judges of any court, but I should like to address myself for a moment to the appointment of judges in the district of Montreal in the province of Quebec.

As the minister no doubt knows, our roll in the district of Montreal is running very far behind schedule. I think after a case is finally inscribed for trial one can anticipate a wait of from 12 to 18 months, and one is fortunate if it is reached and comes to trial within an 18 months period. This is the situation despite the fact that the chief justice of the district of Montreal is doing a Herculean job in trying to expedite the work before the courts.

I wonder, also, whether the minister has given any consideration to the level of remuneration for the judges of these courts. We do not hear complaints from judges directly, but I think the men at the bar feel the judges of the superior court of Montreal, and indeed other courts, are not being sufficiently remunerated by the stipend they are receiving. Out of this stipend judges are called upon to pay the regular income tax and the other expenditures which are involved in maintaining their station in life and their method of living in order to maintain the dignity of their office.

I think this is a matter which should receive the minister's attention. I do not doubt that this question does receive the attention of the minister, but we would like to ask the minister to give further consideration to augmenting the stipends of the judges of the province of Quebec. We genuinely feel, when we consider what some practising lawyers earn—

The Chairman: Order. I must indicate to the hon. member that I had no objection when he mentioned in passing the problem of the salaries of judges. However, this resolution has nothing to do with that matter, and we might become involved in quite a long debate if the hon. member were to go into too many details on that subject.

Mr. Crestohl: Certainly, Mr. Chairman, I was only making reference to this question in passing because we are talking about appointing judges—that is what we are really discussing—and therefore we want competent men. I think the question of stipends certainly plays an indirect role in this question.

I was interested in the remarks of the hon. member for Papineau when he mentioned the problem of space for our courts. I think the minister is familiar with the fact that there is very active agitation for the erection of a new superior court building in the district of Montreal. Perhaps the chairman will say I am out of order on this point, but I do not think I am out of order because we do want places in which these judges can sit after their appointment in accordance with the recommendation of the minister in this resolution.

Unless we have the space and courts in the province of Quebec in which they can sit, hear their cases and administer justice, there is no point in appointing them. As the hon. member for Papineau said, they cannot sit in the corridors. However, we are so pitifully crowded in the superior court in the district of Montreal that if I were the minister I would hesitate to recommend the appointment of new judges until I had first solved the problem of where they were to sit. Unless some auxiliary premises are found, this problem will certainly not be solved.

I just wanted to draw these matters to the minister's attention. I know he is very alert to all these situations. Perhaps the minister could say a word about the question of stipends and the places in which the judges can sit and hear their cases.

Mr. Herridge: Mr. Chairman, I rise to express our support for this resolution. While I will not say the minister's judgment is perfect in some spheres of activity, I know he is a very competent member of the legal profession and I presume he has not introduced this resolution without knowing all the circumstances and the necessity for the appointment of these additional judges.

I presume it is safe to say that the necessity for the appointment of additional judges is a sign of our increased population and increased activity in our development, which naturally cause greater activity in the courts, human beings being what they are.

I note there is to be one additional judge appointed to the appeal court of British Columbia. I am going to stay strictly in order; I am not going to deal with judges' salaries because I do not have to plead in front of judges.

An hon. Member: Were you ever a defendant?

Mr. Herridge: No, I have never appeared before a judge either as plaintiff or defendant. The highest court with which I have ever had any experience was a local magistrate's court, a kangaroo court as a matter of fact.

I notice there is a provision for an additional appeal court judge in British Columbia. No doubt this is necessary, but I should like the minister because of the ignorance of persons like myself with respect to these matters, to tell the committee upon what information he bases his decision to provide for the appointment of another judge; what is the source of his information and how does he reach the conclusion that the services of this judge, and other judges are required?

I note the restlessness of a number of legal gentlemen who are waiting for an opportunity to extol the virtues of judges and the necessity for an increase in their numbers, so as an ordinary farmer I shall take my seat.

(Translation):

Mr. Fortin: Mr. Chairman, I should like to add only a few words to say that the lawyers in Quebec city will be jealous of those in Montreal because the latter will benefit from the appointment of two additional judges to the superior court.

I should like, at the risk of being out of order for a minute, to support the suggestions of the hon. member for Cartier (Mr. Crestohl) lest the judges whose ability and talent are recognized be forced to resign and return to private law practice. Indeed, we should seriously think of increasing the judges' salaries. These last few years there has been a periodical increase in the number of judges of the superior court of Quebec. In my opinion the time has come to reconsider the whole system and to make a serious and thorough inquiry into the need for judges in the province of Quebec.

Recourse to a court of law is a right which belongs to the citizens and this right becomes almost illusive because the litigants suffer absolutely uncontrollable but always extremely long delays in the settlement of law procedures.

The hon. member for Cartier said a moment ago that in the district of Montreal it takes from 12 to 13 months for a case to come to court, and one is fortunate if it is reached within that time. In rural districts, the delays are usually from two to three years. I have in mind a case where proceedings were launched in 1955 and, despite all the diligence of the attorneys, the case was not heard before 1960, and the judge was so overloaded with work that the decision itself meant a delay of several more months. In short, people who take legal proceedings often find themselves deprived of their rights.

That is why I would ask the Minister of Justice that, when he considers the appointment of two judges to the superior court for the district of Montreal, he re-examine the whole judicial system by having the attorneys general analyse the needs of the province in that field and the prejudice suffered by the parties to a court action, when they have to wait years before their case is settled. Very often, major witnesses are dead or, more important still, have forgotten most important points; finally genuine rights are lost through such delays.

Consequently, this suggestion would be interesting, in my opinion, if the hon. Minister of Justice were willing to ask the attorneys general to reconsider the whole judicial system so that we may have, in each district, a sufficient number of judges and so that the citizens' right of appeal to the courts be not only an illusion but a right they can use with much more confidence than at present.

(Text):

Mr. Forgie: I support the resolution but I should like the minister to tell the committee what is to be expected of the two county court judges who are to be appointed to the province of Ontario. Are they to be travelling troubadours to relieve other judges who may be hard pressed?

Mr. Fulton: Perhaps I may travel from west to east, as it were, in replying to the various comments which have been made. The hon. member for Kootenay West asked

me on what basis I arrived at a decision to ask parliament to provide an extra salary for an additional judge of the court of appeal of British Columbia. As long ago as 1956, I think, the legislature of British Columbia passed legislation providing for the appointment of additional judges to the court of appeal of that province. When we took office in 1957 I discussed the question with the attorney general and with the chief justice of the court and was advised that there was no pressing need for an appointment to be made then. From time to time since then I have noted that the court of appeal has got behind in its work. Then it caught up again, and the pressure of the work grew once more. I have been keeping a close watch on the situation because in recent months the work of the court of appeal has increased considerably in British Columbia and it is a fact that they are behind in their lists.

In addition it must be borne in mind that last year by an amendment to the appropriate act we provided that the judges of the court of appeal of British Columbia will be judges of the court of appeal of the Yukon. Previously the court of appeal of British Columbia was the court of appeal of the Yukon. Litigants from the Yukon had to travel south to Vancouver or Victoria to have their appeals heard. Now we have constituted a court of appeal for the Yukon itself and a judge from the court of appeal from British Columbia goes to the Yukon territory and, together with other judges, forms the court of appeal in that territory. This means that from time to time a judge of the court of appeal of British Columbia will be out of the province. For this reason, plus the normal increase in litigation, plus the desire of the court to sit at all times in two banks it has seemed appropriate now to allow for a salary to provide for the appointment of an extra judge.

No one here has raised a question in connection with Alberta for which province we are asking a salary for an additional district court judge. However, I can assure hon. members of the committee that I have heard from the attorney general and from the chief judge of the northern judicial district and am satisfied there is good reason for asking provision for this additional appointment.

With respect to Ontario we are asking for provision of salaries for two additional county court judges. I have heard from the attorney general of Ontario by letter and I have also had discussions with him and I am satisfied that there is a present need for two additional judges of the county court. I am sure hon. members will appreciate that in the province of Ontario, widespread as it is, with many counties and districts served by county and district court judges, a situation frequently prevails when a judge in one district falls ill and is unable to discharge his duties. This means that judges from another district have to be sent in and that district, in turn, is left short of judges to serve it. An experiment has been tried recently under the authority of legislation in Ontario of appointing a judge at large, a judge to serve all the districts and counties of Ontario. Judge Wilmott is a judge who is doing that work now and I am informed that this is a signal service to the county and district courts of Ontario. This enables counties which would otherwise be very much behind with the work to receive services they would otherwise not receive.

The request I have received from the attorney general of Ontario is that, if this parliament should authorize salaries to pay two additional district court judges, they would be appointed to the district courts of Ontario.

With respect to the province of Quebec, the hon. member for Papineau reminded us of the discussion last week during which time the government of that province had provided for the positions of five extra judges of the superior court in the Montreal district. We appointed three at that time for reasons which I gave, and which my hon. friend summarized. I suggested that we would keep up with the situation in order to see whether the appointment of these three judges was sufficient to make reasonable progress in reducing the backlog of cases. I am informed by the chief justice that the backlog is as serious as ever. It seems, therefore, to be appropriate now to make provisions for the salaries allowing the appointment of two more judges.

I am fully aware of the accommodation problem in the Montreal courthouse, and can only remind my hon. friend that this is a problem for the provincial government. That government is responsible for providing courthouse facilities where the judges who hold court will sit. My understanding is that a statement has been made that a new courthouse will be provided in Montreal. It does seem to me, therefore, appropriate at this time to provide salaries for the paying of two extra judges. If in fact there is no physical accommodation for them provided, we do not need to appoint them. However, at the first moment accommodation is made available they could be appointed, but to do so we will have to provide for the payment of their salaries, and it seems appropriate to do so at this time. I do not suggest that one or the other could physically be accommodated at this time because judges are very often away from their home districts on other duties. However, I am fully aware of and in agreement with the suggestion made by my hon. friend that physical facilities which exist at

this time are far from adequate. I repeat, I do feel that provision should be made now so that the appointments can be made at the first appropriate and convenient time.

Resolution reported and concurred in.

Mr. Fulton thereupon moved for leave to introduce Bill No. C-104, to amend the Judges Act and the Exchequer Court Act.

Motion agreed to, bill read the first time.

Mr. Speaker: When shall the bill be read a second time?

Some hon. Members: Now.

Mr. Fulton moved the second reading of the bill.

Motion agreed to and bill read the second time and the house went into committee thereon, Mr. Flynn in the chair.

On clause 1.

Mr. Chevrier: Mr. Chairman, is the bill ready for distribution?

Mr. Fulton: The bill is printed, but whether or not it is in the hands of the Clerk for distribution, I am not aware. I have copies here which I can send to my hon. friends in the event that it is not available.

Mr. Martin (Essex East): Mr. Chairman, I think we should all have copies of the bill. It has not been distributed generally and although I have a copy, I think other members of this committee should also have copies.

Mr. Fulton: Mr. Chairman, I am, of course, in the hands of the committee, and if there is any objection to proceeding in committee at this time I should not protest.

Mr. Chevrier: Mr. Chairman, I do not think there is any objection to proceeding at this time, but I think it advisable if we do to have copies available to all members. In respect of a matter of this importance, all members should have the opportunity of studying the bill and I would suggest we proceed with it tomorrow.

Mr. Fulton: I think copies are available now for distribution.

The Chairman: I have copies available now if this committee wishes to proceed.

Mr. Chevrier: I suggest we should not proceed unless copies are available to all members. Otherwise, I suggest we proceed tomorrow.

Mr. Drysdale: It is not a very complicated bill. Do you not want to see more judges in Quebec?

An hon. Member: We should like to see more judges in British Columbia.

Mr. Fulton: Mr. Chairman, if the bill is not available for distribution I suggest it would not be appropriate to proceed.

Progress reported.

FOOD AND DRUGS ACT

AMENDMENTS RESPECTING CONTROL OF BARBITURATES

The house resumed, from Tuesday, May 30, consideration in committee of Bill No. C-99, to amend the Food and Drugs Act—Mr. Monteith (Perth)—Mr. Flynn in the chair.

On clause 1—*Exports.*

Mr. Bourque: Mr. Chairman, I have read with much interest the articles appearing in the newspapers in respect of this proposed legislation and am very pleased to see that something is going to be done now in regard to this situation, the problem having been brought to the attention of this house over a period of three years.

I understand from newspaper articles which I have read that the mayor of Montreal has made certain recommendations to the Department of National Health and Welfare which appear to be incorporated in this legislation. The article to which I refer states that a government source has said that the mayor of Montreal and a delegation from that city expressed complete satisfaction with the—

The Chairman: Order. I am sorry to interrupt the hon. member but I indicated our consideration of clause 1 of the bill has been concluded except in respect of section 33, which deals with the procedure in respect of prosecution for possession, and section 34 (2). Therefore, it seems to me that the hon. member in dealing with general considerations is out of order, unless he can relate his remarks to those specific portions of the bill.

Mr. Bourque: Mr. Chairman, may I humbly suggest that there is only one clause of importance in this bill. This bill has to do with sections 30, 31, 32, and so forth of the Food and Drugs Act, but there is only one item involved. Therefore, I cannot deal with the others.

The Chairman: I must indicate to the hon. member that the committee agreed we would proceed and consider the clauses one by one, and that the discussion would be relevant to each individual clause having to do with a particular section of the act. As indicated, we have passed sections 30, 31,

32, 35, and so forth. We now come to sections 33 and 34(2) which were allowed to stand at the last committee meeting. They are the only ones which are left for consideration by the committee. It seems to me that the discussion should be strictly relevant to these sections.

Mr. Bourque: Mr. Chairman, if I cannot go on as I suggest may I respectfully ask that the report of the Montreal committee which contains the opinions of some of the outstanding social workers, police authorities, medical health officers, educators, doctors, lawyers, pharmacists, criminologists and vocational guidance people be read into the record. If this cannot be done, I should like to suggest that it be made an appendix to today's *Hansard*, because it is a report by leading authorities.

The Chairman: By leave of the committee the hon. member could do that, but I might indicate to him that when the bill is considered for third reading maybe the occasion would present itself when he could make his comments.

Mr. Deschatelets: May I say a word on the suggestion of the hon. member for Outremont-St. Jean. The report he mentions is a very important one. It answers many questions that have been put by members on both sides of the house on the technical aspects of the problem. I would think that it would be a great help at this time if this report were made an appendix to *Hansard*, so that before the third reading of the bill hon. members could have a look at it. It would be of great interest to all hon. members and I ask the minister to agree to the suggestion.

Mr. Herridge: On this point, Mr. Chairman, I have only respect and admiration for the work done by the hon. member in promoting the necessity for this type of legislation, but this is rather a lengthy looking report. I think it would create a rather bad precedent to make it an appendix to *Hansard*. I think your suggestion was a good one, Mr. Chairman, that on third reading the hon. member would have the opportunity in the time allowed to put a substantive part of the report on the record and make his comments at the same time. This would be very useful because the hon. member has had a great deal of experience with this matter and understands the problem much more than some of us who come from the country.

Mr. Monteith (Perth): Mr. Chairman, if I may say a word at this time, I am inclined to agree with the observations of the hon. member for Kootenay West. This is not a report of a committee of the house; it is a report of a body which met in Montreal to consider this problem. I realize its full import, and so on. It has been suggested that if the hon. member wishes to speak on third reading of the bill he might have something to say which he did not say in the previous discussion of the bill.

I should like to point out that we undertook to consider the bill clause by clause, if my recollection is correct, at the request of one of the members of the opposition. Consequently, I think we should stick to the order which was suggested and which was indicated would be the best way to proceed.

Mr. Martin (Essex East): When we were discussing this bill last week, and particularly section 33, the Minister of Justice was not in the house; he was away on business elsewhere. The Solicitor General was associated with the Minister of National Health and Welfare in piloting the bill through the house. At that time I raised a point in connection with section 33 and subsection 2 of section 34. I suggested that a careful examination of those two sections, and particularly the one with which we are now concerned, might indicate that there was a violation of the bill of rights. I pointed out that under section 2 (f) of the bill of rights provision was made for the retention of the presumption of innocence, a common law right that has been extant for many centuries. The Minister of Justice will recall that it was largely as a result of the initiative taken by the hon. member for Maisonneuve-Rosemont that in the committee on the bill of rights it was agreed that there should be included in the bill a formal declaration preserving the presumption of innocence principle which has been part of our common law tradition.

I also pointed out last week in the absence of the Minister of Justice that if there was justification for the contention that section 33 did violate the bill of rights, the Minister of Justice owed the committee an explanation because under section 3 of the bill of rights the minister is under obligation to examine every proposed regulation submitted in draft form to the Clerk of the Privy Council in order to ascertain whether any of the paragraphs thereof are inconsistent with the purposes of the bill. If our contention with regard to section 34 is not a valid one, then the minister of course does not appear to have violated section 3 of the bill of rights, but we are strongly of the view that the section as drawn does violate paragraph (f) of section 2 of the bill of rights.

As the minister was not here, I repeat the argument. Section 33 does provide in (1) that:

If the accused does not plead guilty, the trial shall proceed as if the issue to be tried is whether the accused was in possession of a controlled drug.

That is the issue involved. The onus of establishing that he has not improperly within his possession a controlled drug is imposed on the accused. In other words, there is a presumption of guilt by virtue of being in possession of a controlled drug. The language of paragraphs (a) and (f) of subsection 2 at first glance may appear to create a different situation; but when one reads the whole section together I think one finds it is incontestable that the issue to be tried is whether or not the accused is in possession of a controlled drug and that pursuant to the subsection the court, if it finds that the accused was not in possession of a controlled drug, he shall be acquitted, but if the court finds that the accused is in possession of a controlled drug he must establish certain facts. I suggest that according to the bill of rights that onus should rest on the crown and not on the accused. As I mentioned last week, because this point was taken, no one should suggest that we want to weaken in any way the effectiveness of this legislation which we all approve, but we will not be doing our duty if in the realization of that commendable objective, in the light of this traffic so well pointed out by the hon. member for—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): Hon. gentlemen laugh but it is the hon. member for Outremont-St. Jean who is responsible for this bill. It is his work that brought this about in spite of the fact that it was not fully appreciated. We all remember the derision that attended his remarks when from time to time he brought this question to our attention. I think it is only proper that we would pay him this tribute and I would expect that the Minister of National Health and Welfare or the Minister of Justice of the latter's parliamentary secretary, who confines most of his activities to observations from his seat when matters of importance are discussed, would be among those who would join in recognizing the contribution made by the hon. member for Outremont-St. Jean.

The Solicitor General took note of this point and as a result it was agreed that this section and subsection 2 of section 34 should stand. I do not make any comment at this time on subsection 2 of section 34 because that would be out of order. We can deal with that section when we come to it. But I am sure the government has had an opportunity to give consideration to this matter and we will be interested in knowing what formula it has come forward with to bring this measure into consistency with the bill of rights. Having done that, perhaps the Minister of Justice will then explain to the committee his failure to act under section 3 of the bill of rights.

(Translation):

Mr. Deschatelets: Mr. Chairman, I should like to say a few words in support of the remarks that the hon. member for Essex East (Mr. Martin) has just made to the effect that section 33 particularly, and the first part of section 34 are contrary to the provisions of the Canadian Bill of Rights.

I should like to point out to the minister that under section 33 of this bill, possession is not in itself illegal. Therefore, if a person is brought before the court and charged with having transported or peddled a controlled drug and the crown has, at a given time, proved possession under section 33, the accused may not be condemned for an offence yet, but he is placed under the obligation of proving first that he has obtained the drug from an authorized person and, second, that the drug in his possession is not for trafficking.

Well, if I were counsel for an accused charged under section 33, I would advise him right away to ignore the crown's evidence, to make no move and to let the crown prove possession, because, in that case, there is no offence at all. I fail to see how a judge can convict, under section 33, an accused who is only guilty of having been found in possession of goof balls, because this is not an offence under the law.

The provisions of section 33 were taken almost textually from the Food and Drugs Act, but at that time possession constituted an offence under that act. I suggest that if possession is not considered an offence under section 33, we draw conclusions that are inconsistent, especially if we take into consideration the provisions of the bill of rights that we passed last year.

I think the minister and the government ought to give special attention to that most important point raised by the hon. member for Essex East (Mr. Martin).

What will happen if the government fails to submit this bill, either immediately or after its passing, to the Supreme Court of Canada, in order to obtain a definite opinion? It is to be expected that the first accused to be charged in court under this amendment in clause 33, might well refuse to acknowledge the court's jurisdiction, on the ground that the act is inconsistent with the provisions of the bill of rights, which means that in less than one or two years the act would have become almost inoperative.

Since the point raised is a very serious one, I cannot see why, at some time or other, even after the passing of the bill, it would not be possible for the government to submit, as a reference, to the supreme court this simple question: "Are clauses 33 and 34 in Bill No. C-99 inconsistent with the provisions of the bill of rights and, if so, in what respect?"

Should we adopt such legislation which introduces something new in our law—as the minister stated, this country is perhaps the first to have legislation concerning this kind of barbiturates—I think it would be a good thing in view of the point raised by the hon. member for Essex East to seek the advice of the supreme court so as to be sure that this act is in accordance with the bill of rights passed last year.

Mr. Martineau: Would the hon. member permit a question? Does he think that the procedure concerning evidence described in clause 33 represents something new in criminal law?

Mr. Martin (Essex East): That is not the point.

Mr. Deschatelets: That is not the point.

Mr. Martineau: Well, it is the question I am putting to the hon. member.

Mr. Deschatelets: I shall reply to the hon. member who, I think, was crown attorney.

Mr. Martin (Essex East): The purpose is to correct something new.

Mr. Deschatelets: This provision in sections 33 and 34 existed in another act, but under the other drug and narcotics act, possession was an offence whereas under this act, it is quite obvious and the minister has admitted it—that possession is not an offence. So, if a man is found in possession of goof balls, he is brought before the court and charged with peddling goof balls, and there is no offence, no prima facie case against him, because the only thing against him is the fact of possession, and possession is not an offence.

Therefore, I say this is completely new legislation, in which use is made of the provisions of section 33, under which possession is not an offence, to bring the accused before the court and to force him to appear in the witness box to defend himself when no case can be made against him. In that sense it is new legislation and extremely dangerous legislation.

[Mr. Deschatelets.]

(Text):

Mr. Crestohl: We live in a country which follows the principle that the accused does not necessarily have to step into the box to offer a defence until a case has been made against him. I now invite the minister's attention to subsection 3 of section 33, which reads:

> If the accused establishes the facts set forth in paragraph (a) or (b) of subsection (2) he shall be acquitted of the offence as charged; and if the accused fails to so establish he shall be convicted of the offence as charged and sentenced accordingly.

If the accused finds that the evidence presented by the crown is sufficiently strong and the judge orders that a defence be presented, then the accused can step into the box and offer the explanation outlined in paragraphs (a) or (b). It is our submission, and I point this out to the minister, that it is certainly a violation of the principles of justice in this country that no accused should be compelled to enter his defence until the crown has made a case against him. Subsection 3 of section 33 definitely indicates that the accused shall step into the box and offer an explanation when no case has been made out against him. I say that is a violation of criminal law procedure in this country.

I invite the minister to carefully read subsection 3. I think the point I make has some valid ground, and I support the submission made by the hon. member for Essex East. This is the only point I want to make. Let us not change the criminal procedure in this country by enacting a provision in this bill that the accused shall be compelled to offer an explanation before the crown has made out a case. The accused is not now obliged to do so until a case has been made out against him.

Mr. Fulton: Mr. Chairman, a great deal of importance and, in my view, a disproportionate amount of importance has been attached to the statement made by my hon. friends that this section contravenes the bill of rights, and that what we are doing here is to provide, in effect, that the accused will be presumed guilty even in advance of the proof of the case by the crown. In other words, my hon. friends are suggesting that the mere fact that a charge is laid puts the accused on his defence and that he then has to establish his innocence. Nothing, of course, could be further from the truth.

The crown, under section 33 of the new act, if this bill passes, will have to prove the facts upon which it relies to establish

the guilt of the accused. It is not until the crown has proven its case that the accused is under any obligation to enter a defence. It is a well understood principle of criminal justice that criminal statutes themselves may provide that certain inferences will be drawn from certain facts; that is all that is being done here. In every one of these cases, just as here, the crown has to establish the facts from which the statute then says that the inferences may be drawn. This is particularly true in the case of dangerous substances such as explosives, for instance, and narcotics, and now we are adding goof balls or barbiturates and amphetamines. As I say, in the case of these dangerous substances, it is common to provide that possession, in the absence of a reasonable explanation, will raise these inferences or presumptions on the basis of which the guilt of the accused can then be assumed if the accused is not able to make a reasonable explanation of the origin and purpose of his possession of these dangerous substances. This is a well understood principle of criminal law.

There is another well understood principle of criminal law, and it is this. When you are dealing with the necessity of proving your case, there is a point at which it is proper that the onus of rebuttal should pass to the accused. This again is particularly the situation with regard to those cases hinging on possession. It is, therefore, understood and accepted, and not a contravention of the bill of rights, that when the crown proves possession then the onus shifts to the accused to establish that his possession is innocent, to establish how he came into possession and the purpose for which he has possession. How could the crown possibly establish all these facts which are peculiarly and exclusively in the knowledge of the accused? He alone knows how he came into possession. He alone knows the purpose for which he possesses. It is, therefore, a well understood principle of criminal law that once the crown has proven, with respect to this category of subjects, that the accused is in possession, then the onus passes to the accused to establish that his possession is innocent and that the purpose for which he possesses is lawful.

Now, the hon. member for Essex East, particularly, has made a gross confusion of these two questions, on the one hand of the presumption of innocence and on the other hand of the transference of the onus of proof. It is because he has made this gross, self-deceiving confusion that he has so long detained this committee in his self-defeating attempts to establish that there is here a breach of the bill of rights. The bill of rights says that no statute of the parliament of Canada shall be so interpreted as to deprive a person charged with a criminal offense of the right to be presumed innocent until proven guilty according to law in a fair and public hearing by an independent and impartial tribunal.

If my hon. friend looks at the bill now before the committee, he will find there is nothing in it which presumes the accused to be guilty until the crown has proven its case in accordance with the principles I have outlined. The crown has to establish the fact of possession.

Mr. Martin (Essex East): No, not at all.

Mr. Crestohl: Possession for trafficking, not simple possession.

Mr. Fulton: Does my hon. friend deny that under section 33 the crown will have to establish the fact of possession? Has my hon. friend not read the section?

Mr. Martin (Essex East): Surely the minister is not going to confuse this issue by resorting to these debatable tactics.

Mr. Fulton: I have asked a question: does my hon. friend deny that the crown will have to establish the fact of possession under section 33?

Mr. Crestohl: That is possession for trafficking.

Mr. Fulton: I will ask my hon. friend from Essex East this question, if his colleagues will keep silent for a moment: do any hon. members opposite deny that the crown has to establish the fact of possession under section 33?

Mr. Crestohl: Possession for trafficking.

Mr. Fulton: The question is simple: does my hon. friend deny that the crown will have to establish the fact of possession?

Mr. Martin (Essex East): When the minister is through I will be able to answer his question.

Mr. Fulton: I have not yet received an answer to my question.

Mr. Martin (Essex East): You make your argument and I will give my reply.

Mr. Fulton: I gathered from what was said on the other side of the chamber that hon. members did deny that the crown had to prove the fact of possession. Do I now understand that hon. members opposite do not deny that the crown has to establish the fact of possession because they have not answered my question.

Mr. Deschatelets: Yes.

Mr. Fulton: That is agreed. My hon. friend from Maisonneuve-Rosemont accepts that

the crown does have to prove possession. The law then makes a presumption that the possession is for the purpose of trafficking unless the accused can establish that the possession is lawful or is not for the purpose of trafficking.

Mr. Deschatelets: Will the minister permit me—

Mr. Fulton: But there is nothing new in this. I would direct my hon. friend's attention to a case recently decided in the supreme court of Ontario where this very issue was before the court. I refer to the issue of whether such a presumption in a statute is a contravention of the bill of rights.

Mr. Martin (Essex East): Will the minister give us the name of the case.

Mr. Fulton: Yes, Regina versus Guertin.

Mr. Martin (Essex East): Give us the facts of the case.

Mr. Fulton: If my hon. friend will possess his soul in patience, I will do so. I know he does not like to be caught out.

Mr. Martin (Essex East): Come now; this is not a debating society; you are the Minister of Justice.

Mr. Fulton: Mr. Chairman, my hon. friend always takes refuge in these interjections when the case is going against him. He has spent a considerable part of two days trying to establish that the government has been derelict in its duty.

Mr. Martin (Essex East): That is right.

Mr. Fulton: He has spent two days trying to mislead the public of Canada into thinking that the government attaches no importance to the bill of rights—

Mr. Martin (Essex East): That is right.

Mr. Fulton: —whereas he has so misinformed himself and misled himself that he has just been wasting the time of the house and the country.

Mr. Drysdale: That is right.

Mr. Fulton: We had the provisions of the bill of rights in our minds at every moment when we drafted this bill. I have said—and I have to explain this in words of one syllable in order that I may be certain my hon. friends fully understand—that it is a well understood principle of criminal justice, and not inconsistent with the bill of rights, that with respect particularly to these dangerous and offensive substances, once the crown has proven the fact of possession the presumption is made by law that the possession was for a guilty purpose. The law having made that presumption, the onus is shifted to the accused to prove that the possession was innocent.

That is all this section does. The section says that when the crown has proven possession, the possession shall be presumed to have been for the purpose of trafficking and the onus is then shifted to the accused to establish that the possession was lawful or that it was not for the purpose of trafficking.

When I was interrupted by the hon. member for Essex East I was at the point of referring the committee to the case in the supreme court of Ontario recently where this very issue was before the court, on the basis of whether or not a similar provision of the Criminal Code was inconsistent with the bill of rights.

The section in question was section 80 of the Criminal Code, which provides:

> Every one who, without lawful excuse, the proof of which lies upon him,
>
> (a) makes or has in his possession or under his care or control an explosive substance that he does not make or does not have in his possession or under his care or control for a lawful purpose . . . is guilty of an indictable offence and is liable to imprisonment for five years.

In the case of Regina versus Guertin, reported in "1961 Ontario Weekly Notes", page 134—

Mr. Martin (Essex East): What is the citation again, please?

Mr. Fulton: "1961 Ontario Weekly Notes", page 134. In that case this very issue was before the court. Here is a section of the Criminal Code which says that all the crown has to prove is the fact of possession and then the law presumes the possession was for an unlawful purpose unless the accused can establish that the possession was for a lawful purpose; and the onus of proof, by the provision of the statute, shifts to the accused the moment the crown establishes the fact of possession. Why? Because it is a dangerous substance. That is the reason for these provisions in the code, for similar provisions in the Opium and Narcotic Drug Act, and for the proposed inclusion of this provision in the Food and Drugs Act.

The chief justice of the Ontario court of appeal—Mr. Chairman, I am sorry; I misinformed the committee. I said it was a case in the supreme court of Ontario. The citation to which I have referred is a report of a decision of the court of appeal of Ontario.

Mr. Martin (Essex East): Are you sure you got the facts right?

Mr. Fulton: The case was originally tried by a magistrate and was appealed directly to the court of appeal.

Mr. Martin (Essex East): Was the appeal allowed or dismissed?

Mr. Fulton: The appeal was allowed. The magistrate had held that the shifting of the onus of proof provided by section 80 of the Criminal Code was abrogated by section 2 of the bill of rights, and the court of appeal of Ontario held that this was not the case.

The chief justice of the Ontario court of appeal, commenting on the argument by counsel for the accused that section 80, by putting the proof of lawful excuse upon the accused abrogates or infringes the right of the accused to be presumed innocent until proved guilty according to law, had the following to say:

> I do not agree with this contention. Under section 80 the accused is not deprived of the right to be presumed innocent until proved guilty according to law. The law, it is true, stipulates that upon proof that accused has the explosive substance in his possession, he shall be liable to conviction unless his possession can be justified by lawful excuse. Nevertheless, it is only after conclusion of the evidence, if any, for the defence as well as the evidence for the crown that the trial tribunal is in a position to find his guilt or innocence. The presumption of innocence remains until the whole evidence is before the court. If the accused elects to adduce no evidence or if the evidence he adduces fails to support the defence of lawful excuse, then in either case he may be convicted according to law.
>
> For these reasons, I am of the opinion that section 80 does not abrogate or infringe upon the right to be presumed innocent recognized and declared by section 2 (f) of the bill of rights.

In my submission, Mr. Chairman, this case is completely conclusive of the issue which has been raised by my hon. friends opposite, because of the words of Chief Justice Porter, applying them now to the section before this committee:

> If the accused elects to adduce no evidence or the evidence he adduces fails to support the defence of lawful excuse,—

Transposing the words "fails to support the defence of lawful possession" or "innocent possession", in either case he may be convicted according to law. But in no case may he be convicted until the crown has satisfied the onus of proof which rests upon it, that of proving the fact of possession. Just as in the case of explosives covered in section 80, the crown has to prove the fact of possession and then the onus passes to the accused to establish that the possession was lawful.

A great deal of consideration has been given to this whole question by the courts in the United States under the due process clause. I could cite arguments under the due process clause and the reasoning there, but I think that although the committee will agree that in this respect the United States cases are of interst and of value as illustrative of the process of reasoning in this regard, hon. members would feel that a decision of the court of appeal of Ontario on this very point is conclusive on this question which was raised by the hon. member for Essex East and supported erroneously by the hon. member for Maisonneuve-Rosemont.

Mr. Martin (Essex East): I am sure the Minister of Justice will agree, now he has taken his seat, that an argument of this sort is not going to be resolved by the minister losing his patience—

Mr. Fulton: I have not lost my patience.

Mr. Martin (Essex East): —or by making accusations against those who believe that there is a violation of the bill of rights as a result of this particular subsection. The Minister of Justice may be correct in his contention, but he must also assume that hon. members who raise issues of this sort may equally be proven to be correct.

It is significant that when this point was first raised, the Solicitor General who has had considerable experience in the practice of the law in Newfoundland and who, unlike the Minister of Justice has had considerable contact with the criminal courts where he served, I believe, as a magistrate, did not resort to the petulant tactics of the Minister of Justice.

An hon. Member: Oh come off it.

Mr. Martin (Essex East): Someone says "oh, come on". Well, that is no way in which to attempt—

Mr. Fulton: You don't like to be discomforted.

Mr. Martin (Essex East): The minister, by adopting that attitude, does not add to his stature or to the elucidation of the issue now before us, nor will all the catcalls of the eminent lawyers who sit behind him assist in resolving the problem which faces the Minister of Justice with regard to his duties under the bill of rights.

I was saying that the Solicitor General, when this question was raised, after considerable argument by hon. members on this side of the house, did have a consultation with the Minister of National Health and Welfare who was piloting this bill with the result that they decided to allow this and the other subsection to stand. They thought, at any rate, that some consideration should be given to the point which was raised. The Solicitor General did not say he agreed with the objection which had been taken but he did take the proper course of saying he would have the matter reviewed. The minister comes forward tonight with all the infallibility of one who does not believe in the possibility that there can be any difference about the

interpretation of a statute and tells us: I believe that notwithstanding what you have stated the interpretation of the statute is not as the hon. member for Essex East, the hon. member for Maisonneuve-Rosemont and the hon. member for Cartier have said—I tell you without any hesitation that this is the situation. And all this is before he had started to set out the judgment of Chief Justice Porter, in the province of Ontario sitting in the weekly court with regard to an appeal that had come from a magistrate who had held in the first instance—

Mr. Fulton: What does the hon, member mean by the words "sitting in weekly court"?

Mr. Pallett: Does the hon. gentleman not know it was a court of appeal decision of Chief Justice Porter, Mr. Justice Aylesworth and Mr. Justice Mackay.

Mr. Martin (Essex East): Now we have another Solon sitting over there. The minister told us that in the weekly notes—

Mr. Fulton: The hon. member said "sitting in weekly court".

Mr. Martin (Essex East): The Minister of Justice ought to be able to contain himself and listen to reasoned argument. It might not be one which makes an appeal to him but he should at least attempt to give the impression that he has the judicial manner, and he should allow an argument against his position to be stated without these constant interruptions. It is not characteristic of him. I can only assume that he is tired today after a long—

Mr. Fulton: Not tired, just bored.

Mr. Martin (Essex East): Bored?

Mr. Fulton: Bored. By you.

Mr. Martin (Essex East): The Minister of Justice is bored. The Minister of Justice, who introduced the bill of rights does not like, now, to have the bill of rights used as an argument—

Mr. Fulton: I am waiting to hear the argument.

Mr. Martin (Essex East): The Minister of Justice, who continues to interrupt, who continues to display impatience on hearing a judicial argument, does not wish to be told that the bill of rights he piloted through this house—

Mr. Fulton: I love to see the hon. gentleman irritated.

Mr. Martin (Essex East): —protects, also, the common law right of presumption of innocence as it is carried forward in all legislation passed by this house, and there is a further obligation on the Minister of Justice to indicate whether in his judgment any bill put forward for our consideration represents a contravention of the term of the bill of rights. These are the facts.

When the Minister of Justice says because there are now in the Criminal Code certain sections which say that the mere possession of explosives and, under the provisions of the narcotics act, the mere possession of narcotics, creates an obligation on the part of an accused to explain possession, that is no answer to the particular question raised by the section now before us. We have to analyse this particular section not as it appears to us in the light of sections in the Criminal Code dealing with something else, but in the light of how this particular section itself bears an interpretation with regard to subsection (f) of section 2 of the bill of rights.

The hon. member for Pontiac-Temiscamingue who, likewise, has had some considerable experience in these matters asked a proper question, it seems to me when he drew attention to the fact that under the Criminal Code the mere possession of certain substances, explosives and the like, creates an obligation on the part of the accused to explain the circumstances of possession. We readily acknowledge that this is the case. But these sections in the Criminal Code, like their companion provisions in the narcotics act, came into being as a result of acts by this parliament before the bill of rights was passed. The Criminal Code is replete with all kinds of exceptions to the general rule of presumption of innocence. There are many other punitive statutes which have been passed by this house and passed by provincial parliaments where there is a failure to carry out the common law practice of presumption of innocence. There is no doubt about that.

Mr. Campbell (Stormont): Would the hon. gentleman permit a question? Does he not regard the bill of rights as being declaratory of what already exists in the common law on presumption of innocence, or does he contend that it added anything further to our rights in that respect.

Mr. Martin (Essex East): I thank the learned gentleman from Stormont, because his question substantiates what we have always said about the bill of rights—that it did no more than declare the existing law; that it added nothing to substantive law, but was simply declaratory of what was already the law of the land.

Mr. Campbell (Stormont): What happens to your previous argument, then?

Mr. Martin (Essex East): May I finish what I am saying? I am glad the hon. member has asked that question, because he is confirming

the position taken by the Canadian Bar Association and others that the bill of rights added nothing to the existing law. This being the case, the hon. member says, I am placed in an inconsistent position having used the argument I did a moment ago. I am sure if the hon. member for Stormont will allow me to complete my argument he will then be able to give us a clear and undeniable defence of the position that he is now taking. However, until such time, I know he will listen to me with the respect I am now receiving from the Minister of Justice, for which I am extremely grateful.

Mr. Campbell (Stormont): Will the hon. member explain his obviously inconsistent attitude? How does he explain it?

Mr. Martin (Essex East): Perhaps if the hon. gentleman will listen to me now with care, which is characteristic of his general attitude in listening to learned counsel, he will then receive an answer.

The minister has overlooked the fact that subsection (1) of section 32—this is the governing factor—provides that if an accused pleads not guilty the trial will then proceed as if the issue to be tried was whether the accused was in possession of controlled drugs. That is the governing factor and principle regarding the argument we make in respect of this matter. As soon as an accused has pleaded not guilty, and the issue is joined, then the obligation falls upon the accused to—

An hon. Member: It is not an obligation.

Mr. Martin (Essex East): The onus is on the accused to prove that he is not in possession contrary to the particular section of this act. If that provision does not place the onus upon the accused, and if it does not presume an accused to be guilty in the absence of proof to the contrary, then I do not properly understand Her Majesty's English.

Mr. Fulton: Mr. Chairman, may I attempt to assist the hon. member by returning to the question asked of me earlier? The hon. member asked me whether, under the wording of section 33 (2), the crown has to prove that an accused is in possession of the drug.

Mr. Martin (Essex East): Oh, there is no doubt about that. The section is clear in that respect.

Mr. Fulton: The crown must prove its case in that regard.

Mr. Martin (Essex East): That is not the point. The minister forgets that once a plea of not guilty has been entered the issue is to be tried as though it involved the question of possession.

Mr. Fulton: That is right.

Mr. Martin (Essex East): The issue can only be determined as a result of an accused clearly establishing his legal possession.

Mr. Fulton: No, the crown must—

Mr. Martin (Essex East): If the accused cannot do so then the issue is proceeded with as though—

Mr. Fulton: Perhaps my hon. friend would admit that the crown must first prove possession.

Mr. Martin (Essex East): If an accused cannot explain the circumstances of possession then, according to subsection (3), he must be convicted of the offence. If the accused establishes the facts as set forth in paragraphs (a) or (b) of subsection (2) he shall be acquitted of the offence as charged. However, as I have said, if the accused fails to establish that, he shall be convicted of the offence as charged and sentenced accordingly. If that does not place the onus upon the accused, then the Minister of Justice will have to give me some satisfactory explanation.

Mr. Fulton: Mr. Chairman, my hon. friend is trying to establish that—

Mr. Drysdale: Mr. Chairman, I should like to—

Mr. Fulton: Does my hon. friend suggest—

Mr. Martin (Essex East): Mr. Chairman, I should like to answer these hon. gentlemen one at a time, and perhaps I should recognize the minister first.

Mr. Fulton: Does my hon. friend suggest the onus shifts before the crown has proved the fact of possession?

Mr. Martin (Essex East): The issue arises at the moment there is a plea of not guilty and then becomes a question of possession.

Mr. Fulton: Yes.

Mr. Martin (Essex East): It is then up to the accused to explain his possession, not the crown.

Mr. Fulton: My hon. friend misunderstands the situation.

Mr. Martin (Essex East): The minister continues to say that I misunderstand. I suggest that I do not misunderstand it but that it is clear. If an accused does not plead guilty the trial proceeds as if the issue to be tried is whether the accused was in possession of a controlled drug. That is quite clear. If the court finds the accused was not in possession of a controlled drug, he shall be acquitted. If the court finds that he was in possession

of a controlled drug, the accused shall then be given the opportunity of establishing certain things.

Mr. Fulton: How is the court going to find that unless the crown leads evidence as to possession?

Mr. Martin (Essex East): Perhaps the accused goes into the box.

Mr. Fulton: The accused does not go into the box until the crown has proved possession.

Mr. Martin (Essex East): My hon. friend has not read his bill very carefully.

An hon. Member: Sit down.

Mr. Martin (Essex East): I suggest that my hon. friend has not given this section the interpretation it should be given.

Mr. Drysdale: Would the hon. member permit a question?

Mr. Martin (Essex East): The minister speaks of the Guertin case; is that case conclusive? Can the Minister of Justice say whether there has been an appeal entered in that case?

Mr. Fulton: This case was decided, and so far as I am aware there has been no appeal.

Mr. Martin (Essex East): So far as the minister is aware there has been no appeal, but he does not know. I suggest the magistrate held that there was a violation of the bill of rights involved.

Mr. Fulton: That is right.

Mr. Martin (Essex East): On appeal, the court of appeal held otherwise.

Mr. Fulton: That is right.

Mr. Martin (Essex East): We do not now know whether or not a further appeal has been taken. I should be very surprised if a further appeal has not been taken in this matter.

It may be that the arguments which were put forward were not valid arguments, and that may be the position the minister is taking. Undoubtedly he will be able to support that position by the support given by those who sit behind him, but there is some doubt.

Obviously there was some doubt regarding the similar circumstances in respect to the Guertin case, at least in principle. I have not examined the facts of that case and must rely upon my hon. friend's interpretation, but there was some doubt in the mind of the magistrate with regard to the situation. That case has not been concluded if it is to reach the Supreme Court of Canada.

In view of the fact that my hon. friend should like this to be the most effective act possible to meet the situation, and in view of the doubt which does exist, as well as because of the interpretation which some hon. members sincerely place on this section, will the minister deny that a doubt may well be entertained by others who will be called upon as judges to interpret this section in the future? Will my hon. friend deny that defence counsel will use this section as a means of avoiding the mischief and the judgment which the minister says must inevitably follow from a proper interpretation of this section?

What will be the result? I suggest the result will be that this legislation will be ineffective for a considerably long time. This bill has been brought in after careful consideration by the government in order to meet a situation which has been brought to the attention of this committee by the hon. member for Outremont-St. Jean. The Minister of National Health and Welfare has stated it was brought in for the purpose of meeting a particular situation which has brought about so much degradation among young people, particularly in our large centres where criminal activity is extensive.

The minister will know, by looking at the punitive section, that the sanctions are very great and that the punishment imposed is intended to be corrective. If the minister intends to make this law effective surely he must recognize the arguments which will be made by defence counsel on the first occasion that this act is tested. What will be the result? I suggest that when a charge has been laid it will ultimately be tried, after the docket has been so adjusted as to permit the case to be heard; then there will follow an interval, unless judgment is given forthwith. However, if judgment is reserved there will be another interval followed by an appeal to the court of appeal. If individuals who are trafficking in these controlled drugs are anxious to pursue their nefarious practices they will delay the process of justice by seeing that there is an appeal to the Supreme Court of Canada. This whole procedure will take well over a year from the time the charge is first laid under this act. That being the situation, is it unreasonable for the minister to resort to unmistakably clear language containing no ambiguity whatsoever? On the other hand, if the minister persists in the interpretation which he does persist in, why should he not give consideration to the suggestion made by the hon. member for Maisonneuve-Rosemont, that this section be referred to the Supreme Court of Canada by way of reference?

In the submission of a reference to the Supreme Court of Canada the crown will not be confronted with any delay in the hearing of a request in the right of Her

Majesty's government on federal account. I suggest this procedure to avoid the kind of delay that will come from defence counsel and others in the interpretation of this section.

If the minister does not accept the arguments we present, surely he ought to, in the interest of the dispatch of justice in this matter, accept the proposal made by the hon. member for Maisonneuve-Rosemont as the effective way of dealing with a matter that is doubtful. The minister cannot take the position that this is not doubtful, because that was the position taken the other night, by the Solicitor General whose legal experience is no less than that of the Minister of Justice. For these reasons I hope the minister will regard our interventions tonight as designed to remove any doubt about the effectiveness of this section, to remove any doubt about a violation of the bill of rights, to remove any doubt about whether or not the minister has complied with the requirements of section 3 of the bill of rights.

Mr. Campbell (Stormont): May I ask the hon. member a question?

Mr. Martineau: May I ask the hon. member a question?

The Chairman: Maybe the hon. member would choose which member should ask him the question.

Mr. Martin (Essex East): I think at this time I ought to recognize priority again. I recognize the parliamentary secretary to the Prime Minister.

Mr. Martineau: The purpose of this question is simply to remove any doubt in my mind as to what the hon. member might have been saying. Did I understand him to say that if this clause becomes law and a conviction is obtained in a court of first instance and then appealed, this would mean that the law could no longer be enforced and that the goof ball traffickers could continue to traffic unmolested?

Mr. Martin (Essex East): No. I am sure my hon. friend knows that that is not what I intended.

Mr. Martineau: The hon. member was not clear, and that is why I am trying to get an explanation.

Mr. Martin (Essex East): Obviously, if a case under this section is appealed, that does create an uncertainty. The crown will not be able to rest until the final court, not the court of co-ordinate jurisdiction, but the final court, has declared that the law is such and such. Until that is done there will be a field day for defence counsel. This traffic will be as active as before. That is the experience that attended the Opium and Narcotic Drug Act when it was first introduced and when this kind of argument was made, in the sense that it was a violation of the common law right. At that time there was no bill of rights and consequently it could not be contrasted.

Mr. Martineau: Is it not also true that uncertainty exists when any legislation is enacted until it has been decided in the courts?

Mr. Martin (Essex East): Of course.

Mr. Fulton: Mr. Chairman, we always listen to the hon. member for Essex East. We always treat his arguments with the seriousness which they deserve, even when he deals with the problem *ad hominem*, which unfortunately the hon. member has shown all too ready a disposition to do.

I do not mind what the hon. member says about me or what his opinion may be about my legal qualifications; I merely suggest that it does not really strengthen his argument to be resorting to that kind of tactic. However, sir, what we do object to—

Mr. Martin (Essex East): On a point of order, Mr. Chairman, I do not want the minister to think that I attacked his legal qualifications because I did not.

Mr. Fulton: I would not be disturbed if the hon. member did.

Mr. Martin (Essex East): I do not think the minister can truthfully say that. I referred to his eminence and I repeat I simply pointed out that one equally eminent, namely the Solicitor General, had some doubts in the matter. If the Minister of Justice takes that as a reflection on his legal competence, then he is very touchy.

Mr. Fulton: I am not concerned about the hon. member's opinion of me; I am merely pointing out that whenever he is in a tight corner he always turns to the argument *ad hominem* in one form or another, and we attach to his arguments the seriousness which they deserve. Nor, indeed, do we object to the hon. member rising on the basis of a difference of opinion, but what we do point out is that the hon. member indulges himself in those tactics of which he erroneously accuses others. He made the positive and vehement assertion last Tuesday that this was a violation, and a deliberate violation, of the bill of rights.

Mr. Martin (Essex East): That is right.

Mr. Fulton: He did not express it as a matter of tentative opinion on which he invites us now to express ourselves. My hon.

friend was absolutely certain that the government had deliberated disregarded the bill of rights when it brought in this bill, and that the Minister of Justice had disregarded his obligations under the bill of rights, and all those high flown, loudly phrased objections that he took to the bill, on the basis which he suggested, have been a waste of time of this committee. If he had asserted them as tentative opinions or points of view requiring consideration there would, of course, have been no exception taken; but when he asserts in a positive statement that we have violated the bill of rights, which he himself tried so hard to frustrate and to prevent being passed—the bill that he now asserts we have violated—

Mr. Martin (Essex East): You know, of course, that that is not so. You know the bill of rights was improved as a result of the efforts of the members of the Liberal party.

Mr. Fulton: I know for a fact that they attempted to frustrate it because I was exposed to the attempt for weeks and months; I was exposed to the efforts of hon. members to delay, to defeat, to frustrate the desire of the Prime Minister to put a bill of rights on the statute books. Now the hon. member is loud in his accusation that the legislation we are introducing is in violation of the bill of rights.

Mr. Martin (Essex East): Would the minister give me the page number of the case?

Mr. Fulton: Apparently my hon. friend is now really interested in it. He referred a moment ago—

Mr. Martin (Essex East): Don't get too histrionic.

Mr. Fulton: The hon. member said that I had trotted out a decision of the court of appeal of Ontario sitting in weekly court.

Mr. Martin (Essex East): Don't get mad.

Mr. Fulton: That is what he said when he was trying to disregard it. Now apparently he realizes the seriousness of the situation in which he has placed himself in his complete disregard of the court of appeal of Ontario.

The case is found in Ontario Weekly Notes at page 134. The court of appeal consisted of Porter, C.J.O., Aylesworth and MacKay, justices of the court of appeal. The date is March 9, 1961, and the case is Regina versus Guertin. It is the issue of the Ontario Reports and the Ontario Weekly Notes, Toronto, April 7, 1961. It is cited 1961 (O.W.N.). The reference is to be found at page 134. I hope the hon. member has now found it because if he has he will agree entirely with the point of view I have been asserting, not exclusively on my own, but as the point of view which we have come to as a result of research and study of this subject which is fully supported by the judgment of the court of appeal of Ontario not sitting, sir, in weekly court.

Mr. Martin (Essex East): Would the minister let me have his copy?

Mr. Fulton: Oh, yes. I am informed that the hon. member may well have some difficulty in finding it. There is double pagination. One has to do with the Ontario Reports and the other with Ontario Weekly Notes. Both are included in the same number. The Ontario Weekly Notes case will be found at page 134. I shall be glad to send this copy across to the hon. member.

Mr. Martin (Essex East): The minister has the library copy and I would appreciate having it.

Mr. Fulton: Now, sir, having disposed of the tactics of the hon. gentleman, let me deal with the only argument he really brought to buttress his position tonight and that was that by this section the accused, by virtue of the charge, is placed immediately in the position where he has to go into the box and prove his possession was innocent. Sir, this argument coming from a lawyer surprises me.

Mr. Deschatelets: I support the claim.

Mr. Fulton: I find it most difficult to know how to deal with it because it seems to me it can only be based on a deliberate refusal to appreciate the meaning of words. Let us go through the section clause by clause. Section 33(1) says:

> In any prosecution for a violation of subsection 2 of section 32, if the accused does not plead guilty, the trial shall proceed as if the issue to be tried is whether the accused was in possession of a controlled drug.

Very well. The issue to be tried is the issue of possession. The section does nothing to remove from the crown the onus of proof that is on the crown in every criminal case to prove the facts which it alleges or which are in issue as establishing the guilt of the accused.

Mr. Deschatelets: Will you permit a remark at this point?

Mr. Fulton: Yes.

Mr. Deschatelets: The charge is possession for the purpose of trafficking. The minister will admit that. It is not just possession. The charge against the accused is possession for the purpose of trafficking. I admit that the only issue at the trial as far as the burden of the crown is concerned is possession, but

the minister must keep in mind that the charge is possession for the purpose of trafficking.

Mr. Fulton: I admit that and I will deal with it, but at the moment I was dealing with the contention of the hon. member for Essex East that the moment a charge is laid the accused, if he does not plead guilty, has to go into the witness box and refute the charge of possession.

Mr. Deschatelets: Otherwise he is found guilty.

Mr. Fulton: He does not. The onus does not lie on the accused until the crown has proven the fact on which it relies to support the charge and the fact is the fact of possession.

Mr. Crestohl: Possession for trafficking, not simple possession.

Mr. Fulton: The charge is a charge of possession for trafficking, yes, but the fact which has to be proven, the onus of proof which lies upon the crown, is the fact of possession. It is true that the law then says that if the crown proves possession certain inferences will be drawn and then the onus is shifted to the accused of rebutting those inferences. This is a perfectly normal and proper principle of criminal justice and has been for generations. It is one of those principles which is in line with the bill of rights and was in mind when the bill of rights was drafted.

Mr. Martin (Essex East): There was no bill of rights then. That is the point.

Mr. Fulton: The bill of rights simply says that an accused will not be deprived of his right to be presumed innocent until he is proven guilty. The bill of rights does not say that statutes may not suggest that reasonable inferences may be drawn from certain facts so long as the onus of proving those facts is not removed from the crown. This statute says that from the fact of possession an inference may be drawn that the possession was for the purpose of trafficking and that that inference will stand unless the accused then proves that the possession was not for the purpose of trafficking. This is a perfectly proper principle of criminal justice not in the least inconsistent with the bill of rights which merely says that an accused shall be presumed innocent until proved guilty.

Once again, may I suggest in all seriousness to my hon. friends that their difficulty is that they are confusing two principles, one, onus of proof, and the other, presumption of innocence. In every criminal case the onus of proving the facts upon which the crown relies in support of its allegations lies on the crown. Once the crown has done that, the onus always shifts to the accused to answer the case which had been brought against him. All that you have here is a variation provided by statute as to the time at which that onus of proof shall shift, but it does not relieve the crown of the onus of proving the facts on which the crown relies to prove the allegation it has made against the accused. Yet the hon. member for Essex East solemnly said a moment or two ago that all the crown would have to do would be to lay a charge and then the accused would have to go in the witness box to prove his innocence. This is completely incorrect.

I have read subsection 1 and the hon. member for Maisonneuve-Rosemont has agreed, even if the member for Essex East has not, that the crown will have to prove the fact of possession because subsection 2 says:

> If, pursuant to subsection 1, the court finds that the accused was not in possession of a controlled drug, he shall be acquitted, but, if the court finds that the accused was in possession of a controlled drug, he shall be given an opportunity of establishing—

One or the other of two things. How could the court find that he was in possession of a controlled drug unless the crown proved that he was in possession of a controlled drug?

Mr. Martin (Essex East): Under this bill the proof must rest on the accused.

Mr. Fulton: No.

Mr. Martin (Essex East): Read the subsection.

Mr. Fulton: I can only say that there is a complete and deliberate refusal to understand the ordinary meaning of words.

Mr. Martin (Essex East): My hon. friend says "deliberate". Look at the words in subsection 2:

> If, pursuant to subsection 1, the court finds that the accused was not in possession of a controlled drug, he shall be acquitted—

Does that support what my hon. friend has said?

Mr. Fulton: Most certainly it does because how on earth does the hon. member suppose the court will find these things unless someone proves them? The subsection does not interfere with the ordinary principles of criminal justice which say that the crown shall prove its allegations. The crown is alleging possession; therefore the crown must prove possession. If the crown does not prove possession, the court cannot find possession because up to this point there is nothing for the accused to answer. It is only if the court finds possession that the accused has to answer anything, and until there is something

for the accused to answer he does not have to go in the box. Therefore the only way the court can find possession is if the crown proves it.

I am sorry, Mr. Chairman, but if my hon. friend will not accept that simple point then there is probably not much use in our continuing this discussion. I can only assure him with the sincerity at my command that every lawyer he might care to consult on this matter who would consider it carefully would agree that what I have stated is correct, that the crown must prove possession before there is anything for the accused to answer. It is only then that the onus shifts to the accused and then, in accordance with proper principles of criminal justice, it is up to the accused to satisfy the court whether or not his possession was lawful or was for an innocent purpose.

It is, as I have said, an accepted practice or principle not in violation of the bill of rights that those facts which are peculiarly and exclusively within the knowledge of the accused and upon which he relies to establish his defence must be proven by the accused because, of course, it would be impossible for the crown to prove how the accused came into possession or what his state of mind was or for what purpose he acquired the drugs. That onus is on the accused to satisfy the court that his possession was lawful or was for an innocent purpose.

I suppose—in fact, I know—that we could go on and on discussing this subject but I imagine my hon. friend has now had a chance to study the case of Regina *v.* Guertin and the authoritative statement of the chief justice of Ontario that a section of the Criminal Code, parallel in its import and almost identical in its provisions with the section now under discussion, was not in contravention of the bill of rights. I assure the hon. member for Essex East, the hon. member for Maisonneuve-Rosemont and this committee that when we drafted the bill we did so with the greatest care because we recognized that these situations where we are trying to deal with the possession of harmful and deleterious substances do pose special problems and that one must be very careful not to go so far in one's desire to establish effective measures of control as to transgress the bill of rights. It was with that caution in our minds that we drafted this provision and it is for the reasons I have attempted to indicate to the committee that we ourselves are satisfied there is no contravention.

One final word, Mr. Chairman, and it is this. I have maintained throughout, contrary to the urgings of some of my hon. friends opposite, that the courts will, of course, have the final determination of these matters. The courts may not agree with me. It may be that a court or, indeed the highest court, would say that they find this not to be consistent with the bill of rights. If that should be the case, then of course I would accept the verdict of the court because I respect the court. The courts are the final arbiters, the final protectors of the rights and liberties of the subject. When we introduced the bill of rights, we were at pains to explain that the courts were the final protectors because they are the final interpreters of the law. If the court does not agree with me, then I shall admit that in giving a legal opinion or a legal interpretation of this section, I was wrong. Up to this moment, and at this moment, on the basis of that clear decision of Chief Justice Porter and the other two judges of the Ontario court of appeal, reinforcing the research, the study and the consideration that we have given to it, I have no hesitation in saying that there is no contravention of the bill of rights in section 33 of the proposed Food and Drugs Act.

Mr. Drysdale: I endeavoured to intervene some time ago to assist the hon. member for Essex East. I suppose when he saw me in possession of law books, he did not want my assistance at that particular time. I should like to refer the committee to "Phipson on Evidence" the ninth edition. I think the difficulty from which the hon. member for Essex East is suffering is the difficulty of understanding the shifting of the burden of proof. We all realize that the primary onus which is on the crown is maintained throughout, and that is of proving the guilt of the accused. However, there is a shifting of the onus at various times. To support this particular proposition, I would refer the hon. member to page 38 of Phipson under the heading, "Distinction when burden of proof on prosecution or prisoner". If the hon. member will refer to that page he will see that a distinction is made between the burden of proof which remains on the prosecution throughout and secondary burdens of proof where the onus shifts to the accused and he merely shows a prima facie case shifting the burden back to the crown.

Phipson at page 38 states:

> When the burden of the issue is on the prosecution, the case must, as we have seen, be proved beyond a reasonable doubt; though a prima facie case made by the prosecution and not rebutted by the accused may often amount to this, and suffice for conviction... When, however, the burden of an issue is upon the accused, he is not, in general, called on to prove it beyond a reasonable doubt or in default to incur a verdict of guilty; it is sufficient if he succeed in proving a prima facie case, for then the burden is shifted to the prosecution, which has still to discharge its original onus that never shifts, i.e., that of establishing on the whole case, guilt beyond a reasonable doubt... Thus, on a charge of possessing house-breaking

implements without lawful excuse, proof of such excuse being upon the accused, the latter proved that he was a bricklayer, which made his possession prima facie lawful. At the trial, however, the judge directed that the burden was still on the accused to negative a felonious intent. On appeal it was held that this direction was wrong, and that when a prima facie excuse had been shown, it was for the prosecution to rebut, and not for the accused to establish, an innocent intent.

Mr. Martin (Essex East): I do not propose to repeat my arguments, except to say that the Minister of Justice has sent me over a copy of the judgment which I have read. I would simply point out that this case undoubtedly goes a long way in support of the contention the minister has advanced. We are not advised yet as to whether or not an appeal is being lodged from the judgment of Porter, C.J.A. In any event, while this case does go a long way it is distinguishable from the section under discussion because of the wording, as I have said a number of times, of subsection 1.

I am sure that counsel arguing for the accused, confronted with this case, would point out that the language of section 33, in seeing that there is an issue tried on the question of possession, differentiates that case from this one. I cannot, however, say any more to persuade the minister. This is my honest view. A number of us here have been looking at this case, and that is our considered opinion of the difference between the Guertin case and a hypothetical case that might arise under section 33.

Finally, the minister has said that he has given his best judgment and care to the draftsmanship of this section. No one has suggested otherwise, but that does not preclude an hon. member of this house from saying that the section, as drafted, could be regarded by some hon. members as being contrary to the bill of rights. The minister has said he is going to leave to the courts the decision as to whether or not an argument of this kind is valid. Undoubtedly, the courts are going to be making decisions that will bring about many refinements in existing statutes and existing cases. The point is that we are the parliament of Canada. We are now in the process of legislating and it is our duty, in so far as we humanly can, to provide formulae to meet objections we have in mind and take steps to make corrections at this stage when enactments are in the process of being created.

Mr. Campbell (Stormont): I listened very carefully to the legal dissertation of the hon. member for Essex East. I hesitate to rise in the presence of such eminent counsel. Although I listened very carefully, he did not explain his inconsistency, or at least I have not been able to hear any such explanation. The hon. member contended that the existence of the provisions in the Criminal Code and narcotics act which shifted the onus of proof to the accused, were irrelevant to this legislation because the Criminal Code and narcotics act antedated the bill of rights. Then, he went on and said that the bill of rights had no effect in changing the common law in this respect. There is an inconsistency in these two contentions which the hon. member promised to explain. I am still waiting for an explanation. If none is forthcoming or he is not capable of making an explanation, I am quite prepared to let the subject drop.

Mr. Baldwin: May I make one brief comment to try to satisfy the hon. member for Essex East as to the state of the law. May I assure the committee through you, sir, that we have in this case to which the Minister of Justice has referred, an authoritative decision on a set of facts which are on all fours with the type of situation which would arise under section 33. Until the Supreme Court of Canada has ruled otherwise, the finding of the supreme court of Ontario in the case of Regina *v.* Guertin will be binding in the province of Ontario in any prosecution which may be launched in connection with sections 33 and 34 of this act. It would have an equally binding effect, may I assure the committee, in the other provinces and would almost certainly be accepted by those courts as representing the state of the law.

Mr. Deschatelets: Mr. Chairman, I have listened to the minister's remarks with great interest. I should like to examine with him a difficult case that may arise under section 33. Let us suppose a man is charged with possession of goof balls for the purpose of trafficking. Now, under section 33 (1) the crown establishes possession of these goof balls. Suppose that the accused rests on this evidence. He does not testify. The minister will admit that at this moment there is absolutely nothing illegal before the court because possession, of itself, is not illegal. Section 33 (3) provides that the accused shall be convicted if he fails to establish those matters which are contained in paragraphs (a) and (b).

I should like to come to the point where we can see whether we are wrong or whether the minister is wrong. A man is charged with possession for the purpose of trafficking. The crown establishes by evidence the fact of possession. The accused, of course, is free to enter the witness box or rest on the evidence of the crown. There is nothing in our law which forces the accused to go into the witness box.

If the accused rests on the evidence of the crown, am I right in assuming that under

section 33 (3) he shall be convicted of trafficking although the only fact before the court is the possession, which in itself is not an offence? I should like the minister to comment on this question.

Mr. Fulton: Mr. Chairman, I would say that on the bald facts as suggested by the hon. member, that there was a charge of possession for trafficking and the crown proved possession to the satisfaction of the court—that is, they proved possession beyond a reasonable doubt—and the accused rested there and gave no answer either himself or through other witnesses, he would be convicted.

However, I think the point my hon. friend overlooks is that although the accused is convicted of possession for trafficking, he is convicted because the statute says that when the crown proves possession it is a legal, logical and proper inference to make that he was in possession for the purpose of trafficking, unless he establishes that he was not in possession for the purpose of trafficking. In other words, the statute makes that inference.

I think it might perhaps be appropriate to refer my hon. friend to one or two United States authorities where this point has been discussed. The Corpus Juris deals with this point as follows:

> A statute providing that proof of one fact shall constitute prima facie evidence of the existence of another fact essential to the guilt of the accused is not void for want of due process of law, where there is some natural and rational relation or connection between the fact proved and the ultimate fact presumed and the accused is afforded a fair and reasonable opportunity to repel the presumption and submit all the facts being on the issue to the jury . . .

Here you have exactly that situation. You have the fact—possession. You have the statute drawing from the fact of possession the inference that the possession was for the purpose of trafficking; and you have here some natural and rational relation or connection between the fact proved, that is the possession, and the ultimate fact presumed, that is the purpose of trafficking.

You go on and you have also the situation where the accused is afforded, and he is expressly afforded it by this statute, a fair and reasonable opportunity to repel the presumption and to submit all the facts bearing on the issue to the jury. That is the authority of Corpus Juris, and there have been a number of such cases in the United States.

There is a decision of the United States supreme court in the case of Mobile Jackson and Kansas City Railroad Company *v.* J. A. Turnipseed. The judgment in that case contains the following passage:

> The statute does not, therefore, deny the equal protection of the law, or otherwise fail in due process of law, because it creates a presumption of liability, since its operation is only to supply an inference of liability in the absence of other evidence contradicting such inference.

The judgment continues:

> That a legislative presumption of one fact from evidence of another may not constitute a denial of due process of law or a denial of the equal protection of the law, it is only essential that there shall be some rational connection between the fact proved and the ultimate fact presumed, and that the inference of one fact from proof of another shall not be so unreasonable as to be a purely arbitrary mandate.

A criminal case in point where another United States supreme court decision was made is the case of Yee Hem *v.* United States of America, where the judge referred expressly to the presumption of innocence and the rule against self-incrimination. He said as follows:

> The legislative provisions here assailed satisfy these requirements in respect of due process. They have been upheld against similar attacks, without exception so far as we are advised, by the lower federal courts.

Then the judge said:

> Every accused person, of course, enters upon his trial clothed with the presumption of innocence, But that presumption may be overcome, not only by direct proof, but, in many cases, when the facts standing alone are not enough, by the additional weight of a countervailing legislative presumption. If the effect of the legislative act is to give to the facts from which the presumption is drawn an artificial value to some extent, it is no more than happens in respect of a great variety of presumptions not resting upon statute.

He went on:

> The point that the practical effect of the statute creating the presumption is to compel the accused person to be a witness against himself may be put aside with slight discussion. The statute compels nothing. It does no more than to make possession of the prohibited article prima facie evidence of guilt. It leaves the accused entirely free to testify or not, as he chooses. If the accused happens to be the only repository of the facts necessary to negative the presumption arising from his possession, that is a misfortune which the statute under review does not create, but which is inherent in the case. The same situation might present itself if there were no statutory presumption, and a prima facie case of concealment with knowledge of unlawful importation were made by the evidence. The necessity of an explanation by the accused would be quite as compelling in that case as in this; but the constraint upon him to give testimony would arise there, as it arises here, simply from the force of circumstances, and not from any form of compulsion forbidden by the constitution.

I put these additional authorities from the United States on the record, Mr. Chairman, not for a moment suggesting that United States authorities are binding in Canada. I have frequently made it clear in the past that they are not. I simply put them on record because they are illustrative of the process of thought of eminent jurists who have held that provisions similar to the one now before us do not constitute an abuse of due process,

nor do they run contrary to the principle of the presumption of innocence until proven guilty.

I suggest that these United States authorities are of illustrative value only, but when they are added to an authority of binding value such as a decision of the Ontario appeal court, I hope that temporarily, at any rate, the concern and the doubts of my hon. friends will be set at rest.

Mr. Crestohl: Mr. Chairman, the minister is no doubt correct when he speaks about possession. Under certain conditions possession creates a presumption under the provisions of the Criminal Code. I refer to recent possession, possession of burglary tools, the possession of narcotics or the possession of explosives, where there is nothing else said as to the type of possession. Simple possession might create a presumption in those circumstances.

However, in this bill there is a qualification of the type of possession which creates the offence. Before we began discussing section 33 I bring to the minister's attention the fact that section 32 does qualify the type of possession which creates an offence under this bill.

Section 32 (2) says:

> No person shall have in his possession any controlled drug for the purpose of trafficking.

So we have in this section a qualification of the type of possession which creates an offence. If we then turn to section 33 which deals with the possession, surely the minister does not think he can, under that section, sheer away from the quality of the type of possession set up in the preceding section. You cannot eliminate the type of possession you define elsewhere. You cannot read section 33 as defining possession without considering the definition created in section 32. You have established that it must be for trafficking, and when a complaint is lodged it cannot be lodged in respect of anything else. If you can prove the man was in possession for the purpose of trafficking he must explain the kind of trafficking. The moment you say nothing and remain mute with regard to the quality of possession and do not show that the accused was found in possession for trafficking, I imagine a competent defence lawyer would simply say: you have not proven the principal ingredient of the offence, namely that the accused was in possession for the purpose of trafficking.

I submit it would not stand up if the minister were to contend that an accused person was found in mere possession. You cannot say, under section 33, that mere possession means anything unless you attach to it the quality of the type of possession created in the same statute in the preceding section. Once you have established the quality of the type of possession and proved that the accused has placed upon him the obligation to get into the box and defend himself or explain the circumstances of possession. But until such time as that is proven, no valid case exists. Until the crown has proved possession for the purpose of trafficking, I submit there is no burden of proof shifted to the accused. To say that mere possession of a controlled drug applies in the same way as it does with respect to a section in the Criminal Code is, in my view, altogether wrong. It is my considered opinion that section 33 when it speaks of possession means possession for the purpose of trafficking and not just simple possession.

Mr. Drysdale: Would the hon. member permit a question? He says that under section 31 (b) possession is defined as possession within the terms of the Criminal Code. In the Criminal Code it says:

> For the purposes of this act,
> (a) a person has anything in possession when he has it in his personal possession or knowingly
> (i) has it in the actual possession or custody of another person, or
> (ii) has it in any place, whether or not that place belongs to or is occupied by him, for the use or benefit of himself or of another person; and
> (b) where one of two or more persons, with the knowledge and consent of the rest, has anything in his custody or possession, it shall be deemed to be in the custody and possession of each and all of them.

Does the hon. member not feel that this particular definition shifts the statutory onus on to the accused to prove a prima facie case that he was not in possession for the purpose of trafficking?

Mr. Crestohl: I shall be glad to answer that question. Of course, the definition of possession here is perfect but that applies only to the case of a definition which is not otherwise qualified by a statute. In this bill we have the word "possession" qualified and given a meaning according to all the circumstances. It does not fall within the general definition of "possession" which we have here in section 32. I shall read it once more for the benefit of the hon. member:

> (1) No person shall traffic in a controlled drug or any substance represented or held out by him to be a controlled drug.
> (2) No person shall have in his possession any controlled drug for the purpose of trafficking.

We have given meaning, here, to the type of possession intended.

(Translation):

Mr. Martineau: I should like to say just a few words to refute the argument which the hon. member for Cartier has submitted and which the hon. member for Maisonneuve-Rosemont mentioned previously.

The hon. member claims that there is nothing in common between section 33 of the bill which we are considering now and the provisions of the Criminal Code under which the onus of proof rests with the accused after the crown has proved an essential fact like possession. He said that under this section, the crown merely has to prove possession, without regard to the type of possession, and that the accused has placed upon him then the obligation to explain the circumstances of possession.

There are several sections of the Criminal Code where that principle applies but I will read only the following, which is section 80:

> Every one who without lawful excuse, the proof of which lies upon him,
>
> (a) makes or has in his possession . . . is guilty of an indictable offence and is liable to imprisonment for five years.

Now, possession in this case is qualified in that it must be without lawful excuse.

On the other hand, section 32 provides that the controlled drug in the possession of the accused must be for the purpose of trafficking; that is how possession is qualified.

In that case qualified possession must be without lawful excuse and for the purposes of trafficking.

Section 80 states that it is the accused who must prove lawful excuse. Here is what it says:

> Every one who without lawful excuse, the proof of which lies upon him—

Therefore, if the accused takes the attitude that he has nothing to answer and if the crown proves possession, the court is fully justified to infer that such possession is "without lawful excuse" and, therefore, the accused may be found guilty.

Under this bill, if the accused does not submit any plea after the crown has proved possession, the crown can infer that the accused is guilty.

Therefore, there is a striking analogy between the two provisions, and in either case, the principle remains that the onus always rests with the crown to prove the accused guilty beyond any doubt; but at a certain stage of the procedure, the onus may be transferred from the crown to the accused, and even when the accused has given some proof of legal possession or has proved that he had no intention of trafficking, there again the crown may, by way of rebuttal, prove that the facts the accused attempted to establish are unfounded.

It is precisely on that point that the Ontario court of appeal gave a decision recently in the case mentioned by the Minister of Justice: Regina *v.* Guertin.

Another point I should like to make in reply to the suggestion of the hon. member for Cartier, is that the accused does not necessarily have to appear in the witness box. He is free to do so if he wishes to prove his innocence or to establish that the possession of drug was not illegal. But he has many other ways of proving this and, therefore, there is no violation of the Canadian Bill of Rights.

Mr. Deschatelets: Would the hon. member allow me a question?

Mr. Martineau: Yes.

Mr. Deschatelets: Suppose a person is charged with trafficking in controlled drugs—in this case goof balls—and the crown establishes possession under section 33, but the accused decides not to move and just to adopt a waiting attitude. Would the hon. member, who has been a crown attorney, kindly tell me whether in such a case he thinks the accused should be found guilty under section 33 (3)?

Mr. Martineau: Mr. Chairman, I would not want to deal with this at great length. The accused is then in the same position as one charged under section 80 when the crown has proved possession of explosives.

Mr. Deschatelets: Let me add only a word. Would the hon. member for Pontiac, who has acted as a crown attorney, be satisfied if one of his clients, having been brought to court under a charge of goof ball trafficking, decided not to put up any defence, and if the judge, after the crown had proved possession, found him guilty under section 33(3) of trafficking in goof balls when in fact only possession of goof balls would have been established and when possession is not an offence under the act?

Would the hon. member tell me how he can reconcile this nonsense which is something totally new in our legislation?

The minister referred a moment ago to court decisions. Never has a law with such a nonsensical provision been passed. I have never seen any, nor have I ever heard of such a thing.

Mr. Martineau: It is because you do not understand.

(Text):

Mr. Fulton: Mr. Chairman, perhaps I could be allowed to reply to the hon. gentleman. He has made a fundamental error in his

judgment regarding what an accused would be convicted of. He said a moment ago that if the crown proved possession, and the accused person gave no evidence, nor took the box himself to give evidence on his own behalf, the judge would have to convict the accused of trafficking.

Mr. Deschatelets: Yes, of trafficking.

Mr. Fulton: That is where my hon. friend is in error.

Mr. Deschatelets: That is the charge.

Mr. Fulton: If my hon. friend will read the bill he will find that the charge is possession for the purpose of trafficking. Therefore, an accused will not be convicted of trafficking, but will be convicted of having possession for the purpose of trafficking, which is very different indeed from being convicted of having trafficked or of trafficking.

Mr. Deschatelets: Would the hon. minister answer a question at this point? How will an accused be found guilty of an offence which has not been proven?

Mr. Fulton: The offence must be proven by evidence presented in conjunction with the inference of fact which the statute creates. The statute creates an inference of fact. That is, once it has been proven that an accused was in possession of goof balls, the statute creates the inference that the possession was for the purpose of trafficking, and the onus shifts to the accused to establish that the possession was lawful or was not for that purpose.

Mr. Crestol: Would the minister say that an accused would be found guilty because the accused remained silent?

Mr. Deschatelets: That is the whole point.

Mr. Fulton: The accused is always found guilty if he remains silent after the crown has proven a prima facie case.

Mr. Crestohl: Does the minister contend that when the crown has proven simple possession, without establishing that the possession was for the purpose of trafficking, that would be a prima facie case?

Mr. Fulton: Oh, most certainly, in the light of the inference which the statute creates, as other statutes in many cases create inferences. For example, section 80 of the Criminal Code creates the inference that possession is for an unlawful purpose. In that case the crown does not have to prove the unlawful purpose, but merely the possession. Once that has been established the section provides that the onus is upon the accused to prove lawful possession. The supreme court of Ontario has held that there is no contravention of the bill of rights in this regard. This statute creates the inference that an accused, who has been found to be in possession, is in possession for the purpose of trafficking, and the onus then falls upon him to prove otherwise.

Mr. Martin (Essex East): Mr. Chairman, the minister has sought vainly to impress us with the validity of his position. We in turn have sought vainly to give him the facts as to the interpretation of this bill, as we see them in the light of this section. I suggest to the minister that we have now reached the point where we cannot convince one another. The fact is that throughout this discussion there has existed an honest difference of opinion. However, that difference of opinion, I suggest, is strongly indicative of that which will happen in the case of any statute which we believe to have been formulated ambiguously without the kind of precision which should obtain, having in mind the objective.

The minister has rejected our interpretation, and has refused to accept the suggestion of the hon. member for Maisonneuve-Rosemont, that this matter be referred to the Supreme Court of Canada for an opinion which could be readily obtained before the end of June, thereby clearly establishing the situation, giving to this act the effect of the purpose intended. We cannot do any more than we have done. We believe that our position is sound. We believe the Guertin case, while similar in one particular, is distinguishable in another.

For these reasons we believe that section 2 of the bill of rights will be violated by this proposed act, in that the presumption of innocence principle has not been recognized. We believe that the Minister of Justice in consequence has failed to act in accordance with section 3 of the bill of rights, which causes him to advise this house in respect of any draft or bill which is in violation of the bill of rights, or which could be regarded as a violation or contravention of that statute. We have had a long argument this afternoon, during which we have presented our opinions. We regret that we are unable to convince the Minister of Justice. Nevertheless, we are certain that this legislation will be contested in the courts by defence counsel in the way that we have indicated.

Mr. Fulton: I am quite prepared to admit that the legislation will be tested in the courts. I am also prepared to admit that there is a difference of opinion here. There was a difference of opinion between counsel in the Guertin case. That difference of opinion was so strong that counsel felt it was worth while to appeal the decision. My point is, that

counsel on one side was satisfied there was no violation of the bill of rights, and that point of view was upheld in the courts. The situation is similar here. We are satisfied that the hon. gentlemen have argued their case with just as much vehemence as persuasive force, but they have not convinced me that they are right. If the courts agree with my hon. friend, then I shall be the first to admit that he was right.

Mr. Roberge: Will the minister permit a question at this time? He spoke about the Guertin case. Is this the case where explosives were involved?

Mr. Fulton: Yes.

Mr. Roberge: Under section 80 of the code?

Mr. Fulton: Yes.

Mr. Drysdale: Mr. Chairman, the thing that has concerned me particularly is the reasoning of the hon. member for Essex East. On the one hand, he says that the hon. member for Outremont-St. Jean has done a tremendous service to the nation in publicizing the goof ball problem. The hon. member for Outremont-St. Jean has in effect indicated the tremendous danger of those goof balls and the fact that they can be put into soft drinks and alcohol. In fact, they are almost like handling dynamite. When by this legislation the crown has proved beyond a reasonable doubt that somebody has in his possession what is clearly in effect dynamite ready to blow up, then it seems reasonable that the person who has it in his possession is the person who would himself know why he has it in his possession and should be called on to give a reasonable explanation why he has it in his possession. Under the legislation he does not have to prove beyond a reasonable doubt why he has this dynamite. As I see it, he merely has to give a reasonable explanation. He can give any explanation, such as that he obtained it from a druggist, or by prescription, or any other explanation which is inconsistent with trafficking.

But the hon. member for Essex East says, on the one hand, I am trying to back up my hon. friend from Outremont-St. Jean but on the other hand I do not understand what is going on. He wants to set loose this dynamite—

Mr. Deschatelets: We want a good bill.

Mr. Drysdale: —which is doing damage to a great number of juveniles whom the federal government has sought to protect by bringing in this legislation. The persons that we are trying to protect are those who, if they have goof balls in their possession, are quite competent to give a very reasonable and innocent explanation of their possession. I think the legislation is quite clear. The legislation when enacted will enact what we have had in legislation in many years past and what they have in legislation in the United Kingdom as well.

I am shocked and amazed at my hon. friend from Essex East taking this very negative view of this excellent legislation which his hon. friend from Outremont-St. Jean has backed up. I just cannot understand it.

Mr. Martin (Essex East): I had not intended to say any more on this bill, but the remarks of my hon. friend cause me to say this. We believe this bill is needed. The other night when this matter was discussed we indicated our support of the principle of the bill and we also indicated we believed that it was as a result of the efforts of the hon. member for Outremont-St. Jean that the government had been persuaded at long last to bring forward this legislation. Are we to take the position, which the hon. gentleman seeks to place us in, that because we support this bill and because at the same time we find that in our judgment one of its provisions violates the bill of rights we are not to point it out? That is the argument of my hon. friend. That is what my hon. friend is now indicating. By his remarks he wants to leave the impression that although we have praised the hon. member for Outremont-St. Jean, although we have praised this bill, we are now in effect taking a position which suggests that this bill should not be passed in this form and consequently the corrective measures envisaged should not be pursued.

We want this bill to operate; we want it to operate in a most effective way. It is not characteristic of the hon. gentleman, for whom I have the highest esteem, to say that because we point out what we believe to be a violation of one section of the bill of rights, on that account we are to be justifiably accused of not being in favour of so positive a measure as this. That was not worthy of the hon. gentleman. There is no consistency whatsoever.

I should have thought that the hon. member who was so enthused over the Prime Minister's championing of the bill of rights would be the first to join with us in pointing out to the Minister of Justice that he as one of the precursors of this bill of rights has now been proven to be one of its most serious violators. That is what I thought the hon. gentleman would do. Instead of that he seeks to suggest that we are not in favour of this constructive measure.

Mr. Drysdale: I can come to no other conclusion.

Mr. Martin (Essex East): Everyone in this chamber is in favour of this bill and we can thank the hon. member for Outremont-St. Jean for it.

Mr. Roberge: A little while ago I asked the minister a question with relation to the Guertin case, which he cited. I wish to refer to the hon. member for Pontiac-Temiscamingue who also spoke on section 80 of the Criminal Code. I see a difference between the clause we are considering and section 80 of the Criminal Code. Let me read section 80:

> Every one who without lawful excuse, the proof of which lies upon him,
> (b) has in his possession a bomb, grenade or other explosive weapon,
> is guilty of an indictable offence and is liable—

And so forth.

If I were wording the section I would say:

> Every one who has in his possession a bomb, grenade, or other explosive weapon is guilty of an indictable offence except that he may have a lawful excuse, the proof of which lies upon him.

The first principle of section 80 of the Criminal Code is that possession of an explosive is an unlawful act. Then, when the crown has proven that, the accused may bring forward an excuse. The Opium and Narcotic Drug Act, chapter 201 of the statutes of 1952, section 4, provides that the mere possession is an offence. In the bill that we shall be discussing later, namely Bill No. C-100, mere possession is an offence. In this instance mere possession is not an offence and, therefore, it is my view that the crown should be obliged to discharge the complete onus of proving that possession is for the purpose of trafficking, and not just mere possession.

(Translation):

Mr. Chairman, I have a concrete example to give. The Minister of National Health and Welfare (Mr. Monteith) told us the other day that he could not in the circumstances, and we understand him, make an offence of a simple possession because each of us has at home some of those barbiturates when they are needed.

Well, according to clause 33 of the bill before us, related to clause 36, any law officer may come to my house, take away the barbiturates which I may have in my medicine cabinet and bring me to court for possession and for traffic of barbiturates. Then, I have to prove that lawfully bought those barbiturates at a drug store and that I am entitled to have them.

I therefore submit that clause 33 goes really too far and I again urge the minister to consider our views.

(Text):

Mr. Fulton: Mr. Chairman, I do not want to prolong this discussion. I would simply refer my hon. friend from Megantic to the fact that if he will read section 80 of the Criminal Code, which was the section in question in the Guertin case, he will surely agree with me that it is not the simple fact of possession which is the offence; it is possession without lawful excuse, and the onus of proving lawful excuse is, by the section, placed explicitly on the accused.

Here the charge is possession for the purpose of trafficking. The crown has to prove possession, then the onus is on the accused to prove the possession was lawful or was not for the purpose of trafficking. The situation seems to me very closely paralleled. May I just remind my hon. friend that all the accused has to prove to rebut the presumption which proof of possession has raised is either that he acquired the material from a druggist through a prescription, that he got it through a prescription, or that he does not have it for the purpose of trafficking. As I say, he can rebut the presumption by proving either that his possession was innocent or that it was not for an unlawful purpose. I cannot go further than that. The two cases do seem to me to be very much on all fours.

Mr. Roberge: Would the minister permit a further question? Does he not agree that under section 80 possession is presumed first to be unlawful and then it is up to the accused to prove that it was lawful for him to have the dynamite or explosive? In this case it may be lawful to have goof balls in one's possession.

Mr. Fulton: I am afraid I cannot agree with that. Possession under section 80 is not presumed to be unlawful because the section says "Every one who without lawful excuse". Therefore it is recognized that possession may be lawful. It is recognized by section 80 that possession may be lawful but the onus is on the accused to prove a lawful excuse. So here by section 33 it is recognized that possession may be for an innocent purpose but it is up to the accused to prove either that possession was innocent or that it was for an innocent purpose. I could not envisage anything very much more closely parallel than these two sections.

Mr. Martin (Timmins): I should like to carry that point further. I have listened very carefully tonight to lawyers on both sides of the house and I must frankly admit that for most of the time they were away over my head. However, as a layman I should like to pursue this matter for a moment. The minister said that it is not presumed that people are in illegal possession of these substances but

in the same breath he said that all the crown has to do is to prove that they have possession and once the crown has proved that the onus is on the accused to prove that he does not have possession illegally. That is the crux of the whole thing. If the crown proves you have possession then, as I have listened to the discussion and understood it, you have possession illegally unless you can prove otherwise. I think that is the whole point.

Mr. Fulton: You have it for an unlawful purpose unless you prove otherwise. That is quite true. Just as in section 80, unless you prove you have it for a lawful purpose you are presumed to have it for an unlawful purpose.

Mr. Martin (Timmins): I am not familiar with the sections of the bill of rights, but is this not contrary to British justice under which you are innocent until you are proven guilty? In this instance you are guilty unless you can prove yourself innocent.

Mr. Fulton: I have endeavoured all evening to explain and to establish, and I think with success—

Mr. Martin (Essex East): Not at all.

Mr. Fulton: —that it is not contrary to the principles of criminal justice which for years have drawn a distinction between presumption of innocence and onus of proof. The crown always has the onus of proof and it is not until the crown has proven a prima facie case that the onus of replying passes to the accused. Proof of the case may be by inference from facts which the crown establishes and these inferences may be drawn either by the court itself from the circumstances or because a statute establishes that certain inferences can be drawn from these facts. That is what is done here.

If my hon. friend will look at the section, he will see that the crown has to prove possession. The onus then shifts to the accused and the accused can establish innocent possession. If he makes out a prima facie case in that regard, the onus shifts back to the crown to rebut it. There is no shifting at any time of the principle that the accused is innocent until proven guilty. It is a matter of the burden of proof.

Mr. Martin (Timmins): If he does not prove innocent possession, he is automatically guilty.

Mr. Fulton: Once the crown has proven the facts upon which it relies, yes.

The Chairman: Shall clause 33 carry?

Some hon. Members: On division.

Clause 1, section 33, agreed to.

Clause 1, section 34, agreed to.

Clause 1 as amended agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the report be received? Now?

Mr. Monteith (Perth): May I ask a question? If I move third reading at this time, will I have the opportunity of replying later if there is a debate?

Mr. Speaker: We have not come to third reading yet. The question may not be relevant, but if we do come to third reading I shall answer the question. When shall the said bill be read the third time?

Some hon. Members: Next sitting of the house.

Mr. Martin (Essex East): We have more arguments.

Mr. Speaker: Next sitting of the house.

DRUGS

PROVISION FOR CONTROL OF DISTRIBUTION AND SALE OF NARCOTICS

On the order:

Second reading of Bill C-100, an act to provide for the control of narcotic drugs.—The Minister of National Health and Welfare.

Mr. Speaker: Shall I call it 10.30?

Some hon. Members: Agreed.

BUSINESS OF THE HOUSE

Mr. Chevrier: May I ask the house leader if we will be dealing with legislation tomorrow and in what order?

Mr. Churchill: We will deal with legislation tomorrow and third readings will come first on the program. Then we will take second reading of the bill to amend the Judges Act and the Exchequer Court Act. The third item will be Bill No. C-100, to provide for the control of narcotic drugs. The fourth item will be the resolution in the name of the Minister of Trade and Commerce dealing with the Export Credits Insurance Act. Item No. 5 will be the resolution in the name of the Minister of Agriculture dealing with the Farm Credit Act. Item No. 6 will be the resolution in the name of the Minister of Finance with respect to amending the Financial Administration Act. Item No. 7 will be Bill No. C-98, an act to amend the Canada Shipping Act.

At 10.30 p.m. the house adjourned, without question put, pursuant to special order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

ALBERT VILANDRÉ

Question No. 233—**Mr. Dupuis:**

1. Did Albert Vilandré, who occupies building 124 at the Royal Canadian Air Force base at St. Jean, Quebec, in the period from January 1, 1958, to January 1, 1961, ever sell the following items: watches, jewellery of all kinds, electrical appliances, bicycles, radios, record players, washing machines, frigidaires, etc.; (a) on the property of the R.C.A.F. (b) in the city of St. Jean, through R.C.A.F. officers or employees?

2. Does the same Albert Vilandré hold a retail trade licence? If so, for what classes of goods?

Answer by: **Hon. D. S. Harkness (Minister of National Defence):**

1. (a) Mr. Albert Vilandré has been authorized to operate, from building 124 on R.C.A.F. station St. Jean, a concession established to provide a soft drink dispensing service, an automatic photo machine, ice cream bar vending machines, coin operated weight scales, cigarette vending machines, candy vending machines and a popcorn making machine. It is understood that Mr. Vilandré, who is a manufacturers' distributor in the area and has a warehouse in the city of St. Jean, has made arrangements from time to time for individual station personnel to purchase from him the various types of items referred to by the hon. member, although such items are not stocked in building 124.

(b) No R.C.A.F. officer or station employee has ever been authorized to act as agent for Mr. Vilandré for the sale in the city of St. Jean of the articles mentioned, nor does the R.C.A.F. have any knowledge of this having happened.

2. Mr. Vilandré has posted bond with the municipal authorities covering all classes of merchandise mentioned in this question. In addition, he is in possession of the requisite provincial licence.

VETERANS AFFAIRS PERSONNEL, PETERBOROUGH

Question No. 247—**Mr. Pitman:**

1. How many people have been working full-time in the Department of Veterans Affairs subdistrict office in Peterborough since January 1, 1961, apart from the administration of the Veterans Land Act?

2. What are the addresses, salaries, and official positions of these people?

Answer by: **Hon. Gordon Churchill (Minister of Veterans Affairs):**

1. None.

2. N/A.

HOUSE OF COMMONS

Wednesday, June 7, 1961

The house met at 11 a.m.

VETERANS AFFAIRS

Sixth report of standing committee on veterans affairs—Mr. Montgomery.

TRADE

GRAIN—REPORTED DIFFICULTY IN OBTAINING UNLOADING PUMPS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in view of the fact that several departments of government are concerned with respect to certain events which have received a large degree of prominence in today's press, I have a statement to make. The house is aware, of course, of reports that have been given prominence and in some cases accompanied by what might be called scare headlines concerning difficulties being experienced in procuring special high capacity suction pumps for unloading certain ships carrying grain from eastern Canadian ports to communist China.

I would point out immediately that the absence of available suction pumps applies only to tankers and not to freight or cargo ships.

The case in question is quite different from some cases which have caused trouble in the past because some earlier cases implied an assertion, as interpreted by Canada, of the exercise of extraterritorial jurisdiction and were regarded as interference with Canadian sovereignty. In the current case the product in question is a United States product and the supplying firm is a United States firm located in the United States, and it has no Canadian subsidiary.

As we expect others to respect our sovereignty, so we must recognize the right of the United States, in its wisdom, to legislate and regulate with respect to its products and the course to be followed by its nationals. However, we are concerned over any action that would affect Canada's important grain trade, and immediately the matter came to our attention yesterday afternoon we proceeded to do everything possible to facilitate the continued and continuing movement of grain to China.

Discussions have already taken place at the official level; Ambassador Heeney has seen those officers of the United States government concerned with this particular matter, and a review is being undertaken as a result. In the meantime the government has taken steps to investigate any existing sources of supply, either in Canada or in other countries, or to develop an alternative source quickly within Canada for this unusual equipment.

The high-powered pumps that are used in order to unload tankers are not standard equipment. The need to have such pumps on board ship arises principally when the port of delivery has not been in the habit of receiving large shipments, especially in large tankers, and therefore does not have suitable equipment installed on the docks.

Inquiries have been made in the United Kingdom and in Europe through the trade commissioner service as to alternatives, and a representative of the Department of Trade and Commerce is this morning conferring at a plant in the province of Ontario which is at the moment the most likely prospective producer. We believe that Canadian corporations can produce the necessary suction pumps, and the company in question to which I have made reference assures us that it can produce suction pumps with a capacity of 300 tons per day compared with a capacity of 600 tons a day for the equipment in question produced in the United States. Meetings are taking place this morning with the Canadian shipping federation to work out arrangements for determining the volume and timing of requirements and for co-ordinating the necessary procurement or production. I should add that the owners and operators of the ships involved recognize the responsibilities they have under their charter arrangements with the Chinese importer. The government will facilitate and co-ordinate their efforts in every appropriate manner.

The government is determined that these grain shipments, which are of such importance to Canada, shall proceed without interruption and without delay. So far shipments from the east and west coasts of Canada have been well up to schedule, and we intend to maintain the movement in question. In so far as the Canadian company is concerned, we are assured that the necessary pumps can be delivered within three weeks, and we have advised the shipping companies accordingly as to the availability of these pumps. I would emphasize that there is no basis whatsoever for the suggestion that this event will in any way endanger the continued carrying out of

the agreement made between the Chinese government and the wheat board. That should be emphasized. This has been blown up into a very much more serious incident than the facts would warrant.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, as the Prime Minister has stated, very considerable publicity has been given to the question he has raised in his statement. That publicity in fact, Mr. Speaker, extended to an announcement that the Prime Minister himself would be speaking about the matter. In view of what the Prime Minister has said and the information he has given us, it is unfortunate indeed that this publicity should have extended to such headlines as "Canadian Protest is Planned". Indeed, Mr. Speaker, one report said that Canada planned to make "the strongest possible representations to the United States".

I gather from what the Prime Minister has said that there is no question of a protest or representations because, if I understood him aright, in this particular incident the United States treasury was enforcing its own law against a United States company. It is unfortunate that this kind of difficulty could not have been resolved without this kind of publicity.

Perhaps one way in which this matter could be settled is the way the Prime Minister has mentioned, that of having these suctions pumps made in Canada in time. If that is not possible, I think another way in which the matter could be solved to the satisfaction of all concerned would be by having the Canadian Commercial Corporation become the purchaser of the pumps in question. In that case it would be a transaction between governments, and the United States law would not be involved in any way. The pumps could then be made available to the ships in question for the unloading of Canadian grain.

In any event, Mr. Speaker, we have enough difficulties and enough real problems between our two countries at the present time to do our best to avoid the manufacture of issues of this kind.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, in view of the need to speed up grain deliveries from western Canada to the export markets of the world I do not feel that this issue has been blown up beyond proper proportions. I think it is a reflection on the relations between Canada and the United States—

Some hon. Members: Oh, oh.

Mr. Argue: —that we should be subjected to this kind of treatment which will interfere and which does interfere with the speedy export of Canadian grain following the conclusion of an agreement with China.

I do not think there is any doubt that the United States had the right in law to take this action. I am not saying that the United States does not have the sovereign right to take this action. Nevertheless, taking this action toward a friendly country and an ally, as we are, I think is a mistake, and I hope that the representations that have been made will result in this equipment being provided immediately.

This is not the first instance of interference in the sale and delivery of grain to the China market. We have had instances reported in the newspapers where milling companies in Canada which are subsidiaries of United States corporations refused to accept flour contracts and sell flour in the China market.

We naturally express the hope that if it is necessary for Canada to produce this equipment, it can be done within a very, very short time. Even a delay of three weeks in the production of this equipment may delay the delivery of the additional quantity of grain for this year, being 28 million bushels of wheat and 17 million bushels of barley. Mr. Speaker, the quota situation on the prairies is much worse today than it was a year ago—

Some hon. Members: Order.

Mr. Speaker: Order. The hon. member should not take advantage of his right of comment to enter into debate about the wheat situation on the prairies.

Mr. Argue: This emphasizes, Mr. Speaker, the urgency—

Some hon. Members: Order.

Mr. Speaker: Order. I warned the hon. member, and I expect him to observe the warning.

Mr. Diefenbaker: Mr. Speaker, I naturally do not want to enter into any controversy, but I am glad to see the interest that the hon. gentleman now shows in the sale to China which previously he said did not exist.

However, I would say that if we are able to secure production in Canada within three weeks, that will not in any way hold up the course of delivery of the shipments. What we will do in that case is this, and it will cover the situation completely. The production will take place; it will cost a little more, but we will be able to deliver this necessary equipment by air or whatever means is necessary to whatever port in China delivery is to be made. It will be some three or four weeks before this particular equipment will be necessary.

Mr. Argue: Mr. Speaker, I rise on a point of order. Not only has the Prime Minister made a second statement on motions, but he has said that in remarks I made on a previous occasion I said that this sale did not exist.

Some hon. Members: Order.

Mr. Argue: That statement is not correct. It is not in accordance with the facts. What I had said, and I think it is in order that I should be given this opportunity to reply to this statement—

Some hon. Members: No.

Mr. Speaker: Order. I think the house will recognize the fact that the hon. member has a right to make a personal explanation. I will hear him.

Mr. Argue: Mr. Speaker, at no time did I say that this sale did not exist. What I said at the time—and I said it again this morning—was that there was a firm agreement for a sale of 28 million bushels of wheat this year and 17 million bushels of barley. That is what we are interested in. I have said, and this statement has since been confirmed by the chairman of the Canadian wheat board, that the balance is not a firm contract.

STARRED QUESTIONS

BILL OF RIGHTS—DISTRIBUTION TO PUBLIC

Question No. 359—**Mr. Tardif:**

1. Have copies of the bill of rights been printed for distribution to the public?
2. If so, is anything except the bill itself included in the printing?
3. How many copies have been prepared?
4. On what basis are they being distributed?
5. Has the bill of rights been inscribed on calfskin?
6. If so, was anything else inscribed with the text of the bill itself?
7. What was the cost of preparing this document, and what is its purpose?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, may this question stand in the absence of the Secretary of State.

Mr. Speaker: Stand.

Question stands.

POSTAL EMPLOYEES, OTTAWA—VOTES ON SHIFT WORK

Question No. 366—**Mr. Howard:**

1. Since January 1, 1958, have any votes been conducted amongst the Post Office Department employees in the Besserer street post office concerning the question of shift work for the said employees; and, if so, with respect to each such vote (a) upon what dates was each conducted (b) amongst which employees was each conducted (c) what were the results in each case (d) were any of the ballots marked with a number or other distinguishing mark, and what are the details surrounding this matter?
2. Have any steps been taken to put into effect a program of shift work consistent with the results of the said vote, and, if so, what are the details of such steps?
3. If such steps as mentioned in part 2 have not been taken, what is the reason?
4. Under what shift arrangements do postal employees work in the main post offices in each of the following cities: Montreal, Winnipeg, Toronto, Vancouver, Hamilton?
5. Is any overtime payment made to employees of the post office department who work overtime, and, if so, what are the details about such payments?
6. How long a period of time elapses between the pay period within which a post office employee works overtime, and the pay period within which the said employee receives payment for the said overtime work?

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, the answer to this question occupies three and a half pages of single-spaced typing, which I think the house would not want me to read. Could the question be made an order for return?

Mr. Speaker: Order for return.

DR. OSTIN CANTIN, HEALTH AND WELFARE—TRIPS ABROAD

Question No. 369—**Mr. Valade:**

1. How many trips abroad have been made by Dr. Ostin Cantin (who is the administrative officer of the Department of National Health and Welfare in the harbour of Montreal) since April 1, 1958?
2. Which countries has he visited, in what capacity did he do so, for how long was he away, what were the purposes of his trips, and what was the cost thereof?
3. How many other persons connected with the said department in the harbour of Montreal have been sent to Europe in the carrying out of their duties?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, the answer to this question is as follows:

Dr. Ostin Cantin, medical officer in charge, quarantine, immigration medical and sick mariners services, Montreal, has made two trips abroad.

2. The countries visited by Dr. Cantin were East Pakistan and Hong Kong. The purpose of these trips was to act as medical escort to sick deportees. Both trips were made at no cost to the Department of National Health and Welfare. Dr. Cantin's absence on the first trip was from November 17 to December 21, 1959 and on the second trip from January 25 to February 28, 1961. In each case he was on official duty for approximately one week. The time Dr. Cantin was absent beyond that required for escort duty was taken as earned leave and entirely at his own expense.

3. None.

Starred Questions

OLD AGE SECURITY CHEQUE ENVELOPES

Question No. 372—**Mr. Herridge:**

1. Do the monthly cheques mailed to those in receipt of old age security have typed on the envelopes the words "old age pensions"?

2. If so: (a) have representations been made to the department concerning the removal of these words on the grounds that they offend those in receipt of old age security? (b) for what reason are these words put on these envelopes? (c) has consideration been given to removing these words?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the answer to this question is as follows:

1. The envelopes containing the monthly old age security pension cheques have the following printing on them: "Government of Canada; District Treasury Office; Department of National Health and Welfare; Family Allowances; Federal Old Age Pensions."

2. (a) No representations have been made to the department for the removal of the words "federal old age pensions".

(b) The Old Age Security Act provides that the cheque is the instrument issued in payment of a pension, and the words "federal old age pensions" have been on the envelopes since the inception of the act in January, 1952.

(c) In the absence of representation no consideration has been given to the removal of these words. That is not to say that consideration could not be given if there were occasion for it.

MRS. WILHELMINA ROBINSON, HAMILTON—ESTATE TAXES

Question No. 375—**Mr. Martin (Essex East):**

1. Was the case of Mrs. Wilhelmina Robinson, 1070 King street, Hamilton, Ontario, brought to the personal attention of the minister or the acting minister?

2. Under what specific section of the Estate Tax Act (1958) was Mrs. Robinson ordered to pay estate taxes on a gift made to the estate by her late husband's former employer?

3. Has the government taken, or is it now taking, any steps to amend the provision under which Mrs. Robinson had to pay estate taxes on money which was not actually part of the estate at the time of her husband's death?

Hon. J. W. Monteith (Acting Minister of National Revenue): The answer to this question is as follows:

1. No.

2. Section 3, subsection 1(L)(i) of the Estate Tax Act.

3. This involves government policy, and any announcement will be made in the usual manner.

COMBINES INVESTIGATION, NEW DRUGS—STATEMENT OF EVIDENCE

Question No. 376—**Mr. Howard:**

How many copies of the statement of evidence by the director of investigation and research of the combines investigation branch, regarding the selling and pricing policies of certain pharmaceutical houses in respect of new types of drugs, were sent to interested groups and people by the restrictive trade practices commission, and how many replies have been received?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the answer to this question is that copies of the statement were sent to 225 organizations and individuals. Acknowledgments have been received from 30 of these organizations and individuals and 17 of them have indicated a desire to make or are considering the making of representations to the restrictive trade practices commission.

[*Later:*]

Mr. Fulton: Mr. Speaker, may I be allowed to revert to question No. 376 for the purpose of supplementing the answer I gave. I think I said that 17 organizations and individuals had indicated their desire to make recommendations to the commission. I should have said that acknowledgments have been received from 30 organizations and individuals of whom 17 are considered making representations.

C.N.R. OFFICERS DIRECTORS IN OTHER COMPANIES

Question No. 379—**Mr. Fisher:**

1. Have any of the senior executive officers of the Canadian National Railways, including the vice-presidents, any directorships in other companies or corporations?

2. If so, which executives, and which companies, since what dates?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the management of Canadian National Railways advise as follows:

1 and 2. The policy of the company with respect to the subject matter referred to in the question is as follows.

Under the Canadian National Railways Act the chairman of the board of directors of the railway is precluded from becoming a director of an outside company, but there is no similar legal restriction applicable to other railway officers.

In these circumstances the general view of the board of directors of the railway is that such other officers should not be prevented from accepting outside directorships provided that acceptance will not involve any conflict of interest or interfere with the carrying out of their duties with the Canadian National. The board considers it to be advisable, however, that before an officer accepts an outside directorship the matter should be referred to the president for decision on the facts of the particular case.

The records of the company as to this date indicate that officers holding directorships in commercial corporations are as follows:

D. C. Gonder, vice-president, Atlantic region, director of Canadian Premier Life Insurance Co., Winnipeg, Man.

H. W. Craig, traffic manager, foreign freight, director of James Wilson & Co. Ltd., 731 Common St., Montreal, Que. (steamship supplies).

SALE PRICE OF CF-100 PLANES

Question No. 380—**Mr. Badanai:**

1. What was the price paid for each of the eleven CF-100s sold by crown assets disposal corporation to J. L. McMaster of Westbourne, Manitoba?
2. Were there other bids and what were they?
3. Who made the decision that these aircraft were obsolete and of no further use in our defence?
4. Who authorized the disposal of the eleven CF-100s?

Hon. Raymond O'Hurley (Minister of Defence Production):

1. 220,000 pounds of contaminated scrap consisting of eleven airframes and engines were sold to Westbourne Supply, Westbourne, Manitoba, for a lot price of $3,413.13.

2. Yes. They were:

	Lot bids
American Metal Steel Co. Ltd., Winnipeg, Manitoba	$2,152.95
Syrota Bros. Metal and Cartage Ltd., Winnipeg	1,500.00
Sabre Industries Ltd., Winnipeg	103.00

3. Minister of National Defence (recommendation of chiefs of staff).

4. The scrap was declared surplus to the requirements of the Department of National Defence and disposed of under the Surplus Crown Assets Act according to usual disposal policies of Crown Assets Disposal Corporation.

TRAVELLING EXPENSES, POSTMASTER GENERAL

Question No. 381—**Mr. Denis:**

1. What has been the cost to the federal government of the travelling expenses of the postmaster general during the month of May 1961?
2. What means of transport were supplied to him, free of charge, by the government?

Hon. W. M. Hamilton (Postmaster General): The answer is as follows:

1. $317.33.

2. Department of Transport aircraft: 17 May, Ottawa to Montreal and return; 21 May, Ottawa to Calgary; 26 May, Ottawa to Peterborough; 27 May, Peterborough to Toronto.

Mr. Frank Howard (Skeena): I should like to raise a question of privilege. The question just asked and answered deals with the travelling expenses of a particular cabinet minister for a particular month, and the answer is given as a certain sum of money.

On November 25, 1960 I filed a question asking for travelling expenses incurred by other members of the government between September 1, 1960 and October 31, 1960. Though the dates are different, both these questions deal with travelling expenses. This question of mine, No. 28, was made an order for return which was filed on May 25. I have a copy of sessional paper 216(a) which reads as follows with respect to my question of November 25:

> There is no official record from which the information called for by this order of the house can be drawn. Under a well established practice expenses incurred by cabinet ministers when travelling on official business are paid out of departmental administration or other appropriate votes without any accounting being required therefor, irrespective of whether or not an advance is made.

My question of privilege affecting every member of this house is that incorrect information was given to me in answer to my question No. 28. That is substantiated by the answer which has now been given by the Postmaster General in reply to a specific question addressed to him on the subject of his own travelling expenses.

While it is normal to found a motion on a question of privilege, and I think in this case the motion should be one of censure on the government for refusing to file information as ordered by the house, I should like first of all to have some guidance from you, Mr. Speaker as to whether or not this question of privilege is well founded.

Hon. Donald M. Fleming (Minister of Finance): The best advice which could be given to the hon. member would be to read the return itself and not to confuse the facts. The Postmaster General has given an answer to starred question No. 381 concerning travelling expenses of one minister in a particular month. That information is within the knowledge of the department, and the minister, who is head of that department, has given the answer.

The hon. member for Skeena is now referring to a question asked last autumn concerning the travelling expenses of a number of ministers, indeed, I gather, of all members of the government. That necessarily must be an order for return because at that stage it is information which has to be gathered from various departments. After three years in the house the hon. member must know that where information has to be drawn from more than one department the question must, according to the invariable practice of this house, be made an order for return. This was done.

At a particular stage, when the public accounts are prepared, information of the kind

sought by the hon. member can be obtained from one source, but for current months it must be drawn from the various departments concerned and accordingly an order for return has to be made.

The hon. member is complaining of something which he has not taken the trouble to read and understand. The answer he was given is a correct one and in accordance with the practice of this house. I am sure that is the understanding of all other hon. members.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Perhaps I might say a word on the point raised by the Minister of Finance. If I correctly understood the hon. member for Skeena the return stated that this information was not available in the government records. That is the basis of his point of privilege, not the fact that his question was made an order for return and that the answer was delayed. As the Minister of Finance correctly stated, that is the only course which could have been taken to deal with a question of that kind. But surely it is misleading the house to say that this information is not available and cannot be obtained, and the Postmaster General himself has contradicted this statement by the answer he has just given. It seems to me that the Postmaster General out of his own mouth has convicted the government of contempt of parliament in making such a return.

Mr. Fleming (Eglinton): Evidently the hon. member for Bonavista-Twillingate is determined to add to the confusion which was exhibited by the hon. member for Skeena. As a former minister, he must know the law in regard to the matter of accounting with respect to travelling expenses of ministers. He must know that. Why does he seek this morning to create confusion? The fact is that the statement contained in the return made to the hon. member for Skeena is a correct statement of the law. The hon. member for Bonavista-Twillingate must know that from his own experience.

Mr. Pickersgill: I think, since the minister has chosen to read me a lecture about what I must know as a former member of the government, I should have the right to reply to his observations.

Mr. Speaker: I would not wish to have the discussion prolonged at this point. The difficulty arises out of answers given at considerable intervals of time. There does not appear to be urgency attached to it, and I should like to look at the returns and answers and consider the hon. member's point further before indicating whether he would have the right to proceed with a motion. If the house will permit me to reserve a decision on the matter, perhaps for several days, I think that will be the appropriate course.

[Mr. Fleming (Eglinton).]

Mr. Pickersgill: Then I should like to raise a question of privilege affecting my own rights as a member of the house. The Minister of Finance has chosen to make certain allegations as to what is within my own knowledge, and it is within my knowledge and recollection as a former member of the government and of treasury board that on many occasions the previous government furnished information precisely of the character asked for by the hon. member without any kind of excuse such as was offered in this case.

ROBERT E. AMARON, CENSUS STAFF, MONTREAL

Question No. 382—**Mr. Denis:**

1. Has the government requested the services of one Robert E. Amaron to work on the census of Canada in Montreal?
2. If so: (a) what are his duties and salary? (b) was the said Mr. Amaron president of the young Progressive Conservatives of Canada? (c) what other federal position, if any, does he hold?

Mr. E. L. Morris (Parliamentary Secretary to the Minister of Trade and Commerce): Because any information required in order to reply to part 2(c) must be secured from other government agencies and departments, the reply to this question should be made an order for return.

Mr. Speaker: Order for return.

PAUL EMILE LESAGE, CENSUS STAFF, QUEBEC

Question No. 383—**Mr. Deschatelets:**

1. Has the federal government employed one Paul Emile Lesage of Mont Laurier, Quebec, to work on the census of Canada?
2. If so: (a) what are his duties and salary? (b) is the said Paul Emile Lesage the defeated Conservative candidate in the past by-election in the county of Labelle? (c) what other federal government position, if any, does he hold?

Mr. E. L. Morris (Parliamentary Secretary to the Minister of Trade and Commerce): Mr. Speaker, for the reason I gave in reply to question No. 382, this question should be made an order for return.

Mr. Speaker: Order for return.

C.N.R. HOTELS GENERAL MANAGER—JASPER PARK LODGE ACCOMMODATION

Question No. 384—**Mr. Peters:**

1. Has the general manager of the Canadian National Hotels, or any special representative of this man, spent the hotel season for 1959 and 1960 at Jasper park lodge?
2. If so, what are the duties of such a person?
3. What arrangements are made for the cost of his or her board and room?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the management of the Canadian National Railways advise as follows:

1, 2 and 3. The general manager of hotels spent part of the 1959 and 1960 season there

as part of his normal supervision of the hotel system and in the regular performance of his duties.

MACDONALD HOTEL, EDMONTON—SPECIAL STAFF PRIVILEGES

Question No. 386—**Mr. Fisher:**

1. In 1959 or 1960, did the Canadian National Railways investigation department send anyone from Montreal to examine complaints about special or unique privileges given to any personnel on the staff of the Macdonald hotel, Edmonton?
2. If so, what results, if any, came from the investigation?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the management of the Canadian National Railways advise as follows:

1 and 2. The work of the company's investigation department is regarded as a matter of internal management, and that disclosure of its activities would be prejudicial to the interests of the company.

POST OFFICE CONTRACT, BEAUCEVILLE EST, QUE.

Question No. 387 —**Mr. Racine:**

1. Has the contract for the construction of a public building to be used as a post office at Beauceville Est, county of Beauce, been awarded?
2. If so, to whom was such contract awarded?

Mr. Y. R. Tassé (Parliamentary Secretary to the Minister of Public Works): Mr. Speaker, the answer to this question is as follows:

1. No.

2. Not applicable.

INDIAN BAND, CHRISTIAN ISLAND—REQUEST FOR BARGE AND TELEPHONE SERVICE

Question No. 388—**Mr. Richard (Ottawa East):**

1. Has a request been received from the Indian band of Christian island reserve for a barge or scow to carry truck loads of lumber from the island to the mainland?
2. If so, what disposition has been made of this request?
3. Has telephone service been established between Christian island and the mainland?
4. If so, who has access to the telephone, and at what hours?
5. Is any provision made for a pay telephone which would be available at nights and on holidays?
6. If not, for what reason?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, the answer to this question is as follows:

1. Yes.

2. No action has been taken on this request as the barge presently in use is considered to be sufficiently large to handle the present production of lumber. Should conditions change, consideration will be given to the band's request.

3. There is a radiotelephone service between Christian island and the mainland. That is Midland, Ontario, which is rented from Georgian Bay Airways. Arrangements are being made to rent an improved service from the Bell Telephone Company.

4. The telephone is located in the Indian agency office and is for the use of the staff, although it can be used by the general public in cases of emergency. The agency office is open from Monday to Friday inclusive between 8.30 a.m. and 5.15 p.m.

5. No.

6. The department has approached the Bell Telephone company in regard to the installation of a pay radiotelephone on Christian island for public use. However, the installation would be costly and would involve certain technical difficulties. The matter now rests with the Indian band council to decide whether they are willing to pay the costs and assume responsibility for the protection of the equipment.

PUBLIC ROAD, POORMAN INDIAN RESERVE, SASK.

Question No. 389—**Mr. Pickersgill:**

1. Is there a public road across Poorman Indian reserve, No. 88, in Saskatchewan?
2. If so, when was this road built, and by whom?
3. Was the land on which the road was built surrendered for that purpose?
4. If not, who has jurisdiction over the road, and how is the jurisdiction exercised?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, the answer to this question is as follows:

1. No. All reserve roads are private and still form part of the over-all reserve acreage.

2, 3 and 4. Not applicable.

[*Later:*]

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask the Minister of Citizenship and Immigration a question supplementary to starred question No. 389 which she answered earlier today, about a road across the Poorman Indian reserve. Can the hon. lady say whether there is a road there which is used by the public, and whether it would be competent for the band to close the road against public use should it so desire? It may be that the hon. lady would wish to take this question as notice.

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): I think I had better take it as notice because of the implications involved.

UNEMPLOYMENT INSURANCE FUND

Question No. 390—**Mr. McMillan:**

1. At the latest available date, in respect to the unemployment insurance fund, what was the face value and market value of (a) securities held in the fund (b) securities pledged for loans to the fund?
2. What is the total amount of these loans?

Starred Questions

3. What amount of these loans is still on hand?
4. What federal contributions have been made to the unemployment insurance fund during this fiscal year?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, all answers are as of May 31, 1961.

1.(a) Par value $63,713,500. Market value $54,776,325. (b) Par value $181,089,000. Market value $147,018,817.50.

2. $140,500,000.

3. I am not clear what the hon. member means when he refers to loans "still on hand". I can only interpret that as meaning in effect what question No. 2 asks and, if so, the answer is the same. If that is not what the hon. member meant, perhaps he would clarify the question and I can answer it further.

4. $8,059,584.96.

Mr. McMillan: Mr. Speaker, by that part of the question I referred to the balance still on hand.

Mr. Fleming (Eglinton): If the hon. member will submit his question the information will be given.

GOLD PLATED SYRINGE USED BY AGRICULTURE MINISTER

Question No. 394—**Mr. Leduc:**

1. What was the cost of gold plating the syringe used by the Minister of Agriculture in injecting a black and white milk cow?
2. Did the Department of Agriculture issue a press release on this event?
3. If so, how many issues of this release were circulated, and at what cost?

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, the answer to this question is as follows:

1. $5.

2. Yes.

3. Copies were sent to all news outlets throughout Canada, including dairy newspapers, farm press, radio and television stations. This was done as part of the normal operations of the information division and it is impossible to segregate the cost of this particular operation. In all there have been eight press releases over the past two or three months regarding the completion of a $50 million program to make every area of Canada free of bovine tuberculosis, with its resulting benefit to the Canadian people.

Some hon. Members: Hear, hear.

CANADIAN CENTENNIAL—ADDITIONAL GOVERNMENT PERSONNEL

Question No. 395—**Mr. Deschatelets:**

1. Have any persons been brought into the government service for the purposes of preparing for Canada's centennial?

[Mr. McMillan.]

2. If so, who are these persons, and what are their specific duties?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the answer to both parts of this question is no, not yet.

CUSTOMS AND IMMIGRATION BUILDINGS, HIGH FALLS

Question No. 396—**Mr. Badanai:**

1. Will new customs and immigration buildings be constructed at the new proposed border crossing which is being moved from Pigeon river, Ontario, to a new site at High falls, or will the old buildings be moved to the new site?
2. What is the estimated cost to the federal government of construction of new buildings, or moving of the old buildings to the new site?
3. Will the present boundary crossing be closed for traffic after the relocation?

Hon. J. W. Monteith (Acting Minister of National Revenue): Mr. Speaker, the answer to this question is as follows:

1. A new customs immigration highway office building and a new customs examining warehouse will be constructed at the site of the new bridge over the Pigeon river at High falls.

2. According to the Department of Public Works, which is arranging the contract, the estimated cost is $190,000.

3. If necessary, with service according to requirements.

COUNTY OF WEST ABITIBI—PAYMENTS TO EMILIEN BEGIN AND JOSEPH MORIN

Question No. 397—**Mr. Leduc:**

During the cleaning operations on the Dagenais river and the Côté creek, in the township of Palmarolle, county of West Abitibi, in 1958 and 1959, what has been the amount of wages paid by the Department of Public Works to (a) Emilien Bégin of Palmarolle (b) Jos. Morin of Palmarolle?

Mr. Y. R. Tassé (Parliamentary Secretary to the Minister of Public Works): Mr. Speaker, the answer to this question is as follows:

(a) To Mr. Emilien Bégin, $824.44.

(b) Mr. Joseph Morin was not on the payroll.

REDISTRIBUTION PROCEDURE

Question No. 398—**Mr. Martin (Timmins):**

1. In the years 1958, 1959, and 1960, did the government give consideration to changing redistribution procedure, including the creation of a redistribution commission or commissions?
2. In the year 1961, has the government given consideration to changing redistribution procedure, including the creation of a redistribution commission or commissions?
3. Has the government given or is it giving consideration to changing redistribution procedure, including the creation of a redistribution commission or commissions, before the dissolution of this parliament?
4. If not, has consideration been given to permitting the 1952 redistribution to continue in effect,

until a royal commission or a special committee reports on alternative procedure and formulae for redistribution?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in regard to parts 1 and 2 of this question, it would be improper for me to answer as to whether the government as such has given consideration to any such matter unless and until a proper announcement of policy is made. However, I should like to say that thought has been given to the procedure to be followed in connection with redistribution. I should not wish that answer to create any impression that we have reached a conclusion now on the matter or are tending toward any particular change.

In regard to parts 3 and 4, I should not of course be prepared to give any commitment regarding a future policy which would imply a decision as to whether or not redistribution would be completed before the dissolution of this parliament. However, it is obvious that it will be some considerable time before the results of the current census are available for use in redistribution by whatever procedure may be followed.

QUESTIONS PASSED AS ORDERS FOR RETURNS

POSTAL EMPLOYEES, OTTAWA—VOTES ON SHIFT WORK

Question No. 366—**Mr. Howard:**

1. Since January 1, 1958, have any votes been conducted amongst the Post Office Department employees in the Besserer street post office concerning the question of shift work for the said employees; and, if so, with respect to each such vote (a) upon what dates was each conducted (b) amongst which employees was each conducted (c) what were the results in each case (d) were any of the ballots marked with a number or other distinguishing mark, and what are the details surrounding this matter?

2. Have any steps been taken to put into effect a program of shift work consistent with the results of the said vote, and, if so, what are the details of such steps?

3. If such steps as mentioned in part 2 have not been taken, what is the reason?

4. Under what shift arrangements do postal employees work in the main post offices in each of the following cities: Montreal, Winnipeg, Toronto, Vancouver, Hamilton?

5. Is any overtime payment made to employees of the Post office Department who work overtime, and, if so, what are the details about such payments?

6. How long a period of time elapses between the pay period within which a post office employee works overtime, and the pay period within which the said employee receives payment for the said overtime work?

Mr. Hamilton (Notre Dame de Grace): Return tabled.

ROBERT E. AMARON, CENSUS STAFF, MONTREAL

Question No. 382—**Mr. Denis:**

1. Has the government requested the services of one Robert E. Amaron to work on the census of Canada in Montreal?

2. If so: (a) what are his duties and salary? (b) was the said Mr. Amaron president of the young Progressive Conservatives of Canada? (c) what other federal position, if any, does he hold?

PAUL EMILE LESAGE, CENSUS STAFF, QUEBEC

Question No. 383—**Mr. Deschatelets:**

1. Has the federal government employed one Paul Emile Lesage of Mont Laurier, Quebec, to work on the census of Canada?

2. If so: (a) what are his duties and salary? (b) is the said Paul Emile Lesage the defeated Conservative candidate in the past by-election in the county of Labelle? (c) what other federal government position, if any does he hold?

MOTIONS FOR PAPERS

VETERANS AFFAIRS—WELFARE OFFICE, PETERBOROUGH

Motion No. 137—**Mr. Pitman:**

For a copy of all correspondence, telegrams, and other documents exchanged between the federal government or any agency or branch thereof and any other person, corporation, organization, or government since January 1, 1959, dealing with the question of the assigning of a D.V.A. welfare office to any place in the municipality of Peterborough.

Hon. Gordon Churchill (Minister of Veterans Affairs): Mr. Speaker, this is acceptable, subject to any reservations on the part of any other governments.

Mr. Speaker: Subject to the reservation requested by the minister, is it the pleasure of the house to adopt the motion?

Motion agreed to.

POST OFFICE CIRCULAR 502, 1960

Motion No. 139—**Mr. Howard:**

For a copy of circular 502 for the year 1960, used by the Post Office Department.

Hon. W. M. Hamilton (Postmaster General): Mr. Speaker, this particular document is a directive which circulates only within the department among employees, and as such is not officially available for general distribution. I should be delighted, however, to make it available to the hon. member in his capacity as a member of this house.

Mr. Howard: Mr. Speaker, I do not think I should be in any different class than any other hon. members.

Mr. Speaker: Does the hon. member wish to proceed with the motion in view of what the minister has said?

Mr. Howard: Yes, Mr. Speaker.

Mr. Speaker: The hon. member indicates his desire to proceed with the motion.

Mr. Hamilton (Notre Dame de Grace): Mr. Speaker, I am sorry, but having offered to make this document available to the hon. member in his capacity as a member of this

house, under the rules of the house and by precedent it simply is not a document which should be allowed to be tabled.

The house divided on the motion (Mr. Howard) which was negatived on the following division:

YEAS

Messrs:

Argue
Badanai
Batten
Benidickson
Bourget
Cardin
Caron
Carter
Clermont
Crestohl
Deschatelets
Dupuis
Eudes
Fisher
Garland
Godin
Granger
Habel
Hellyer
Herridge
Howard
LaMarsh, Miss
Lessard
Macnaughton
McIlraith
McMillan
Martin (Timmins)
Mitchell
Nixon
Pearson
Peters
Pickersgill
Pitman
Racine
Ratelle
Richard (Ottawa East)
Richard (St. Maurice-Lafleche)
Roberge
Robichaud
Rouleau
Tucker
Winch—42.

NAYS

Messrs:

Aiken
Aitken, Miss
Balcer
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Best
Bigg
Bourbonnais
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Casselman, Mrs.
Cathers
Chambers
Charlton
Chown
Churchill
Clancy
Coates
Comtois
Cooper
Creaghan
Crouse
Danforth
Diefenbaker
Dinsdale
Doucett
Drysdale
English
Fairclough, Mrs.
Fane
Fleming (Eglinton)
Flemming (Royal)
Forbes
Fortin
Frechette
Fulton
Grafftey
Green
Grills
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Howe
Johnson
Jorgenson
Jung
Kennedy
Kindt
Knowles
Korchinski
Kucherepa
Lahaye
Lambert
Latour
Legere
Lennard
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLean (Winnipeg North Centre)
MacLellan
Macquarrie
McBain
McCleave
McFarlane
McGee
McGrath
McIntosh
McLennan
McPhillips
McQuillan
Maloney
Mandziuk
Martel
Martineau
Martini
Matthews
Monteith (Perth)
Monteith (Verdun)
Montgomery
More
Morissette
Morris
Muir (Lisgar)
Nesbitt
Noble
O'Hurley
O'Leary
Pallett
Parizeau
Pascoe
Payne
Pigeon
Pratt
Pugh
Rapp
Regnier
Ricard
Rompre
Rowe
Rynard
Sevigny
Simpson
Small
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Spencer
Starr
Stearns
Stefanson
Stinson
Tassé
Taylor
Thomas
Thompson
Thrasher
Tremblay
Vivian
Walker
Webb
Webster
Weichel
Winkler
Wratten—141.

[Mr. Hamilton (Notre Dame de Grace).]

SALE CONTRACT FOR CF-100 PLANES

Motion No. 140—**Mr. McIlraith:**

For a copy of the contract between Crown Assets Disposal Corporation and The Westbourne Supply Company, Westbourne, Manitoba, concerning the sale of eleven CF-100 fighter planes.

Motion agreed to.

MONETARY AWARDS, MILITARY PERSONNEL AND NON-COMBAT UNITS, NEWFOUNDLAND

Motion No. 142—**Mr. Carter:**

For a copy of the list of monetary awards, not included in the regular pensions list, with dates and particulars, made by the commission of government of Newfoundland and continued by the government of Canada to members of the armed services, and non-combat units such as the merchant navy and forestry units prior to union of Newfoundland with Canada.

Motion agreed to.

EXTERNAL AFFAIRS

PAKISTAN—STATEMENT OF CONSORTIUM ON AID COMMITMENTS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, before the orders of the day are called may we revert to motions? I have an announcement that is supposed to be made not only in this house but generally throughout the country.

Mr. Speaker: Has the Prime Minister permission to revert to motions?

Some hon. Members: Agreed.

Mr. Diefenbaker: On June 2 I reported on the outcome of meetings held in Washington

last week under the auspices of the world bank for the financing of India's foreign exchange requirements during the third five year plan. I now wish to make a similar statement on Pakistan. The consortium meeting was concluded today in Washington. I do not intend to cover all the details set out in the press communique which is being released in the various capitals today. Instead, I shall report on the part Canada has played in the consortium. At the conclusion of my remarks I shall ask for leave to table copies of the communique.

The world bank had calculated that Pakistan's foreign assistance requirements for the next two fiscal years totalled $800 million. The consortium was unable to reach this target figure, but nevertheless agreed on forward commitments for 1961-62 on the basis of which the United States, the world bank and the international development association found it possible to participate, while holding the view that the original two year objective was the appropriate approach. It is their intention accordingly to revert to this plan the next consortium meeting on Pakistan due to take place in the fall.

On the basis of commitments for 1961-62, additional commitments of $320 million were made by members of the consortium, subject of course, as appropriate, to legislative action or other necessary authorization. Canada's share of this was set at $18 million a year, which is made up of $11.5 million in Colombo plan aid and the remainder in export credits in an amount of $12 million over the next two years. These sums are, of course, contingent upon approval by parliament of the Colombo plan grants for the coming year and of the amendments to the Export Credits Insurance Act.

In addition to this form of aid, I would remind the house that Pakistan in the past has been receiving grants of wheat from Canada. Pakistan has requested further shipments of wheat under the Colombo plan in the coming year at the same level as last year and, in anticipation of this, $3.65 million is being set aside for this purpose during 1961-62. The anticipated total figure for Colombo plan aid to Pakistan is thus roughly $15 million for the present fiscal year.

I might mention that the communique will show a figure of $19.8 million as aid previously committed by Canada for Pakistan. I understand that this relates entirely to Canadian Colombo plan programs started in previous fiscal years, and does not require new appropriations. This is the same procedure which has been followed with respect to those amounts shown for other countries under the already committed heading, totalling $229.3 million.

Hon. members will welcome the outcome of the international meeting just concluded in Washington, since this will help Pakistan to meet the balance of payments gap expected for 1961-62 and thus enable the Pakistanis to make essential purchases abroad in order to maintain the momentum initiated during the first year of the second five year plan.

I ask leave, sir, to table two copies of the communique. I have not a French translation of it, since it came to me only a few minutes ago.

Mr. Speaker: Has the Prime Minister leave to table this document?

Some hon. Members: Agreed.

Hon. L. B. Pearson (Leader of the Opposition): Our attitude toward the announcement the Prime Minister has made with regard to aid to Pakistan is exactly the same as it was toward the announcement he made the other day with regard to aid to India. We support anything the government may be able to do in this regard to help Pakistan, a fellow member of the commonwealth and a staunch supporter of the free world.

Mr. H. W. Herridge (Kootenay West): This is the type of international co-operation and action we wholeheartedly endorse. It is the type of action that has been suggested by this group over quite a number of years. We are very pleased, therefore, to hear the proposal contained in the Prime Minister's announcement. We are also glad to see that provision is made for a periodic review of the progress and development of this plan. We think this is an excellent provision to meet changing needs and circumstances and provide opportunity for adjustment as a result of experience.

We are very pleased indeed, and personally I am particularly pleased, to see Canada taking part in another proposal to assist another country within the commonwealth.

LAOS—INQUIRY AS TO VIOLATIONS OF CEASE FIRE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Secretary of State for External Affairs whether he can comment on reports that the cease fire in Laos has been violated by both sides, and that the international commission is not in a position to even effectively report on these violations.

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, as yet I have had no official confirmation of press reports that a pocket of troops loyal to the

Vientiane government at Ban Padong in central Laos has been under heavy attack by Pathet Lao forces during the past 24 hours and has now been overrun. However, we have received information from Geneva that the United States delegation there issued a statement today, that the United States has asked for a suspension of the conference pending further instructions from Washington in view of grave violations of the cease fire at Ban Padong.

Since May 16 the international supervisory commission has been seized with the question of breaches of the cease fire at a number of places in Laos including Ban Padong. For more than two weeks the commission has been endeavouring to visit Ban Padong or to send representatives to investigate the reported violation of the cease fire. They have been unable to do so for various reasons.

I can inform the house that a considerable portion of the commission's most recent report to the co-chairmen, that is to the United Kingdom and the Soviet union, dated June 5, deals with visits to sensitive areas. The government in Vientiane has stated that it would accept visits by the commission and was prepared to give all possible assistance within the limits of its material resources. The other two principal parties, on the other hand, have said that visits and investigations can be made only with the agreement of all three Laotian parties.

Another reason given for refusing to take any action is that the Geneva conference has not as yet adopted any principle concerning the activities of the commission. In their report the commissioners indicate that any agreed decision taken by the conference would have a helpful effect. These developments serve to underline the vital importance of a cease fire in Laos which is effectively supervised and controlled.

As I stated in the house on May 30, the Canadian government has been doing its utmost to ensure that a genuine cease fire operates throughout the whole of Laos. To do this the commission must have, first, the co-operation of the parties in Laos and, second, the co-operation of the co-chairmen and other members of the Geneva conference in sustaining and supporting it. Finally, of course, the commission must have the material means to carry out its job.

It may be too early as yet to be sure whether the discussions between President Kennedy and Premier Khrushchev over the last week end will help to solve this present difficulty over Laos. I am hopeful that such will be the result of the talks.

[Mr. Green.]

INDUSTRY

AGRICULTURAL IMPLEMENTS—REPRESENTATIONS BY AUTOMOBILE WORKERS UNION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister. Can the Prime Minister say whether he has given any further consideration to the request of the united automobile workers for an interview to discuss the agricultural implement industry with the cabinet?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. gentleman has not kept up with the times—and that is understandable—as to what has happened here during the last few days. The meeting is being held today.

Mr. Argue: No announcement was made in the house.

AUTOMOBILES—INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct to the Prime Minister a question arising out of the great interest of the workers involved and others in Canada in the lagging automobile industry. I wonder whether the Prime Minister is in a position to inform the house when he will make public the Bladen royal commission report.

Right Hon. J. G. Diefenbaker (Prime Minister): No, Mr. Speaker.

TRADE

CUBA—REPORTED SEIZURE OF EXPORTS BY CANADIAN CUSTOMS

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): I should like to direct a question to the Minister of Trade and Commerce. Can the minister give the house information on a so-called unofficial agreement between Canada and the United States by which the Canadian customs last week seized 165 tons of spare parts and base materials, some of which were produced in Canada, from aboard a Cuban vessel destined for Havana, as reported in this morning's *Gazette*? Can the minister tell the house exactly what items were seized and under what authority these items were seized?

Hon. George H. Hees (Minister of Trade and Commerce): No, Mr. Speaker, I had not seen the report. I will look into the matter, and I shall be glad to report to the house as soon as I have done so.

NATIONAL DEFENCE

SURPLUS CF-100 PLANES—REQUEST FOR REPORT ON FLYING CONDITION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to direct a question to the Minister of Defence Production. In view of the statement of Mr. James McMaster of Westbourne Supply Company that the Minister of Defence is "all wet" when he states that it would take several hundred thousand dollars each to put in flying condition the CF-100 jets that he bought from Crown Assets Disposal Corporation, and that he has all the parts, would the minister care to comment on this rather unusual and contradictory statement; and can he also inform the house as to the result of the investigation into this matter by the president of Crown Assets Disposal Corporation, as was promised the house on June 2?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, I am afraid Mr. McMaster will have quite a job on his hands in proving that the Minister of National Defence is "all wet".

Mr. Pickersgill: It is self evident.

Mr. O'Hurley: In reply to the hon. member's question, may I say that Mr. McMaster has written a personal letter to the president of Crown Assets Disposal Corporation saying he will dispose of the scrap as it was bought, as contaminated scrap. I have here a report from the officials of the national defence technical services unit which states as follows:

> On receipt of information that the press were reporting that these aircraft were in a flyable condition the R.C.A.F. technical services unit at Lincoln park, Alberta, were asked to confirm the class and quantity of parts removed from the aircraft prior to their declaration under the category of "contaminated scrap". As you are aware, it is our policy to salvage from aircraft of this class all armaments and classified equipment plus all parts and installed equipments which can be used to support other R.C.A.F. activities. This recovery program has the result of rendering the aircraft completely non-flyable.
>
> The technical services unit confirmed by telephone that the parts specified for removal had in fact been removed. The work was carried out by a Canadian Pacific Air Lines work party and completed work orders are held at the T.S.U. The R.C.A.F. technical NCO at the MacDonald site and the foreman of the C.P.A. work party confirmed to the commanding officer of the T.S.U. that to their personal knowledge the specified parts had been removed.

We still maintain our position that this is just scrap, and that Mr. McMaster has confirmed by letter that he will dispose of this as scrap. I think there is a certain scrap dealer in the country who is amusing himself at the expense of the press.

[*Later:*]

INQUIRY AS TO CONTINUED USE OF CF-100 PLANES

On the orders of the day:

Mr. C. W. Carter (Burin-Burgeo): Mr. Speaker, I should like to direct a question to the Minister of National Defence. My question arises out of an answer that was given earlier this morning to part 3 of starred question No. 380 on today's order paper. The reply to this part of the question confirmed that the CF-100's were obsolete and of no further use for our defence. My question is this. If this is so why are we still retaining five squadrons of them in service?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, these particular 11 aircraft had been used very extensively, and their flying time was exhausted. As a result they were declared surplus and all usable parts were removed. As to the aircraft which are in use in the CF-100 squadrons which are still flying—I think the number is seven or eight—may I say that these aircraft still have a considerable number of flying hours in them and are performing a useful function.

(Translation):

TRANSPORT

CARILLON DAM, QUEBEC—WIDTH OF LOCK GATE

On the orders of the day:

Mr. J. O. Latour (Argenteuil-Deux-Montagnes): Mr. Speaker, I should like to put a question to the Minister of Transport of which I have given him notice. In view of the work being carried out by the Quebec hydro at the Carillon dam, could the minister make sure that there will be no less than 285 feet, instead of 215, between the two gates of the only lock at that dam?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the Navigable Waters Protection Act stipulates that any public works which are to be carried out in a navigable river and which could interfere in any way with navigation must first be approved by the Department of Transport. I am sure that in this case the Quebec hydro will send the plans in question to my department. Consequently, I wish to assure my hon. friend that the engineers of my department will see to it that no work interferes with navigation.

Inquiries of the Ministry

(Text):

DOMINION-PROVINCIAL RELATIONS

TAX SHARING ARRANGEMENTS—INQUIRY AS TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder if I could ask the Minister of Finance whether the discussions with the provincial government with respect to the federal-provincial tax sharing arrangements have now been concluded. If so, how soon does the minister expect to be in a position to introduce the legislation?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, there is nothing further to be reported since I last gave the house a report in reply to a similar question.

FLOODS

CRESTON, B.C.—INQUIRY AS TO ASSISTANCE BY ARMY

On the orders of the day:

Mr. M. L. McFarlane (Kootenay East): I should like to direct a question to the Minister of National Defence. I understand that the flood situation at Creston and in the Wynndel area of East Kootenay in British Columbia continues to be critical. I wonder whether the minister has a report on the situation and what assistance is being given by his department.

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, I have not received a further report today, but the report I received yesterday was to the effect that the water level of the Kootenay river at Creston is nearing the critical level of 25 feet, and is expected to spill over dikes south of Creston in the next 12 hours. Water pressure caused a break in the dikes at Creston. Troops and civilians are sealing the break.

The major concern to provincial authorities is that continual seepage will result in a major break. There are at present 165 troops there. Previously we had some engineers there to give technical advice and assistance, and also a water purification unit. The majority of the troops are now being employed in raising the dike level at Creston and in the area to the south of the town.

NATIONAL AFFAIRS

TRANSCONA, MAN.—CELEBRATION OF GOLDEN JUBILEE

On the orders of the day:

Mr. Laurier Regnier (St. Boniface): Mr. Speaker, I should like to address a question to the Prime Minister. Is the Prime Minister aware that on Saturday, June 10 Transcona, a well known railway and industrial centre in the constituency of St. Boniface, will not only celebrate its golden jubilee but also its birth as the newest city in Manitoba, which I believe constitutes a unique historical event in Canada?

Right Hon. J. G. Diefenbaker (Prime Minister): I think I should say something in answer to the hon. member for St. Boniface. While ordinarily such questions do not arise, I can understand the pride of the hon. gentleman in the fact that this very admirable community is celebrating its fiftieth anniversary contemporaneously with its becoming a city, and I am sure the congratulations of all Canadians will be accorded.

Mr. Hazen Argue (Assiniboia): In associating myself with the congratulations offered by the Prime Minister I wonder whether the Prime Minister can hold out some hope that the workers in the railway shops in this area will have a reasonably good chance of employment, or whether they are to be laid off as threatened.

Mr. Speaker: Order. The hon. member's question is misdirected.

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO ALTERATION IN COMPOSITION OF MANAGEMENT

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to ask the Minister of Transport, in view of the current interest created by stories in the press, if he could indicate whether he has had any discussions with the president of the Canadian National Railways about an alteration in the balance of C.N.R. management, in which at the present time not one of the 17 vice-presidents is a French Canadian.

Hon. Leon Balcer (Minister of Transport): This is a matter strictly for the management of the Canadian National. The government appoints the directors and the chairman of the C.N.R., but the vice presidents are all chosen by the management.

COMBINES INVESTIGATION ACT AND CRIMINAL CODE

EXTENSION OF MORATORIUM RESPECTING B.C. FISHING INDUSTRY

Hon. E. D. Fulton (Minister of Justice) moved the third reading of Bill No. C-97, to amend the Combines Investigation Act and the Criminal Code.

Motion agreed to and bill read the third time and passed.

FOOD AND DRUGS ACT

AMENDMENTS RESPECTING CONTROL OF BARBITURATES

Hon. J. W. Monteith (Minister of National Health and Welfare) moved the third reading of Bill No. C-99, to amend the Food and Drugs Act.

Mr. Speaker: Is the house ready for the question?

Mr. Monteith (Perth): May we have the yeas and nays, Mr. Speaker?

Mr. Pickersgill: An hon. member is attempting to speak.

(Translation):

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I have only a few comments to make with regard to the motion for third reading of Bill No. C-99.

When this bill came up in committee of the whole, we did our utmost to improve it. We said we supported the principle of the bill, and now our only hope is that the minister will keep informed of the results of the bill, and that if it can be improved, he will put forward appropriate amendments.

Mr. Speaker, before resuming my seat, I should like to commend the person who first called the attention of the house and of Canada to the existence and seriousness of the goof ball problem. I refer to the hon. member for Outremont-St. Jean (Mr. Bourque). In fact, it will be recalled that at the opening of the 1958 session, in the debate on the address in reply to the speech from the throne, the hon. member devoted his whole speech to this problem. He dealt with it conscientiously and boldly despite the jeers of some hon. members who failed to realize the seriousness of the problem.

At every opportunity, the hon. member for Outremont-St. Jean renewed his representations, and with every speech, he managed to convince more and more of his colleagues.

Today, when this bill is about to be read a third time, circumstances prevent the hon. member from being in attendance, due to extremely important reasons. I know the minister will join us in commending the hon. member for Outremont-St. Jean. Such commendation goes beyond the person of the hon. member and is directed at every private member of the house, of any party, who has strong views and puts them forward stubbornly until they are finally shared by all his colleagues.

That being said, I am pleased to state that I will, of course, support the bill. In fact, the principle of the bill has received the unanimous support of all hon. members.

(Text):

Hon. E. D. Fulton (Minister of Justice): It is understandable that the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) should wish to pay tribute to his fellow member from Outremont-St. Jean, and of course nobody on this side of the house or in the government has ever sought or desired to take away credit due to any hon. members wherever they sit in the house. Therefore I hope the remarks I have to make will not be taken as detracting from or indicating a lack of appreciation of the interest shown in this subject either by that hon. member or by others who have spoken on the subject or who are supporting the bill.

However, I feel that a factual résumé of the steps taken to deal with this problem and bring in the legislation might put the question in its proper perspective. Several years ago reports were received indicating that barbiturates and amphetamines were easily procurable without prescription at a number of retail pharmacy outlets. As a result of studies made at that time it was not considered, however, that there then existed any illicit form of underworld traffic in these substances.

Investigations were subsequently made in an attempt to ascertain the extent to which these drugs could be purchased without prescription in retail stores. As a result of a survey made some four years ago of 2,400 drug stores, approximately half the total number in Canada, evidence was secured which warranted prosecutions being instituted against some 150 pharmacists. I am informed that a number of prosecutions were instituted accordingly.

I think this should be borne in mind more carefully than it has been, because—only as a result of overzealousness on their part, I am sure—some hon. members have sought to create the impression that the Minister of National Health and Welfare, together with the government as a whole, were not interested in this problem, or that he proceeded to deal with it only in response to pressure from one particular source. Notwithstanding the prosecutions which took place it was the opinion of the inspectors, based on their examination at that time, that there was no evidence of widespread illicit traffic in these drugs but, rather, that there were infractions of the regulations calling for their sale only on prescription.

Within the past year and a half other reports have reached us indicating that apart from infractions by retail pharmacists, there

also existed a form of illicit underworld traffic in these drugs. This information was immediately passed on to the R.C.M.P. who made a thorough investigation, and the results of this investigation clearly establish that such a traffic presently exists, and that it has grown rapidly. Accordingly, well over a year ago detailed consideration began to be given to the preparation of measures designed to be effective in eliminating the underworld traffic and to control the sale of the types of drugs commonly used in goof balls.

Suggestions have been made that there has been delay in producing this legislation. May I remind hon. members of this house that this type of legislation is extraordinarily difficult to prepare. That difficulty arises primarily from the fact that we are dealing with a commodity or commodities which, when properly used, are useful and valuable adjuncts to physicians in the control of pain and in the practice of their profession. It is, therefore, with great caution that the problem of instituting a program of control over such materials is attacked, particularly when we are dealing with possession, which normally should be available to people on a physician's prescription.

When we come to establishing a system under which we acquire control of these drugs, because in the hands of certain people they may be abused, I think all hon. members will appreciate the care with which such legislation must be drawn and the difficulty of evolving a scheme of control which protects the public interest against abuse and trafficking in these materials on the one hand, but which does not violate the right of individuals to be in proper and lawful possession on the other. Furthermore, and particularly important, this control must be designed in such a way as to not expose those individuals in lawful or innocent possession to the dangers of interference, prying and, indeed, pressure and perhaps persecution by the authorities responsible or having the power to enforce such control measures.

It is for those reasons that it is not until this session that a bill has actually been introduced. It has been studied and restudied by an interdepartmental committee which has been working in respect of it ever since evidence became definite that there was illicit trafficking in these drugs for the purposes of manufacturing and distributing goof balls.

The work of my colleague the Minister of National Health and Welfare, with the assistance of all those individuals responsible for the enforcement of this program, in devising this legislation has been recognized and appreciated by all those who are concerned. He and I have had great interest and concern in this regard, and have worked in co-operation, but it is primarily to him and his department that credit is due.

Hon. members of this house will, I am sure, be interested and appreciate knowing that the minister had a recent meeting with the mayor and members of a committee from the city of Montreal who have also been working with regard to this subject for some time, and have been greatly concerned with regard to the trafficking in these drugs. The mayor expressed his wholehearted and unreserved appreciation for the interest shown by the minister and for the legislation which has been introduced and is before this house now for final disposition. I feel that when we find the mayor of Montreal, who is concerned about this matter on behalf of his citizens—as is well known—expressing, in the glowing terms that he used, his appreciation for the bill the minister has introduced and for the interest shown by the ministers and the government in this matter, that should set at rest some of the questions which appear to bother my friend the hon. member for Maisonneuve-Rosemont.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I do not rise to take part in this debate at all, but because I am assured by my hon. friends who have shown particular interest in this legislation that if this were put to a vote it would be their intention to vote for the bill. In view of the repeated appeals from the government to the effect that it would like to expedite the work of this session, and in view of that assurance, I hope the minister will not persist in taking up the time of the house in an attempt to get a unanimous vote. Of course he is perfectly within his rights in doing that, but we are anxious to get on with other legislation. I repeat that assurance on the part of my hon. friends in order to save the time of the house.

Mr. R. J. McCleave (Halifax): Mr. Speaker, my intervention at this stage will be brief, but I should like to point out to the house that in 1958 and 1959 this problem in respect of goof balls was of considerable interest to the people of my own riding of Halifax, and representations were made, through the hon. members for Halifax, to the Minister of National Health and Welfare at that time. Perhaps we can not claim paternity for this legislation, as do the hon. members for Outremont and Essex East, but at least we are well within the family circle of those who helped bring this serious matter to the understanding attention of the minister concerned.

Mr. Fulton: Mr. Speaker, may I be permitted to ask the hon. member for Bonavista-Twillingate whether what he said a moment ago also applies to the hon. member for Essex East?

Mr. Pickersgill: Mr. Speaker, I have not consulted the hon. member for Essex East but have consulted those of my friends who are present, and believe I speak on behalf of all my friends. I should not like to think there was any difference in respect to the hon. member for Essex East.

Mr. Deputy Speaker: Is the house ready for the question?

Some hon. Members: Question.

Motion agreed to and bill read the third time and passed.

JUDGES ACT AND EXCHEQUER COURT ACT

AMENDMENTS PROVIDING FOR APPOINTMENT OF ADDITIONAL JUDGES

The house resumed, from Tuesday, June 6, consideration in committee of Bill No. C-104, to amend the Judges Act and the Exchequer Court Act—Mr. Fulton—Mr. Flynn in the chair.

On clause 1—*1955, c. 48, s. 1.*

Mr. Deschatelets: Mr. Chairman, there is only one point in respect to which I should like the minister to comment. During the minister's remarks last evening he mentioned having discussed the situation in respect of judges with the Attorneys General of the provinces of British Columbia, Alberta and Ontario. As far as the province of Quebec is concerned, the minister reported having received representations from the chief justice of that province. Could the minister now say whether he has discussed the situation regarding judges with the Attorney General of the province of Quebec, and does the minister not think that representations by the chief justice of a province should be made directly to the attorney general of that province rather than to the Minister of Justice?

Mr. Fulton: Mr. Chairman, the situation here is that over a year ago the legislature of the province of Quebec provided for 5 additional judges in the Montreal district. That legislation is on the statute books and has not been rescinded by the legislature of the province of Quebec at the instigation of the present government of that province or otherwise. I take it, therefore, as I think I am entitled to, that this legislation represents the view of the government of the province. The effect of that legislation is that there are still two judicial positions in the Montreal district for which this parliament has not provided salaries. I have had no indication from the Attorney General of Quebec that he does not agree with the view of the legislature of that province which previously expressed the opinion that there should be five more judges in the Montreal district.

I do quite naturally and properly have communications from time to time with the chief justice, formerly the associate chief justice, of the province of Quebec, just as I have with the chief justices of other provinces, with respect to the positions of judges for whom there are vacancies on the bench. For instance, when a vacancy occurs by death I frequently hear from the chief justice concerned if he feels that I should be informed that there is a heavy work load and thinks he should indicate to me that it would be appreciated if the appointment were made as quickly as possible or in other matters affecting the appointment of judges for whom positions already exist. In the course of the exchanges I have had with the chief justice of the superior court the impression I received has definitely been that there is a continuing requirement for the appointment of the judges to fill the vacancies which the legislature has provided.

Clause agreed to.

Clauses 2 to 6 inclusive agreed to.

Title agreed to.

Bill reported and read the third time and passed.

DRUGS

PROVISION FOR CONTROL OF DISTRIBUTION AND SALE OF NARCOTICS

Hon. J. W. Monteith (Minister of National Health and Welfare) moved the second reading of Bill No. C-100, to provide for the control of narcotic drugs.

He said: Mr. Speaker, I was wondering whether we might call it one o'clock, but I also wondered whether it would be agreeable to the other parties if in moving second reading of this bill I were to speak to part I having to do with the general purposes of the bill, and then be followed by the Minister of Justice, who will speak in some detail on part II of the bill. I wonder whether this procedure might be followed after 2.30.

Mr. Pickersgill: Mr. Speaker, my hon. friend the Leader of the Opposition was consulted privately about this matter. So far as we are concerned we think this would be a sensible arrangement, so the debate could take place after both ministers have exposed

the government's position on the bill. I think I can speak for all my hon. friends when I say we are quite agreeable to the suggestion.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Monteith (Perth): Mr. Speaker, in moving second reading of the narcotic control act I thought hon. members might be interested in having a short review of the development not only of this particular measure but also of Canada's participation in the field of international narcotic control. The medical use of opium, which until relatively recent times has constituted the most widely known narcotic, can be traced back for many thousands of years. Records dating 7000 B.C. make reference to the use of opium for the relief of pain. Opium is the coagulated juice of the opium poppy which botanically is described as *papaver somniferum*. It is distinguishable from the ordinary garden or Flanders variety of poppy which is grown for decorative purposes.

In a number of far eastern countries the opium poppy has traditionally represented an important agricultural crop. Of recent years, however, countries that at one time produced opium have discontinued its cultivation. Indeed, at the moment there are only some 12 to 15 countries that permit the growing of this plant. The major producing countries at the present time are India and Turkey. Several other countries produce small quantities but these are generally for their own consumption. Unfortunately there exists a substantial amount of illicit cultivation and it is from the illicit sources that the underworld criminal traffic in narcotic drugs is supplied.

It is the aim of the international agencies, with international co-operation, to attempt to limit to legitimate medical needs the world's supply of opium. Until the beginning of the nineteenth century opium was the best known and most effective pain killer. At that time morphine, which is a derivative of opium, was produced in Germany. Later on another derivative, namely, codeine, was produced, and in 1898 a further derivative, which became known as heroin, was developed from this natural source.

Ironically, heroin, which is now regarded as the most powerful and the most dangerous of all narcotics, was developed as a miracle pain killer with all of the virtues of an opiate but without any of its recognizable dangers. Within a very few years, however, the real potential of heroin was recognized and today its use has virtually disappeared from modern medical practice everywhere in the world. Unfortunately it remains as the major narcotic of addiction in North America, and so long as there exists the illicit cultivation of opium there will exist a source from which illicit heroin can be manufactured to support the underworld criminal traffic.

Recognition of this fact is of great importance because of recent years medical reliance on opium has diminished and there have been developed a number of synthetic substances which can meet the therapeutic uses of opium but with less danger to the individuals than its derivatives. The authorities predict that the time may well come in the not too distant future when opium as a source of narcotic medication will substantially disappear and will be replaced wholly by synthetic substances chemically produced.

While opium was for many thousand years recognized and used in medical practice, it was also known and used to produce a state of euphoria or a sense of happiness and well-being. The dangers from addiction to opium while known were not legally suppressed until shortly after the turn of the present century when a number of the countries of the world commenced to take steps to control the use of this substance. International recognition of its dangers was first given at the Shanghai conference in 1909 and the principles agreed to at that time were embodied three years later in the narcotic convention signed at The Hague. This document, which is known as The Hague convention, marks the cornerstone in the foundation of international narcotic control. Since then there have been a number of narcotic treaties or conventions developed to deal not only with opium but with other drugs which also have narcotic properties and in particular the synthetic drugs.

Hon. members will, I am sure, be gratified to learn that Canada is one of the very few countries of the world that is a signatory to all existing narcotic conventions. Since the dangers of narcotics became internationally recognized, Canada has taken a leading part in the development of international control and Canadian legislation together with its enforcement have for a long time been regarded as amongst the most far-sighted and far-seeing of its kind by countries recognizing the narcotic problem.

It is with very special pride I now refer to Canadian participation in the recently concluded conference of plenipotentiaries at the United Nations in New York called to adopt a single convention to replace the nine existing multiple and multilateral treaties. This conference was indeed one of historic importance because it followed some 10 years of

deliberation and discussion by narcotic experts in proposing a document which took into account all aspects of narcotic control as presently developed and which, at the same time, made provision for the future. I am happy to be able to say that Canada, which not only played an active and important role in the conference, is now taking the necessary steps to be in a position, subject to the approval of parliament, to ratify that convention. The convention requires ratification by 40 parties to come into force. When this takes place the convention will replace existing narcotic treaties and will mark the commencement of a new era in the field of international narcotic control.

In referring to the active part taken at the conference by the Canadian delegation, it is fitting to mention that the head of our delegation was Mr. Robert Curran, the legal adviser to the Department of National Health and Welfare, who has also been very active in the development of the measure now before the house. As a mark of recognition of Canada's role at the conference, he was elected chairman of the main drafting committee responsible for the production of the text of the convention itself.

As I have mentioned, Canada's domestic legislation and its enforcement have long been regarded as amongst the most effective and realistic of any country in the world. In submitting the measure which is now before hon. members, I am glad to be able to say that it marks still further recognition of the steps which Canada regards as appropriate to take in dealing with the problem of the narcotic traffic and narcotic addiction. Canada, from the outset of its approach to the control of narcotics, has recognized that legislation to be effective must take into account two factors: The first, and the one which is frequently overlooked in referring to narcotics, is the necessity that the legislation must be such as will ensure that narcotics continue to be available for legitimate medical and scientific use. The other, and this has largely overshadowed the importance of the legitimate use of narcotics, relates to effective and vigorous enforcement to eliminate the narcotic traffic and its companion evil, narcotic addiction.

Narcotic legislation in Canada has traditionally been the responsibility of the health ministry, with its criminal enforcement the responsibility of the Royal Canadian Mounted Police. In this connection, it is not only timely but appropriate to pay public tribute to the continued efforts of the Royal Canadian Mounted Police for the war which it has waged on the narcotic traffic. The members of that force who are engaged in narcotic control work have demonstrated their dedication to the elimination of the evil and unwholesome traffic in narcotics. Inasmuch as persons so engaged must work under a cloak of anonymity, it is very fitting that I should, in introducing a measure that has been developed with their support and cooperation, pay public tribute to them.

I should now like to say a word with respect to the development of the measure which is before us. In 1955, an investigation was made by a special committee of the Senate into the narcotic traffic in Canada. In June of that year, the committee handed down its report which contained a number of recommendations relating to special measures for the suppression of the illicit traffic in narcotics. In 1957 a measure described as Bill D was introduced in the Senate which wholly revised the existing narcotic legislation and implemented substantially the recommendations contained in the Senate report. This bill was passed in the Senate and was given first reading in this house before parliament dissolved in the spring of 1957.

The reintroduction of that measure has been delayed pending further study and investigation of the narcotic problem in Canada and particularly of measures which might effectively be proposed for the treatment of narcotic addicts who are undergoing imprisonment for narcotic offences. The measure which is now introduced reflects very substantially the subject matter and content of the former measure but with a number of important changes which, in the light of experience, are considered desirable. In addition, the measure contains in part II special provisions relating to the control of narcotic addicts for the purpose of treatment.

In my explanation of this bill, I will not attempt however, to deal with those portions which are contained in part II because they involve matters which will be wholly within the area of responsibility of the Minister of Justice (Mr. Fulton) as relating to the penitentiary system and the national parole service. While these matters will be dealt with in detail by the Minister of Justice, I might say at this time that the provisions in question set out special procedures for the control of narcotic addicts who are convicted of offences under the act and will, therefore, be subject to the jurisdiction of the penitentiary authorities and of the national parole service.

While the control of the misuse or abuse of narcotics is an essential purpose of the legislation, a more important purpose lies in the control provisions which are designed to ensure the availability of narcotics for legitimate medical and scientific use in the

alleviation of pain and suffering and the treatment of disease. So well controlled has been the legal use of narcotics in Canada that this most important feature has tended to be overlooked, and the emphasis given to the dramatic aspects of the continual war against the underworld traffic.

I have previously touched upon Canada's role in international narcotic control. I can assure hon. members that this measure implements in every particular all of the obligations and undertakings which are involved in our international relations and, in particular, in the convention which has recently been concluded in this important area.

As I have mentioned, the subject matter of Bill D which was prepared a few years ago has not been overlooked and it has provided a basis for the present bill. In addition, however, we have endeavoured to reflect in it the experience gained since that time, as well as providing a new procedure which it is hoped will cope more effectively with the problem of narcotic addiction than has been attempted in the past.

In preparing this bill, we have examined the laws of other countries to ensure that Canada's narcotic legislation will continue to rank amongst the best in the world and that it will not suffer by comparison with any other narcotic legislation nor lack anything which will lead to a more effective accomplishment of this purpose.

This bill, which completely revises the present law, does not change its basic policy or purpose. Structurally it represents a different approach to the control of the problem. Apart from removing a number of anomalies in the present legislation, and deleting provisions which are now archaic, it separates the criminal enforcement aspects from the legal distributing aspects. The latter will now be covered entirely by the regulations. This is regarded as an important change because it gives to the distribution and availability of narcotic drugs a desirable flexibility and will permit of effective changes being made as time and experience may indicate. This, of course, is apart altogether from the provisions of part II which deal entirely with the control and custody of narcotic addicts for the purpose of treatment. The bill reflects and recognizes the realities of the narcotic situation, not only as it exists today but as it may be expected to develop in the foreseeable future.

Hon. members will note a change in the title of the legislation. I have mentioned the diminishing importance of opium and it was not thought desirable that the use of this particular substance should be perpetuated in the title. The word "narcotic" which is incapable of precise definition does however have a widely recognized generic meaning and it was therefore thought desirable to re-emphasize this in the title of the bill itself.

As I have mentioned, part I, which is the part for which the Minister of National Health and Welfare is responsible, has two aspects, the first being the enforcement and the second the legal distribution of narcotics in accordance with the regulations.

Possession except as authorized by the act or the regulations continues to be an offence. Here an important change is made from the present act which provides for a mandatory minimum penalty of six months for the offence of possession.

The bill provides for a maximum penalty of seven years' imprisonment, which is the same as the present act but, except as is provided in part II in the case of proven narcotic addicts, does not impose any mandatory minimum. In the case of narcotic addicts, the procedure of part II provides for a sentence of custody for the purpose of treatment for an indeterminate period. This involves matters which will more appropriately be spoken to by the Minister of Justice (Mr. Fulton).

With regard to trafficking, no change is made in the substantive offences which are established. These are of two kinds, the first related to traffic which is defined in the act, and the second to possession for the purpose of trafficking. An important change is, however, made in the penalty provisions.

The report of the Senate committee recommended that trafficking, regardless of its purpose, should be made a costly and hazardous undertaking in terms of a penalty. While the Senate committee did recommend that there be mandatory minimums for second or subsequent offences for trafficking, it was the view of the enforcement authorities that a more effective deterrent would lie in the increase of the maximum penalty and that the courts should be empowered to impose within the framework of a lengthy maximum what might be an appropriate penalty for trafficking.

The sentence which may be imposed has been raised to life imprisonment. In this way parliament will have indicated clearly the seriousness with which it regards trafficking offences and the courts can, therefore, take cognizance of this in fixing appropriate penalties.

This, of course, is again subject to the provisions of part II which make provision for a sentence of preventive detention for subsequent convictions for trafficking and for custody for treatment for an indeterminate period the case of addict traffickers. This, however, is a matter which the Minister of

Justice will more properly deal with in explaining the purposes of part II.

I should like to say a special word with respect to section 5 which establishes a new type of offence. Our experience has shown that with the control measures over the legal importation and distribution of narcotics, there is no diversion from legal sources into illicit traffic. Narcotics used in the illicit traffic are smuggled for that purpose into Canada. If it were not for the illicit importation of narcotics, there would be no trafficking problem and, correspondingly, no problem of narcotic addiction. The Senate committee, recognizing this, recommended the establishment of a special offence of illicit importation with an effective mandatory minimum penalty.

There can be no possible excuse or justification for the illicit smuggling of narcotics into this country and the legislation properly recognizes this evil in establishing a special offence against illicit importation with a maximum penalty of life imprisonment but with a mandatory minimum of seven years.

Unfortunately, in dealing with the illicit importation of narcotics, it is seldom that the enforcement authorities come in contact with the hierarchy of international traffickers. The negotiations are arranged by those persons but the actual carriage of narcotics from abroad into North America is almost invariably entrusted to subordinates or paid hirelings. These people may be addicted but as a rule are not. Usually they are engaged in smuggling purely for financial profit and it is therefore felt that the most effective way of deterring persons from this type of transaction is to make the offence of smuggling a costly one.

The bill contains an additional offence of illicit exportation and it may seem to hon. members that there is a contradiction if narcotics are not produced in Canada. The international trafficker is not as a rule concerned with geography but only with a market. North America is a victim area and, depending upon the individuals engaged, the arrangements to be made and other factors, narcotics may be smuggled into the United States for subsequent transshipment to Canada, or into Canada for subsequent transshipment to the United States. In keeping with the purpose of the recently concluded convention which makes special reference to international trafficking, it was thought appropriate to penalize exportation from Canada in the same way as illicit importation. This provision is therefore wholly in keeping with the fulfilment of our international obligation.

There is one further provision relating to the criminal side of the measure to which I might make brief reference. This relates to cultivation of the opium poppy or of marijuana.

I briefly touched upon the opium poppy in my opening remarks. While the opium poppy is not legally cultivated in Canada, it is considered appropriate to prohibit its cultivation except under licence which, for practical purposes, is never issued. It would, however, permit of a licence being issued for experimental scientific purposes. Similarly in the case of marijuana.

The use of marijuana as a drug of addiction in Canada is fortunately not widespread. It, however, may well provide a stepping stone to addiction to heroin and here again cultivation of marijuana is prohibited except under licence.

The circumstances under which a licence might be issued could well involve experimentation to develop a form of plant for hemp purposes but without a narcotic content. Considerable work in this regard is, I understand, going forward in the United States and the time may well come when it will be possible to produce a source of hemp that is not associated with the dangers currently posed by the cultivation of marijuana.

Before coming to that part of the bill which deals with the legal distribution under the regulations, I should like to say a brief word on the seizure and forfeiture provisions. Here an important change is made from the present act.

The present act provides for the automatic forfeiture of any conveyance containing a narcotic or used in any manner in connection with the commission of an offence. This provision was designed to further impede the mobility of the trafficker by making vehicles subject to forfeiture.

Recognizing that under modern practices innocent persons may frequently have an interest in vehicles which would otherwise be prejudiced, the bill sets out a procedure whereby an innocent person may obtain protection to cover his interest in a vehicle used in trafficking and which is forfeited by the court.

It will be noted, however, that in the case of narcotics or moneys used for their purchase, these are subject to automatic forfeiture because they form part of the commission of the actual offence.

This brings me to the concluding part of the bill which is within my responsibility and which deals with the legal availability and use of narcotics. As I have mentioned, this will be done through the regulations which can be adapted to current needs and purposes.

While strict control over the legal distribution and use of narcotics is necessary, it

would not be in the public interest if in an attempt to accomplish this there were imposed undue restrictions or limitations on the distribution and use of narcotics for medical purposes.

The manufacture, distribution and use of narcotics for these purposes requires supervision and control but with a workable flexibility in its administration. This flexibility could not effectively be obtained if all controls were entrenched in the legislation itself. Even under the present act, a great deal is delegated to regulations and experience has shown that this feature can usefully be extended to provide for all aspects of importation, distribution and use for legitimate purposes.

The availability of narcotics is, of course, primarily of interest to the healing professions and notably in the practice of medicine. It follows, therefore, that any proposals which impose controls should carry the support and understanding of the medical profession.

Regulations have been prepared and, in principle, these have been discussed with the representatives of organized medicine in Canada, as well as with the provincial licensing authorities who are concerned with the control of the practice of medicine. I can assure hon. members, therefore, that the regulations which have been drafted and which will in due course be submitted for enactment, carry with them the support and approval of organized medicine in this country.

Other provisions will be made regarding the licensing of importers, manufacturers and distributors and the control of narcotics by retail distributors and in hospitals, but these regulations do not of themselves incorporate any new or substantial change in the present control system.

May I, therefore, conclude my explanation by commending to hon. members this bill, which I believe marks a further and important advance by Canada in its control of the illicit use of narcotics, but which at the same time makes adequate provision for the legitimate employment by the healing professions of those substances for the relief of pain and suffering.

Hon. E. D. Fulton (Minister of Justice): It is, I believe, the desire of the house that I should follow the submission made by my colleague the Minister of National Health and Welfare (Mr. Monteith) in order that the complete outline of the government's thinking in connection with this legislation might be before the house for the purpose of the subsequent debate.

My colleague, the Minister of National Health and Welfare, has outlined the scheme of this legislation, and indicated the role of his department in devising a plan to give effective control of the distribution of narcotics through those channels and for those purposes which are regarded as legitimate. The legislation itself makes all other uses or possession of narcotics illegitimate. The responsibility of the Minister of Justice arises in connection with the enforcement of the control measures, the detection and apprehension of those who are breaking the law, and the custody and treatment of those who are convicted of such offences. I should like to outline to the house the new approach to these problems that underlies those portions of the bill with which I am concerned, which are found in part II.

It is always difficult, and usually dangerous, to summarize the basis or effect of legislation dealing with a problem as complex as this one, but if I were to attempt it, I should do it as follows. First, we have had to recognize that notwithstanding all the vigorous, faithful and efficient enforcement of the present act, the program embraced in that legislation has not been effective to solve the problems of narcotic addiction and narcotic trafficking. A new approach is therefore necessary.

Next, our studies have shown that the narcotic drugs in use for illegal purposes are not grown or manufactured in Canada but are imported and distributed initially through highly organized criminal circles. This leads to the conclusion that the objective of legislation should be threefold: first, to reduce so far as possible the supply of drugs brought in and distributed for illegal purposes; second, but simultaneously to reduce the demand for illegal drugs by providing effective treatment for existing addicts, and third, to prevent the creation of additional demand by preventing, so far as possible, the creation of new addicts

The drug traffic, after all, like any commercial activity obeys the laws of supply and demand. To remove the supply therefore will not remove the demand and to remove the demand will not necessarily reduce the opportunity of supply. It is necessary therefore for us to attempt to reduce both the supply and demand at the same time.

The third feature of the legislation is based on the recognition that the jurisdiction of parliament in this area is limited to the field of criminal law, that is, the creation of offences by the enactment of legislation and the provision of suitable punishment, to be imposed by the courts, for persons who commit those offences. The conclusion to be reached from this is that, in so far as this parliament is concerned, we can deal only with a part—although an important part, still only a part—of the problem of addiction.

[Mr. Monteith (Perth).]

This follows because there are in fact two types of addict, the criminal addict and the non-criminal addict. The first are those who are addicts and who are criminals as well, in most cases to support their addiction; the second are those who, although not convicted of any criminal offence, are known or suspected to be drug addicts. The first group —the addict who is convicted of a criminal offence—is within the jurisdiction of the federal law and therefore within the scope of any treatment or other program we may provide; but the other group who are perhaps sick rather than criminal, but most of whom must be treated for their addiction if they are to be saved from becoming criminal, are entirely within the jurisdiction of provincial laws.

The new approach therefore contemplates that there will be complementary provincial legislation to provide for the custody and treatment of the non-criminal addict. Without such co-operative and complementary action there will always be a significant and frustrating gap in our efforts to deal with the drug problem in Canada. We have already made an initial approach to the provinces in this connection, and this bill contains a provision reflecting our desire to co-operate by providing custody and treatment programs in our institutions for addicts who may be committed under either federal or provincial laws.

After this brief outline of the scheme of the legislation, let me turn to a more detailed examination of its various features. I have said that one of the objectives of the new legislation is to reduce the demand for illegal drugs by providing effective treatment for existing addicts. It will be appropriate, therefore, first to outline the scope of narcotic addiction in Canada and the new steps we propose for its effective control.

The world health organization defines a narcotic drug addict as a person who, through the use of narcotic drugs, develops an overpowering desire or need to continue to take the drug and to obtain it by any means, legal or illegal; he demonstrates a tendency to increase the quantity of the dose that he requires in order to satisfy his desire or need and he also has a psychological and sometimes a physical dependence on the effect of the drug.

The nature of the narcotic drug addiction problem in Canada is this: the legal use of narcotic drugs is limited by federal laws and regulations, as my colleague explained to certain approved medical and scientific purposes. Any other use is, by law, illegal. A person who has become addicted to narcotic drugs ordinarily is unable to support his habit by the legal purchase of drugs and therefore, in order to achieve his purpose, must resort to illegal purchases. The cost of drugs purchased illegally is high, and the addict ordinarily is incapable of earning by any legal means the money that he requires for illegal purchases. As a result the addict, who must generally purchase drugs one or more times daily, engages in criminal activity such as theft, shoplifting or peddling of drugs to other addicts and, in the case of females, in prostitution.

The best information available indicates that at the moment there are in Canada some 3,100 criminal addicts. It is, at the moment, a national problem that finds its greatest concentration in British Columbia and more particularly in the city of Vancouver. On a national basis one out of every 5,700 Canadians is a criminal addict. In Canada's cities, although the situation gives cause for concern in Montreal and Toronto, the problem is concentrated in the city of Vancouver. Montreal has one criminal addict for every 5,000 persons. Winnipeg, for example, has one for every 3,750 persons, and Toronto has one for every 2,000 persons. The greater Vancouver area has a criminal addict for every 390 residents. It is, therefore, in the city of Vancouver that there is the greatest immediate need for a solution, or at least an attempted solution, of the narcotic addiction problem.

However, I must emphasize that no solution or proposed solution can hope to be effective unless it operates on a national scale because if we brought in a solution that was operative only locally the result would inevitably be to drive the addicts and traffickers into those parts of Canada where the scheme was not operating or was not effective.

Another feature of the problem which gives an idea of the necessity for a new approach is the heartbreaking fact that under the present system the criminal addict is going through our penal institutions in a never ending cycle; crime, arrest and conviction; incarceration for a stated term; release, return to evil haunts and associations and again into the cycle of crime, arrest and conviction. It is a degrading cycle which leads steadily downward, and it is a social blot which should permit of no rest until it is eradicated. It spells perdition to its victims, and it is frustrating to the authorities to have to enforce the present program in the sure knowledge that of the number of known criminal addicts approximately one third are in our jails or penitentiaries at any one time, inevitably to return to the cycle on their release unless some effective change is made in our method of handling the whole problem.

The consideration of this situation has led us to the conclusion that what is needed is a concentrated effort to reform and rehabilitate

rather than simply to incarcerate. We have decided accordingly to deal with the problem in so far as treatment of the criminal addict is concerned, by a three pronged attack: to cure his addiction in so far as medical and psychiatric knowledge make this possible; to treat his fundamental delinquency with a view to a reform of his criminal habits; and to provide the maximum degree of post release care and supervision with the object of assisting him to avoid a return to the cycle of addiction, crime and conviction.

Before outlining our program in detail, let me refer to one or two other approaches which have been suggested, but which we have rejected. One proposal that has been made with the objective of reducing or eliminating the illegal demand for drugs is this: To segregate every addict for life upon conviction for the offence of being in possession of illegal drugs. I think that this is unsound in principle because it is inconsistent with the basic philosophy of correction, which is, the reform of the offender. It is a completely negative approach which should certainly not be resorted to, at least until positive approaches have been tried and have been found to be inadequate. There would be substantial administrative difficulties as well as objections in principle. With no real hope of freedom the addict would make no effort to improve himself and, therefore, there would be little likelihood that the addict could ever establish that he had developed either the ability or the desire to abstain from the illegal use of drugs when at large. The result would be that by far the vast majority of addicts would live out their lives in captivity.

Again, such a procedure, that is the segregation for life of criminal addicts, would be extremely expensive as well as socially wasteful. The number of criminal addicts involved would, in a short time, be at least 3,000. The cost of maintaining each of them in a maximum security institution would certainly be not less than $6 a day, that is to say $18,000 a day for all of them or a total of $6,570,000 a year. This is, in addition to being socially wasteful and wrong in principle, clearly prohibitive because of cost, except as a last resort.

Another proposal that has been made is to provide drugs at cost to existing addicts according to their needs. This proposal has been uniformly and unequivocably rejected in a number of reports: The Canadian Senate report, a special report by a committee of the United States senate, a report by the United Nations narcotic commission and the report of the joint committee of the American bar association and the American medical association.

[Mr. Fulton.]

What then should be the federal program in relation to the criminal addict? The fundamental issue to be determined is whether, generally speaking, the criminal addict can, or cannot, abstain from the commission of criminal acts and, simultaneously, abstain from the use of narcotic drugs. The Canadian experience, thus far, on the basis of programs at present in existence, has tended to show that, generally speaking, he abstains from neither one nor the other. However, the clinical studies carried on by the Stevenson committee satisfied that committee that at least some addicts can discontinue the use of narcotic drugs and abstain from them under certain circumstances. They found that where there was any motivation for such discontinuance and abstention it was, generally speaking, an increasing dissatisfaction with the type of life the average addict was living and a desire for a more normal socially integrated life. Addicts who gave up the use of narcotics, they found, fell into two main groups; (a) those who became alcoholics, in which case they merely exchanged one chemical substance for another and may very well have been no better off than they were previously; and (b) those who gave up delinquency and addiction concurrently to become well conducted socially integrated citizens.

They found that the factors that tended to aid discontinuance in and abstention from the use of narcotic drugs and crimes were as follows: First, a strong desire for social reintegration and a fair degree of courage and persistence in pursuing this objective; second, avoidance of or minimal contacts with alcoholic or related substances; third, avoidance of contacts with delinquents, addicts and drug traffickers; fourth, acceptance and assistance by friends and relatives; fifth, congenial domestic relationships; sixth, satisfying work relationships; seventh, a constructive religious environment; and eighth, cultivation of socially approved recreation and hobbies.

Now, it is significant, Mr. Speaker, that these are the same factors that are ordinarily found to exist in the case of the reform and rehabilitation of the non-addict offender. The point would seem to be, therefore, that the criminal addict must be treated not only for his addiction but also for his fundamental delinquency. This makes the problem of reform of the narcotic addict not necessarily different from that of the reform of other criminals, but rather appreciably more difficult.

The basic approach of this bill to the problem of reducing and, if possible, eliminating the illegal demand for drugs by existing addicts is to provide for appropriate

institutional treatment to remedy the fundamental delinquency of the addict and to provide suitable supervision and guidance to assist the addict to abstain from using drugs during substantial periods of his life in the community.

We have decided, therefore, that instead of providing for simple imprisonment, our law should provide for committal to custody for treatment of persons who are addicts. The federal law should apply in relation to those persons who, being convicted of simple, illegal possession of narcotic drugs, are found to be drug addicts and are committed to custody for treatment accordingly in criminal proceedings. The provincial law should apply in relation to those persons who, not being under charge for any criminal offense under federal laws, are found, in proceedings under appropriate provincial legislation, to be drug addicts and are committed to custody for treatment accordingly under that legislation.

Committal to custody for treatment, whether made under federal or provincial law, should involve the following:

First, confinement in a secure place until such time as it is determined, by competent authority, that it is in the interest of the inmate and not contrary to the over-all interests of society for the inmate to be released; second, treatment, while in custody, by way of (a) the development of working skills or, in any event, good working habits, and (b) psychiatric, psychological and social counselling; third, development, while in custody, of an appropriate post-release program of employment, supervision and counselling; fourth, release at the appropriate time, under supervision for an indefinite period and, finally, return to custody for further treatment if, during the post-release period, it appears to be necessary for treatment purposes.

The effect of committal of an addict to "custody for treatment" by virtue of this legislation will be as follows: In the first place, the addict will be liable to detention and treatment for an indefinite period. Second, he will be eligible for release only at the instance and under the certificate of the national parole board and subject to conditions to be fixed by the board in each case. Third, the addict, after release, will be subject to supervision and guidance to be arranged by the national agency. Fourth, the period of supervision after release will be for first offenders a period up to 10 years, and for second offenders indefinite, and during that period the addict will be subject to frequent, periodic physical examination by means of the most up-to-date methods to determine whether he is again using narcotic drugs. Fifth, where, pursuant to such examination, he is found to be using narcotic drugs he will be dealt with by the parole board either by revocation of his certificate, in which case the addict will be returned to further custody and treatment for the remainder of the 10 years, or an indefinite period as the case may be, subject to be released by the agency by means of the same procedure that applied in the first instance, or, alternatively, by continuing the certificate under the same or altered conditions.

I am satisfied that the key to the success of this plan for treatment of the criminal addict will lie in the nature and extent of the after care that is provided for addicts who are released from custody by the national parole board. The program of after care should be consistent with and a natural extension of the program of treatment that the addict receives in the institution. If it is not, and if for that reason or for any other avoidable reason, the addict again resorts to drugs and to criminal activities, the money spent on specialized treatment for him in the institution will, for all practical purposes, have been wasted. It is important, therefore, that at least as much if not more emphasis should be placed upon the program of after care in relation to the addict as is placed on the program for treatment for him in the institution. Experience alone will determine how large a case load can be handled effectively by a parole supervisor.

The problem of finding suitable employment for released addicts will also have to be solved. Without employment the addict is not likely to abstain from the illegal use of drugs. If he commences again to use drugs illegally it is unlikely that he will abstain from the commission of criminal offences. In this connection, therefore, as in so many others where we are dealing with the reform and rehabilitation of offenders, the intelligent and sympathetic support of society itself is required. I hope that the parole board officials, the private after care agencies and all others who may be concerned with making this program effective, will be able to count on the support and active assistance of every level of society in placing the paroled addict in gainful and useful employment.

I turn next, Mr. Speaker, to that part of the bill designed to accomplish the objective of limiting and indeed going as far as possible to dry up completely the supplies of narcotics available for illegal purposes. Here we are dealing generally with the problem of trafficking.

The traffic in narcotic drugs is essentially a world-wide problem. It would not exist if the growth, manufacture and distribution of

narcotic drugs could be strictly limited to the amounts known to be needed for legitimate medicinal and research purposes. The United Nations are making efforts in this direction. However, in each year the amount required for legitimate medicinal and research purposes in all countries totals only about one quarter of the world production. It follows, therefore, that extremely large quantities of narcotic drugs are available in the world for illegal purposes and it is no surprise that a proportion of these quantities of drugs find their way to Canada to be distributed by illegal trafficking methods. What is required, therefore, to reduce the quantities of drugs available in Canada for illegal purposes is continuing strict enforcement of the various federal statutes that are involved, principally this legislation and the Customs Act. There must be continuing control by the Department of National Health and Welfare over the legitimate distribution of drugs in Canada. But there must also be constant vigilance and co-operation by federal, provincial and municipal police forces against the illegal possession and distribution of illegal narcotic drugs.

In connection with the problem of trafficking, we should not overlook the fact pointed out by my colleague that there would be no traffic within Canada were the supplies of narcotics not illegally smuggled into Canada. Therefore, we have created a new offense, with very heavy penalties even for the first offenders, of illegal importation. With respect to their custody and, where appropriate, their treatment, however, we have applied the same principles, and what I have to say about the trafficker applies generally to both the trafficker and the illegal importer.

In developing legislative policy in relation to the trafficker, the motivation of the trafficker should be immaterial. The law and the enforcement of it should be based on the view that the trafficker who peddles drugs primarily to pay the cost of his own addiction is no less a menace to society, while at large, than the trafficker who peddles for some other purpose. The law relating to the suppression of trafficking, then, should be sufficient in terms of punishment reasonably to deter the would-be trafficker from engaging in that form of activity and, if it does not do so, it should be adequate to protect society against him when he persists.

However, the law should also take into account that reform of the trafficker is possible, whether probable or not, and so he should have available to him the same opportunities of returning to society as a law-abiding citizen that are available to other classes of offenders who undergo imprisonment. The trafficker, therefore, whether himself addicted or not, should be eligible for consideration for parole at appropriate times and under appropriate conditions to be determined by the parole board.

It would seem, then, that appropriate federal legislation against illegal drug trafficking should be designed: (a) to deter the would-be trafficker; (b) to teach a salutary lesson to the peddler who may deal in many small transactions and also to the major distributor who may deal in only a few large ones; (c) to attempt to assist the convicted trafficker to live in society upon his release without engaging in this form of criminal activity; and (d) to remove from society, for substantial periods, those persons who have demonstrated by their previous conduct that they are not likely to refrain from this type of conduct in the future.

The present law, as contained in the Opium and Narcotic Drug Act, provides that every person who traffics in any drug or who has in his possession any drug for the purpose of trafficking is liable, upon conviction, to be sentenced to imprisonment for a term not exceeding 14 years and, in addition, at the discretion of the judge, to be whipped. No sentence of more than 14 years may be imposed upon a second or subsequent conviction. Probation may be granted to first offenders.

By contrast, this bill reflects the view that, in order to emphasize the serious nature of the offence, to provide the greatest possible degree of deterrence and to ensure that an appropriate remedy is available to the court where it is faced with the worst possible case of trafficking, the maximum punishment for that offence should be life imprisonment, and that it should be open to the court to impose it in a proper case, even where the accused is a first offender. There exists ample precedent for this in the Criminal Code at the present time. For example, the following offences, even in the case of a first offender, have a maximum punishment of life imprisonment: robbery, stopping the mail with intent to rob or search it; breaking and entering a dwelling house with intent to commit an indictable offence therein; mischief causing actual danger to life; rape; kidnapping; committing abortion; manslaughter; causing death by criminal negligence; attempted murder and accessory after the fact to murder. It would be difficult, indeed, to contend that the social harm caused by the deliberate drug trafficker is less than that caused by persons who commit any of the offences that I have enumerated.

Probation will continue to be available in proper cases for first offenders. The probation period could, of course, be made for any fixed

term of years or for life. If, during the term of the probation, the convicted trafficker violates any condition of probation, whether by engaging in trafficking or otherwise, the court would be authorized to impose any sentence that it might have imposed in the first instance, up to life imprisonment. During the term of probation, of course, the probationer is under the direct supervision and guidance of a probation officer.

What this bill proposes in the matter of sentences in relation to drug traffickers is not in my opinion in any way excessive having regard to the desired objective, namely, the removal of the danger to society that is presented by the person who is prepared to undertake the illegal distribution of narcotic drugs. The provisions of this bill will give almost complete discretion to the courts to adopt the course that is indicated as most appropriate in the individual case: to give to the first offender a chance to profit by his mistake and to continue to live in freedom; to remove from society for treatment and training, during an appropriate period, the trafficker who has not profited by his previous experience or, indeed, in an appropriate case to sentence him to life for a first offence; and to remove from society indefinitely those persons who refuse repeatedly to learn from experience.

I should say also that the approach in the bill provides with respect to the trafficker that if he is found to be an addict he may then and should, of course, be committed to custody for treatment, a sentence which would be imposed instead of a sentence for his offence of trafficking. The approach here is that all those who are addicts should primarily be treated for their addiction. Whether they be merely addicts without being traffickers or whether they be traffickers as well, if they are addicts then the first thing is to attempt to cure or to treat their addiction.

I will deal now with the third of the objectives I mentioned earlier, that of preventing the creation of new addicts. The prevention of the creation of new drug addicts would appear to be for the most part a provincial responsibility. The enactment by parliament of appropriate laws against the illegal supply of drugs and the strict and continuing enforcement of those laws will, by drying up that supply, assist in reducing the amount of drugs available for addicts or for traffickers to purvey to non-addicts with whom they associate. The way in which the federal government can best aid in preventing new addiction is by segregating in its penal system existing criminal addicts from non-addicts, thereby avoiding the type of association that in the past has tended to promote new addiction by young delinquents. This we propose to do in British Columbia by means of a new institution that will be started in that province this year.

With regard to the over-all problem, however, of what it is that creates drug addiction, the Stevenson report of 1956 found, from its examination of the delinquency records of addicted and non-addicted prisoners who were studied, the following:

1. In the addicted subjects the common finding of maladjustment in the home and school as children was carried over into neighbourhood maladjustments in juvenile delinquency.

2. Membership in juvenile delinquent gangs was common.

3. Contacts in childhood with the police because of unsatisfactory behaviour were frequent.

4. Between one third and one half of those who later became addicts spent some time as juveniles in correctional institutions.

5. The great majority of addicts had convictions in juvenile or adult courts before they began the use of narcotics.

6. Once addiction became established, the addicts, male and female, tended to engage in anti-social activities on a full time basis, in addition to violations of the Opium and Narcotic Drug Act.

7. Addicts are a segment of the delinquent population.

8. Non-addicted delinquents have court records very similar to those of addicted delinquents, minus only violations of the Opium and Narcotic Drug Act.

9. Addicts usually prefer not to be involved in crimes associated with violence, their common crimes being theft, shoplifting and related activities for the men, and prostitution for the women.

It would seem, therefore, that the best means of preventing the creation of new addicts is by preventing juvenile delinquency, a matter that, in terms of the social, physical and moral development of young persons, seems to fall exclusively within the jurisdiction of the provincial legislatures.

However, while this is so, in so far as concerns the control of juvenile delinquency and the prevention of those habits of criminality which lead so often to addiction, there is a portion of the federal program which will make a real contribution to the prevention of the creation of new addicts. This is our proposal to establish separate treatment centres to which all narcotic addicts, confined under federal legislation, will be committed. The first of these institutions will be, as indicated, in the lower mainland of British Columbia and upon its establishment there we will be able to segregate criminal addicts

in British Columbia from the inmates of our institutions who are not addicts.

The problem of the presence in the same institution of addicts and non-addicts has been a constant difficulty in the way of preventing the spread of addiction. Strenuous measures are taken to prevent the introduction of narcotics into the institutions, but the nature and organization of illegal drug trafficking are such that it is not possible to guarantee absolute success. This results, unfortunately, not only in supplies coming in to addicts but in some cases in the creation of addiction. The establishment of new, separate institutions for addicts alone will give us a much better opportunity for control and even if we are not successful in preventing absolutely the introduction of narcotics into such institutions the segregation of addicts which will be accomplished will eliminate the spread of addiction through the mixing of addicts and non-addicts.

Furthermore, when, as I hope they will, the provinces agree to pass complementary legislation under which non-criminal addicts requiring treatment may be committed to our new treatment centres, this will represent a further step forward in the segregation of addicts and non-addicts. It will also represent a forward step in that we should by this co-operative measure be able to secure the commitment to custody for treatment in these specialized institutions of persons who, if they were not thus treated, would almost inevitably become criminals as well as addicts, thus representing an addition to the number of criminal addicts and a potent further danger from the point of view of the spread of addiction.

In conclusion then, the establishment of these new specialized institutions for the treatment of addicts will represent a federal contribution, and ultimately a federal-provincial co-operative program, for the prevention of the creation of new addicts.

I should like to refer to just one other matter although it has already been touched upon by my colleague, the Minister of National Health and Welfare. I refer to the care which has been taken in the bill now before the house to revise those portions of the old Opium and Narcotic Drug Act dealing with the confiscation and forfeiture of vehicles and other material used in connection with the commission of an offence under that act. Here again is another case where the government has been careful to revise such provisions and bring them into conformity with the bill of rights. The drafting of such legislation, motivated on the one hand by the proper desire to be severe with those who commit offences under this act or those who permit their property to be used and are careless whether or not their property or property in which they have an interest, is used to facilitate the commission of an offence, presents a difficult problem from the point of view of being certain you do not go so far as to deprive an innocent party of his property without an opportunity to have a hearing before the courts.

After a very great deal of careful study, consideration and consultation we believe that the method outlined by my colleague represents a sufficiently stern and severe provision with respect to the man who carelessly or wilfully allows his property—I refer particularly to motor vehicles—to be used to facilitate the commission of an offence, while at the same time providing a method by which the innocent person is given an opportunity to establish his innocence of complicity in the offence. He is given an opportunity to establish the fact he has taken reasonable care to prevent his property from being used for that purpose and also to establish his interest in the property. The man is given the right to go before the courts and in appropriate cases where these things are established, the courts will order the restoration of the property of such innocent owners.

We take great pride and satisfaction, firstly in bringing these parts of the former legislation into line with the bill of rights, and also in the position generally taken that the spirit of the bill of rights must be observed and carried forward into all legislation introduced by this government. I hope, Mr. Speaker, that the house will agree with my colleague and me that we have produced here legislation which is sound in its approach and effective in its method, as well as forward looking in its results, to bring at last an effective program for dealing with this problem of drug addiction.

Miss Judy V. LaMarsh (Niagara Falls): Mr. Speaker, I rise to make a few remarks in respect of the bill which is before the house and the statements made by the two ministers during the past hour or so with regard to this legislation. I think it probably goes without saying but must of necessity be repeated, that all Canadians decry the fact there is anywhere in our society a problem with drug addiction. Most Canadians will be astonished to find such widespread effects as has been indicated by the Minister of Justice (Mr. Fulton) in the few statistics which he gave us. I think even those members who represent constituencies in British Columbia will be astonished to learn that one out of every 390 people in the greater Vancouver area suffer from this disability. Certainly, there is a necessity, according to

everything which modern science has learned, for having a Janus-like approach to this problem. The stern face should brook no opposition to the stamping out of this social evil, and this stern face should be shown to those who, for venal purposes for the purpose of making money only, prey upon the disability of other persons. No one in Canada would suggest that legislation could be too onerous, too difficult, for those who traffic for the purpose of money only.

Members of the opposition, of the government and of the public generally should, in approaching a problem which creates an emotional response as well as a rational response, be careful to see that legislation does not go too far. This legislation should provide that necessary framework for fitting into our whole concept of law, that is that a man shall not be found guilty unless so proven. It is necessary also that we scrutinize any such legislation extremely carefully to make sure that great power is not improperly used against someone alleged to have committed such a crime.

I believe it goes without saying, Mr. Speaker, that all Canadians will wish that the second face which is turned toward those who suffer from addiction be firstly firm, and second, kindly. This is an illness just as much as alcohol addiction or other more physical ailments. It is an illness which requires assistance, perhaps even more than alcoholism because it has been shown that assistance is difficult to give since there seems to be so little co-operation from those who are caught in the net of addiction. I think many hon. members will have read a great deal in the public press in the last few years, particularly the United States and Canadian press, in the form of first person stories about addiction either by the individuals concerned, their children or their friends. One such person in particular is the well known United States writer, Alexander King, who deals with his frequent comings and goings from institutions, from which one can only deduce it is highly unlikely anyone really has a desire to escape addiction until the last few years of his life. I feel that the most usual reaction after all this reading is, what a terrible waste of humanity. There is not just the suffering of the addict, of course, but the shame which the family of the addict feels. There is the added fact that there is no income coming into the family, and the physical illness which results from continued addiction.

We, on this side, therefore, can do nothing but approve of the principle of Bill No. C-100. I, personally, would like to commend both ministers for the approach to the problem which their statements reveal. It is both a modern one and one which shows the sternness of the law will be applied to make sure that, in so far as this parliament is capable of doing so, addiction shall be stamped out. At the same time, a helping hand will be offered to those who will accept help. This, of course, does not mean that those of us in this group are abdicating our responsibilities as members of the opposition. We intend to scrutinize carefully the various clauses as they come before the committee of the whole.

I might refer specifically to some of the things which were said by each of the ministers in their statements. First, the Minister of National Health and Welfare (Mr. Monteith) said that there must be availability of drugs such as those listed in the schedule for legitimate purposes. Obviously, it is necessary because modern science could not get on without them. The problem is to get rid of addiction, and this is a problem not only for the 3,100 people who are already addicted and to whom the Minister of Justice referred but for the children and young women who may later become addicts. It was for this reason the Minister of Justice suggested there should be a three pronged approach: first, reducing the possibility of the importation of drugs into Canada; second, cutting down the demand for drugs by the addicts who are presently known and, third, doing what is possible to prevent new addicts.

The Minister of Justice pointed out quite properly that there are two types of addicts, the criminal and non-criminal. I can only assume that the criminal is the one with whom we are dealing and that, unhappily, there are not so many non-criminal addicts because even if they begin this way they shortly become criminals. If I may for once be excused for referring in this chamber to my sex, I should like to say that this is one of the problems which is of great concern to those interested in the enforcement of the law in so far as women are concerned. It is a fact, happy or otherwise, that the greatest proportion of women criminals in Canada are those who have, by reason of addiction, been drawn into prostitution. It is possible for a man to obtain some sort of casual employment in order to obtain money to feed his habit or to engage in something like robbing a house or a passerby. However, this is not the type of crime in which women can engage. A woman has only one way, a most degrading way, in which she can raise some money to feed this habit. Perhaps stamping out addiction amongst women, leaving everything else aside, will go a long way toward stamping out the growing evils associated with the prostitution of young women in the major cities of Canada.

The proposals in the bill for dealing with those known addicts, whether they be traffickers or simply those in possession of drugs, are I think good in principle. The concept which the Minister of Justice set out with regard to the way in which addiction must be treated is, however, something that perhaps can better be stated than realized. The five or six points he made included a desire for reintegration into society, personal courage, avoidance of alcoholics, avoidance of addicts and other criminals, acceptance by his friends, good relations at home with his wife and family and at work, acceptance back into his former religion and recreation and hobbies. Not all of these, of course, are things that can be legislated toward. A program of education will be required not only for the addict but for the public that may come in immediate contact with him and indeed for the public at large.

This is something that cannot be legislated under this bill or any other bill. It will have to be done through a special concerted attack not only by the federal and provincial governments but by welfare agencies and through assistance in provision of employment. A sympathetic and intelligent attitude on the part of the public to those who have received treatment and who have been considered sufficiently good risks to be released will be one of the largest areas to which assistance can be given by this government and by other levels of government. I think this is already one of the places where more work is necessary in Canada for every criminal who is released and more so for a criminal who has been an addict. Most employers appear to have a special approach to individuals who have been either alcoholics or narcotic addicts and they are more afraid of taking them on than of taking on those who may have been parolees on a charge of theft, robbery or something of that nature. Therefore such a piece of legislation as this one is only the first step toward a long and expensive but necessary program.

When anyone in Canada reads the figures quoted by the minister this afternoon, I think it will be agreed that this legislation is already overdue, that it cannot go far enough and that from this time forward it will be necessary to treat as a matter of national urgency a program which will return to their proper place in the community not only these 3,100 who already suffer from addiction but will prevent anyone else from swelling that number.

The problem of juvenile delinquency, of course, is one which has occupied the attention of the people of Canada for some time, perhaps since the war or a little bit earlier than that. It has done so since these teenagers began to be treated as a group of society apart, since social workers began to discover that these were not just younger adults but were a class of the population with special problems. The Minister of Justice indicated that a number of elements are found both in ordinary juvenile delinquents and in juvenile delinquents who are delinquent as a result of their use of narcotics or who are addicts as the result of their juvenile delinquency. Certainly a program in which all levels of government cooperate in order to assist in the removal of this cancer of present day society is also long overdue and one which can only be greeted with applause.

The provision of the first institution where young persons and addicts are to be separated from other criminals is, I think, an important experiment and one that will be watched by all persons in Canada with hope that it will be a successful one and can be spread further.

In conclusion, I should like to say that we on this side approve in principle the statements of both ministers on the legislation before the house. We wish, of course, to deal with the individual clauses as they come before the committee of the whole. We will continue in the discharge of our responsibility to assure, in so far as we are capable of doing so, that the public as represented by a charged but not convicted criminal shall continue to be protected; but, once they are convicted either of trafficking or addiction, the principle of sending them up for preventive detention and for treatment is an excellent one and one in which we thoroughly concur.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I consider that the bill now up for consideration on motion for second reading in this House of Commons is without doubt one of the most important pieces of legislation to be introduced this session. That feeling will, of course, be understood by hon. members recognizing that I am one of the House of Commons representatives from the city of Vancouver. The Minister of Justice has given us an indication of the seriousness of the narcotic problem in Canada, in particular in the lower mainland of British Columbia surrounding the city of Vancouver. He pointed out that, of the 3,100 known addicts in Canada, over half are in the city of Vancouver. I have known of this problem for a great many years. That is the reason why my late father and I, as members of the British Columbia legislature some 25 years ago, started a serious study of the problem and never lost any opportunity in the British Columbia house to speak on it

every session. As hon. members know, I believe I have spoken on it every year in which I have had the privilege of being a member of the House of Commons.

Before going into what I have to say on the specific bill itself I should like to comment on some of the statements made by the Minister of National Health and Welfare in his opening remarks. I can agree with the minister that Canada can take pride in the fact that it has been a signatory to all the international treaties and conventions. It can also take pride in the fact that in Canada the legislation has been of a nature to try to control the illicit trafficking in narcotic drugs. However, I cannot agree that we have been a spearhead or in advance in our legislation or in our approach in tackling the problem as far as addiction itself is concerned. Actually, I think Canada has been one of the most backward nations of the world in this respect. You will therefore, Mr. Speaker, understand why I greatly appreciate the fact that at long last a modern and realistic approach is being taken with regard to all aspects of the narcotic problem.

I wish to agree completely, however with the statement made by the Minister of National Health and Welfare with regard to the narcotic conference that was held at the United Nations this year. Whether we are dealing with members of the government party, the official opposition or this group, I am one who firmly believes that when commendation is due, commendation should be given. I think that the long narcotic conference held under the auspices of the world health organization at the United Nations this year was truly a magnificent effort. The fact that, after conferring annually for ten years, 99 member nations of the United Nations and nine countries invited as observers were able to come to a unanimous agreement on consolidating nine previous treaties and conventions into one, with just one exception,—and I think that is part I of the 1936 treaty—was a truly great achievement as also was the achievement of unanimous consent to consolidation into a single department of the other eight or nine various organizations in the international field that deal with narcotics. As I say, that was real progress and Canada can take a great deal of satisfaction from what occurred. I had the privilege of being at the United Nations during the latter days of the meeting of that conference. I have taken the opportunity of reading every word of the hundreds and hundreds of pages of the transcript of the evidence and I have no hesitation in saying that this house and the Canadian people owe a vote of thanks to Mr. Curran, our Canadian representative, for the work he did at that conference and particularly as chairman of the drafting committee. He must get a great deal of credit for the work he did on behalf of Canada.

As I said, I had the privilege of being there during the latter part of this conference and I thus had the opportunity to meet members of the delegations from other countries. I was impressed by the unanimity which they expressed in asking that Canada should take early action in ratifying the new treaty. Although there was unanimity about the acceptance of that treaty at the conference, that treaty, must, of course, be ratified by each of the countries and I found a measure of apprehension in the minds of representatives of some countries that there might be a long delay in obtaining official ratification. There was a unanimity of opinion, which gave me a certain feeling of pride, that if Canada would take a lead in ratifying the document it would have an important impact on many other countries. I was therefore very pleased to hear the minister inform us, if I understood him correctly, that at an early date this house will be asked to ratify the new treaty.

May I also say with regard to that conference that on reading the transcript of evidence I was puzzled that Canada should be experiencing this most serious problem. Other countries such as the United Kingdom, Scandinavia, Israel and many others, countries with populations larger than ours and with international seaports like our own, do not experience this problem. I do not know the reason for this, but it was interesting to note, with regard to the section which dealt with rehabilitation and the treatment of addicts, that 65 countries said they had no need of provisions for treatment and rehabilitation centres because the problem, with them, was not sufficiently serious. As I say, I found this puzzling.

There is another matter which puzzles me. In the United Nations, there are 99 nations represented all of whom were invited to this conference. The world health organization also invited representatives of nine other countries who are not members of the United Nations, and those countries attended. Thus the representatives of 108 countries were present. I am not certain whether I heard the hon. gentleman correctly, but I think the minister said the major source of these drugs was India and Turkey. In the evidence I read it was emphasized time and time again that communist China was the major source, both of the drugs and of the illicit trafficking. So I was surprised to find, since the world organization had invited nine delegations representing countries not members of the United Nations that this

country which is said to be the main source of the trouble was not represented at the conference. I was not able to get an answer as to why the country which presented the major problem as being the source of these narcotics was not represented at the narcotics conference. That is all I want to say on the subject of the conference but I wish to repeat that it was a magnificent one and that Canada can be proud of the contribution made by Mr. Curran as well as of the results and the achievements generally.

Now I turn again to the bill itself. As the Minister of Justice has pointed out, according to the latest figures there are 3,100 known addicts in Canada of whom more than half are in Vancouver. I have been intrigued as to why this should be the situation. I can only conclude that it must be because Vancouver is an international port and because it is in closest proximity to what the narcotics conference said is the main source of production and of illicit trading in narcotics, namely, communist China. Irrespective of the reasons why such a situation should exist, it presents a severe and serious problem. Together with all other members of this group, I am grateful that in the bill now before us it is recognized for the first time that provision should be made for the treatment of addicts as sick people and not as criminals. I am certain that the establishment of the rehabilitation centres will go a long way toward alleviating the situation.

I was most interested in the statement made by the minister when he suggested that the question be approached in terms of supply and demand. I completely agree with what he said in this regard. I feel that sufficient attention is not being paid to that and one other aspect of the problem, namely the profit angle. After all my studies of this question and the keen interest I have shown in it I feel we should make real progress if something were done to remove the profit motive. Undoubtedly the illicit trade continues mainly because of the exorbitant profits to be made from the illegal sale of drugs. I suggest one of the main reasons why there are so many addicts is because those illicit traffickers in this field vigorously seek to introduce unaddicted people to the horrible habit of use of these narcotics.

Studies have been made by the Canadian Senate committee, and the report of that committee has indicated its rejection, for some reason, of what is known as the English principle. I must say that the English principle has been very successful. As has been pointed out year after year by the United Nations, in the United Kingdom, which has a population of some 47 million, the known number of addicts for quite a considerable period of time has been less than 400. I suggest one of the reasons for this situation in the United Kingdom is that it is not considered a crime there to be addicted to the use of drugs. However, under their system known addicts must be treated. An individual there having received treatment without being completely cured, and upon a report of the medical doctors to that effect, is provided a minimal daily shot on prescription which he purchases at cost.

I suggest that this phase of the problem in respect of addicts should be considered thoroughly by the Minister of Justice, and the Minister of National Health and Welfare. That system has proven successful in the United Kingdom as well as in Scandinavian countries and in Israel. I suggest it has decreased the number of addicts because it has removed the lucrative aspect of narcotic trafficking. When the profit is removed the illicit trade ceases.

Mr. Speaker, I should now like to relate my remarks to the situation in Canada. I am very sorry to note that this particular phase of the situation has not been covered by this proposed measure, as I feel it should have been covered. Because of my interest in this problem over a period of 25 years I know of many different addicts. I can at this time recall one young man who was a good member of society until he began to use narcotics and eventually became completely addicted to their use. That young man eventually reached the point where he needed so many shots he had to turn to a path of crime in order to obtain them. That young man got married and unfortunately successfully addicted his wife to the use of drugs as well. At this time she is incurably insane—nothing can be done for her. After a long period of time and a great deal of effort, during which period the young man was in and out of prison as a result of his criminal activities, we were successful in getting him to submit to medical treatment. Following a period of treatment the doctors arrived at the decision that they could not do anything more for him and that he required a minimal daily shot of narcotics. During a period of some years now that man has been receiving his minimal shot per day from the doctors and has never broken the laws of Canada again by a return to crime. I suggest that is a good illustration of what can be accomplished in regard to this problem.

I think it should be spelled out in this proposed legislation that, in respect to that type of case, following a medical man's certification of an addict as being cured as far as possible, but still needing a minimal shot, that addict can obtain that amount on subscription at cost. I am sure the Minister of Justice has knowledge of the fact that in regard to addicts

of this type doctors will not recommend or provide this treatment because of the necessity of having the Royal Canadian Mounted Police keep close check on the quantities of narcotics ordered by different doctors. I have spoken with many doctors who invariably have indicated to me that they will not bother with this type of treatment in view of the necessity of such an investigation being made as to the amount of narcotics ordered by him. While I understand it is permissible, under the Canada Medical Act, for doctors to provide this type of treatment, I think advantageous influence might flow from the spelling out of the legality of this type of treatment under this act. I make that suggestion for the consideration of the two ministers who are sponsoring this bill.

Mr. Speaker, I should now like to refer to what in my opinion is something of an important nature not covered by this bill. I completely agree with the principle that there is a requirement for co-operation between the federal and provincial governments in order to arrest known addicts so as to provide them with treatment. I am, however, concerned, in this regard because, as I read the provisions contained in this bill, there is still a criminal aspect involved. The Minister of Justice having lived in British Columbia, will know that years ago there was an extremely difficult situation there in respect of the number of persons afflicted with infectious tuberculosis. The hospitals of British Columbia were not only filled some years ago but the province had to build more. The number of people with infectious tuberculosis was increasing because of the fact that irresponsible individuals would not voluntarily submit to treatment. I take a lot of pride in the fact that, while in opposition, I suggested year after year there should be a change made whereby those known infected individuals could be compelled to take treatment. That change was made and has proven to be very satisfactory. Today in British Columbia the province not only has ceased building tuberculosis hospitals but has closed the existing hospitals with the exception of one, which I understand is only about one third filled. I suggest an identical principle could be adopted in regard to the treatment of known narcotic addicts, with a great deal of effect. However, as I read the provisions of this bill, one vital factor has been ignored or forgotten, and I refer to voluntary committals. I am convinced from my knowledge of this problem, and the individuals who are addicts, many of them actually desire to have the monkey off their backs, which is the term that is used, and would voluntarily submit to treatment. As I have said, there is no provision contained in this proposed legislation in respect to voluntary committals. The only course open to an individual is voluntarily to say that he is an addict. He would then come under this clause which I still say in its actual terminology has a criminal approach.

May I give one example why I think this is of the utmost importance. A few months ago in the city of Victoria a father found out that his 17-year-old daughter was a drug addict. He did what I think was the right thing. He picked up the telephone and called the police. He hold them that he had just discovered that his 17-year-old daughter was a drug addict and he said, "What would you advise me to do?" Do you know what happened, sir? He was not given any advice as to the best procedure to follow for the girl's sake and to cure her of the addiction. Because the father had telephoned the police raided the home. The girl was arrested and sentenced to prison. I think that was a damnable procedure to follow, a vicious mistake. What they should have done was to direct that the girl be sent to a doctor or be referred to the narcotic foundation of British Columbia, which is doing a magnificent job. Instead of that she was picked up. She was sentenced to jail and she is now considered a criminal.

I would ask the Minister of National Health and Welfare and the Minister of Justice to consider whether between now and the discussion of the bill in committee it would be possible to include some wording under which there would be an indication to the provinces that under provincial legislation a voluntary commitment could take place without the stigma or the taint of crime being attached to it. I sincerely hope that this will be considered by the government.

This legislation is of such importance that one could speak a long time on it. However, I am not going to go into a number of other aspects which I feel are important because I believe it can be done when the house is in committee. Without going into any detail at all, I should like to mention in passing some points which have to do with the details of the bill which should be considered further by the Minister of National Health and Welfare and the Minister of Justice. I hope we shall have a discussion on them in committee. I mention them very briefly so that they can be noted by the minister.

May I say I am sorry I was not here yesterday when the goof ball bill was discussed; I had to be away. This bill contains a principle similar to that contained in the other bill. Yesterday I had the privilege of meeting one of the great constitutional lawyers of Canada and also certain professors. That meeting took place in connection with other matters. They expressed anxiety about one principle in this bill which is contained in a clause which can mean only that an

indicted person must prove his innocence. It has always been my belief that the responsibility for proving guilt was 100 per cent on the crown. The thought of having to prove one's innocence is something which is antagonistic to what we commonly, favourably and lovingly call British justice. I do think that this matter should be reconsidered.

There is also the clause that deals with trafficking. I am discussing it only in principle. A person can have no sympathy for one who breaks the law, no sympathy at all for one who commits homicide and, of course, no sympathy for one who traffics in narcotics. I think about the lowest depths that any man or woman can sink to is to be a trafficker in narcotics. A murderer kills and that is it. But one who traffics in drugs, who brings a person to addiction, to that insatiable craziness, makes an absolute hourly and daily hell for life for the addict. I, therefore, have no sympathy for him, and I agree that for the trafficker there should be a penalty of up to life. But there is one phase of the question of trafficking that I do not quite understand. On the first conviction for trafficking the penalty can be up to life, but there is no minimum punishment for the first offence. This may not sound the way I talk at times, but when it comes to this curse of trafficking in narcotics I can realize what it means to those who become addicted. Although I agree completely with the sentence of up to life and an indeterminate sentence, I say there should be a minimum period for the first offence of trafficking. It is a pretty important matter and one which should be made clear by law, so that those who are guilty of the first offence of trafficking will know that there is a minimum and they will be out after at least that length of time.

As I mentioned a while ago, there is nothing in the bill having to do with the legal minimal supply of drugs. I hope this will be considered by the Minister of Justice.

There is also a clause which deals with restoration of articles seized. Under certain terms and conditions a person can make application for the restoration of what has been seized if he had the narcotics legally. There is nothing in the bill which says that if the person is innocent and restoration is made there shall be payment for the damage caused. I wish to tell you, Mr. Speaker, I have been in homes that have been raided because of the suspicion of narcotics being present. I have seen smashed walls, smashed plumbing, smashed electrical fixtures, and so on, running into damage amounting to hundreds of dollars. The suspicion was not well founded, but there is nothing in the law which says that the innocent home owner shall get anything back for the damage done by the crown, although the occupant has not broken any law of Canada. I think, sir, in all sense of justice and decency something should be done either by regulation or by the legislation itself to deal with this phase of the matter also.

I notice, sir, that my time has almost expired, but I should like to mention two more points. We are most happy that provision is going to be made for post discharge care and supervision. Supervision on discharge after having received treatment is of the utmost importance. That is the time when these people are coming back into society and they need a great deal of help. I hope the wording of the bill means that great emphasis is going to be placed on this matter.

May I also refer, and I address myself now particularly to the Minister of Justice, to the need for very careful instructions, which should be most carefully obeyed, to the police forces of our country. I have known many addicts, both men and women, in the course of my research into this matter. I am afraid that many have returned to addiction or have become anti-social through being hounded because they were known addicts and had been to jail or penitentiary.

I mentioned a while ago the case of a young man who for years now has not come into conflict with the law. Yet I was informed only recently that periodically he is picked up by the police because of his past record. Nothing is ever found. The police know that he is getting the minimum dose and yet he is picked up periodically. Psychologically speaking, this is dynamite so far as that individual is concerned whom we tried for years to rehabilitate and finally did.

I know of another case in the city of Vancouver involving a man who has been sent to jail three times as a drug addict. I know for an absolute fact from my own personal knowledge that this man has been hounded. He gets a job and two days later someone says to his employer, "Do you know whom you have got on the job", and the man is fired. In addition, his brother, who has never been in trouble with the police, is also hounded, simply because he is the brother of a narcotic addict who has been in jail three times. This is not fiction. I speak from my own intimate personal knowledge.

So far as post discharge rehabilitation and supervision are concerned, I plead with the Minister of Justice to recognize the psychological effect of trying to help these people rather than hound them. I feel certain that point is in the mind of the minister but I believe he should know there are many who

do not follow his precepts and principles. I am quite certain that some people have become addicts again because of a psychological break down brought about by the situation I have just outlined.

I think I have said enough on second reading. As I said at the beginning of my remarks, I believe that the bill is a great advance over anything we have had before. It represents a constructive approach to a most serious problem. The government is to be commended for tackling the problem at long last and bringing in this bill. In principle it has our wholehearted support. However, as the hon. member for Niagara Falls (Miss LaMarsh) said, there are some details of the bill which we would like to have an opportunity of discussing with both ministers from the point of view of possibly making some changes and strengthening the legislation so that it can be a real forward step toward the solution of a most difficult problem.

Mr. Cardin: Would the hon. member permit a question before he resumes his seat? In his very interesting remarks on this most grave problem, he stated that the problem of addiction was particularly felt in the city of Vancouver, no doubt because of the relative position of Vancouver and China. From his studies and research with respect to the problem, can the hon. member state whether it exists in the same degree of acuteness in all the coastal cities on the west coast of the United States? In San Francisco, for instance, is the degree of addiction comparable with that in Vancouver?

Mr. Winch: I do not have the actual figures but from what I know I would say that on a comparative basis the problem is similar in San Francisco and San Pedro, the port of Los Angeles. It is also prevalent, though not quite to the same extent, in the city of San Diego. I do not think that Vancouver stands alone on the Pacific coast.

Hon. G. E. Halpenny (Minister without Portfolio): Mr. Speaker, I am pleased to give my wholehearted support to my colleague, the Minister of National Health and Welfare (Mr. Monteith). I could not agree with him more when he described this measure as marking a further important advance in Canada's efforts with respect to narcotic control. While I am sure all hon. members recognize the importance of the bill, I have a particular interest in it because I have been connected with a pharmaceutical manufacturing business for years which has been engaged in manufacturing and distributing narcotics in Canada and the United States. While this has brought me in close contact with the problem of narcotics and specifically with the matter of making those substances available for legitimate medical uses, from my own experience I can vouch for the excellence of Canada's arrangements in this regard which I agree are possibly the best in the world.

What has impressed me most is the fact that the supervision of the legitimate use of narcotics has not only been effective but has been carried on in such a way as to reduce to a minimum the inconvenience to medical practitioners and to the pharmaceutical industry. Anyone familiar with the intricacies of the problem will appreciate the fact that the situation could be otherwise. Bureaucratic controls could be extremely cumbersome and burdensome to those who handle narcotics for legitimate purposes. The fact that this has not been the case is, I believe, a great tribute both to those who have been responsible for the developing of our legislation and those who have been charged with the difficult task of putting it into effect.

In my own case I know that relations with the supervisory authorities in the Department of National Health and Welfare have been on the whole very satisfactory, but perhaps the most striking evidence of the success of Canada's narcotic control program is provided by the fact that addiction and the illicit traffic in narcotics are supported almost completely from materials smuggled into the country. I am told by the departmental authorities that little, if any, narcotics entering into illicit channels come from legal sources of supply, that is, either from the medical profession or the retailer or wholesaler or manufacturer of drugs. This to my mind represents a tremendous achievement. While a major problem still exists through illicit importation, the situation would be much more serious if our supervisory system did not work so efficiently in keeping the legal production of narcotics in proper channels.

In this connection, it might be of interest to the house to have a bird's eye view of how this supervisory system actually operates. I have in mind, of course, the effect it has on pharmaceutical manufacturers. If such a manufacturer wishes to produce an item which has primarily a narcotic content, he must meet certain standards, not only with respect to competent and qualified staff but also the safeguarding of supplies. These standards are set by the Department of National Health and Welfare. Once they are met, a manufacturing licence is granted by the department. Armed with such a licence, the manufacturer in question may then go ahead with the production and distribution of his product, so long as it is limited to

certain customers who, because of professional status, are entitled to obtain narcotics. The main group here consists of physicians, dentists, retail pharmacists, wholesale pharmacists and veterinary surgeons. Distribution to these people is carefully controlled. Supplies of narcotics can be sold by the manufacturer only on the strength of a signed narcotic order. This is comparable to the prescription which the physician gives the patient to obtain any other drug in the pharmacy. In addition, all transactions, including both quantities purchased and sold, must be accurately recorded by the licensed manufacturer. Monthly reports of this record must be submitted to the federal authorities.

In addition to these controls, federal inspectors make annual examination of the manufacturers' stocks and of their records. Inventories are taken of all supplies and a firm must be in a position to account for all its materials purchased and sold. This amounts, in effect, to a complete audit.

So much for the supervisory system. As hon. members can see, it attaches very closely, in operation, to the manufacturers, and if not handled efficiently, as it has been, considerable difficulty could result. The fact these difficulties have not arisen is indicated, I believe, by the fact that in drawing up the revised version of the federal legislation it has not been felt necessary to make any real changes to the provisions governing the legal distribution and supervision of narcotics. The bill now before the house, in effect, simply continues the basic approach adopted in the past so far as these two items are concerned.

The bill does, however, incorporate a shift in emphasis which it is considered should make our control system even better. Over the years experience has suggested that flexibility is of great importance, and that this can be best achieved through the regulations rather than by legislation. Regulations have the great advantage that they can be revised quickly to meet changing conditions in medical and pharmaceutical practice. One hardly needs to mention the fact that changes are becoming more and more prevalent in medical science and technology. The new bill, therefore, gives greater recognition to this state of affairs and places the supervision of the legal use of narcotics almost solely on the basis of regulations. I know that this change will be welcomed by the entire pharmaceutical industry. I am sure it will be welcomed also by dentists, doctors and druggists, as well as others directly involved in the legal use of narcotics.

In so far as the illicit traffic in narcotics is concerned, there can be no doubt as to the general agreement that no measure should be neglected in attempting its suppression. In my opinion, the stern provisions embodied in the new act for dealing with traffickers go about as far as we can go in deterring their evil enterprise. Anyone convicted of trafficking will be liable to life imprisonment and, for successive offences of this type, a person will be subject to preventive detention indefinitely. These are strong measures but I am sure that no one who is familiar with the narcotics traffic will consider them unduly severe. For those convicted for possession of narcotics, the mandatory minimum sentence of six months has been eliminated. Those convicted of this offence are usually addicts, and as such will be subject to the provisions of part II of the new act dealing with treatment.

Finally, a new offence is created, namely the smuggling of narcotics. This, I believe, is not only appropriate but is also in line with Canada's international obligations as intimated by the Minister of National Health and Welfare in his opening statement.

In so far as the treatment and supervision of addicts is concerned, this, of course, is a wholly new departure. It is embodied in part II of the new act and will come under the jurisdiction of my colleague the Minister of Justice. Although a new departure, it is actually somewhat of an experimental undertaking and is one which our government is convinced should be definitely explored. How it will work out in practice remains to be seen. Special treatment facilities will be provided. These should represent a substantial advantage over the past. I am sure no one, including the Minister of Justice, holds the view that treatment facilities alone can overcome narcotic addiction. The attitude of the addict himself is a prime factor in any program. Also of prime importance are the opportunities afforded him for rehabilitation into community life. Unless these latter two elements are favourably developed, treatment cannot be of any value. If they are developed in conjunction with treatment, then there may be hope of achieving a positive effect.

Realistically, it must be admitted that most of our addicts were problems for society long before addiction itself developed. This fact implies that their rehabilitation, both personal and socially, will likely be extremely difficult. Nevertheless, the government is convinced of the necessity for taking this positive approach. We feel a start must be made in the hope that from greater knowledge and experience, some real progress may be possible. We believe that the segregation of addicts, as envisaged under the new act, will in itself have a beneficial effect in preventing the spread of addiction at least among prison

inmates. This is particularly important because it is well known that addiction spreads by association with this group. I believe that the new provisions for the treatment and supervision of addicts represent a significant step forward, as do the other aspects of the bill now before the house. I have no doubt that this measure will commend itself most definitely to Canadians and will receive the wholehearted support of all hon. members.

(Translation):

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like to say only a few words on the motion for second reading of this very important bill now before us. All those who spoke before me emphasized the seriousness, the importance and the need of this bill. They also suggested that all members would unanimously agree at least on the principle of the bill under discussion.

Mr. Speaker, I understand that by passing this legislation, we shall repeal the Opium and Narcotic Drug Act. This means that Bill C-100 includes certain provisions of the former act, as well as new ones. In this regard, I should like to point out to the house that this is the first time, to my knowledge, that a bill is submitted without any explanatory notes. I hope that the minister will give us some reason when he replies to our various remarks.

In fact, I noticed that when a new bill is introduced to amend an existing statute, we are always given explanatory notes, which greatly help us appreciate the extent of the proposed changes and the legislator's intentions. In my opinion, it is most unfortunate that this long bill, which has a great number of sections, should not also contain such notes. I would have appreciated it very much if it had been provided with explanatory notes; that would have been most helpful to us in understanding the importance of the changes which are proposed through these new provisions.

The second part of the bill introduces a new concept: preventive detention and custody for treatment. It is to be expected that such an innovation will call for an expansion program with respect to the construction of institutions and will entail, I think, federal-provincial agreements on the question. It was quite urgent that inmates who are drug addicts be separated from other criminals. So, the sooner we build those institutions for the custody and treatment of addicts, the better it will be for all concerned.

Mr. Speaker, without entering into all the details of this bill, since we will have an opportunity to deal with them in the committee of the whole, I glanced briefly at clause 8. Here, the minister recognizes the fact of possession as an offence under the law, so that if a person charged with drug traffic is brought before the court and the crown establishes the fact of possession, it will have established an offence on the part of the accused. Everyone knows that by making possession an offence the enforcement of an act such as this is made much easier.

I think the minister will appreciate the basic distinction between section 8 of Bill C-100 and a certain section of a bill which we discussed last night. But I do not wish to labour the point because I would be out of order and because the minister, having heard about it during hours last night, would not like to see me take that course again.

Mr. Speaker, a few moments ago, the Minister of Justice (Mr. Fulton) was telling us, in his statement, that this new act, including these new provisions, was being substituted for an act which had not proved as effective as expected. I do not think such an assertion is justified on the part of the minister.

Crime as much as society changes with the years and laws that have been of great value for us in the past have to be amended in the light of changing conditions. I feel that we have here an instance of that. This new act, embodying new concepts, is being introduced to meet new requirements. I readily agree with the principle of the bill; I am glad this legislation has been introduced and I am sure it will be very effective.

I understand that severe penalties are provided for the supplying of imported narcotic drugs. Provision is made for the treatment of addicts. On this matter of drug addict treatment, the hon. member for Vancouver East (Mr. Winch) asked the minister earlier to consider the possibility for those whose addiction reduces them to slavery to be treated without being taken before the courts. On that point, I should like to quote a few lines from an editorial which appeared in *La Presse* for Wednesday, May 31:

> —at the same time, the victims of that traffic who become addicted to drugs should properly be considered as ill. They are less guilty than the traffickers and are more in need of treatment than of punishment. However, it is not enough to pass good legislation. The laws must be enforced with severity in the case of criminals and with humanity in the case of sick people.

Mr. Speaker, this problem created by the use of drugs is obviously very serious. It is said to be more serious in the Vancouver area, but I am not too sure of that, nor am I sure of the accuracy of the statistics quoted by the minister a moment ago. When it comes to narcotics, there are no statistics that can give a complete idea of the extent of the damage caused in this country. I am quite sure that every large city, Toronto just as much as Montreal—which is a seaport—are exposed to the evils of this scourge.

This bill also provides for the rehabilitation and re-education of those afflicted with what I would call this disease.

Even if we pass this bill, which we will try to improve when the details are considered in committee, it will not be enough. An educational campaign will have to be launched to warn the public, and particularly the young people, against the danger of this social evil of drug addiction.

Mr. Speaker, we have discussed cases where responsibility varies as between importers, traffickers or users of narcotics.

As far as I am concerned, we can never deal too harshly with those who knowingly and deliberately engage in the importation of such drugs, which are a plague to society and to many of our homes. Nor can we ever be too hard on traffickers, people who, while trafficking in narcotics, are usually smart enough not to use them themselves, but prey on the misery and enslavement of others.

Personally, I think we should provide the severest punishment for those two classes of criminals.

Our primary responsibility here is to pass legislation to protect society, decent people and particularly our young people.

I feel sure every hon. member will want to take this opportunity to make the law as strict as possible, so that those responsible for this scourge that victimizes so many Canadians will be subject to the most severe punishment.

(Text):

Mr. John Drysdale (Burnaby-Richmond): I wish to take the opportunity at this time to deal with this very important bill, a measure which is of particular significance to those hon. members who come from the lower mainland of British Columbia.

[Mr. Deschatelets.]

It has been indicated that there are between 3,000 and 5,000 drug addicts in Canada at the present time and that some 1,500 or 2,000 of them are in the greater Vancouver area. These addicts require some $30 a day to spend on their drug habit which is the equivalent of $10,000 a year, or the entire salary of a member of parliament devoted entirely to the purchase of drugs. If a further calculation is made on the basis of 2,000 drug addicts we arrive at a figure of approximately $20 million a year being spent on drugs, and if we further consider that the majority of these people have to steal in order to provide for their habit and that stolen goods only realize one third of their true value, we reach a figure of some $60 million a year. Perhaps this figure is high, because of the fact that many of the addicts are in prison or capable of "tapering off" at intervals, but the calculation is enough to show that the problem is an extremely serious one viewed from the financial aspect alone.

The hon. member for Vancouver-Kingsway (Mr. Browne) and myself took the opportunity during the last recess to visit the New Westminster penitentiary and I was impressed by the work that warden Hall was doing despite the handicap imposed by the intermixing with the rest of the prison population of the 25 per cent who are drug addicts. I think one positive step which the present bill takes is the provision made for the segregation of drug addicts. We also took the opportunity to visit the Oakalla prison farm and again we saw an excellent job being done by warden Hugh Christie in the face of tremendous handicaps. A separate establishment is provided there for women drug addicts and the officials are engaged in an excellent rehabilitation campaign. I emphasize these positive aspects of the work which is presently being done despite the handicaps imposed by shortage of accommodation and so on. One point which has not been emphasized is the higher than average level of intelligence possessed by most drug addicts. In order to provide for the satisfaction of their habit they are obliged to be "on the go" literally night and day. Even when an addict is put into a penitentiary or a prison farm this activity continues, and despite all the precautions taken large quantities of drugs are smuggled in. There have been instances where drugs have been concealed in the shoes of children visiting their parents. In other cases, books have been brought in, certain pages of which had been soaked with a particular drug. The prisoner would secure the book and retire to his cell, extract the drug and usually manage to get the necessary material for a fix. I mention this to show that the

addict presents a most difficult problem; the fact that the present bill provides for his segregation goes a long way.

The hon. member for Vancouver East (Mr. Winch) has deplored the fact that no voluntary treatment centres for drug addicts are to be provided, yet he did mention the narcotic addict foundation of British Columbia which was started in 1955. At the present time it is under the direction of Dr. Robert Halliday who is doing outstanding work in the treatment of addicts who attend voluntarily. He is assisted by a capable board of directors, the chairman being Mr. John Carson. This foundation treats both in patients and out patients, besides providing for rehabilitation, education and research. I do not think we can consider the provisions of this particular bill in isolation. It provides for the penal aspects of this problem and for the treatment of addicts caught in the crime net; I think it should go forward side by side with the development of an organization such as the narcotic addict foundation of British Columbia which has done the pioneer work and now needs substantial funds in order to expand its operations.

I think that one important aspect of this work which has been neglected is the tremendous amount of research work which is needed. I was concerned when the minister told us that this new institution contemplated would be placed somewhere on the lower mainland. This provides a considerable amount of latitude. I think it is important that this treatment centre should be located right in the community where most drug addicts are to be found and that it should also be located close to the universities where skilled and qualified people are available to undertake the necessary research tasks. If the buildings are put up in some outlying region I suggest that qualified personnel will not be available to deal with this problem.

Here is an interesting thing about the Vancouver area. It is true we have the highest rate of addiction in Canada. We also have the highest rates of suicide, divorce, illegitimacy, delinquency, alcoholism and admission to mental hospitals. I doubt if the tourist association will be too happy about this recommendation, but I think it indicates there is a high degree of correlation between drug addiction and other social diseases. The only social studies we have had so far in Canada have been one made in 1955 by the special Senate committee dealing with drug addiction and a report by Mr. Stevenson, I believe, in 1956. I suggest that the sociological aspect of research in regard to literature available has been negligible.

I should also like to suggest that the location of the centres should be at those points where the drug addiction problem is greatest. The primary one would of course be located in the city of Vancouver with a second and third located at Toronto and Montreal. I suggest they be established close to universities and regular community facilities. That particular plan has been followed by the narcotic foundation which has found it to be successful in respect to both in and out patients.

There is one other aspect of the present legislation with which I am particularly concerned dealing with the matter of trafficking. I do not feel that the provision for life imprisonment is sufficient and that there should be included in the provisions of this act the death sentence as an alternative. I make that suggestion because I feel that those individuals dealing in narcotic trafficking are perhaps committing a worse type of murder—destruction of the social entity of victims they introduce to use of narcotics—than the types of murder for which we have provided sentences by recent amendments to the Criminal Code. I think this type of crime is described quite accurately in an article which appeared in *Life* magazine for February 1, 1960. The article relates to world crime syndicates and reads as follows:

> But whatever their corporate structure and whatever their number of employees, international criminals in all fields share certain common attitudes. They are interested in big, quick profits. They are contemptuous of the laws they so adroitly evade. They are indifferent to the suffering and hardship that they spread throughout the world.
>
> At the top of the roster stands the most extensive, most effective criminal agency in the western world, the widely known and widely misunderstood Mafia. Many people are convinced that the Mafia is a colossus of crime with branch offices in every major city and an I.B.M.-like efficiency. Some people are convinced that the Mafia, if it ever existed at all, does not exist now. Both groups are mistaken.
>
> The Mafia does exist. But instead of being a world-wide syndicate, it operates almost entirely in its birthplace, Sicily, and in its adopted home, the United States. It does have a few branch offices on the Italian mainland and in certain centres of the narcotics trade but scarcely a single representative anywhere else. It does have a kind of organization but not a very tightknit one. The Mafia is principally a way of life shared by groups of lawbreakers who understand and trust one another and who work together for mutual safety.
>
> This work is crime—usually dirty crime. As reported in last week's article, the Mafia is the principal conductor of the world's cruelest business, the narcotics traffic.

I feel it is also of interest to note that in January of last year, or some time prior to that, many of the type of people that belong to the Mafia held what has been called the Appalachian conference. The major topic for discussion at that particular conference had to do with that crime syndicate getting out of the narcotic traffic business. I suggest the reason that syndicate decided to cease its

narcotic operation is because enforcement is becoming effective and the imposition of sentence is being extended.

I suggest that by this legislation we are aiming at the type of individual who is a kingpin in the drug traffic business, and the trafficker who is not a user of drugs himself, and I feel that the death sentence should be provided as an alternative to life imprisonment. I suggest that, because I am unable to see the necessity or justification for the state maintaining that type of individual at a cost of $2,000 per year which, applied to a life sentence of 10 or 20 years, would amount to $20,000 or $40,000 respectively.

In the field of medicine today cancerous areas of the body are removed for the protection of the remaining living tissue. I suggest in respect of the narcotics trafficking field, that traffickers who do not use narcotics can be likened to cancerous tissue and should be permanently removed.

Mr. Speaker, in the *Globe and Mail* of November 19, 1960 there appeared an article under the heading "Dope Pushers Face Death". The following statement appears under the dateline Bangkok, November 16:

> Heroin and morphine manufacturers and peddlers face the death sentence or life imprisonment under a bill approved by the Thai cabinet today.

I suggest that indicates that other countries are dealing with this particular problem in an effective way.

During the introduction of this bill the minister indicated concern not only in its narrow aspect in Canada but also in the need for strengthening international enforcement. I was interested to hear the hon. member for Vancouver East refer to the rather low per capita addiction in the United Kingdom. It has been suggested by some sources that those figures which he quoted are not too accurate because of the lack of supervision and availability of narcotics, and that the actual per capita number of addicts to opium in the United Kingdom is much higher than in Canada.

I should also like to draw to the attention of the hon. members of this house the fact that one of the largest processing countries of narcotic drugs is France, in the areas of Paris and Marseilles. Morphine is processed by laboratories there into refined heroin, yet there is practically no addiction problem in France. I suggest that the wholesale centre of the world for narcotics is located in Milan, Italy. It is estimated there are some 2,000 individuals employed in the wholesale narcotic business in that locality yet Italy does not have a drug addiction problem.

The point I have tried to make is that since we have concluded that life imprisonment is a deterrent, the penalty should be

increased further because, as the hon. member for Vancouver East pointed out, the worst type of murder should carry the death penalty, to be meted out at the discretion of the court or the judge.

In respect of the locations of the treatment centres I suggest steps should be taken to ensure that they are located in the centre of communities rather than in the outlying areas. I suggest also that provision should be made for more extensive research on the part of voluntary organizations through which voluntary treatment can be obtained. An example of the type of organization to which I refer can be found in the narcotic addict foundation. That type of organization should be encouraged to develop, and I hope that the Minister of National Health and Welfare will devote a portion of his budget to providing greater subsidies to those organizations which are now doing such excellent work on budgets of some $200,000 to $300,000.

I should also like to see consideration given to Canada's active participation in Interpol in an attempt to prevent narcotics coming into this country. I suggest we are concerned with the world-wide aspect of this problem and should, therefore, provide every co-operation, both financial and moral, in order to curtail this very vicious racket.

Mr. Deputy Speaker: Does the minister wish to speak now?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, I should like to say just a few words.

Mr. Deputy Speaker: I must inform the house that if the minister speaks now he will close the debate.

Mr. Monteith (Perth): Mr. Speaker, I do not intend to take up much time now, in view of the fact that we will be discussing the bill in some detail when we reach consideration in committee. However, I should like to make a few remarks as a result of speeches made by various hon. members during second reading stage. I was pleased, of course, to hear the enthusiastic—I think I can call it that—response of all hon. members who have spoken despite the fact that there were some things in connection with the suggestions with which we may not agree. I know that some of the suggestions were made with the best of intentions and in order to strengthen the bill further as hon. members see it.

The hon. member for Niagara Falls (Miss LaMarsh) spoke of the fact that the intent of the bill appeared to be to deal firmly but kindly with addicts and that this was inherent in the bill. We believe this to be so.

I should like to say I am well aware of the keen interest which the hon. member for Vancouver East (Mr. Winch) has had in this subject for many years. I realize his strong feelings. I should like to say how much I appreciate his words with respect to Canada's part in the conference at New York recently and his gratifying words concerning Mr. Robert Curran of my department. He said that I indicated that the treaty would be presented to parliament for ratification. What I actually said was, "I am happy to be able to say that Canada not only played an active and important role in the conference but is now taking the necessary steps to be in a position subject to the approval of parliament, to ratify the convention." I am given to understand that external affairs is now actually processing the convention but I am also of the impression—I may not be correct in this—that, following the examination by external affairs, an order in council may be sufficient rather than an actual presentation of the convention to the House of Commons.

I may have given the wrong impression in my opening remarks Mr. Speaker, in that it is my understanding that the major suppliers of legal opium for medical use are India and Turkey. I can give more details on that matter when we get into committee.

I am pleased that the matter of doctors and the use of legal narcotics by the medical profession has arisen. I should like to point out, Mr. Speaker, that sections 6 and 16 of the present act set out the circumstances under which a physician may administer or prescribe drugs and the circumstances wherein it is improper for him to do so.

It has been the subject of some criticism that the legislation should attempt in any way to define what is or is not proper professional treatment and practice. It has, of course, been the view of the department that the legislation does not attempt this. Nevertheless there has been a strong feeling by many members of the profession that this is the interpretation to be given to those sections and that no professional man should be called upon to decide whether he is or is not breaking the law in a matter involving his professional conscience and the treatment of a patient under his care. The bill, therefore, makes no reference to what constitutes legal employment of drugs by a professional person. The regulations, however, will cover this by providing that a medical practitioner may prescribe, administer or furnish a narcotic to a person if such person is a patient under his professional treatment and the narcotic is required for the condition for which the patient is receiving treatment. We feel this represents an important change in language, if not in principle, to that contained in sections 6 and 16 of the present act. This is thought to be a desirable change in that it leaves to professional interpretation what is or is not a proper use of a narcotic. Actually, we hope to encourage doctors to take more responsibility for and interest in the health and well-being of the addict. We can, of course, go into that in more detail in committee, Mr. Speaker.

The hon. member for London (Mr. Halpenny) gave a detailed description of the legal use of narcotics. The hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) mentioned the fact that there were no explanatory notes to this bill. It is my understanding that no explanatory notes are necessary when it is a new bill. For instance, Bill No. C-71 respecting the civil service of Canada deals with legislation that we have had for a great many years. But it is new legislation. There are no explanatory notes to Bill No. C-71. I am told this is the reason why explanatory notes have been omitted here in the case of the narcotic bill.

When we are examining the bill in committee I shall be very glad to give the origin of each clause in relation to the present act, if the clause is not new.

The hon. member for Burnaby-Richmond (Mr. Drysdale) mentioned another matter which the hon. member for Vancouver East had brought into the discussion. I think I should like to make a short statement on what has been called the British narcotics system. There is a great deal of popular misconception regarding the so-called British narcotics system, and I am glad this question has been raised because it gives me an opportunity to place on record the actual situation.

Whenever proposals are advanced respecting the problem of narcotic addiction the question that is almost invariably asked is why do we not try the British system. In the first place, I should like to assure hon. members that there is no such thing as the British system. The legislation in the United Kingdom does not differ in purpose or subject matter from the legislation in Canada. If anything, our legislation permits of more effective control, and in so far as trafficking is concerned, of more severe penalties.

It is not correct to say that in the United Kingdom addicts can get all the narcotics that they require from their family doctor. Doctors, in accordance with their professional judgment, are permitted to furnish narcotics to persons requiring such medication. This does not differ from the situation covered by the legislation which is before the house. Doctors in the United Kingdom are not permited to furnish narcotics indiscriminately or indefinitely to addicts; neither would doctors

be permitted to do so under this legislation. There is, accordingly, no difference in so far as the legal use of narcotics is concerned under the United Kingdom legislation and this legislation.

We feel that our methods of reporting and recording narcotic transactions covering legal distribution, coupled with the knowledge and experience of the Royal Canadian Mounted Police, give us a very accurate picture of the narcotic situation in Canada and particularly as it relates to what are called criminal addicts. I would not like to draw any comparison between our methods of recording and reporting and those in force in the United Kingdom, but I am satisfied that our methods will favourably stand up to any comparison that can be made.

This becomes of some importance in trying to explain why we have some 3,000 criminal addicts in Canada whereas the United Kingdom authorities report a number fewer than 200. Regardless of whether the United Kingdom methods if applied to Canada would reflect with the same accuracy our numbers of addicts, we are satisfied that because there does not exist a criminal underworld narcotic traffic in the United Kingdom, the number of addicts is very substantially less than ours on a per capita basis.

Through the R.C.M.P. we have made intensive inquiries in the United Kingdom and have also studied reports of other investigations into this very aspect of the problem. The general view that is expressed is that while there exists a criminal underworld element in the United Kingdom the narcotic addict is considered to be at the lowest level and it follows that the narcotic trafficker is regarded as beyond the pale of even criminal society. Why this is so may perhaps lie in the mores and culture of the United Kingdom which is a far more homogeneous society than that of North America. Apart from this, there is simply no explanation that wholly explains the difference in the two situations. I can assure hon. members that our inability to explain the difference in a more satisfactory manner is not for want of studying the situation in both countries, and even the United Kingdom authorities are not able to give any better explanation than the one I have given.

As a matter of interest, the explanation I have given, in addition to being based on our own knowledge, is also based upon the report of a special study that was made by senior health officers of the New York state department of health who went to the United Kingdom for the express purpose of finding out something about the so-called British system and as a result they have reported that there is no such thing.

[Mr. Monteith (Perth).]

In conclusion, I should like to set at rest once and for all the misconception that the success of the British system, if there was such a thing, lies in the furnishing of legal narcotics to narcotic addicts. This is no more tolerated as a general practice in the United Kingdom than would be the case in Canada.

The hon. member for Burnaby-Richmond mentioned the narcotic addiction foundation of British Columbia. I have their most recent report here. I have been studying it and I should like to mention that it is a very comprehensive study. I do not think there is anything more that I can say at this time. As I mentioned earlier, my colleague, the Minister of Justice (Mr. Fulton), and I will do our best to give as complete explanations as possible when we get into committee on the bill, and I should again like to express my appreciation of the constructive approach which has been taken on both sides of the house.

Mr. Winch: May I ask one question? Is the minister able to make any comment at all on what I consider to be the most important matter of voluntary commitment for treatment?

Mr. Monteith (Perth): I am afraid not at the moment but I will be glad to go into the matter when we get into committee.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Flynn in the chair.

On clause 1—*Short title.*

Miss LaMarsh: I wonder whether I might make one suggestion to the minister. I think the minister is probably hopeful that the bill will pass without undue delay, and as there are no explanatory notes opposite the clauses since the legislation is new may I suggest to the minister that as each clause is called he explain to the committee whether the provision is the same as already appears in the old act, whether it is a new departure or whether there is some slight amendment in order that we may not waste time.

Mr. Monteith (Perth): I would be very glad to do so.

Mr. Winch: I think clause 1 is the only place where I can ask the minister the question I asked a moment ago with respect to voluntary commitment. It is not in the bill so clause 1 is the only place where I can raise the matter. I am not going to repeat what I said a few moments ago on second reading but I think this matter is of the utmost importance. Is consideration being given to that principle and, if not, why has it been omitted?

Mr. Monteith (Perth): I am told that the matter of voluntary commitment for treatment of a non-criminal addict would come under provincial jurisdiction. Certainly we would be very pleased to assist any provincial department or organization which was looking for assistance in this regard. I am told that the matter is a provincial responsibility at this stage.

Mr. Winch: I believe it does come within provincial responsibility but I would point out that in the bill provision is made for co-operation with respect to other matters that come within provincial jurisdiction. Why should this matter not be mentioned in the bill also in the same way as other matters which are already included? In support of the principle and in the hope that it will receive further consideration, I want to mention one point which I did not mention on second reading. Unless there is an indication in this legislation of provision for co-operation with the provinces with regard to voluntary commitment, I am afraid that if a province did anything about it you would not have any authority because under certain circumstances these people would have to be taken care of in a federal rehabilitation centre. That is the reason why I think this matter should be included in the bill.

I wish to raise one other argument in support of the principle. If a person wants to take treatment and voluntarily offers to do so, he cannot receive treatment under the legislation as it stands now. Immediately he admits he is a drug addict and wants to take treatment voluntarily but cannot do so, he then becomes known to the law officers of the crown as a drug addict and he is picked up under the criminal law. I think that is not psychologically good for such a person and will deter people from voluntarily offering to take treatment. No matter how you look at the matter, Mr. Chairman, I think every argument is in favour of something being included in the bill with respect to voluntary commitment so that these people will not be picked up on a criminal charge. I think this is a most serious matter and I sincerely hope that the two ministers will give very serious consideration to including some provision at this time.

Miss LaMarsh: May I inquire from the ministers whether there is contemplated any possibility of treating people within penitentiaries as they are now constituted? The Minister of Justice said that an institution was to be established in southern British Columbia. He did not indicate whether it would be an institution of a type similar to a regular penitentiary or whether it would be more in the nature of a hospital to treat narcotic addiction.

The question just asked by the hon. member for Vancouver East points up the necessity of having something more than just a prison where these people can be treated. If there is any possibility at all now or in the future of addicts entering voluntarily for treatment, I would assume it would be against the interests of society and against the interests of the addict to put the addict in a prison rather than a hospital if he has not been convicted of any offence. Therefore, until narcotic hospitals of some sort can be provided there would be no facilities for voluntary entrants.

Mr. Fulton: That is correct. What is contemplated here is the establishment of institutions to which people are committed for custody and for treatment. Under the new bill they will be committed as the result of a charge of possession or trafficking or importing. If they are then found to be addicts, they will be committed as a result of the criminal procedure.

The program envisaged in this bill contemplates also that the provinces may pass complementary legislation providing for committal to that institution of persons who need treatment. What my hon. friend from Vancouver East is referring to is something different, something which would go beyond that and would make provision for a person whose addiction is perhaps not so serious that he requires committal to custody for treatment. There would be, rather, an institution to which he may go voluntarily on terms arranged between himself and the institution. My colleague, the Minister of National Health and Welfare, and his department, do have in mind the possibility of assistance to the provinces in setting up such institutions, call them what you will, hospitals, drug hospitals or treatment centres, to which persons might go voluntarily. There would be absent from these institutions the element of custody, as it is envisaged in this bill, custody for treatment.

The reason why I think such institutions would have to be quite separate, and why I think the person desiring voluntary treatment should not go to the institution contemplated by this bill, is that the institution to which persons are committed to custody for treatment obviously has to be operated under a regimen. This bill and the new Penitentiary Act together make provision for such institutions to be operated, in fact, under the authority of the Penitentiary Act. Release will only be permitted when the parole board says it is in the interest of society to release the inmates. You will see that there is

definitely an element of custody, although the purpose of the custody is treatment. It would not be, in our view, convenient nor would it be acceptable to persons wishing to go to an institution where they are voluntary patients, to have them in the same place where, in fact, you must have a regimen and where the period during which persons stay there is not subject to their own desires but is set by authority. I do not think you can have the two types of institution run together, nor do I think you can have the two types of inmates there, one group who are there voluntarily and can leave anytime they want and the other group who are there in custody and can only leave when the parole board certifies it is in the public interest for them to do so.

A different kind of institution would be necessary to meet the case put forward by the hon. member for Vancouver East and the hon. member for Niagara Falls. As I have said, the Minister of National Health and Welfare and his department have instituted some discussions with the provinces to explore the possibility of federal-provincial cooperation in the setting up of such institutions.

Mr. Winch: I am sorry, but I just cannot see that argument. If a person is an addict then, of necessity, that person has a quantity of narcotic in his or her possession almost daily; that is axiomatic. I do not know the exact figure now, but two or three years ago the majority of the women in the women's section of the Kingston penitentiary were from British Columbia. They were not there as a result of a charge of being in possession but because they were addicts. I imagine the same situation prevails now. They require treatment.

What is the difference in approach under this new plan? These women are there not because they participated in a bank robbery, or for breaking and entering or for prostitution, they are there because they are addicts. What is the difference, then, between the person who has been placed in custody under this new law and someone who voluntarily goes to an institution for treatment? They both require exactly the same thing. Is it not, in some sense, a duplication to have two such institutions? We are going to need very experienced personnel in connection with this particular program. I appreciate that there may be a different approach to the person who volunteers for treatment, but why have two such institutions when the purpose is the same?

Mr. Fulton: Because of the essential difference to which my hon. friend has just referred; that one group would be in the institution for treatment because they went there voluntarily, and the other group would be in the institution because they were committed either as a result of a criminal trial or under the appropriate provincial legislation. I am sure if my hon. friend stops to reflect, he will appreciate that it would be, first, unacceptable to persons who wanted to go to an institution voluntarily for treatment to go to one run by the penitentiaries branch and where necessarily, if unfortunately, the atmosphere is that of a place where persons are committed under the Criminal Code. People simply would not go to that institution voluntarily and, with respect, I do not think it is sensible to suggest they would. This type of institution we conclude, therefore, should be designed to house those persons who are committed under our federal law or under the appropriate provincial legislation when it is passed. Persons who, recognizing they are drug addicts and wanting to take treatment, but also to retain their freedom, we hope will before too long find other institutions to which they can go voluntarily.

The best distinction would be that a hospital is a place to which a person ordinarily goes voluntarily because he knows that he is sick or his doctor tells him he should go to hospital. He can leave, within certain unimportant limitations, whenever he desires. However, a mental hospital, for instance, in most cases is a place to which a person is committed under the appropriate provincial legislation because the legislators have said: in our view a person who is suffering from mental disease may be such that it is in society's interest that he be committed to a mental institution until such time as he may be cured. In the kind of mental institution of which I am thinking, the people are not there voluntarily and they are not free to leave whenever they wish. It seems to me that is about the best illustration I can find of the difference between the institution contemplated under this bill, where the inmate is not there voluntarily, he is not free to decide for himself whether he will leave, and the other type of institution about which my hon. friend is talking which would be necessary to serve a person who, recognizing his own illness and not having been convicted of any offence or not having been committed under provincial legislation, simply wants to go to an institution for treatment. I do not think you can mix the two kinds of institution, physically or even under one administration.

Mr. Drysdale: I wonder if the minister could clarify the situation with regard to

the narcotics addiction foundation in British Columbia, because that is an institution which is, at present, doing an excellent job. I am backing up the hon. member for Vancouver East. Where the section deals with the possession aspect, what provision is there in the code or how would such an organization be exempt from these provisions and be in a position to have a gradual withdrawal from an addict who comes voluntarily to this organization?

Mr. Fulton: That matter could be taken care of by the regulations under the new bill.

Mr. Drysdale: Is it the intention that there be a specific regulation dealing with an organization such as the narcotic addict foundation? As the matter stands now in the legislation, those organizations will be wiped out.

Mr. Monteith (Perth): As I mentioned earlier when I closed the debate on second reading, as to the matter of doctors and the medical profession, we wanted the handling of this situation at this stage under regulations to provide greater flexibility than was the case under sections 6 and 16, I think it is, of the present act. Certainly we are doing this to encourage doctors to take a keener and greater interest in the health and well-being of such patients.

Mr. Drysdale: With great respect may I say that I do not think the question has been answered. The minister has referred to the Criminal Code which sets forth very clearly a definition of what possession consists of. As I read section 3 of this act, the narcotic addict foundation of British Columbia would have drugs in their possession. I do not wish to prolong the discussion. What I am trying to do is to make sure that this organization which is doing a worth-while job is clearly exempted.

Mr. Fulton: Clause 3 of the bill states as follows:

> Except as authorized by this act or the regulations, no person shall have a narcotic in his possession.

So when my colleague is able in conjunction with the provinces to arrive at a point where they can set up such voluntary treatment centres, then the regulations may be altered in order to provide that it is lawful for that treatment centre to be in possession of narcotics for the purpose of administration.

Mr. Drysdale: That is the point I want to clarify.

Mr. Broome: I just want to support the remarks of my colleague the hon. member for Burnaby-Richmond and also those of the hon. member for Vancouver East. After all, this is very much a Vancouver problem. Hon. members on all sides of the house agree that this bill is a major step forward and that the ministers are to be commended. However, there seems to be a gap in one spot namely, in the line of voluntary commitment and also along the lines of drugs being supplied through an out-patient clinic or through a federally administered operation at cost where these drugs are required by the addict and where medical opinion says that the man cannot be reduced below this minimum level as far as drugs are concerned.

The question of the profit factor or of taking the profit factor out is extremely important and this in effect would tend to do that. What we want to do is to get at the people who are traffickers and who are creating new addicts daily. These are the people who have expanded this pool of drug addicts to its present size. The bill takes care of those people we are going to put in the penitentiary. But what about the people who should be treated as sick persons, as is the intent of this legislation, in an out-patient type of clinic where they go voluntarily and where there is no control? Where this post sentence rehabilitation takes place we are going to have social workers or case workers looking after these penitentiary inmates when they get out in order to try to rehabilitate them. Here you have a person who has not gone to penitentiary, a person who has an even better chance of rehabilitation than has the person who has had to be sent to a penitentiary. It seems to me that this is within the area of concern of the department of national welfare. The minister more or less points this out in his remarks. He says this will be in agreement, in consultation and in co-operation with the provinces. But at the same time the federal government is taking the lead in this matter and I should like to see the federal government perhaps carrying it a little bit further. It may work a little bit faster and better than it would with the particular government we have today in British Columbia. I do not want to make this a political matter. This bill has been non-political all the way through. We all agree that it is good. We all agree that it is a marvellous step forward. However, there seems to be a bit of a gap in that field of taking care of what you might call the person who is just starting to become a drug addict, the person who comes along and voluntarily says, "I am going to reform" but who needs help, if you like—

Mr. Winch: Just on the same basis—

Mr. Fulton: I think this question should be answered before six o'clock. Irrespective

of whatever may be said here, and however desirous we may be of solving the problem of the addict who requires help from the medical or health point of view exclusively, the fact of the matter is that this is a part of health and the primary responsibility is that of the provinces. No matter how ardent we are in our desire to provide these good things, it would be first an intrusion into the field of provincial responsibility and authority and second, in my opinion, an improper acceptance of a burden which is not entirely ours. That would mean, of course, that we would pay all the costs.

We have gone a long way here in providing a system and legislative authority for the reception and treatment in our institutions of persons who are committed under provincial legislation. My hon. friend would go further than that and he is talking about what is purely the provision of health facilities in out-patient clinics. Nothing could be more clearly a matter of provincial responsibility. My colleague has already initiated discussions with the provinces to see whether they are prepared to take any initial steps at all. We are prepared to co-operate. However, the kind of institution being talked about is quite different from the kind which it is our responsibility and our authority to operate.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I believe that by arrangement there are some changes in the estimates to be called. If the house leader would indicate them so that they would be on *Hansard* it would be helpful.

Mr. Churchill: I wonder whether I first might ask the house to consider this possibility. Yesterday, owing to the recess of the house in the afternoon as a result of the death of one of our members, we missed the private members' hour from five o'clock to six o'clock and we have not much time left now in this session. Would the house consent to substitute tomorrow the hour from five o'clock to six o'clock for the hour that was lost on private members' bills on Tuesday? There are a half a dozen bills in hand and this would give us an opportunity to deal with them. May I have an expression of opinion on that matter first?

Mr. Pickersgill: Although I have had no previous warning about this matter, Mr. Speaker, if it were understood that the time were taken for private bills only, I think we would see no objection because the time was lost to petitioners who have a reasonable right to expect these bills to be dealt with. However, if the private bills could be disposed of, say in 15 minutes or 20 minutes, I would hope that then we could go on with government business which, after all, is the most urgent business before the house.

Mr. Herridge: This comes rather as a surprise to us. I have not had an opportunity to discuss this with my colleagues, but I think the hon. member for Bonavista-Twillingate has expressed a reasonable view and we agree with that.

Mr. Churchill: I had intended suggesting Saturday, from five to six, but perhaps Thursday would be a more suitable time.

Mr. Pickersgill: If I may interrupt the leader of the house, I think Saturday would be a very much more suitable time. I wish I had thought of it myself. It does seem rather unreasonable to take this time for private bills. Certainly, those people who are interested in them can be here on Saturday; there are always enough people, and anyone interested in promoting these bills could be here on Saturdays. The minister having made that suggestion, I may say we should be happy to give consent to having them on Saturday rather than on Thursday.

Mr. Churchill: Perhaps we might leave that open for further consideration.

With regard to the business for tomorrow, a change has been required in the estimates I announced. This is due to the fact that some hon. members are away and it has followed a good deal of negotiation. I regret the fact that I have not had an opportunity to discuss some of these changes with the hon. member for Kootenay West. Anyway, what is proposed for tomorrow is that we start with the estimates of the Department of Transport upon which we spent about three days earlier on, followed, if they are finished, by the estimates of the Department of Labour. Then, as a special arrangement, on Friday we would start off with the estimates of the Department of Justice. There are not many items left there. Then, in the time that might be available on Friday after the estimates of the Department of Justice have been completed we shall consider the estimates of the Department of Transport and the Department of Labour. Then, on Saturday, by arrangement, we would complete the estimates of the Department of Fisheries and deal with the Department of Forestry. If we make good progress, the estimates of the Department of Defence Production are available.

If we could complete this week the estimates of the Department of Transport, the Department of Justice, the Department of Fisheries, and, perhaps, the Department of

Forestry, I think it would be a reasonable piece of work and we would then be fairly sure of completing the other estimates later on this month. I think the house now realizes that we should press on with some of these matters and those estimates on which a number of days have already been spent will not, I imagine, detain the committee very much longer. That is the order of business, Mr. Speaker.

It being five minutes after six o'clock, the house adjourned, without question put, pursuant to standing order.

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

GRAIN STORAGE CHARGES

Question No. 216—**Mr. Hanbidge:**

1. What is the rate per bushel per day (or per month) for storage charges for grain (a) in a local elevator (b) in a terminal elevator?
2. What is the amount of money paid in each year by the government of Canada on account of grain storage charges for each of the crop years 1954-55 to 1959-60 inclusive?
3. What is the total amount of money paid by the government of Canada or the Canadian wheat board to the Canadian Pacific Railway Company and the total amount paid to Canadian National Railways for demurrage on freight cars carrying or storing grain from western Canada in each of the crop years 1954-55 to 1959-60 inclusive?
4. What is the total amount of money paid by the government of Canada or the Canadian wheat board for storage charges on grain grown in western Canada in each of the crop years 1954-55 to 1959-60 inclusive (a) for the storage on farms to the farmers of (i) Alberta (ii) Manitoba (iii) Saskatchewan; (b) to each of the grain terminal elevator companies in (i) British Columbia (ii) on Hudson Bay (iii) Fort William and Port Arthur (iv) any other grain terminal elevator company in Canada; (c) to the following companies for storage of grain in local elevators (i) the Alberta pool elevators (the Alberta Co-Operative Wheat Producers Limited) (ii) the Manitoba pool elevators (the Manitoba Co-Operative Wheat Producers Limited) (iii) the Saskatchewan pool elevators (the Saskatchewan Co-Operative Wheat Producers Limited); (d) to each of the line grain or elevator companies operating in western Canada for the storage of grain in local grain elevators?

Answer by: **Hon. Alvin Hamilton (Minister of Agriculture):**

		Cents per bushel per day		
		Wheat	Oats	Barley
1. (a)	August 1, 1954 to July 31, 1955	1/35	1/35	1/35
	August 1, 1955 to July 31, 1956	1/35	1/35	1/35
	August 1, 1956 to July 31, 1957	1/35	1/35	1/35
	August 1, 1957 to July 31, 1958	1/30	1/30	1/30
	August 1, 1958 to July 31, 1959	1/30	1/30	1/30
	August 1, 1959 to July 31, 1960	1/30	1/30	1/30

1. (*b*)

Crop year	Cents per bushel per day								
	Wheat					Oats		Barley	
	Lakehead	Pacific coast	Mills	Government interior terminals	Churchill	Lakehead	Pacific coast	Lakehead	Pacific coast terminals
August 1, 1954 to July 31, 1955.....	1/35	1/35	1/35	1/45	1/30—except that from Oct. 15/54 to July 25/55 the maximum storage is 4c. per bushel for the entire period.	1/35	1/35	1/35	1/35
August 1, 1955 to July 31, 1956.....	1/35	1/35	1/35	1/45	1/30—except that from Oct. 20/55 to July 25/56 the maximum storage is 5c. per bushel for the entire period.	1/35	1/35	1/35	1/35
August 1, 1956 to July 31, 1957.....	1/30	1/30	1/30	1/45	1/30—except that from Oct. 20/56 to July 25/57 the maximum storage is 5c. per bushel for the entire period.	1/30	1/30	1/30	1/30
August 1, 1957 to July 31, 1958.....	1/30	1/30	1/30	1/45	1/30—except that from Oct. 20/57 to July 25/58 the maximum storage is 5c. per bushel for the entire period.	1/30	1/30	1/30	1/30
August 1, 1958 to July 31, 1959.....	1/30	1/30	1/30	1/45	1/30—except that from Oct. 20/58 to July 25/59 the maximum storage is 5c. per bushel for the entire period.	1/30	1/30	1/30	1/30
August 1, 1959 to July 31, 1960.....	1/30	1/30	1/30	1/45	1/30—except that from Oct. 20/59 to July 25/60 the maximum storage is 5c. per bushel for the entire period.	1/30	1/30	1/30	1/30

2.

Crop Year	Carrying charges paid by the government		Storage portion		Interest portion	
	Rate	Amount	Rate	Amount	Rate	Amount
	(cents)	(dollars)	(cents)	(dollars)	(cents)	(dollars)
1954–55	—	Nil	—	Nil	—	Nil
1955–56	.03970	31,486,187	.02857	22,658,951	.01113	8,827,236
1956–57	.04058	28,816,766	.02857	20,288,196	.01201	8,528,570
1957–58	.04241	35,553,509	.02857	23,951,043	.01384	11,602,466
1958–59	.04780	39,825,304	.03333	27,769,401	.01447	12,055,903
1959–60	.04987	43,604,072	.03333	29,142,244	.01654	14,461,828

3. Nil.

4. (*a*) Nil.

(*b*) The board records do not contain details relevant to storage paid to individual terminal elevator companies principally because most of the storage at the lakehead is paid to the lake shippers' clearance association and not to individual companies. Storage paid at the lakehead comprises the largest item in this question and hence without its inclusion any detailed analysis of storage paid at other terminal points by company would appear to have little value. However, on the statement of country elevator storage paid to individual companies, 4 (*c*), included is the total of the terminal and mill storage paid by the board for the crop years indicated.

ADDENDUM

4. (*c*) With respect to the attached statements the following factors should be considered:

1. The Canadian wheat board cannot allocate its terminal storage charges by company by reason of the operation of the lake shippers' clearance association. The board deposits its warehouse receipts with this association and when a shipment is made ex the lakehead the lake shippers apply the oldest deposit of board documents for the grade involved irrespective of the company and they invoice the Canadian wheat board for the total storage involved in the shipment. The lake shippers' clearance association then makes settlement for the storage to the terminal elevator, or elevators, from which the grain was shipped.

2. The storage charges in respect to oats and barley do not include any charges that originate at points east of the lakehead. Ex the lakehead the board sells oats and barley basis in store and hence all storage charges at points east of the lakehead are for buyers' account.

Company	August 1, 1954 to July 31, 1955 Storage	August 1, 1955 to July 31, 1956 Storage	August 1, 1956 to July 31, 1957 Storage	August 1, 1957 to July 31, 1958 Storage	August 1, 1958 to July 31, 1959 Storage	August 1, 1959 to July 31, 1960 Storage	Total wheat
	$	$	$	$	$	$	$
Alberta Co-operative Wholesale	13	—	—	—	—	—	13
Alberta Pacific Grain Co	1,173,062	1,311,165	1,320,815	1,398,427	1,574,224	1,819,900	8,597,593
Alberta Wheat Pool	2,318,022	2,589,095	2,783,527	2,893,030	3,134,506	3,713,583	17,431,763
Byers Flour Mills	4,974	4,501	4,362	2,734	4,859	5,333	26,763
Canada Packers Ltd	190	92	40	93	106	228	749
Canada West Grain Company Ltd	1,208	12,703	15,481	12,083	15,028	23,143	79,646
Canadian Consolidated Grain Co. Ltd	319,530	331,166	363,599	442,496	307,233	669	1,764,693
Conger-Sanborn Co. Ltd	15,989	13,019	14,000	7,622	9,274	10,482	70,386
Eastern Terminal Elevator	1,111	1,335	1,486	1,598	4,645	9,710	19,885
Ellison Milling & Elevator Co. Ltd	152,088	158,287	147,946	157,467	163,772	184,474	964,034
Federal Grain Ltd	1,568,924	1,549,164	1,713,178	2,014,346	2,033,204	2,222,172	11,100,988
Fraser-Hill Ltd	3,096	3,121	3,120	1,759	1	—	11,097
Grande Prairie Grain Co. Ltd	5,345	6,481	2,689	—	—	—	14,515
Harrison Milling & Grain Company	1,861	2,209	2,331	3,015	3,506	3,599	16,521
Inter-Ocean Grain Co. Ltd	48,306	49,041	57,119	61,910	60,743	68,502	345,621
Independent Grain Co	(76)	—	—	—	—	—	(76)
Lake of the Woods Milling Co. Ltd	245,208	245,325	307,267	156,247	—	—	954,047
Manitoba Pool Elevators	1,107,195	1,020,534	1,074,116	1,437,817	1,436,361	1,689,532	7,765,555
Maple Leaf Milling	9,208	11,549	14,151	15,066	15,615	18,497	84,086
Makepeace Elevator	(2)	—	—	—	—	—	(2)
Midland & Pacific Grain Corporation	11,247	12,237	12,780	11,116	12,070	11,496	70,946
Milk River Grain	—	—	—	—	—	2,474	2,474
MacEachern Milling	1,114	1,476	2,274	(43)	—	—	4,821
McCabe Grain Co. Ltd	345,722	350,797	389,343	461,528	496,363	541,607	2,585,360
McNab Flour Mills	807	613	—	—	—	—	1,420
National Grain Company Ltd	1,185,231	1,182,064	1,282,456	1,421,724	1,488,803	1,697,121	8,257,399
National Flour Mills	958	1,560	2,341	875	—	—	5,734
Ogilvie Flour Mills Co. Ltd	472,409	455,215	481,824	779,164	920,776	540,357	3,649,745
Paterson & Sons Ltd., N.M.	382,350	404,863	444,102	540,846	533,483	596,355	2,901,999
Parrish & Heimbecker Ltd	261,965	277,012	303,118	348,962	369,730	409,795	1,970,582
Pioneer Grain Co. Ltd	2,000,487	2,110,553	2,377,826	2,795,998	2,982,287	3,427,700	15,694,821
Red River Grain Co. Ltd	(7)	36	25	(28)	773	96	895
Riediger & Sons, J. P.	4,231	3,842	3,439	4,990	4,417	5,384	26,303
Ritz, Henry	1,409	1,301	913	1,399	677	542	6,241
St. Boniface Grain & Feed Co	9,086	17,085	14,268	8,290	—	—	48,729
Saskatchewan Wheat Pool	5,315,666	5,174,130	5,770,305	6,531,042	6,844,997	7,605,874	37,242,014
Scottish Co-operative Wholesale Society	17,832	17,603	16,936	27,553	23,469	30,209	133,602
Searle Grain Co. Ltd	1,577,586	1,619,552	1,712,572	1,887,672	1,924,507	2,176,976	10,898,865
Sirluk, I.	1,024	(12)	—	—	—	—	1,012
Swift Current Flour Mills	2,024	3,278	5,143	7,764	6,270	7,589	32,068
United Grain Growers Ltd	2,418,509	2,547,134	2,636,354	2,966,892	3,489,239	4,433,371	18,491,499
Union Supply Co. Ltd	1,615	1,819	1,996	629	—	—	6,059
Victoria Products Co. Ltd	—	—	—	1,744	8,393	5,229	15,366
Waskesiu Mills Ltd	3,566	4,471	5,437	5,997	4,802	3,779	28,052
Wetaskiwin Milling Co. Ltd	—	—	—	1,855	1,810	1,671	5,336
Weyburn Flour Mills Ltd	97,984	94,074	114,010	129,915	132,770	146,739	715,492
Winkler Milling Co. Ltd	3,449	4,072	2,634	3,314	2,414	3,952	19,835
Yorkton Milling Co. Ltd	1,786	4,059	4,389	5,154	2,454	3,954	21,796
Storage paid on wheat stored in country elevators	21,093,302	21,597,621	23,409,712	26,550,062	28,013,581	31,422,094	152,086,372
Terminal and mill storage	11,986,292	11,640,449	10,610,668	12,905,008	11,793,361	13,199,781	72,135,559

4. (c) OATS

Company	August 1, 1954 to July 31, 1955 Storage	August 1, 1955 to July 31, 1956 Storage	August 1, 1956 to July 31, 1957 Storage	August 1, 1957 to July 31, 1958 Storage	August 1, 1958 to July 31, 1959 Storage	August 1, 1959 to July 31, 1960 Storage	Total Oats
	$	$	$	$	$	$	$
Alberta Co-operative Wholesale	34	—	—	—	—	—	34
Alberta Pacific Grain Company	96,945	75,520	180,358	292,042	122,456	75,976	843,297
Alberta Wheat Pool	267,865	197,529	412,464	602,288	344,088	223,506	2,047,740
Byers Flour Mills	788	372	672	(126)	350	679	2,735
Canada Packers Limited	195	117	115	114	321	109	971
Canada West Grain Company Ltd	2,494	1,772	11,734	103,057	20,483	15,050	154,590
Canadian Consolidated Grain Co. Ltd	29,099	40,404	67,915	(3,580)	48,161	90	182,089
Conger-Sanborn Company Ltd	79	109	129	283	(1)	5	604
Eastern Terminal Elevator	417	427	1,129	1,580	4,702	5,022	13,277
Federal Grain Limited	70,780	89,986	156,732	156,784	135,327	98,529	708,138
Fraser-Hill Limited	1,081	1,176	1,314	323	2	—	3,896
Grande Prairie Grain Company Ltd	12,902	8,424	2,982	—	—	—	24,308
Harrison Milling & Grain Company	243	415	637	384	235	77	1,991
Inter-Ocean Grain Company Ltd	5,230	7,354	16,308	17,745	16,001	12,224	74,862
Independent Grain Company	6	—	—	—	—	—	6
Lake of the Woods Milling Co. Ltd	16,406	25,569	51,889	30,406	—	—	124,270
Manitoba Pool Elevators	81,017	119,577	321,442	234,986	267,207	150,697	1,174,926
Maple Leaf Milling	—	—	—	—	—	—	—
Makepeace Elevator	—	—	—	—	—	—	—
Midland & Pacific Grain Corporation	1,722	1,021	1,877	3,767	1,869	3,152	13,408
MacEachern Milling	263	1,007	1,475	(12)	—	—	2,733
McCabe Grain Company Ltd	15,957	21,684	38,054	39,273	22,224	20,465	157,657
McNab Flour Mills	(6)	28	—	—	—	—	22
National Grain Company Ltd	93,744	103,615	189,136	265,723	185,705	153,261	991,184
National Flour Mills	89	130	435	411	—	—	1,065
Ogilvie Flour Mills Company Ltd	18,753	31,329	54,023	78,300	79,778	38,131	300,314
Paterson & Sons Limited, N.M.	22,791	35,305	74,412	75,382	61,307	36,653	305,850
Parrish & Heimbecker Ltd	16,878	17,933	30,556	35,399	27,892	23,544	152,202
Pioneer Grain Company Ltd	107,972	114,840	178,035	201,167	156,027	137,860	895,901
Red River Grain Company Ltd	638	3,214	838	2,144	1,450	517	8,801
Riediger & Sons, J. P.	675	805	571	721	1,470	441	4,683
Ritz, Henry	268	318	1,051	948	330	383	3,298
St. Boniface Grain & Feed Company	3,039	8,175	14,037	8,135	—	—	33,386
Saskatchewan Wheat Pool	393,946	521,271	708,517	711,515	543,670	324,628	3,203,547
Scottish Co-operative Wholesale Society	3,374	4,624	13,909	10,269	11,789	5,613	49,578
Searle Grain Company Ltd	174,119	198,645	331,300	462,505	359,784	266,467	1,792,820
Sirluk, I.	698	(4)	—	—	—	—	694
Swift Current Flour Mills	36	28	31	66	7	2	170
United Grain Growers Ltd	296,502	294,742	598,788	832,928	600,423	461,312	3,084,695
Union Supply Company Ltd.	400	583	694	270	—	—	1,947
Victoria Products Company Ltd	—	—	—	685	891	604	2,180
Ellison Milling Company Ltd	253	177	457	419	(13)	246	1,539
Waskesiu Mills Limited	752	869	884	1,252	1,168	468	5,393
Wetaskiwin Milling Company Ltd	—	—	—	358	629	1,712	2,699
Weyburn Flour Mills Ltd	670	3,372	2,543	1,177	874	(660)	7,976
Winkler Milling Company Ltd	2,228	1,675	4,862	5,550	5,268	4,150	23,733
Yorkton Milling Company Ltd	4	1	—	—	2	24	31
Storage paid on oats stored in country elevators	1,741,346	1,934,138	3,472,305	4,174,638	3,021,876	2,060,937	16,405,240
Terminal storage	532,835	403,765	317,059	664,707	775,296	282,522	2,976,184

Company	August 1, 1954 to July 31, 1955 Storage	August 1, 1955 to July 31, 1956 Storage	August 1, 1956 to July 31, 1957 Storage	August 1, 1957 to July 31, 1958 Storage	August 1, 1958 to July 31, 1959 Storage	August 1, 1959 to July 31, 1960 Storage	Total barley
	$	$	$	$	$	$	$
Alberta Co-operative Wholesale	40	—	—	—	—	—	40
Alberta Pacific Grain Co.	355,705	334,085	310,551	480,615	292,839	340,042	2,113,837
Alberta Wheat Pool	636,307	573,230	472,383	817,195	458,040	618,344	3,575,499
Byers Flour Mills	856	384	886	1,453	759	376	4,714
Canada Packers Ltd.	265	129	331	440	120	458	1,743
Canada West Grain Co. Ltd.	1,787	4,145	6,133	14,586	20,026	19,990	66,667
Canadian Consolidated Grain Co. Ltd.	35,672	37,488	29,763	34,383	19,757	25	157,088
Conger-Sanborn Co. Ltd.	171	368	438	58	90	114	1,239
Eastern Terminal Elevator	1,313	894	464	639	1,337	1,479	6,126
Ellison Milling & Elevator Co. Ltd.	4,969	3,802	3,019	4,763	6,670	3,201	26,424
Federal Grain Ltd.	128,275	122,347	108,206	165,104	141,122	206,913	871,967
Fraser-Hill Ltd.	396	197	535	15	3	—	1,146
Grande Prairie Grain Co. Ltd.	4,618	7,881	2,526	—	—	—	15,025
Harrison Milling & Grain Co.	1,323	1,043	622	956	477	382	4,803
Inter-Ocean Grain Co. Ltd.	4,827	4,674	4,719	9,289	6,939	11,942	42,390
Independent Grain Co.	28	—	—	—	—	—	28
Lake of the Woods Milling Co. Ltd.	27,463	32,303	19,289	15,049	—	—	94,104
Manitoba Pool Elevators	237,517	204,689	129,033	156,512	210,818	378,280	1,316,849
Maple Leaf Milling	122	104	(1)	—	—	—	225
Makepeace Elevator	—	—	—	—	—	—	—
Midland & Pacific Grain Corporation	8,207	5,695	4,841	7,601	7,884	11,127	45,355
Milk River Grain	—	—	—	—	—	200	200
MacEachern Milling	1,319	2,060	1,794	161	—	—	5,334
McCabe Grain Co. Ltd.	32,190	26,975	24,044	27,902	26,880	47,826	185,817
McNab Flour Mills	72	20	—	—	—	—	92
National Grain Co. Ltd.	214,124	202,914	193,532	318,303	199,324	258,088	1,386,285
National Flour Mills	14	112	208	(15)	—	—	319
Ogilvie Flour Mills Co. Ltd.	44,142	43,693	25,843	39,549	66,524	53,337	273,088
Paterson & Sons Ltd., N.M.	43,352	33,781	23,540	21,740	35,386	72,868	230,667
Parrish & Heimbecker Ltd.	49,435	49,396	39,600	48,429	37,040	45,453	269,353
Pioneer Grain Co. Ltd.	239,688	206,371	212,715	321,167	182,464	208,950	1,371,355
Red River Grain Co. Ltd.	3,469	3,692	885	1,843	303	628	10,820
Riediger & Sons J. P.	2,311	2,463	800	350	863	1,016	7,803
Ritz, Henry	880	857	171	248	273	152	2,581
St. Boniface Grain & Feed Co.	3,746	5,336	5,342	2,049	—	—	16,473
Saskatchewan Wheat Pool	324,611	346,640	345,662	533,073	420,245	512,682	2,482,913
Scottish Co-operative Wholesale Soc.	5,400	4,104	2,528	2,113	4,484	7,719	26,348
Searle Grain Co. Ltd.	318,171	295,486	290,369	460,702	271,265	371,333	2,007,326
Sirluk, I.	1,384	—	—	—	—	—	1,384
Swift Current Flour Mills	22	100	4	54	95	158	325
United Grain Growers Ltd.	637,289	580,930	512,626	879,905	608,993	831,335	4,051,078
Union Supply Co. Ltd.	61	184	150	59	—	—	454
Victoria Products Company Ltd.	—	—	—	615	1,197	1,259	3,071
Waskesiu Mills Ltd.	299	537	607	1,566	2,211	2,308	7,528
Wetaskiwin Milling Company Ltd.	—	—	—	1,800	2,181	941	4,922
Weyburn Flour Mills Ltd.	785	2,726	2,646	1,561	1,149	1,273	10,140
Winkler Milling Company Ltd.	568	419	(2)	(40)	19	97	1,061
Yorkton Milling Company Ltd.	33	—	76	60	43	249	461
Storage paid on barley stored in Country elevators	3,373,226	3,142,254	2,776,878	4,371,744	3,027,820	4,010,545	20,702,467
Terminal storage	797,653	633,939	941,585	971,927	1,369,556	642,789	5,357,449

HOUSE OF COMMONS

Thursday, June 8, 1961

The house met at 11 a.m.

THE ROYAL ASSENT

Mr. Deputy Speaker: I have the honour to inform the house that a communication has been received as follows:

Government House

Ottawa, June 8, 1961

Sir,

I have the honour to inform you that the Hon. Patrick Kerwin, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 8th June, at 5.45 p.m., for the purpose of giving the royal assent to certain bills.

I have the honour to be,
sir,
Your obedient servant,
Esmond Butler
Secretary to the Governor General

SUPPLEMENTARY ESTIMATES, 1961-62

A message from His Excellency the Governor General transmitting supplementary estimates for the financial year ending March 31, 1962, was presented by Hon. Donald M. Fleming (Minister of Finance), read by Mr. Deputy Speaker to the house, and referred to the committee of supply.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF DISTINGUISHED VISITORS FROM SIERRA LEONE

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish to extend the greetings of this house and the members thereof to two distinguished visitors from the newest member of the commonwealth, Sierra Leone. In the Speaker's gallery is Hon. M. S. Mustapha, deputy prime minister and minister of finance, and with him is Hon. Albert M. Margai, minister of national resources. I am sure the house will wish to join in asking them to convey the sincere good wishes and admiration of the Canadian parliament to the parliament of Sierra Leone and to the people of that great country.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, we on this side of the house would like to join with the Prime Minister in welcoming the representatives of this new nation, Sierra Leone, to Canada. We trust that their sojourn here will be a most happy one.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to associate the members of this group with the words of the Prime Minister and those of the hon. member for Laurier. We too welcome these distinguished guests to the parliament of Canada. Their presence here today is another indication of the vitality of the commonwealth of nations, an assembly of free nations through which self governing countries are emerging from time to time. We hope that in the days ahead our association with Sierra Leone will continue to be close and friendly and of mutual benefit.

APPOINTMENT OF DEPUTY CHAIRMAN OF COMMITTEES OF THE WHOLE

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I know that the house will learn with deep regret of the serious illness of the hon. member for Spadina (Mr. Rea), who for a considerable period of time has occupied the position of deputy chairman of committees of the whole house. In view of his inability to discharge the responsibilities of his position his wife, speaking for him, has asked that some hon. member be appointed in his place. I am sure that hon. members generally join with me in a tribute to his ability and the fairness with which he discharged his duties, coupled with the hope that in the not too distant future he may return to the house again.

In order to carry on the business of the house a successor must be appointed, and I suggest the name of Gordon Chown, the member for Winnipeg South. From time to time he has occupied the chair as chairman of the committee of the whole, and the reaction of hon. members generally is indicative of the fact that in the discharge of that position he has acted with ability and fairness. Since coming to the house in 1957 he has made a careful study of the rules and has also become imbued with the traditions of parliament. I believe that if the house agrees to his appointment he will fill the position with dignity and restraint.

I therefore move, seconded by the Minister of Veterans Affairs (Mr. Churchill):

That Gordon Campbell Chown, Esquire, member for the electoral district of Winnipeg South, be appointed deputy chairman of committees of the whole house in the place of Charles Edward Rea, Esquire, member for the electoral district of Spadina, who is unable to carry on his duties because of illness.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, before the motion is approved I should like to join with the Prime Minister in expressing the grief that we on this side of the house feel because of the fact that the hon. member for Spadina is unable to carry on his duties as deputy chairman of committees of the whole house. I should like to say on our behalf that we have admired the manner in which he has implemented and put into effect the rules of the house. We have found him to be extremely fair, and we will regret his absence from the post which he held. We trust that his illness will be temporary, and that he will be able to resume his duties in the not too distant future.

I should also like to join with the Prime Minister in supporting to the fullest extent the motion he has just made for the appointment of the hon. member for Winnipeg South. We have seen the hon. member for Winnipeg South in action on more than one occasion, and I am sure I express the views of members on this side of the house when I say that he is moved by one object and one object alone, to see that the rules of the house are applied with fairness and with equity. There is no doubt in our minds that he attempts at all times to be objective in his interpretation of the rules of the house, and that is why we are happy to support this motion.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, it was with regret that we learned that the Prime Minister had found it necessary to move the motion now before the house. Ted Rea is very much in our minds at this time. I am sure I speak for the members of this group when I say that he has been a real friend to us. Perhaps because we sit in this part of the house it has been easier for us to become acquainted with him. We have enjoyed our association with him very much over the years. We sincerely hope that he will have a speedy recovery and return to this house at an early date. I have never known a deputy chairman of committees to conduct the business of the house in any more impartial and fairer way than did the hon. member for Spadina. We wish him a very speedy recovery.

Then also, Mr. Speaker, on behalf of this group may I say that we are pleased to associate ourselves with the remarks of the Prime Minister and the hon. member for Laurier, and to support the motion that the hon. member for Winnipeg South shall assume these duties. We are certain that in the best traditions of this office he will continue to administer the rules in a fair and impartial manner.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the motion?

Motion agreed to.

TRADE

GRAIN—UNITED STATES DECISION TO PERMIT EXPORT OF UNLOADING PUMPS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, yesterday I told the house of the action which the government was taking to ensure that grain shipments to mainland China would not be interrupted or delayed by the problem which had arisen over United States unloading equipment. At that time I indicated that in addition to the urgent steps which were being taken to investigate or develop alternative sources of supply, the Canadian ambassador in Washington was discussing the matter at senior levels of the United States administration. I explained that while the decision was within the jurisdiction of the United States government, the government of Canada was urging a review of the earlier ruling which had abruptly cut off delivery of these necessary pieces of equipment.

As a result of the prompt and careful attention which this problem received in Washington yesterday, the United States treasury department is now prepared, as an exceptional measure, to license United States corporations, if they apply, to export grain unloading equipment already on order for installation on ships delivering grain from Canadian ports under charter to communist China.

Although this relaxation is limited to equipment which has already been ordered, I understand that the orders so far placed are likely to take care of the immediate requirements and enable full scale loading to proceed without difficulty over at least the next few weeks while deliveries of pumps from other sources are being arranged by those operators whose ships will arrive later and whose requirements may not be already covered by orders.

The United States authorities took this decision at the request of the Canadian government. I am sure that hon. members generally would want to say how much we appreciate the good sense which the United States administration has shown in reconsidering this matter of concern to Canada. The adjustments which they have made have not been easy for them in the light of the long established policies in their country and the strong feelings regarding any United States participation in trade with communist China. This is a further evidence of the relations between our countries whereby each

country, without in any way derogating from its own sovereignty or independence, endeavours by diplomatic means to accommodate the other. Such co-operation is an example to all the world.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to join, and join wholeheartedly, with the Prime Minister in what he has just said about this example of the kind of co-operation which is the result of a long history of good neighbourliness between Canada and the United States, a good neighbourliness that is fostered by attempts always to understand, always to deal with the facts and always to avoid exacerbating differences which from time to time obviously will arise.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we are pleased with the announcement the Prime Minister has been able to make this morning. We think the initial action that was taken was in error and was a mistake. We are pleased that this has now been corrected and that the pumps in question will be made available for the speedy shipment of this grain to China.

I want to congratulate the Prime Minister for having taken prompt and resolute action on this particular occasion.

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Minister of Trade and Commerce and ask him whether he has seen the statement appearing in the *Globe and Mail* of this morning quoting one of the trade commissioners of his department, namely Mr. C. M. Forsyth-Smith, in Hong Kong who states:

> China does not need U.S.-made suction equipment to unload Canadian grain, the chief Canadian trade commissioner in Hong Kong, C. M. Forsyth-Smith, said today on his return from an extensive tour through many Chinese provinces.

Has the minister any comment to make on that statement?

Hon. George H. Hees (Minister of Trade and Commerce): Yes, Mr. Speaker. I saw the statement in this morning's press. I think the hon. member will have noted that Mr. Forsyth-Smith referred to tankers only needing this particular type of equipment, and I believe that was made clear in the house yesterday by the right hon. Prime Minister. I have sent a message to Mr. Forsyth-Smith asking for further clarification of his statement. When I receive a reply I will be glad to inform the house further.

Mr. Chevrier: Mr. Speaker, may I ask a supplementary question having to do with the answer given by the Minister of Trade and Commerce. The article goes on to say, quoting Mr. Forsyth-Smith:

> He added that the Chinese have some modern suction-type unloaders which are used only when they unload grain from tankers.

Would the minister care to comment on that statement?

Mr. Hees: Mr. Speaker, that could easily be so. I do not know whether or not the Chinese have this kind of suction unloading equipment. I mentioned a moment ago that the suction unloading equipment is only required when tankers are carrying the grain. As I have said, I am communicating with Mr. Forsyth-Smith, and when I receive an answer I will inform the house further.

PENITENTIARIES

REPEAL AND SUBSTITUTION OF ACT

Hon. E. D. Fulton (Minister of Justice) moved for leave to introduce Bill No. C-105, respecting penitentiaries.

Motion agreed to and bill read the first time.

NATIONAL DEFENCE

REPORTED OFFER OF U.S. FIRM TO SELL MUSTANG PLANES

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to ask a question of the Minister of Defence Production. Would the minister care to make any comment on the report in this morning's *Globe and Mail* that a United States firm has in its possession 15 Mustang fighter aircraft which it purchased for $500 and which it hopes to sell for between $6,000 and $50,000?

Were tenders called in this case, and were the planes in flying condition when they were sold?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, I saw the article, but have not received a report from the Crown Assets Disposal Corporation. If my memory serves me correctly they were reported to be in flyable condition when they were sold. They were put up for tender, transferred to the United States to be repaired and ameliorated, and sold to private individuals. When I receive a report in this regard I will make a statement to the house.

Mr. Argue: Mr. Speaker, I should like to ask a supplementary question. Is the minister able to say at this time whether the sale price was $500 each?

Mr. O'Hurley: As I have said, Mr. Speaker, I shall have to get a report in this regard.

Inquiries of the Ministry

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like to ask a supplementary question. Would the minister be kind enough to say whether these 11 CF-100's sold as scrap were still equipped with motors?

Mr. O'Hurley: Yes, Mr. Speaker, the engines were in those planes; but I should like the hon. member to know that for years we have been selling the engines of the CF-100 as scrap, and we saw no reason whatever why the engines should have been taken out of these planes before they were sold. As I have said, we have been selling these engines as scrap for years when new engines were put into the planes.

FLOODS

CRESTON, B.C.—INQUIRY AS TO ASSISTANCE BY ARMY

On the orders of the day:

Mr. M. L. McFarlane (Kootenay East): Mr. Speaker, I should like to direct a question to the Minister of National Defence. I understand the flooding situation in the Creston-Wynndel area in the east Kootenay district of British Columbia is considered to be more serious this morning. I should like the minister to advise us whether any further action is being taken by his department in regard to this emergency?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, I did receive a report this morning as to the situation yesterday, but I have not a report as yet as to what the situation is at this time. The flooding conditions have increased considerably. The water has reached a point an inch above the critical level of 25 feet, and has been spilling over the dikes in some places. The army has sent a further two officers and 82 or 84 other ranks from the Queen's Own Rifles battalion at Calgary to assist in fighting the flood in the Creston area.

TRADE

CUBA—STATEMENT ON SEIZURE OF EXPORTS BY CANADIAN CUSTOMS

On the orders of the day:

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Richelieu-Vercheres asked me a question concerning action taken by customs officials with respect to a quantity of goods destined for Cuba.

In reply I wish to state that under the Export and Import Permits Act, an export permit is required in connection with the re-export of goods originating outside Canada. I should like to refer to my statement in this house on December 16, 1960, which may be found on page 867 of *Hansard* for that date. I concluded that statement by saying:

> As the Prime Minister has also stated, there is no intention of permitting what, in effect, would amount to bootlegging of goods of United States origin to Cuba. To implement this policy, no permits will be issued for the re-export of United States origin goods to Cuba.

In the present case it appeared to the customs officials that the shipment in question included goods originating outside Canada. It also appeared to these officials that no export permit had been issued in connection with the goods. Furthermore, the export entry form indicated that the goods were not of foreign origin. As a result of the possibility that there was a violation of the Export and Import Permits Act or the Customs Act, or both, the goods were held for further investigation.

The shipment in question involves 165 cases of a variety of industrial equipment. At this time detailed information regarding the individual products cannot be disclosed.

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, I should like to ask a supplementary question. Is it not a fact that among the items that were seized by the Canadian customs some were made and produced in Canada?

Mr. Hees: Mr. Speaker, this whole matter is under investigation by the customs department at the present time.

Mr. Cardin: Does the minister intend to make a report in this regard when that investigation is completed?

Mr. Hees: Yes, Mr. Speaker, I shall be glad to, as I see no objection involved.

EUROPEAN COMMON MARKET—PROTECTION OF CANADA'S POSITION IN U.K.

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Finance. In view of continuing reports in the press that Britain is likely to join the common market, has the minister anything he might wish to report to the house about negotiations between Canada and the United Kingdom directed toward protecting our United Kingdom markets in this eventuality?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the house is well aware, from statements made by ministers in the past, of the keen interest taken in this question by the Canadian government. It has been

discussed at various commonwealth meetings and naturally will be followed with very close interest by the government.

Mr. Argue: A supplementary question. Can the minister tell the house whether the government has given any active consideration to the possibility of Canada joining the common market?

Mr. Fleming (Eglinton): The government is naturally viewing all aspects of the situation and following such clarifications as may arise from time to time in the positions of other countries.

RED CHINA—REPORTED STATEMENT BY MINISTER OF AGRICULTURE

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to address a question to the Minister of Agriculture based on a newspaper report which appeared in the Edmonton *Journal* of June 3, 1961. That report appears under the heading "Says Wheat Deal Gives Time to Push Wheat Acreage Cut". The portion of this article about which I should like to ask reports that the minister said:

> The red Chinese have a good business reputation and have honoured all transactions since they took over in that country—

Does that statement accurately reflect what the minister said and, if not, would the minister advise the house exactly what he did say?

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, in regard to the first part of the statement made by the hon. member, I should like to state that government policy is to help western farmers find new opportunities for their land in the form of the growing of grass, rapeseed and any other activities which will give them a higher return.

In regard to the portion of his question about the Chinese, I think that reputation has been established by dealings the British have had with them, and also is reflected by the reports which we have received from officials in Hong Kong.

TRANS-CANADA HIGHWAY

INQUIRY AS TO REPORTED SECOND HIGHWAY

On the orders of the day:

Mr. H. Pit Lessard (St. Henry): Mr. Speaker, I should like to direct a question to the Minister of Public Works. Has the minister seen the press report appearing in today's *Gazette* to the effect that discussions took place recently among the premiers of Quebec, Ontario and British Columbia in connection with plans for a second trans-Canada highway, and has the minister any comment to make regarding that matter?

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, the answer to the first part of the question is no, and the answer to the second part of the question is no.

EXTERNAL AFFAIRS

REPORTED INJURY TO PRESIDENT KENNEDY WHILE IN OTTAWA

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to direct a question to the Prime Minister. I regret not having sent him notice, but the dispatch to which I intend to refer has just come into my hands. Has the Prime Minister heard of an announcement made in Washington this morning to the effect that President Kennedy injured his back while planting a tree with the Prime Minister in Ottawa last month?

LAOS—INQUIRY AS TO VIOLATIONS OF CEASE-FIRE

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): I should like to address a question to the Secretary of State for External Affairs. Has the minister any further comment to make on the situation in Laos, with reference to the protests which have been made by the United States and the United Kingdom regarding irregularities concerning the cease fire in that country?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I presume the hon. member is referring to a dispatch in one of the morning papers which referred to a so-called boycott by the United States and the United Kingdom. That word is quite inaccurate, as a matter of fact. The situation is that the meeting planned for yesterday did not take place, and no decision was taken as to when the next meeting would be held. This state of temporary recess could continue for a day or two, or even longer, until the difficulties which arose out of the incident at Ban Padong, which I described to the house yesterday, have been overcome. There is, however, as yet no reason to believe that the conference will not resume in due course.

As far as the United States is concerned, I understand it was made clear yesterday by the state department spokesman that the United States had no intention of disrupting the conference. Certainly the United Kingdom has no such intention.

Inquiries of the Ministry

BUSINESS OF THE HOUSE

UNEMPLOYMENT INSURANCE ACT—INQUIRY AS TO REVISION THIS SESSION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Labour, in view of the alarming state of the unemployment insurance fund as revealed by an answer to a question given yesterday, whether the minister hopes or expects to introduce amendments to the act during the month of June.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, the position of the unemployment insurance fund is well known to the government and the situation is being considered at this time. However, I am unable to say as yet what the decision of the government will be.

DEFENCE PRODUCTION

DEVELOPMENT OF TRACKED VEHICLE FOR U.S. ARMY

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, I wish to direct a question to the Minister of Defence Production arising out of a statement made by the minister on June 6, to the effect that the Canadian government will undertake the development of a snow vehicle for the United States army. Can the minister inform this house whether the government has any particular manufacturer in mind, and if it would consider the Canadian Car plant at Fort William as the manufacturer of this vehicle?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, I had several plants in mind, but the United States government had one particular plant in mind only. I think perhaps I should give the following statement to the house.

After exhaustive examination of the proposals from Canadian industry, the United States army selected the Canadair vehicle as the one which came closest to meeting its requirements. Contract negotiations are now under way with the department and the United States army, and it is expected that we shall put forward a recommendation concerning this contract within the next three weeks. It is expected that if this contract goes well there could be large production quantities ordered.

The CL 91 is a small amphibious articulated tracked vehicle with high off-road mobility, and is capable of carrying a one ton payload or a light infantry section. The front unit or utility carrier portion of the CL 91 can be easily and quickly detached from the trailer unit and used as a conventional utility tracked carrier with 1,000 pound payload capacity. The United States army regards this vehicle as one of the future family of high mobility vehicles to replace the Weasel, the "mechanical mule" and the one quarter ton truck for combat operations in areas of difficult terrain.

The recommendation of the United States army is to negotiate the development project with Canadair.

INQUIRY AS TO PRIORITY FOR CANADIAN MADE PRODUCTS

On the orders of the day:

Mr. J. R. Garland (Nipissing): I should like to direct a question to the Minister of Defence Production. Will the minister tell the house whether any definite instructions have been given his department to give priority when purchasing to goods made in Canada versus goods made outside Canada if prices are competitive, or if the difference is very slight?

Hon. Raymond O'Hurley (Minister of Defence Production): Absolutely, Mr. Speaker.

Mr. Garland: May I ask a supplementary question. Does the minister believe that a price difference of less than two thirds of one per cent is a justifiable reason to refuse a Canadian-made product and award a contract as recently as yesterday to a firm selling goods made in England?

Mr. O'Hurley: Probably I should ask the hon. member a question. Would he like to have a preference as between Canada and the United Kingdom?

GRAIN

WHEAT—FINAL PAYMENT ON 1959-60 POOL

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Could the minister inform the house whether the 1959-60 wheat pool accounts have been closed out and, if so, when an announcement will be available as to the final payments and when the cheques are likely to go forward?

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, I had a conference with the chairman of the Canadian wheat board yesterday, at which time he informed me that he expects the accounts will be closed out some time about the third week of June. There will be a supplementary report prepared for me at that time.

AGRICULTURE

MARITIME PROVINCES—INQUIRY AS TO AID TO POTATO GROWERS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I, too, should like to ask the Minister of Agriculture a question. Does the minister think it possible that this very complex and difficult question of compensation for the potato growers of Prince Edward Island can be settled by the government during the month of June?

Mr. Hamilton (Qu'Appelle): It is my sincere hope that that will be so, Mr. Speaker.

Mr. Jack Wratten (Brantford): Mr. Speaker, with respect to compensation to potato growers of Prince Edward Island, there are growers in Ontario who bought certified seed in that province and when it arrived they found it had rotted. Are they going to be compensated as well?

Mr. Hamilton (Qu'Appelle): This is a matter between the distributors of potatoes in Prince Edward Island and the buyers in Ontario.

COAL

CAPE BRETON—INQUIRY AS TO PROJECT TO ASSIST MINERS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I wonder whether I may put a question to the Minister of Mines and Technical Surveys. Can the minister inform us whether the government has yet decided on any project on which any of the $1,500,000 to be spent in Cape Breton to relieve the miners is to be spent?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): A project is actually under study, Mr. Speaker.

HOUSE OF COMMONS

REDISTRIBUTION—SUGGESTED FLOOR UNDER REPRESENTATION OF SASKATCHEWAN AND NOVA SCOTIA

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to direct a question to the Prime Minister arising out of the very interesting answer given yesterday regarding redistribution. Is the government giving consideration to the establishment at any time of a floor under the present representation of the provinces of Saskatchewan and Nova Scotia?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the days go by this question of redistribution will, of course, loom larger and larger and assume greater and greater importance.

Mr. Argue: You have had experience.

Mr. Diefenbaker: Naturally, as a member from Saskatchewan, I notice that it would lose some four members; one or two other provinces would lose one. This is a question that must receive very full consideration. When it does, as with all matters connected with redistribution, the house will be advised.

SUPPLY

The house in committee of supply, Mr. Chown in the chair.

The Deputy Chairman: If I could have the momentary indulgence of the committee I should like to thank the right hon. Prime Minister, the hon. member for Laurier and the hon. member for Assiniboia for the generous welcome they accorded to me on taking this high office of responsibility in the committee.

I should say I recognize the supreme importance of impartiality and my duty to protect the rights and privileges of all members on all sides of the house at all times. In particular, I know I must serve as an instrument to protect the rights of the opposition, those who sit to the left of Mr. Speaker, in applying fairly and impartially the rules of the house in committee.

I join with those who have made reference to my distinguished predecessor. I wish him a speedy and complete recovery. I hope that in the course of my duties in this committee I will live up to the high standard he has set for me.

DEPARTMENT OF TRANSPORT

402. Departmental administration, $3,395,700.

The Deputy Chairman: This item will be found on page 75 of the blue book and the details on page 520.

Mr. McCleave: Mr. Chairman, it is a unique privilege for me to make the first remarks while you preside over our destinies as deputy chairman of the committee of the whole house. We who heard your words a few moments ago know that you will indeed bring to this exacting position all the qualities of heart and mind that will enable you to successfully follow the distinguished pattern set by your predecessor, the hon. member for Spadina.

Sir, one of the disadvantages in speaking in a debate which in effect has been trifurcated and been before the house on at least three different occasions—this is perhaps the fourth or even fifth—is that sometimes the trails grow cold and one does not have the opportunity for some weeks really to reply to some contentious remarks.

I refer to a remark made by the hon. member for Port Arthur concerning winter navigation on the St. Lawrence river. I should like

to deal with what he said later. First, sir, I should like to turn to a rather prosaic and humble matter, yet one that is of some importance to me. It concerns the working hours of cooks on Department of Transport vessels on the east coast. As found on page 5918 of *Hansard* there is a rather lengthy reply, filed by the minister, to questions of mine concerning the working conditions and wages of cooks, stewards and other crew on departmental ships on both the east and west coasts. I may say that I have also had replies on the same subject from the Department of Mines and Technical Survey and the Department of Fisheries, and respecting civilian manned auxiliary vessels of the Department of National Defence.

In each and every instance cooks and stewards on the east coast work 48 hours per week, while the working week for everybody else, other crew on the east coast and cooks, stewards and other crew on the west coast, is only 40 hours. This was not always so. I understand that until a few years ago cooks and stewards had the same hours of work as other crew, but that the Department of Labour, in making a prevailing rate survey, found that on smaller non-governmental vessels cooks did work these longer hours and so the government cooks were bounced back to the 48-hour week.

I suggest to the Minister of Transport and to the other ministers concerned that this is most unjust. In the first place, I do not think you can have a happy ship when the arrangements respecting working hours are divided in this way so that one group has to work longer than other members of the ship's crew. I suggest further that the prevailing rate formula needs thorough investigation and re-examination in this instance, for it seems to me that there are probably more cooks and stewards employed on the vessels of the four departments I have mentioned than are employed on non-governmental ships operating on the east coast. Perhaps I am wrong in that view, but if I am right then in effect the working conditions for these cooks and stewards are being fashioned in much the same way as if the working conditions of a man in a very large restaurant were determined by what was applicable in the case of the short order cook in the hot dog stand right next door.

As I say, this seems to me a very unjust situation, and I ask not only the Minister of Transport but also his colleagues the Minister of Mines and Technical Surveys, the Minister of National Defence and the Minister of Fisheries to correct it.

May I turn next to the remarks of the hon. member for Laurier, who on May 20 was good enough to devote some of his comments to

[Mr. McCleave.]

the Canadian institute of communications. We in the institute would like to say to him how very much we appreciate this first mention in the House of Commons of this brand new baby on the Canadian communication scene. The hon. member for Laurier suggested that the Department of Transport make a contribution to our institute under the item in the estimates dealing with membership in international organizations. We welcome his suggestion and his interest, but I have talked this matter over with some of my fellow directors, and while no final decision has been reached as yet we would ask that the request or the suggestion be held in abeyance until we have had an opportunity to discuss it further.

I would, however, ask the Minister of Transport on behalf of the other directors of the Canadian institute of communications if he would encourage senior officials of his department to become members of our institute. Our reluctance to come forward at this time is simply that we wish to retain as much independence for our institute as we possibly can. I do not wish to appear to be speaking in a fashion derogatory of parliament or of the government, but at the same time some of us have doubts about the wisdom of encouraging a large government contribution. However, we shall be presenting our views to the minister and, since the hon. member for Laurier was good enough to raise the matter, we shall keep him in touch with the picture as well.

A third matter is this. For some years it has been very difficult in the Atlantic coast area of the maritimes to obtain accurate weather forecasts. Perhaps the most famous instance in recent years arose, I think it was, on New Year's eve when the forecast had predicted a few snow flurries and all of a sudden we were whacked in the Halifax area with over 20 inches of snow. One can conjure up in one's mind the riotous picture of what a sudden 20 inch snowfall can do to driving conditions on a New Year's eve, when even under the best possible weather conditions driving is apt to be tricky.

There is a reason why the weather forecasters in Halifax have experienced these difficulties. It is not because of any lack of ability or training on the part of the staff. I can assure the minister of that; they are fine people. The difficulty is that much of our maritime weather comes from off the Atlantic ocean. It is true that many weather masses move across the continent to the maritimes, and these can be accurately charted all the way. The difficulty we have experienced arises out of unexpected weather developments coming from the gulf stream or over parts of the Atlantic ocean.

I am happy to see from the estimates that between $140,000 and $150,000 has been provided by the department to set up what is known as a weather radar station. Perhaps I may explain what that is in simple and non-technical terms. An ordinary radar station screens out the weather factors in front of it and picks out objects. The weather radar station for which, I understand, tenders will shortly be called, eliminates solid objects in front of the screen and picks out the weather factors. One could almost visualize it in terms of the positive and negative of a photograph, although that is not an exact parallel. In any event, the system should do much to improve our weather forecasting and, maybe, even our chance of getting home safely on New Year's eve.

The final point I should like to make has reference to some remarks by the hon. member for Port Arthur when he took part in this debate on May 13. Perhaps I can quote the paragraph with which I intend to take issue. As reported at the bottom of the second column of page 4773 of *Hansard*, the hon. member said:

> We know that there are now icebreakers and mechanical devices which can keep the port of Montreal open for almost the whole of the year. We also know that this is a delicate political problem because it is going to have its repercussions and its effects upon Halifax and Saint John. Yet I had a figure given to me by a man who is very prominent in shipping. He pointed out to me that the average saving per ton on freight coming through Halifax and Saint John in the winter as against that coming through Montreal is $12 a ton in favour of Montreal. One only has to look at the amount of freight coming through the two maritime ports in order to realize that we are in effect subsidizing the Atlantic ports by not pushing very strongly a policy to open up Montreal to winter shipping.

The hon. member for Port Arthur has made a fundamental error in stating the problem so simply. If there were to be shipping to Montreal throughout the winter an extra cost would be involved, a cost which I do not think the hon. member has taken into his calculations. This would be the cost of providing extra special icebreaking services up the St. Lawrence river to Montreal; and no one who has seen that river frozen over in winter fails to realize that it would be a herculean task to clear that ice aside. The cost of such an operation would, I suggest, be fabulous and out of this world.

On the other hand, the ports of Halifax and Saint John are free of ice the year round. If the hon. member for Port Arthur had said that it would be legitimate to heap on the cost of this special icebreaking service, or if he had taken that into account when discussing this matter with his friend who gave him that advice, I think he would have found that the competitive advantages would more than favour Halifax and Saint John.

I am personally not one who stands against progress of the kind that is argued here, but if we are going to need extra services provided by icebreakers—and these would be more costly icebreakers than the ones we have in operation now—it would be only fair to add the cost of the service to the shipping charges. Then we would see who is competitive and who is non-competitive, or who is being subsidized and who is not being subsidized.

May I present, very briefly, the point of view on this tricky question which was expressed by the port of Halifax commission. There are six points made concerning this matter and I shall list them quickly. They are taken from a brief presented to the minister on winter navigation in the St. Lawrence river.

> In our opinion, therefore, icebreaker activity in the St. Lawrence river and gulf should be limited to:
>
> (a) Anti-flooding operations;
>
> (b) Assisting Canadian coastal shipping and ferries;
>
> (c) Assisting any kind of vessel in the gulf;
>
> (d) Assisting, but not beyond Quebec city on the upriver voyage, nor before Quebec city on the downriver voyage, vessels engaged in international trade which are shown in Lloyds register of shipping as "ice reinforced";
>
> (e) Ice reinforced vessels should pay for icebreaker service at a price which would be reasonable for such service on a commercial basis;
>
> (f) However, if the above are not to produce situations contrary to government policy as outlined above, and most harmful to Canadian Atlantic ports, the river must be closed between certain specific dates during the winter season to all vessels engaged in international trade other than those mentioned at (d) above.

Perhaps with regard to that last recommendation I do not go as far as some of my maritime colleagues. I think the present policy of the government is satisfactory, namely that the icebreaking service should be provided to vessels which are reinforced against ice. In other words, it helps vessels which have a proper reason for being in the river when ice conditions are difficult or when, for unexpected reasons, the ice may get out of hand. On the other hand it does not give carte blanche to any tramp steamer or freighter not adequately equipped to deal with ice to be in areas where severe ice conditions are expected. I think that is a reasonable policy, but in order to ensure that the maritime view is fully presented I thought I might quote from the brief which, I understand, has already been sent to the Minister of Transport.

Mr. Fisher: I shall refer later to the icebreaking situation in the St. Lawrence river, but I wish first of all to draw attention to a question which I know is puzzling members

of this house, and that is the complete inability of the Minister of Transport to give us any indication when a properly constituted committee of this house is going to meet and have before it the officials of the Canadian National Railways.

We know that the president of the C.N.R. and his officials cannot be completely at the disposal of the whims of any House of Commons committee. We know that the minister is our means of liaison with the railway company, and that it is through the minister the arrangements will be made. The committee has not yet met. No chairman has been selected. We are not under way. But the very failure to go ahead and bring Mr. Gordon before the committee or to see that he comes before the committee is leading to speculation of a kind which I think is regrettable.

I know it is being argued that one of the reasons Mr. Gordon is not before the committee is that he has said he will not come until his position as chairman of the board has been cleared up. I dismiss this story, but it is the kind of thing we shall be hearing until we know more definitely when the affairs of the C.N.R. are to be examined. I think it is time the minister let us know definitely and concretely when Mr. Gordon is to appear, because the committee cannot decide until it hears through its pipe line to the president, and the minister is that pipe line. I think it is time he let us know when this meeting is going to take place.

We hear all kinds of speculation about when this session is going to adjourn or when it is going to end. We are chivvied in certain places and told we must rush to get out committee reports because this session is going to adjourn at the end of June, and perhaps it is going to end on that date.

All I know is that it is now the 8th day of June. There is not very much time left and we have this important committee coming up. It was agreed that this year the affairs of the C.N.R. and the T.C.A. would be separated, that there would be time for reflection and consideration. The minister is aware that there is unusual interest in the C.N.R. this year and that the study of its affairs is going to take more time, one would judge, than in previous years. I think it is most unfortunate and unfair that we have not been given a date for the meeting of that committee.

One of the arguments which is always put before us when Mr. Gordon comes here is that we cannot tie up the C.N.R. for too long, and it is therefore necessary to meet at 10 in the morning and sit right through until late at night, sometimes 10 o'clock. This procedure certainly has some advantages in enabling us to hasten through the report of the C.N.R., but it has marked disadvantages for the members of the committee who are trying to marshall the kind of thorough analysis they wish to make.

I wish to draw to the attention of the minister in this regard the fact that the committee on broadcasting has had before it another government corporation, the C.B.C., for weeks on end. For at least two days and sometimes three days a week we have had the president and the senior officials of the Canadian Broadcasting Corporation before us and somehow, although, I am sure at a great disadvantage, the C.B.C. has managed to keep functioning.

I just want the minister to note the difference between treatment we give to the executives of the Canadian Broadcasting Corporation and the treatment we give to the head of the Canadian National Railways. The committee on broadcasting has Mr. Ouimet before it in the morning or perhaps in morning and afternoon sittings. Then there is a break for several days. Mr. Gordon has never had that kind of treatment, nor have other presidents of the Canadian National Railways. Yet I suggest there is not that much difference in the role of the corporation in terms of public interest and in terms of the interest of members of parliament.

I would hope that this year we could make some arrangement whereby the committee before which the C.N.R. appears is more slowly paced so that, when it meets, we can do a decent and thorough job. I would not go so far as to suggest that we should use the C.B.C. treatment as a model, but I do suggest that something more on that line would be better than this tremendous emphasis we have in the sessional committee on railways and shipping to drive through and get it all over with.

I think the minister is aware of the fact that a committee can sometimes operate much better if it has a bit of opportunity to consider the evidence rather than have it come before it in something of a staccato fashion. If you take an analogy in sports, it seems to me that it is much easier to watch a football game or a baseball game than it is to watch a hockey game, because you have more pauses and more chance to reflect on what is going on. It is one straight hockey game when Donald Gordon appears before us, with no periods called and really no offsides. I hope the minister will give consideration to that matter and let us know where we stand on the Donald Gordon situation. When is he coming?

The next point I wanted to bring to the attention of the minister is something I touched on last year, namely the rather unusual growth in the Department of Transport. At that time I pointed out to hon. members

who represent free enterprise in this chamber that one of the consequences of some of the peculiar actions in the non-free enterprise sphere of this government is that more and more responsibilities are being put upon the Department of Transport and that it is growing in size. Even someone like myself who is not a forthright free enterpriser cannot help but be concerned about the growth in size of the Department of Transport.

I would ask the minister this question. Can he give us a projection in respect of air services, which seems to represent the fastest growing part of his deparment? Can he give us a projection for the next five years with regard to the numbers of people who are going to be employed? We have had prefigured for us on a number of occasions an astounding line of expenditures for air services in all aspects. It seems to me that we should get some idea of how big the growth is going to be in terms of personnel. It seems to me that this would be fair information.

The other thing that I wanted to ask in relation to personnel is this. Will the minister explain why, in reducing the amount of information provided in the annual report, it has been decided to dispense with the information on employees and the relative places of their employment? This seems to me to be among the useful information that was in the report. If any hon. members feel that I am carping at what may have been done to save money, I should like them to compare the report we get in relation to penitentiaries and the one we get in relation to the Department of Transport. In the one report we are just blown over with figures and details, even about the meals in one small reform institution. Here we have the fastest growing department in the government and its report gets smaller, less detailed and less informative every year.

Before I sit down I should like to touch on the point raised by the hon. member for Halifax, who indicated that I had made one fundamental error in my remarks on the ice-breaking possibilities in the St. Lawrence in connection with the advantages that Montreal had in terms of $12 a ton over freight costs vis-à-vis Halifax and Saint John. I did not raise that matter in order to suggest that Saint John or Halifax should be forgotten. I quite agree that the cost of the ice-breaking service should be taken into consideration. However, if we wish to move toward a stage where our transportation services in this country are based upon a service principle and the lowest possible cost to the shipper—and this seems to me to be the ideal, whether it is a public service providing them or whether it is a private service providing them—we need to know more about the relative costs of shipping and of using various ports and various alternatives.

Despite what the hon. member for Halifax read from the brief of the Halifax people expressing their views, I think the hon. member is also aware of the fact that along the Gulf of St. Lawrence and in Montreal there are groups that have contradictory views. I am not suggesting that one group should be heard and another should not be heard. I am suggesting that the job of the Department of Transport is to determine what will give us the most efficient, and the cheapest and the best service, and that somehow we should have a resolution of this problem. Since it will continue to be a political problem in resolving the naturally selfish interests of Montreal and its shippers against the naturally selfish interests in those terms of the cities of Halifax and Saint John, it is not going to be an easy one to solve. However, it seems to me that some attempt should be gotten under way to tackle problems such as this.

The hon. member for Peterborough is going to make some suggestions in this regard as to how we should work toward solving some of these fundamental problems in transportation where we have a choice and where, whatever choice is made, someone is going to get hurt. However, the point is that if we do not make the choice or turn toward the principle of efficient and fair service, we are going to continue to carry the extra burden in transportation costs about which we all complain and which was the subject of so much repetition before the royal commission on transportation.

As I close my remarks, Mr. Chairman, I should like to say that I am very pleased that you have attained your post. When I heard that you were going to have a permanent senior position I of course immediately thought back to last Thursday, I think it was, when you were acting chairman and I was ruled out of order. At the time I had a fairly good case. However, I recognize the fact that there was nothing personal or partisan about your decision. I just hope that you will have as good a time in the post as your predecessor had. I also hope—and I am not saying this as any reflection on you—that you will gain the affection that your predecessor had with almost everyone I have encountered in the House of Commons. I would say without reservation that I personally have never encountered in this House of Commons a more popular member or better liked person than your predecessor in the post. In this sense it seems to me both our sympathy and

our co-operation must go out to you, because you have a real job before you in filling that role.

Mr. Chevrier: I am prompted to rise at this time, Mr. Chairman, because of some of the remarks made by the hon. member for Port Arthur. But prior to dealing with them may I say that I think the minister should clarify the position created by a statement made in the other place by the president of the national Progressive Conservative association, when he suggested that the management and the administration of the Canadian National Railways should be split into two divisions, or in other words that there should be an administrative head and a chairman of the board.

I think the committee is entitled to know here and now, before this item goes through, what is the position of the government in respect to this matter. After all, this is of considerable importance to the house and to the country. Here is what the Ottawa *Journal*, whose sympathies toward the government are well known, had to say in an editorial which appeared on June 5 entitled:

Mr. Gordon and the C.N.R.

I should just like to quote a portion of it:

> The Senate has heard a suggestion from one of its members that Mr. Donald Gordon be relieved of his duties as chairman of the board of the C.N.R. so that he, Mr. Gordon, might concentrate on the running of the railroad, either as president or general manager.
>
> This suggestion lacks not only wisdom but decision.
>
> It presumably wants to remove Mr. Gordon from the control of the C.N.R. but doesn't say so in so many words. It fiddles about with the titles but is not forthright. Thus it lacks decision.
>
> It assumes that this is a time when our national railway can be put under a kind of two-headed leadership, one of whom would perhaps be receptive to suggestions from Ottawa and the other (Mr. Gordon) would be receptive to nothing but his own judgment of the merits of any given case. Thus it lacks wisdom.

Because of the last paragraph of this editorial I am going to put the whole of it on the record. It goes on to say:

> The *Journal* is not so naive as to imagine that the life of a government is easy when it is trying to deal with a man like Donald Gordon, whether in wartime price controls or peacetime running of a railroad. Mr. Gordon is a large and independent man, messenger for no one. Such a man may not always be right, may not suffer politicians gladly. But such a man is more likely to be a successful head of a national railroad in these strenuous and revolutionary times than some chairman of the board with smooth manners and soft convictions.

That is an editorial which the minister might well ponder before he and his colleagues in the government make a decision on this matter. However, in view of what has been said by the hon. member for Port Arthur I say to the minister that it would be absolutely wrong and a serious mistake to call the president of the Canadian National Railways here as a witness before the committee on railways, air lines and shipping owned and operated by the government until his position is clarified by the government.

Not only do I think it is unfair, but I think it is immoral on the part of the government to continue the present situation as it has been since September of last year. Here is the president of a great national railway who, together with three of his co-directors, does not know what his position is. Not only is it ungrateful; it is disgraceful on the part of the government to hold up a matter of this importance in the manner in which it has been held up.

The legislation dealing with the directors of the Canadian National Railways passed through this house and I understand it has now passed the other place, or is about to be reported upon if it has not already gone through the other place. If that is the case there should be no further hesitation on the part of the government in making known its position.

I do not think it would be fair to those who are responsible for the administration of this great railway, particularly the president, to call Mr. Gordon before the committee unless and until his position is made clear and he knows whether or not he is going to be carrying on as president of the railway.

Mr. Smith (Calgary South): Mr. Chairman, may I join other hon. members who have congratulated you on what is really the confirmation of your appointment. We have already seen the manner in which you conduct the committees of this house. We know you will live up to the standard set by your predecessor who, as the hon. member for Port Arthur stated, is a very respected and greatly loved member of this house. I would only say, sir, that in the course of the business we have already conducted in the present session you have certainly given every indication that the committees of the house will be conducted in accordance with the highest traditions of parliament.

May I say to the Minister of Transport, in the same respect, how much we appreciate the co-operation which he has shown, in particular to private members, in dealing with matters related to his department.

I want to make one or two what may appear to be slightly disjointed comments because of the relatively large area of administration which comes under the supervision or within the purview of the minister. I do not intend to enlarge on these matters because they are problems which are well known to the minister. However, I suggest that in his

reply the minister might make some reference to the points I raise, because I know it is not necessary to take up the time of the committee in providing the background, much of which has already been introduced into this debate.

We have had several royal commissions examining the problems of various aspects of transportation. The one currently sitting, dealing with railway transportation, has already recognized the various factors involved, such as competition with other forms of transportation in Canada. I think it is safe to say that the competition of air transportation with the railways will increase to such a point that the day may well come when, because of the progress in air transportation, we will find we have literally relegated the railways to being low grade haulers. I say this because quite obviously the competition which has been experienced in other areas of the world both in air freight and air passenger services has had a similar effect on railway companies in the countries concerned. I think this is generally recognized.

I have listened with some interest to the many criticisms of the president of the C.N.R. I think it is perhaps fair to say that some of these criticisms are based on fact, but I hope no hon. member of this committee will assume that because there is a substantial deficit in the C.N.R. the responsibility should, in effect, be borne solely by the president of the railway. I need not defend this gentleman, because he is well able to defend himself. However, I would point out that there seems to be an inclination on the part of some hon. members to hold the president of the railway entirely responsible for the difficulty in which this railway finds itself.

This brings me to the point that I want to make very clear. I think the minister has perhaps one of the greatest responsibilities of any member of the cabinet. We are already well aware of the advances made in aviation in Canada, and the history and tradition we have in this respect are second to none in the world. However, it is not enough just to sit back and assume that we have done enough in the field of aviation because we have been successful in developing efficient air line services and, to some degree, freight services; because we were successful in developing a commonwealth flying program during the emergency years, the first 2½ years of the war, or because we have successfully pioneered much of the north country through aviation.

I feel that some people in Canada—and I am not speaking specifically of those in government—have been inclined to sit back and say that we can let matters take their course; that we can share in the progress of aviation in the future without putting in all our imagination and all our effort to see that we continue to advance in this field.

Therefore I say to the minister that I think his responsibility within the department is greater in this field than that of any other person in Canada, and he has a duty to see that Canada is kept ahead in every aspect of aviation. His responsibility is not limited to the providing of assistance through a crown company, or private industry. I suggest that his responsibility includes the carrying out of regular surveys in regard to the possibility of increasing our air freight and passenger transportation through the negotiation of bilateral agreements with other countries so as to provide a greater opportunity for our air carriers to compete in the international field.

I think there is an additional responsibility on the part of the minister in respect to the equipment which Canadian carriers are using today both in air freight and air passenger services. There exist in Canada two very competent manufacturers of aircraft equipment. I think hon. members of this house will remember at least some of the history in this regard, which shows that at one time it was possible to provide one of our air lines with Canadian made aircraft. I suggest to the minister that, in co-operation with the two principal carriers, he should consider the possibility of determining whether these carriers could be provided with Canadian aircraft built in Canada, to be utilized in their passenger and air freight services. I suggest that one of the two aircraft manufacturers has already developed suitable aircraft for exactly this purpose, and I believe the other company is equally capable of doing so. If this were accomplished we should not have to depend on any other source for these aircraft.

In terms of aviation, I suggest we cannot neglect the civilian side of air development, nor can we overlook the contribution which it makes. I refer specifically to the royal Canadian flying clubs. I think it is an historical fact that these clubs contributed, perhaps more than any other element of aviation, to the success of the commonwealth training program to which I have already referred. It is equally true that some two years ago the Department of National Defence withdrew its financial support of those flying clubs. I presume this withdrawal can be justified by the fact that the air force is, to a large degree, training its own pilots. However, I suggest it is equally important that we consider the difficulties with which the flying clubs are currently attempting to cope in order to continue their operations.

These problems fall roughly into two categories. The first category involves excessive

ground rate rentals which are being charged by the Department of Transport. The second category arises from the fact that many of the clubs have had to face increased costs for their facilities. These were previously provided at a rather nominal rental rate. Following the war, however, crown assets corporation was asked to dispose of them, with priority, of course, given to the flying clubs, but at considerable cost.

These non-profit organizations have little hope of survival in many instances because of the two factors I have referred to. I think we can also add to those two factors the knowledge that high municipal assessments and tax rates have, in part, created the financial burden of these clubs. Many of them are now in very serious financial difficulties. Quite obviously the department cannot be expected to assume the entire responsibility for the success of civil aviation in this field. Nevertheless, I suggest that the minister and his colleagues should review the situation very carefully regarding the future of civil aviation in Canada, in terms of what might still be expected in the way of providing pilots, because we dare not underestimate the part that civil aviation will continue to play in the whole aviation picture. I think it is fair to say that in certain areas this element of aviation will provide service to commercial air lines, and to some degree to the air force in Canada. I think it is important that it be remembered that a great many young men are being trained by those flying clubs and, therefore, the government has a major responsibility.

So, I should like to ask the minister to comment in regard to my observations, and to perhaps review very carefully the financial contributions which the government makes in an attempt to maintain the position of the royal Canadian flying clubs.

In this respect I have a second suggestion to make to the minister. There exists in the United States a body known as the civil air patrol, which is to a very large extent a military organization. It also involves civil pilots, and as a result is a rather unique organization. Today in Canada we are concerned with civil defence to perhaps a greater degree than at any other time in our history. I suggest that the minister, in co-operation with his colleague the Minister of National Defence, should make a close examination of the part that civil aviation can again play in the development of a more effective civil air patrol in Canada. Such a body does exist now. I suggest we could utilize a vast armada of aircraft, in the event of an emergency, to supplement the civil defence activity within this country. I suggest this is a broad field in which, largely through organizational responsibility, the minister, together with his colleague the Minister of National Defence, could again make a very important contribution.

Another aspect of the subject of civil aviation involves the location of the fields which are in current use. I think it is a fact that many of us are concerned because the municipal fields, and those fields operated by the department, are becoming somewhat overcrowded. I feel the experience the United States has had in the past few years clearly indicates the necessity of a major change by wherever possible removing civil aviation operation from those areas of commercial operation. This necessity is borne out by the fact that where there is an active air field used by civil, domestic and international air lines, the risk of accident is extreme. Almost every year a number of R.C.A.F. air fields are declared surplus because of the decrease in activity at those particular fields. I suggest to the minister, therefore, that he might give us his own view, and the views of his department, regarding the development of auxiliary fields for the use of private aviation in Canada. I suggest that would first of all provide a greater safety factor to air passengers, and, second, would provide much more orderly development of civil aviation in Canada.

My final comment deals with the important question of international and domestic competition between the Canadian air carriers. I think this subject has been adequately covered by a number of hon. members who have spoken before me, but I should like to say to the minister that he will soon have to face that problem or one of our air carriers, because of the restrictions imposed on it, will perhaps fall into the same position as our railway company.

The minister's predecessor indicated his belief that competition could gradually be injected into international and domestic air services. I suggest to the minister that the restrictions imposed on the Canadian Pacific Air Lines have made it almost impossible for that carrier to continue operations. I suggest the time is now opportune for introducing a greater element of competition. This can be supported by statistics compiled by the government-owned air carrier, Trans-Canada Air Lines, which indicate that while it has shown a deficit largely attributable to the replacement of its air fleet, it was able to fly more air miles at a greater rate of occupancy than at any other time. I suggest that the future of aviation must be protected, and that this can be done by the introduction of a greater element of competition at this

stage by removing or relaxing those impositions placed upon the second major carrier in this country.

It is perhaps in the field of international aviation that we could hope for greater opportunity for the second major carrier because, of course, much of the traffic that they would be competing for would be drawn from United States carriers rather than in Canadian. Nevertheless, I believe that in Canada we can also provide C.P.A. with a number of runs and a greater opportunity to compete for both freight and domestic traffic at the same time.

I would like to say a little more on this subject, Mr. Chairman, but I realize it is currently under study. I hope that in the near future we shall learn the intentions of the government in this respect. As I said at the beginning, I hope he will also indicate that the department is doing everything within its power to encourage all aspects of aviation within Canada.

Mr. Pitman: Mr. Chairman, may I express to you, sir, the congratulations of this group. We realize that in the future there may be conflicts. However, I am sure you will realize that those conflicts will not reflect upon our admiration and respect for you personally. We hope we shall not make your task any more difficult than that of your predecessor.

May I also express the thanks of this group to the minister for the extent to which he has attempted to bring to the floor of the house answers to the many questions we have asked over the last few months. We have appreciated the amount of detail and the accuracy of those answers and the spirit of co-operation we receive whenever we call on his good offices.

We recognize that this is one of the most important portfolios of the government. Across this nation there is a tremendous amount of questioning going on in the people's minds with respect to this whole area of transportation. We are searching for a pattern; we are searching for some direction as to where we should be going. We see the situation of two railroads competing with each other, one owned by the people of Canada and the other owned by private enterprise. Both are being subsidized, yet each is competing with the other. We want to know what will be the position of the small air line companies which have been formed in relation to T.C.A. as a government entity. We want to know where the trucking industry will fit in, especially when we have one of the railroad companies going into this form of transportation which is not receiving the subsidies that the railway transportation services are getting.

We want to know where the crown companies fit into this pattern. Unfortunately no one seems to be able to find out what this pattern is. We appeal to the minister to take this into consideration. Perhaps what we actually need is a full scale review of our transportation policy. Perhaps the minister could take a page out of the book of the Minister of Northern Affairs and National Resources. Perhaps we should have a huge meeting like the resources for tomorrow conference and bring in not only the transportation people, the railway people and the air companies, but industry, representatives of agriculture and indeed some so-called "eggheads" from our universities. Let us have some economists, and perhaps even more important of all, let us have some sociologists, because more and more people in this nation are becoming more and more concerned about the fact that our population is beginning to concentrate in a few major centres, and what might be called the geographic and climatic focus is becoming even more pronounced as a result of this concentration of people within a small area.

I think we should bring in some university economists to decide just how much it is costing to put a great many people in a small area in terms of the goods and services which must be provided. What are we losing as a result of building traffic arteries in the cities so that people can drive their automobiles and spend hours of valuable time in them? Could we put that money into low cost housing? In other words, we need to make more serious value judgments in this whole area of transportation. I think the people of Canada would want leadership from the Minister of Transport in this very area.

I realize that we have a royal commission on transportation which is carrying on its work right now. We have already received the first volume of its report, but surely the minister will recognize that it is really a royal commission on railways; it is not really focused on transportation. Indeed, it is completely railway oriented. What they are suggesting is a transportation system, as it would appear to be necessary, so the railways could operate in what could reasonably be called a rational and intelligent way. But I think we should get a full scale review of transportation.

I understand there has not been such a conference since 1917. Well, let us have one now. Let us take maybe two, three years to allow industry and agriculture to prepare briefs, as the Minister of Northern Affairs and National Resources has done. Bring these people together. Give the conference lots of publicity and give the Canadian people some feeling that a pattern has been developed in transportation for this nation.

Over the last number of months we have seen in the newspapers signs of consternation —some among government supporters—over the situation which has developed within our railway system and within T.C.A. versus the smaller or, at least, the private air carriers. This is one of the problems we must solve. Also I feel that one of the difficulties about this royal commission on transportation is its suggested continuation of the very phases that I am rather concerned about. The MacPherson report suggests that we need to cut down on the number of branch lines and our unprofitable passenger service; that we create a huge trunk line going across Canada, and possibly trucking will come into that trunk line. But still there is no clear indication of just how this is to be organized. I am wondering whether we are creating even more concentrations of people in metropolitan areas, and the smaller municipalities of Canada are going to be left more and more behind. I think this is not what the people of Canada want; I think this is not what sociologists, penologists and various experts in the field are seeking to bring about. What they are seeking to produce is the kind of society that will produce the greatest fulfilment for the people of this nation. We have to be very careful in our emphasis, and that is why I think there should be a full review of the whole transportation scheme to find a pattern. A conference would be a helpful thing at this particular time.

Since the estimates were last discussed on the floor of this house we have been quite happy to hear that the minister has announced that regional air carriers are going to be allowed to compete with T.C.A., especially in eastern Canada. Nordair and Quebecair will be able to set up transportation lines to smaller cities such as Oshawa and Kingston. The people of my riding are hopeful that Peterborough will be able to move into this area as well, because we are beginning to realize more and more that today industries need air service. Their executives must be able to move quickly from one part of this nation or this continent to another. It is a serious disadvantage for a smaller community not to have an airport which will handle at least smaller aircraft which those lesser companies —lesser in sense of size in comparison with T.C.A. and C.P.A.—will be using.

For that reason I hope the minister will make every attempt to encourage and give every bit of advice and help possible to those smaller cities that will be trying to improve their air services and their airports, runways and conveniences over the next number of months. I think this is a step in the right direction, because it will help to stop the concentration which we find is taking place in Canada and which I do not think is helpful, even from the point of view of the Minister of National Defence in terms of the necessary needs of the foreseeable future.

Another matter about which I was a little concerned was the attitude taken by at least one member in the house with regard to some of the crown corporations which have been operating in Canada, especially in the north country. I refer particularly to Eldorado Aviation and the Northern Transportation Company. I am afraid these companies received a rather bad going over on one occasion during the debate in the house. I think it is foolish to look at either of these companies in the sense of their involving simply a transportation problem. Both these companies are inexplicably related to the uranium industry. The problem there, of course, is to service the uranium mines and to transport uranium at the cheapest cost to those who are buying it. This is what these companies are attempting to do.

I have been rather surprised at the line of argument that has been taken. These companies have been criticized because they do not seem to be making enough money, and T.C.A. has also been criticized because it is not making enough money, while on the other hand Polymer has been criticized because it has been making too much money. One really wonders what is meant by free enterprise, and the current definition would seem to be that it is enterprise for free by the people of Canada to be handed over free of charge to other entrepreneurs. I do not think this is a definition of free enterprise which a great many people would accept, certainly not in this department, and I am sure the minister will be very careful before any changes are made in relation to these crown companies which have provided such an admirable service to the uranium industry of the north country and have opened up a great many areas.

The final matter about which I should like to speak for a moment concerns my own constituency, and I am sure the minister will recognize what I have in mind. It is the problem of the Trent canal. We are very concerned about the suggestion that there may be some changes in the Trent canal system, because it is of such tremendous importance to the area I happen to represent. I should like to refer to a brief prepared by Mr. James P. McGrath, who worked on the Trent canal system for 34 years as canal superintendent for Peterborough county. I am not going to repeat the excellent summation of the importance of the Trent canal which was made by the hon. member for Simcoe East on the second or third day of the debate on item 1

of these estimates, but I should like to indicate just how important this canal system is.

It is important first as a reservoir to hold back water and thus prevent flood conditions developing throughout the entire valley. The maintenance of navigation levels in the canal itself is an extremely important matter. We have had a serious unemployment situation in this area, and we are hoping that over the next number of years we are going to be able to further develop the tourist industry, which has been unprecedented over the last quarter of a century. We are hoping that we will be able to carry out the views expressed by the Minister of Northern Affairs and National Resources and make the tourist industry not just the second major industry in our area but perhaps even the first. Navigation levels in the canal are absolutely imperative if we are going to attract the increasing number of people from the northern United States and southern Ontario who have become interested in boating.

In addition, of course, we have in operation on the Trent canal 27 power stations, some of which are privately owned. The Canadian General Electric Company, the Quaker Oats Company and other companies have such stations, and the availability of cheap power in the area is imperative if we are to maintain a growth economy and try to provide greater prosperity for these communities. I realize that there are some who feel that the changing of levels is a very serious problem in relation to the upper reservoir lakes; nevertheless I think the minister will appreciate that any serious change in the status quo will have a most deleterious effect upon a large number of people living in the lower areas.

I do not think any community wants to be one up on any other community. I do not think the system of providing air services by giving one route to one company and taking one away from somebody else and replacing that route with another is in our best interests. I think this juggling of air services that has been going on, especially on the west coast, shows a lack of foresight in a field which is probably the most important in a country as large as Canada, with its population as spread out as it is. That is why I come back to the point that there should be some kind of conference held or some kind of method devised to take a look from every direction at the whole field of transportation in 1961, 1962 or 1963, so we will know where we are going for the next 40 years. There should be such an examination at this time when there is such questioning, when there seems to be a crisis coming in the whole transportation situation and when we are at the crossroads in so many areas, in relation to the C.N.R. and the C.P.R., in relation to private and public enterprise in air travel, with respect to where the trucking industry fits into the picture, and so on.

That is why when I refer to the Trent canal system I am not asking for any special privileges in this area. What we are asking for is an attempt to fit canal services into some pattern in relation to the other areas of transportation. I should like to read one statement by Mr. McGrath who, as I said, has had wide experience. He said:

> Any deliberate man-made changes, such as the lowering of levels, might affect the navigable waters act and also the whole buoying system, rendering the navigation aids useless. The system could not be handled by groups as they could not possibly know the over-all picture.

He goes on to say what the results might be.

Since confederation the problem of transportation has always been foremost in the minds of Canadian statesmen, and I hope the minister will take into consideration some of the things I have suggested. They may involve wrenches and serious surgery in some areas of transportation, but I think we must come to grips with the matter and not be dissuaded by such slogans as free enterprise or private enterprise versus socialism, which are completely irrelevant to the situation in Canada today. What I think we need is a national policy. As it is one o'clock I will conclude my remarks.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Rynard: First of all, Mr. Chairman, I should like to congratulate you on your appointment. I hope that in the days that lie ahead you will have the wisdom of a Solomon, and you have already shown that you possess such qualities.

I should like to draw to the attention of the minister the inadequacy of the methods employed in the Trent valley system, referring particularly to the opening and closing of the locks. Men are forced to open these locks by going round and round on a turnstile. This is very heavy work. I have known some of these men to take sick and be laid up for long periods as a result of the stress and strain involved in opening these locks. This waterway is being used more and more each year as the popularity of boating increases. I do not think it is fair to these employees to subject them to the drudgery of opening these locks in the same manner as they were opened over 40 years ago. As a matter of

fact, this system of opening the locks reminds me somewhat of the treadmills that were used in the early days of the first century.

I have a letter here from one of my constituents which I should like to read. He says this:

> Sure, it is wonderful to go down to the United States where they have electrically operated locks and where the men have every facility to work with, and where they have a place where you can go round behind the lock at night if you are caught; but when a fellow has to walk around on the end of the treadmill like our lock keepers have to do, I don't know how you can expect them to be in uniform with a tie on. Over there, there is electricity at every lock; and from an economy standpoint, and for service to the public, every lock should be electrified, but I am afraid I will never see the day when they are.

Now, Mr. Chairman, this system has been neglected far too long, both from the standpoint of the people who are operating the locks and from the standpoint of the people who are operating the boats.

I wanted to make some reference as well to the low level bridges which are found on the Trent system. Surely it is about time, in this day and age, that we eliminated these places where boats have to stop in order that bridges may be turned. There is no place for such things in Canadian tourism today. Both the boats and the highway traffic are held up while these bridges are being turned.

One particular case is the low level bridge at the first narrows at Atherley. This is the place to which Champlain travelled over 300 years ago. Not only are the boats held up while the bridge is being turned, but motor traffic is held up as well. I have seen traffic held up there for a long period of time. This is a particularly important bridge. It is difficult to manipulate and the work is very hard on the employees. One would think we were still in the horse and buggy days when one sees such a system in operation. This condition is extremely annoying, in view of the fact the bridge forms part of the trans-Canada highway.

Let us get rid of these obstacles so we can invite boatmen from the United States, who are used to the electrification of locks in their canal systems, to come up here. The prospects are that many more boatmen from the United States will be using this water highway than have ever used it before. Let us do a good job so they will be proud to travel on our waterways and we will be proud to have them use these waterways.

(Translation):

Mr. Habel: Mr. Chairman, I shall deal only briefly with the first item of the estimates of the Department of Transport, but there is a matter that I feel strongly about and that I shall submit to the Minister of Transport (Mr. Balcer). It has to do with the T.C.A. services in my riding.

The minister will agree that his department is already in possession of almost all the information required to look fully into the request submitted by the Kapuskasing chamber of commerce, which represents the town as well as the district of Kapuskasing with regard to the service provided by T.C.A.

From 1937 or 1938 to 1957, that district was served by T.C.A., first as part of a service between Toronto and Winnipeg, since Kapuskasing was located along the route between Toronto and Winnipeg. Later on, in 1945, that city was served by a direct flight from Toronto to Kapuskasing.

When the directors of Trans-Canada Air Lines decided to use Viscount aircraft, in October 1957, the service between Toronto and Kapuskasing was dropped.

I know that surveys were made by the Toronto office and that the department was led to believe that the cost of extending the runways to accommodate Viscounts would run extremely high.

However, engineers who are currently employed by the Spruce Falls Company, which operates a paper mill in Kapuskasing, and who must certainly know their business have made a thorough study of the situation. They claim that the estimate made by the Toronto office is much higher than the actual cost.

Mr. Chairman, it is an acknowledged fact that the construction of the Kapuskasing airport was a costly project since all buildings and facilities required for the operation of an airport, like a weather station, etc., were provided. Now, however, these buildings are almost left uncared for, except perhaps for what is needed by those who use what is commonly known as the private air service.

The airport is being used widely enough. As a matter of fact, I understand five or ten planes may be seen every day either landing or taking off. But that is not the important point. The important point is the service to which the population of the district has been used.

When the Kapuskasing airport was used by Trans-Canada Air Lines, it welcomed many distinguished visitors, for instance, Her Majesty the Queen and the Duke of Edinburgh during their visit in Canada in 1951; Her Majesty was then, of course, Princess Elizabeth.

In 1941, I think there was the visit of the late Duke of Kent, a few weeks only before his accidental death.

We had also the visit of Field Marshal Montgomery and of several other personalities. These historical events are proof enough that the Kapuskasing airport was a suitable airport and that it should have been maintained in good operating condition so that the service could be continued.

Our district is about 560 miles from Toronto and 600 miles from Montreal, maybe a little more. Moreover, our railway service is quite inadequate, and the need for a T.C.A. air service has become urgent.

If I chose not to mention this matter during the previous sessions, it is because I had promised the chamber of commerce officials that politics would not interfere with the efforts being made to induce the Department of Transport to restore the service we had enjoyed for some ten years. I did not mention the subject in the house, but I did keep in touch with the minister, and especially with his predecessor. I would not want to blame the present minister for what happened, but I would ask him to kindly reconsider the situation and to carefully look his files over concerning Kapuskasing airport. Then he will certainly realize how reasonable is the request we make in the name of people living in that outlying region where fast transportation is needed in case of emergency.

At the present time, for instance, to go to Toronto you have to ride on a bus from Kapuskasing to Cochrane in order to get a train connection, around 2.30 p.m. That train reaches Toronto around 8.30 the next morning. You have to admit that it is quite a long run, particularly when you consider that there is no sleeping car between Kapuskasing and North Bay. A serious study of that problem is a must and the request of the chamber of commerce should be considered so that the problem can be solved in keeping with the needs of the region.

The Spruce Falls Power and Paper Company of Kapuskasing provides the Canadian National with a yearly income of over $10 million, just for the shipping of paper and other materials that the mills require. So, it seems to me, considering all that, the department could have new surveys carried out and the situation studied, in order that an area which now numbers more than 35,000 is provided with a service like the one we are asking for, and which would fill a long felt need.

Furthermore, the minister will no doubt be interested to know that in the same district the Ontario hydro is carrying out at least two large developments and that, in addition, three other projects are on the way. Which means that for five to ten years an average of two or three thousand additional men will find work in the Kapuskasing and Cochrane districts, and they, of course, would find it most useful to have an adequate service for a population which should not be neglected any longer.

I hope the minister—I must say, by the way, that he found means to give his home town an airport, and I do not blame him for that—

Mr. Balcer: It was not me but my predecessor.

Mr. Habel: The minister says it was not him—

Mr. Balcer: It was my predecessor.

Mr. Habel: I am quite willing to grant him that, and even though he was not responsible for that to any great extent, I am sure that he will take credit all the same. I do not want to reproach him, to blame him for that but, as we know, Three Rivers is 80 miles away from both Montreal and Quebec city, so that if an airport is justified there, the minister will admit that it would be even more justified in an area like ours where the people have the same right to live as those of any other part of the country.

Therefore, our area should have a better service, if not through the railway, then at least through T.C.A. in order that we may feel a little more like the rest of the Canadian people, not as a forgotten area, but rather as an area where one and all benefit from equal opportunities.

(Text):

Mr. More: Mr. Chairman, I should first like to associate myself with the remarks made by previous speakers in this debate about your appointment as chairman of committees. I am sure you will carry on and do the job equally as well as and perhaps better than you have while filling in without the official appointment. I am sorry, sir, that your appointment has been made necessary because of the absence through illness of Ted Rea, and I associate myself with those hon. members who wish him an early and speedy recovery.

This is the first opportunity I have had to congratulate the minister since his appointment. I was privileged to take part in the ceremonies at the opening of the new airport terminal in Regina on September 12, which I think was the day following his official appointment as Minister of Transport. We were privileged at that time to have the former minister participate in those ceremonies.

The people of Regina are very proud of the fine terminal which now stands at that airport. It is certainly one that is well constructed, well laid out and well planned, and it will serve its purposes in a very efficient manner. Since the opening of that terminal, after many, many years of effort, Saskatchewan now boasts a direct north-south air service link. That link was opened on May 4 from Regina to Minot, North Central Air Lines having the franchise. It has been operating for something over a month now and its passenger, freight and express services are developing. They are operating at present in temporary accommodation in this new terminal for customs and immigration purposes. I venture to say that within a period of six months we will need to add to that terminal to take care of this traffic. We will need to provide suitable and proper facilities for this purpose. I hope the minister will keep this development in mind when the time comes, as it seems clear it will, when the service is established and the needs are there. I hope the minister will at that time give a sympathetic hearing to me when I present him with the problem and ask for action.

I should like to associate myself with the remarks of the hon. member for Calgary South in regard to civil aviation. I am somewhat concerned about the position of flying clubs in Canada. I think there is justification for the policy that was adopted in regard to this matter, just purely from the point of view of training pilots. However, it seems to me from my experience and association with the flying club at home and what it is doing that there are considerations other than the mere training of pilots.

We see lads of the district join the flying club at an early age. They graduate as pilots. It is true that they do not go on to fly and use that training commercially, but it has stimulated in them an interest in other aspects of air service and they go on to college and take technical and meteorological training, and so on. From the initial impetus given by the operation of the flying club in the community I am sure many of the personnel we will need for our expanding development in air services could be found.

It is certainly a future that looks bright. With the ever increasing need for trained personnel it seems to me that these flying clubs should be kept on a sound operating basis, and reconsideration should be given to this program so that not only will the clubs initially train these young people to fly, but they will stimulate in them an interest in education in the other avenues of air service and so provide us with very necessary personnel for the future.

I should like to make a few remarks at this time on another matter, because I do not know where else to make them. It is a problem I want to bring before the government and the committee. I refer to developing an interest in soaring in Canada. There are now a number of very active soaring clubs in Canada. They have a national organization. I would hazard the guess that they are composed mainly of former R.C.A.F. officers and personnel, men who have served their country well.

While some people may look upon this as a sport purely and simply, and perhaps a rich man's sport, I think it goes far beyond that. We all know that the treaty of Versailles was circumvented by the Germans through the use of gliders to train the youth of Germany, so that when they broke the treaty finally and openly and started to train an air force these boys had the advantage of the background and experience they had gained in soaring.

I would also refer to the many scientific and aviation journals that have been concerned with trying to find a reason why so many air accidents take place in the mountains. These accidents usually end up in an inquiry and a report that it was due to the pilot's error, but in many cases the pilots concerned were men with years and years of experience. From these inquiries has been brought forth information about the hazards of mountain waves. It seems that mountains set up these waves and air currents, and even today we do not have enough information about them. Through the use of motorless planes, or soaring, much information could be gained and it would provide a source of research into this problem. The soaring clubs as I know them are carried on at the expense of the members themselves. They do not have any subsidies, grants or aid.

Canada has been represented in the soaring events at the Olympics for many years. These events occur every two years. It was rather ironic and something about which I think we should be concerned that in 1960, for the first time, Canada's flag did not fly at the soaring Olympics at Cologne, Germany.

This was simply due to a lack of funds, the price of gliders and the time off from work which was necessary to participate in these events. The price of gliders has risen over the years. In spite of all the effort put forward, the Canadian soaring association found itself in a position where it could not transport even the pilots to Cologne for this contest. It was a matter perhaps of some $800.

My research and information indicate that in other countries of the world—and there were many countries represented at this competition—grants are made and help is provided. I have talked with these soaring enthusiasts and with the president of the soaring association of Canada. They do not seek grants to maintain their clubs as such. They are quite able and quite competent enough to make whatever sacrifice is necessary for the operation of their clubs. However, when it comes to Olympic competition they feel that Canada should be represented, and they would seek a policy by this government of transportation for the pilots at least.

I noticed a picture in a magazine this week showing that the United States soaring team was composed of 16 persons, and included maintenance people as well as pilots and meteorological experts. In previous years when Canada has participated we have had to go to these events and borrow gliders from other people because our clubs have not been able to transport their own gliders. They have also had to ask the help of other maintenance crews in cases of necessity, and they have had to use other meteorological services.

I ask the minister to give some consideration to this request. I think it would involve a very minimum expenditure to guarantee Canada's participation in these events. I believe it is warranted as a continuing activity in Canada, and one which should be developed and could be used for the improvement of our knowledge about mountain waves and things such as that.

Mr. Chairman, I seriously ask the minister to consider this suggestion. If it is something which is not under the administration of his department I hope he will suggest where I should refer the suggestion, because I do feel that these people have made an excellent showing in the past in spite of the handicaps they have faced. I suggest they would be excellent representatives of Canada in these international competitions.

I am very pleased to take the opportunity of referring to this subject during the consideration of the first item of the estimates of this department because quite recently Mr. Julian Audette, one of my own constituents, attended the Canadian soaring championship trials at Pincher Creek in Alberta, and there won two soaring championships, having attained an absolute altitude of 24,500 feet and 17,500 feet altitude gain. In view of that fact this seemed to be an opportune time for me to make this request of the minister and the government.

Mr. Robichaud: Mr. Chairman, my intervention during the consideration of the first item of the estimates of the Department of Transport will be brief. I should like to ask the minister for certain information which I hope he will supply during his reply.

On May 10, in reply to a question addressed to the minister by the hon. member for Cochrane, the minister stated that the municipality of Gloucester and the town of Bathurst had submitted a joint resolution regarding the establishment of an airport in the county of Gloucester. I understand that earlier this session a delegation from the municipality of Gloucester and the town of Bathurst met with the minister and his officials to discuss the possibility of establishing an airport in the county. I would appreciate it if the minister could inform this committee of the exact policy of his department in this regard, as well as the terms and conditions under which a cost sharing form of assistance could be made available by the federal government. I should hope that at the same time the minister could also inform this committee whether similar representations have been received from the municipality of Restigouche and the town of Dalhousie and, if so, what reply he has made.

I understand the minister has made a statement to the effect that the municipality of Restigouche had purchased certain land with the intention of establishing an airport. I would appreciate the minister advising this committee whether that deal has been closed and whether the federal government has agreed to contribute to the cost of establishing an airport either in the municipality of Restigouche or the municipality of Gloucester and, if so, under what terms and conditions.

Mr. Browne (Vancouver-Kingsway): Mr. Chairman, I should like to draw to the attention of the minister that problem which I drew to his attention earlier, but which I believe has been aggravated in the past month or so, having to do with the operations of the Canadian Pacific Railway in the trucking industry. I pointed out earlier that the Canadian Pacific Railway is now the largest trucking operator in Canada and that it has purchased a number of private truck lines over the past few years, although until recently it has operated those truck lines on an independent basis. That company recently has developed a new policy of integrating the truck lines into the railway's operations.

This has caused a number of labour problems in the province of British Columbia.

This new policy has meant that people who formerly had been represented by the teamsters union were forced to be represented by one of the railway brotherhoods though the particular operation in question represented but a small portion of the railway operation.

This situation has been recently brought to my attention again, and I am referring to this subject because of a letter I received from Mr. Weldon Jubenville, president of the international woodworkers of America, local 180. He informs me that members of that union have also been caused considerable difficulty because of the integration of these trucking operations into the railway services. I believe this is something which concerns both the Department of Labour and the Department of Transport, and I should hope that the two ministers in question will discuss this matter, because there are a number of employees in British Columbia at the present time who have had to face this difficulty, and because this situation will become more acute across this country as the railway integrates this type of service into its operation across Canada.

That integration will in effect mean that employees of these trucking firms, who have been able to choose their own bargaining agent over the years, will now be deprived of that right. It seems to me that each group of individuals in Canada should be able to choose the union it wants to represent it, and to choose the union to which it wants to belong.

I suggest there is another serious problem arising which is affecting those firms in British Columbia which are competing with other British Columbia firms whose operations are entirely within that province. Now that the firms have been integrated into the C.P.R. they come under federal labour legislation, as a result of which those individuals who are working for the British Columbia firms are placed in an unfair competitive position because of the fact that railway wages are based on the national average rather than the provincial average. Many employees have had to take substantial wage cuts, amounting to 65 cents an hour in the case of individuals belonging to the teamsters union, at the time they left the teamsters union to join the Canadian brotherhood of railway and steamship clerks.

Mr. Jubenville in his letter drew my attention to a letter his union had written to the Minister of Labour, which made reference to the fact that rates of pay to truck drivers following their integration with C.P.R. operations have dropped to $1.54 an hour as compared to $2.35 an hour which was being paid when those individuals belonged to the international woodworkers of America. That situation seems very unfair, and warrants the immediate consideration of the government.

I have always opposed the entry of railway companies into the trucking industry. However, that view has not been shared by everyone in this committee. In view of this new problem which has arisen as a result of the railway companies becoming substantially involved in the trucking industry, this situation should be considered by the government with a view to deciding whether they should be allowed to integrate these services into the railway operations. I can see many problems arising from this change, such as the possibility of another monopoly in transportation developing. I understand the railway companies now control some 15 per cent to 20 per cent of the trucking industry in Canada.

I pointed out earlier that I thought it unwise to have all our transportation services tied to one union because, if a strike were called, the government would then have to take some compulsory action. I believe that collective bargaining should be allowed to run the full course, providing there are two transportation services; but when all the transportation services come under the control of railway management, and under the control of one union, I do not see how that course can be followed at all. The employees would lose their right to free collective bargaining, because the government could not possibly allow transportation in this country to come to a standstill. The policy of the government throughout has been in opposition to compulsory arbitration of any sort. The Conservative party as well as organized labour have been opposed to this for many years.

For the foregoing reasons I suggest the government should examine the trucking industry of this country as a whole. I suggest that, in the interest of the employees the trucking industry should remain outside the operations of the railways because, when the transportation services are controlled by one management and by one union, those employees likely will lose their right to strike.

I hope the minister will take this situation under consideration in consultation with the Minister of Labour in an attempt to decide what action can be taken by the government in regard to this matter.

(Translation):

Mr. Loiselle: Mr. Chairman, at the very beginning of my remarks I should like to draw again the minister's attention, although it is a bit late, to the recent appointment of a vice president to the Canadian National.

Following the death of the previous vice president, I had taken steps and had even

broached the subject with the Minister of Transport—in fact, I even got in touch with the president of the company—in order that, out of 17 vice presidents of the Canadian National, one at least should be a French Canadian, especially in the case of the St. Lawrence area; there was no better opportunity for the government to make representations to the president himself. This government seems on good terms with the president, so the minister could very well have expressed the wish that a French Canadian be appointed vice president. I do not question the competence of the one who has been appointed, but I am convinced that there were some others who, having served very near the vice president, had all the necessary qualifications for the position.

I do not know whether the new vice president is bilingual; I would not be at all surprised if he was unilingual.

I understand that with the adoption of this new bill increasing from seven to 12 the number of directors, the government may appoint two or three French-speaking directors, and then they will use these appointments to talk about national unity across the country.

It is not enough to make political appointments in order to preach unity; but it is very important to consider the qualifications of the appointees and this is why I suggest that the person selected as the replacement for the vice president should have been an employee with over 35 or 40 years of service in all departments of the C.N.R. I said it before and I say it now, I am convinced that that was the kind of appointment that should have been made and that the minister should have exerted the necessary pressure, or simply express the wish to the C.N.R. authorities, to the president if necessary, that a French Canadian be appointed.

I do not want to dwell too long on the issue, Mr. Chairman, because I have a few other matters that I want to raise.

First of all, I should like to draw the minister's attention to the fact that some time ago, I referred in this house to the Champlain bridge approaches, and that on May 20 last, I asked that the agreement signed the day before between the national harbours board and the city of Montreal be tabled. The only return that was tabled is a letter of September 1959 regarding three items, and two other letters under date of February 6 and 8, 1961, containing proposals to the city of Montreal, but no evaluation or information.

The reason why I asked for the tabling of this agreement between the city of Montreal and the national harbours board, is because it concerns the very important matter of the Champlain bridge exits on the north shore. It has been reported in the press that the national harbours board intended to spend $5 million for those approaches. In the explanatory letter of February 6—the agreement was signed only on May 19—mention was made that a few streets should be one-way streets, but nothing was said about the exact location of those exits and entrances on the north side of the Champlain bridge.

I often raise that point. I have been bringing this question to the minister's attention for three or four years now; the matter is most urgent and causes great concern to all the residents of that neighbourhood.

I notice that my remarks cause the minister to smile but I can assure him that if he is still sitting at the same place, one year from now—

Mr. Ricard: That is a sure thing.

Mr. Loiselle: —and if the situation has not improved on the approaches to the Champlain bridge, I will again call the minister's attention to this matter and I will even invite him to visit the place, since it is situated in my constituency.

I repeat it, the situation will become unbearable.

Actually, a tunnel was built to replace the Atwater street bridge but it is much too narrow to handle all the traffic, especially at peak hours. It is now proposed to channel through that tunnel the six lanes of traffic on the Champlain bridge. That will lead to a disaster. The tunnel will certainly not handle the extra traffic.

I know that any suggestion coming from the opposition is always looked upon with a certain suspicion. We are always asked to make suggestions but very few of those we make are carried out.

Well, I ask that something be done in that regard and I hope appropriate action will be taken because the constituencies of St. Ann, St. Henry and Verdun, the latter being represented by a member on the government side, will be flooded with traffic and the situation will be disastrous.

I have suggested that elevated roadways be built. Whether elevated or level roadways are built, it does not matter at all, as long as the problem of the Champlain bridge traffic is settled. I would be satisfied if the traffic on the bridge were routed through Atwater street, past St. James street.

At the present time, all traffic seems to go through the Atwater tunnel, as I mentioned earlier. I wonder whether something will come out of it through repetition. I hope so, because I am not asking this for myself. As for me, if the road I intend to use is blocked, I will take another one. But I am making these representations on behalf of those who

must use this bridge that will serve housing developments now being built on the south shore of the St. Lawrence.

What will happen in these circumstances? The traffic on the Montreal side will be paralysed.

I hope that we shall at least get some explanation regarding the reported amount of $5 million being appropriated by the national harbours board for the improvement of the Champlain bridge approaches on the north side.

Mr. Chairman, I wish to refer to another problem and to draw the minister's attention to an event which is occurring almost every year, and more particularly, it seems to me, these last few years, in the vicinity of Lachine canal.

Again last week, the canal took the life of a 10 year old child. As a matter of fact the drowning of one or two children in the canal happens every year. I warn the minister that I am starting a campaign to have an inquiry made into the matter so that means of protection may be provided at the most dangerous points. Whether it be a railing, a parapet or a fence, the important thing is to do something to keep off children. The body of the 10 year old child who drowned last week was recovered 8 days later.

I heard about that unfortunate accident only during the week end, and on Monday I approached the St. Lawrence seaway authority in order that something might be done to find the body.

While I was led to expect that the child might have escaped drowning, the lifeless body was discovered floating on the Lachine canal Monday evening. For eight days the parents had been in agony. The father was even reported as saying: I wish I could be sure that our child is dead because I could then bury him and I would know where he is.

Just imagine, Mr. Chairman, the concern of parents looking for a 10 year old child for eight days. And yet, such occurrences happen every year. Only last week the body of an older man was fished out of the Lachine canal.

It is essential that the matter be considered and that access to the most dangerous spots be made impossible. I am thinking in particular of Bassin street, close to Des Seigneurs street, where the canal is only two feet away from the road, since there is no sidewalk. Such places should be provided with fences or barricades, so that no other child will drown in Lachine canal.

Mr. Chairman, the matter I should like to raise now has been the subject of a few news stories, although I have not been informed officially. If my memory serves me right, it would seem that the authorities of the city of Montreal got in touch with the Department of Transport in order to acquire from the Canadian National a property which is commonly called Turcot yard.

I would ask the minister—I do not know whether he is discussing the Soulanges canal, and if so, I would not like to disturb him —to kindly give me an answer and tell me whether the authorities of the city of Montreal got in touch with his department with a view to acquiring Turcot yard, which is owned by the Canadian National.

The present municipal administration apparently intends to clear the slums and build low cost or low rental housing. The Turcot yard would be an ideal location for a large residential area.

Mr. Chairman, for the information of the hon. member for Vaudreuil-Soulanges (Mr. Bourbonnais), who is apparently trying to say something that I cannot hear, work will be started within a year or a year and a half, in my constituency, on a low cost housing project, and I am very pleased. Moreover, I hope the situation will improve throughout Montreal following the speech made last week in Halifax by the Minister of Public Works (Mr. Walker) at the convention of mayors and municipal administrators, in which he urged them to make greater use of the facilities offered by the National Housing Act. particularly with regard to low cost housing. Unless the present municipal administration changes its mind, it will probably follow his advice, and I hope that when the minister's department receives an application from the Montreal authorities—perhaps it has already received one—with respect to the acquisition of the Turcot yard, the minister will consider it and the situation will be improved.

Mr. Chairman, I have only one more short remark to make before resuming my seat.

At the present time, there are three bridges over the St. Lawrence, or rather the third one is just being completed. It has been suggested in the past, and therefore I wish to associate myself with the representations made by the hon. members for Maisonneuve-Rosemont and Hochelaga (Messrs. Deschatelets and Eudes), that a bridge be built in eastern Montreal.

Mr. Chairman, I wonder if, instead of building a bridge, the department might make a survey to determine whether it would be preferable to build a tunnel under the river. Perhaps a bridge would be more economical, but it would raise far more problems than a tunnel.

We are often asked by ministers to make suggestions. I leave this one with the minister, and I can only hope that among the

many suggestions made to him, he will recognize that some are of great value and will give them due consideration.

Mr. Pigeon: Mr. Chairman, I want to say just a few words with regard to the president of the Canadian National Railways Mr. Donald Gordon, who is still head of that company. I ask the government not to renew Mr. Donald Gordon's term of office, because all C.N.R. employees hate him and hope that his mandate will not be renewed. There is at this time an iron curtain between Mr. Gordon and employees of the C.N.R.

Many residents of the county I have the honour of representing in this house are C.N.R. employees. Those people have asked me to speak out for them. In addition, I have received letters from various parts of the country, asking me to urge that Mr. Gordon's term of office, be not renewed. Mr. Gordon is an autocrat. To my mind, he is enemy No. 1 of national unity. We know the pressures that have been exerted on Mr. Gordon, on various occasions, for the sole purpose of requesting fair treatment for French speaking Canadians. As a matter of fact, Mr. Gordon has just done something which not only is counter to national unity but is an insult to the French speaking population when this week he appointed as vice president a certain gentleman who is not French speaking while out of seventeen C.N.R. vice presidents not one is French Canadian.

This is a crown company, and I know that the minister is responsible only for the estimates of that railway company, and that the government may not directly interfere with that company's business. Therefore, I very much wish that the man who replaces Mr. Gordon will show more understanding than has the present incumbent and that he will try to give fair treatment to all Canadians, whatever their racial origin.

May I also say—and this is about the C.N.R.—there have been may items in the press on the subject of bilingualism at the various railway stations serving a large sector of the French-speaking population. Mr. Gordon has never paid any attention to the representations made in the interest of national unity and in the interest of C.N.R. employees. I sincerely hope that Mr. Gordon's term will not be renewed and that he too will be discarded as were the steam engines he replaced with diesels.

I have something to say also about T.C.A. There have been press items too about this crown corporation for whose expenditures the minister is accountable, and more specifically about air hostesses. Out of 690 air hostesses in the employ of T.C.A., 90 are bilingual and 75 can speak three languages; the others speak but one language, at best speak a few words of French. Of the latter, 25 per cent are in the Montreal-based group and 33 per cent are stationed in Toronto. Among those who speak three languages, most of them being of European origin, there are a few French-Canadian girls. Since we are known abroad as a bilingual nation, it would only be consistent, I think, if T.C.A. officials did all they could to increase their staff of bilingual hostesses, so that passengers from abroad, as well as Canadians, may be understood. Besides tourists from abroad would have a good opinion about our country which is a bi-cultural and bi-ethnical country.

In conclusion, Mr. Chairman, I wish the Minister of Transport would tell us why there has been delay in awarding a beer and wine licence to the owner of the restaurant at the Montreal international airport. That delay has been detrimental to the good name of Canada since all international airports have bars and restaurants which are allowed to sell alcoholic beverages.

May I point out also that the operators of that restaurant obtained the concession following a call for tenders, even though theirs was the highest tender.

I was also given to understand that they had been subjected to pressures and blackmail, and even that they had been compelled, by the son of the chairman of the liquor commission, to buy some $400,000 worth of furniture that he himself offers for sale, something which, in my opinion, is absolutely undemocratic. It is a case of nepotism.

Therefore I would appreciate a few words from the minister about this matter, and I wish he would tell us too whether he is aware of the fact that the award of the beer and wine license to the operators of the restaurant at the international airport of Montreal was delayed for several months. I was astounded to learn about this situation. This sort of thing gives a bad name to the province of Quebec and to Canada as a whole.

I therefore ask the minister to tell us about that case and inform us whether the facts were as reported.

(Text):

Mr. Small: It was not my intention to speak on this question this afternoon, but I should like to make some reference to the remarks that have been made. I have already congratulated you, Mr. Chairman, upon your appointment to this office so it is not necessary to reiterate.

On frequent occasions I have made some comments—some people have called them lamentations, wailings or harangues—by way of criticism of the administration of the Cana-

dian National Railways. I do not intend to go over the ground I have already covered, but some observations have been made, probably justifiably, by the hon. member for Laurier, in respect of the president of the Canadian National Railways. The hon. member said the president's term of office is up and he has been kept waiting for some time, particularly in view of the passage of the bill to increase the number of directors, for his re-appointment as director and president.

The hon. member for Laurier then went on to mention the service of the president. Having worked with him and been associated with him for some years, I can also understand why the present Minister of Transport as well as the previous minister of transport spoke very highly of him and his administrative ability. I have never questioned his administrative ability at any time. I know that when you are working with a person you become very good friends and you probably overlook some things that would not be countenanced under ordinary business conditions.

On a number of occasions in the past I have referred to certain conditions at terminal stations which I did not believe were right. I started off with an air of levity and humour, trying to make my criticisms amusing. I am not one of those given to making complaints. I can generally see the humour in these grotesque situations. I can get a lot of humour and fun out of them. However, I found these criticisms were treated as humour and no attention was paid to them. When the C.N.R. president appeared before the committee, I would not say he was insolent but I would say he was arrogant and adopted a haughty manner, and he said, in effect, "If you did not like my efficiency and services, then you could dispense with them." Then, when somebody suggested taking him at his word, it was alleged we were persecuting him or unduly criticizing him. It is our prerogative to criticize or commend.

The main job of a person who is in the transport business is to give the kind of service the public expects. Although some improvements were made but they were not sufficient in extent to warrant people using the services the railways supply. It was intimated that the president of the Canadian National has been offered a position with the Chase National Bank in New York at $125,000. If he were wise, he would take it. He would get an increase in salary and the railway situation would soon be cleared up; the morale of the employees would be restored and the travelling public would be happy.

I have had a considerable amount of correspondence from railway employees. They call me on the telephone as well. I feel that their complaints have merit and we cannot afford to ignore them. I do not believe the president of the railroad has the goodwill of the people of Canada. I do not know whether or not this is the result of continual criticism, but nevertheless reference has been made to the fact that morale within the service is very low and is not likely to be improved so long as the president remains. The hon. member for Laurier says the government should do something. I can assure him that if I had anything to do with the matter something would have been done long ago. Why the government have not taken action, I do not know because they must be aware of the criticism that most of the members of this house have received.

One of the complaints to which I referred three or four years ago related to the commuter service. The commuter service is deplorable. There is profit in commuter service but the railways have allowed it to deteriorate. They have not catered to it or tried to retain it. The railways tell you now that if you want this service you will have to pay a fabulous sum of money to have it restored. If you offer constructive suggestions, the officials tell you the commuter service is not very profitable; it cannot be maintained because it is only wanted in the morning and the evening. Well, this situation applies to every transit company. The Toronto transportation commission has to meet this condition. Every city that provides a transportation service is faced with the same problem, a high volume of traffic in the morning and at night. Departmental stores have to contend with a similar problem. People who are in the broad service field are faced with this problem and make an effort to meet the requirements of their patrons.

I believe it would be more advantageous to go after this traffic than to lay off men according to seniority as the railways have been doing. The men who are being laid off now could be employed on a part time basis, morning and evening—the hotels, restaurants and theatres do so—and they would probably get four hours or six hours of work. They would be glad to get it and, at the same time, the public would be provided with satisfactory service.

I have mentioned the trucking business before. The railways have had opportunities in the past to go into the trucking business, and it would not have been difficult for them to do so at that time. Now, the railways are going after those who have a vested interest in a trucking business. The hon. member for Vancouver-Kingsway said a while ago that there was going to be jurisdictional trouble with the unions. These are things that make many of us wonder whether they are giving the best service. The remarks made by the

hon. member for Laurier quoting newspaper comment about the delay in the decision to retain the services of the president have also caused many of us to wonder whether this would perhaps not be an opportune time to dispense with them. If he is in any suspense or in doubt what to do, probably this would be the time for us to terminate his service. If the remarks had not been made about it I would probably have let the matter go. Personally I think the government would be well advised to dispense with his services. It is not going to cause any hardship to him because the salary he has drawn over the last ten or eleven years would set any man up in comfort for the rest of his life. The pension he will get will not be niggardly either. There therefore need be no qualms about doing anything that is unkind or is going to financially harm him because he will retire from his position with more income than many people living in Canada today will get when they retire. The only damage that will be done will perhaps be to his ego.

Mr. Thompson: Like others who have preceded me, Mr. Chairman, I should like to congratulate you on having assumed the office of deputy chairman of committees, although I also regret the circumstances which necessitated your appointment, namely the serious illness of the hon. member for Spadina. I hope that your period in office will be a very satisfying one to you.

I should now like to say a few words about the Trent canal and the Murray canal, both of which run through my riding and their significance to the people in my constituency, particularly those who live adjacent to those canals. I should like to speak first about the flow of water through the Trent canal. This year representations were made by the Haliburton chamber of commerce to maintain bodies of water in reservoirs at the high point of land in the Trent canal for the purposes of cottagers. As I understand it, the priorities which are given to the flow of water in the Trent canal are as follows. First priority is given to navigation or to boats. Second priority is given to power; I refer to hydroelectric power. Third priority is given to fishing or other activities of that nature. I would assume that fourth priority would therefore be given to cottagers. In view of the fact that the Trent canal is there to be used mainly as a means of transportation for boats, I feel that transportation and boating should be given a high priority and certainly hydroelectric power should be given very high priority. It means a great deal to people in communities like Campbellford, for instance, who rely for their hydroelectric power supply entirely on the water flow in the Trent canal. I understand the department has decided that the normal flow of water will not be disturbed this year for the benefit of those who own cottages. In making this decision I think the department arrived at the right one.

I should make a few remarks in connection with the operation of the canal. Referring to the item which is covered in the estimates, I note that it calls for "administration, operation and maintenance". I do not believe it is quite clear what the policy is with regard to some of these non-commercial canals. The Trent canal was originally built as a commercial canal. It never performed that function and it has been reduced now to a canal which is used largely for pleasure craft. The only indication I could get as to the policy of the department toward this non-commercial type of canal is in the heading used in the estimates, namely "administration, operation and maintenance". In other words, the canals are going to be kept up but that is all. I should like to see the word "improvement" added to this heading. I should like to see not only maintenance but also the idea of improvement brought into the policy in respect of these canals.

In that connection I have a few small suggestions to make. They are things which I do not think are expensive but which I think could be a great improvement. As far as the tourist industry is concerned canals today constitute quite a tourist attraction. If they are going to be maintained, and if they are of some benefit as a tourist attraction, surely it would be worth while to spend a few extra dollars in order to make them really attractive to people who want to use them.

When I came down to the department a couple of years ago with a delegation from Campbellford with some suggestions as to improvements on the canal, we were told that the best justification for the expenditure of money on the Trent canal was the number of United States boats which used the canal; in other words, the more money that can be brought in from the United States or the more dollars that can be brought in, the better, and that is the best form of justification for the canal.

I think it is general knowledge that last year there was an unprecedented number of lockages through both canals. Both are being used more and more every year. In order to determine just what use is made of the canal by Canadian boats and by United States boats I took it upon myself last August to circularize the various yacht clubs and power squadrons around lake Ontario and also the Buffalo yacht club in lake Erie, in

order to see how much they knew about the canal and how much use was being made of it. I sent out a small questionnaire. It was not a very detailed one. The questions were as to what literature the various yacht clubs had on the canal, how many of their members had used it and what percentage of the members had used it; and I requested any suggestions as to the improvements that might be made for the use of pleasure craft. I sent out 22 of these questionnaires to various yacht clubs and power squadrons around lake Ontario. I am pleased to say that I had a great deal of co-operation. I had responses from most of them. In many cases they have gone to a great deal of trouble to get the information for which I had asked.

I should like to refer to two or three of the replies I received. I think that is the best way of getting these suggestions across. I have here a letter which was received from the secretary of the Buffalo yacht club which, of course, is not in lake Ontario. In any event the secretary of the Buffalo yacht club stated in part as follows:

I have talked to 64 members, who have sailed on the Trent waterways. Obtaining ice and finding navigational markers were the only areas of improvement mentioned.

Sixty four members constitute about 24 per cent of the memberships of the Buffalo yacht club. I might say that in every case the club indicated that it did not have any literature on the Trent canal system. Why no literature was available I do not know. It seems to me that the department must have some literature available. It might be a good suggestion that some of this literature should be sent out rather than just wait until it is requested by the various yacht clubs. It might be a good idea to send it out and let them have it so that they will know something about the canal and possibly make use of the canal. The secretary of the Buffalo yacht club in his letter stated:

We would be pleased to receive and post any literature on the Trent canal system.

I have another reply from the secretary of Canadian power squadrons, Toronto. He points out:

I have just completed 11 return trips through the Trent waterway system and I am entirely enthusiastic about the service and facilities of the system in so far as it concerns my own particular type of boat, which is a cabin cruiser approximately 40 feet long and of heavy construction. Dozens of our members use the canal and continue to use it year after year, and generally reports from the skippers of boats are most favourable, particularly those who have been through the system a few times.

He goes on to say:

One suggestion that could be implemented during the lay-up season, and that is to increase the number of chains in most locks because of the large number of small boats now using the locks that find it very difficult to hang on when the chains are so far apart.

I consider that the Trent canal system is one of Canada's greatest boating attractions. All 240.5 miles of waterway is most beautiful and anything that can be done to help the boats that use its facilities would be most appreciated.

I have another fairly complete reply from the commodore of the Brockville yacht club. Again, this yacht club has no literature on the Trent canal; there is nothing available. Unless they ask for it, they do not get it. The commodore makes the following suggestions:

If facilities were available to provide water, power and ice at the docking locations adjacent to the locks, it would be a great assistance to boat owners. I would also recommend that additional dockage facilities be provided away from the locks on the various connecting lakes and rivers of the type that are maintained in the federal parks among the Thousand islands. This would permit boats to tie up and stay for 48 hours at a stretch.

I would also suggest that better facilities might be provided for tying up when it is necessary to wait for swing bridges.

Then he says in brackets:

This may not be a problem in the summer when the water level is not so high, but early in the year, when the current is swift, I found it a problem once or twice waiting for the bridge to open.

He goes on to say:

The most important recommendation I have to make is that the navigational buoys be numbered consecutively, as they are on most shipping channels. I discussed this briefly with the superintendent at Lakefield on my way down and he pointed out that one of their problems was the very large number of buoys that are used in this system. It may not be necessary to number all the buoys, but where there are several connecting channels, i.e., as through Stoney lake, it would be a considerable advantage to have the buoys marking the main route through the Trent numbered consecutively so that one is not led astray by channels marking routes to various summer resorts, etc.

There is also a fairly complete reply from the commodore of the bay of Quinte yacht club of Belleville. His suggestions are as follows:

Picnic and camping sites similar to those on the government islands in the St. Lawrence adjacent to Gananoque, chiefly for outboard boats.

Hydro plug-in on the docking areas above the locks. Most boats now require hydro to keep their television, refrigerators and electrical appliances in operation.

Those are just some of the replies which I received to this very brief questionnaire. It seems to me that if these canals are going to be kept in operation, and if it is considered that they are a tourist attraction of any kind at all—and I believe they are a tourist attraction—it would be worth while spending a few more dollars to make them more attractive to those people who want to use them.

As far as some of these services, such as hydro, water, and so on are concerned, I do not think we want to step on the toes of any of those people who might be operating marinas or duplicate services. I do not think we should interfere with them, but there are many places on the canal where there is no marina where these services are not available. I think the department could well make these services available in those places.

As I say, if it is worth while spending some money to keep these canals in operation, it would be worth while spending a few more dollars to provide facilities for the people who use them in the hope that more and more people will use the canals and it will help to develop a tourist industry in the area.

(Translation):

Mr. Racine: Mr. Chairman, I wish to take this opportunity to inform the minister of the situation which obtains in the area comprising the Beauce, Dorchester, Megantic, Compton and Frontenac counties.

As the minister is probably aware, this area is served by the Quebec Central Railway. I would not want my words to be construed as a charge against the minister, since my sole purpose is to bring the situation to the minister's attention and at the same time to the attention of the board of transport commissioners since they have jurisdiction over the railways.

There is no need for elaborate proof of the great importance of the area served by the Quebec Central Railway. It is therefore all the more surprising to see the board of transport commissioners tolerate the very poor service given there. The passenger service is a pity. There are not enough trains. There is also something detrimental to industry. It is common knowledge today that Quebec Central Railway is the property of the C.P.R. All freight carried over this line, for later transfer to the C.P.R. line, is subject to extra rates because of the transshipment from the Quebec Central to the C.P.R., so that shipping costs from this area are practically prohibitive, economically speaking, for customers of our industrial plants. Moreover, when placing their orders with manufacturers in our area, those customers now require that loadings be made at Quebec, Sherbrooke, or Lake Megantic, that is at points along the C.P.R.

Besides, as years go by, we have the impression that the Quebec Central is bent on closing all its stations along the line. Last year, for example, the station agent at St. Ephrem was replaced by a watchman, and the same thing will probably happen this year at the town of St. Victor.

The company complains and is always putting forward, before the transport board, the plea that it does not make the necessary turnover to maintain the service it was giving a few years ago. I rather think it is up to the company to give an adequate service if it wants to attract customers.

I intended to inform the minister of this particular situation. I am sure that the fact of having brought this point to the attention of the committee will help, or, at least, will result in the transport board being somewhat more careful when it has to reach decisions concerning the Quebec Central railway company.

I have every reason to believe that the minister, if he takes steps to improve the situation, will provide great economic assistance to a whole area stretching from Sherbrooke to Quebec, and from Quebec to lake Frontière, in Dorchester county.

(Text):

Mr. Webb: Mr. Chairman, may I also take this opportunity to congratulate the deputy chairman who was appointed today and offer the hope of a speedy recovery to the hon. member for Spadina whose illness necessitated the appointment being made.

I should like to associate myself with the remarks of the hon. member for Danforth. I, too, think that the criticism of Mr. Gordon is justifiable because of his overloading and arrogant attitude even at the House of Commons committee meetings. After speaking to many railway workers it became evident to me that he is almost inhuman and has the attitude of a dictator, thereby eliminating any aspect of human relationship with employees. May I suggest that Mr. Gordon be replaced by a president with foresight and the cause of humanity at heart.

Mr. Pickersgill: The Minister of Finance, for example.

The Chairman: Shall vote 402 carry?

Mr. Chevrier: No, Mr. Chairman. The minister has undertaken, before proceeding with this vote, to deal with the many problems that have been raised and I am sure he wishes now to deal with them.

Mr. Balcer: Mr. Chairman, I should like to thank the hon. member for Laurier for his invitation.

I thought I should have the opportunity and pleasure of congratulating the new deputy chairman of the committee, but in view of his absence, I should like to offer him my co-operation through you, Mr. Chairman, and also congratulate him on his appointment. I should like at the same time to express my deep and sincere regret in regard to the ill-

ness of the hon. member for Spadina, and say that we are looking forward to seeing him back in this house as soon as possible.

Mr. Chairman, since the earlier discussion of item 1 of my estimates some weeks ago, a number of the questions raised in discussion have been answered either in part or completely by myself during orders of the day or during the debate in respect of various legislation which has been brought forward. I do not intend, therefore, to deal with those items which were raised during the earlier debate and which have been subsequently answered in this fashion, but will concern myself with the points which have not been dealt with. One of these has to do with the matter of aviation policy, raised by the hon. member for Laurier.

The general basis of policy regarding authorization of routes was outlined in the house by my predecessor. Any changes decided upon would be the subject of governmental announcement at the appropriate time. Perhaps I can best summarize the situation by quoting from a speech which I made to the air industries and transport association in Quebec on November 2, 1960, at which time I said:

> Previously there had been an apparent objection in principle to the idea of competition itself. This position was modified and the government accepted the idea that there was no inherent objection to competition and, indeed, concrete advantages to be gained from competition, providing there was sufficient traffic to sustain it without harm to air services available to the travelling public. Therefore, with regard to scheduled and regular route services, the policy may be described as one in which the air transport board has the discretion to authorize competition where economic conditions warrant, but only where economic conditions warrant.

As I said earlier, this is the policy outlined by my predecessor, and the policy I expressed in the city of Quebec in November. That is the basis upon which the air transport board has been dealing with the various applications from various carriers in Canada.

An inquiry was made regarding current Canadian Pacific Air Lines applications and, if the hon. member will refer to page 4594 of *Hansard* of May 10, 1961, he will see that I dealt with this subject in the answers I gave at that time.

Reference was also made to the investigation of regional services and carriers being undertaken by the air transport board. I am fully aware of the problems facing regional air carriers, and the air transport board has been proceeding with its general review of this situation. My predecessor indicated earlier that the air transport board would make a complete report of the situation in respect of regional air carriers throughout Canada, beginning at the eastern seaboard.

[Mr. Balcer.]

The air transport board has been proceeding with this general review; the review is not taking the form of a single over-all report but involves a series of continuing investigations on a regional basis, the results of which, from time to time, may be implemented by air transport board decisions. It has completed its eastern hearings and I believe most of its central hearings, and will be proceeding with the western hearings very soon, I think some time this month. I am hopeful that during the coming months the situation in this regard will improve.

I was very pleased to see that the announcement I made a few days ago in regard to regional carriers was extremely well received by the press and by the industry itself. This board has considered the applications received from various carriers, and has made a review of the situation from the eastern seaboard to the city of Windsor, Ontario, to date.

In regard to the licensing of non-scheduled charter services, it has been suggested that the policy which has provided for a more liberal granting of licenses for the operations of groups C and B chartered air services—that is those providing service by light to light medium size aircraft—was working to the detriment of the industry. I think those were the words used by the member for Laurier. In fact, however—I think this gives a good picture of the situation, or at least presents a very strong argument in favour of that policy which we have been following—the revenues of non-scheduled carriers in this class in 1960 were about $40 million compared with $29 million in 1959, and were up in all main categories.

Indications which were given by my predecessor to this house last year in regard to group C operators—that is the charter operators using very light aircraft—were that liberal granting of licences was resulting in the provision of a greater over-all service in Canada. What is not generally recognized is that the policy does provide for recognition of the fact that there may be occasions in remote northerly areas where exceptions to that policy may be justified. In such cases the air transport board has the discretion to make exceptions to the policy if necessary.

With regard to group B, charter operators—that is the operators of medium aircraft of, for example, the Beaver and Otter types—we have received representations to the effect that this policy needs some adjustment. Here again, initial results have indicated that the policy has produced more service. Over-all charter revenues in 1960 have increased. However, it may be necessary to recognize some variations in conditions as between northern unsettled areas and settled areas of the country. My departmental officials have

informed representatives of the air industries and transport association that if they wish to make a careful and detailed study of this subject with a view to submitting representations and recommendations, I would be very glad to consider these to see whether an adjustment in this policy is needed. What is important to emphasize, however, is that any policy should recognize the desirability of avoiding extensive or excessive governmental regulations in this field.

We must not put the industry in a straitjacket but at the same time we must offer to the Canadian public as much service as possible while making sure that this expansion in the number of carriers is not too sudden or rapid so as to wreck the whole industry. These are my answers to the various questions that have been asked on the aviation policy.

I should now like to go into the field of shipping policy. I was asked about the procedure we intend to follow in restricting our coasting trade in the great lakes area to ships of Canadian registry.

The commonwealth merchant shipping agreement provides for modification by agreement among the member states. It also provides for withdrawal on 12 months' notice. The length of time before change can be made depends upon the length of time required to reach agreement with member states on modification; or alternatively, if this is not possible, on the expiry of a 12 months' notice period. Since consultation through diplomatic channels always takes a little time, I cannot state with any certainty that this matter will have been cleared up to the point where the amendment to the Canada Shipping Act on this point could be introduced before the end of the present session, any more than I can state how long the present session is going to last. The amendment will be introduced at the first opportunity, as soon as our procedure has been determined after consultation with other member states. This we hope will be completed within three months. As I explained earlier, we are following article 25. I explained earlier in the house the difference betwen article 24 and article 25.

Mr. Chevrier: Articles 24 and 25 of the agreement?

Mr. Balcer: Yes. I was also asked questions regarding the position of Canadian operators who may have transferred great lakes vessels to other commonwealth registry. Once the modification has been made, such vessels will not be able to operate in the coasting trade in the great lakes unless they are again placed on Canadian registry. The operator will have to make application for return to Canadian registry in accordance with the terms of the Canada Shipping Act. Any such application, when received, will be dealt with upon its merits at the time.

I was also asked about the matter of Canadian content.

Mr. Pickersgill: Will the minister permit me to ask one question on this subject which is of a good deal of concern to the people in the eastern provinces? Can the minister assure the committee that the reservation of the coastal trade to Canadian ships will not apply to ships plying from a point east of the great lakes-St. Lawrence region into the great lakes-St. Lawrence region; for example, a British ship from St. John's, Newfoundland to Montreal would have exactly the same rights as Canadian shipping under the new coastal policy?

Mr. Balcer: I thought I indicated that earlier. I am glad to have the opportunity to repeat that a commonwealth ship operating from St. John's, Newfoundland to Montreal will be able to carry on in that trade. The new policy applies only to coastal trade between two Canadian ports inside the inland waters of Canada.

Mr. Chevrier: It does not affect international trade?

Mr. Balcer: No, the coastal trade.

I was also asked about the matter of Canadian content. While this will be determined when the governor in council has approved the regulations, it is intended that the subsidy will apply to the total cost of the vessel but that some limitation will be placed upon the percentage of non-Canadian content to ensure that the great proportion of the vessel is of Canadian content. The exact percentage is still under technical study.

A question was asked regarding the relationship of the subsidy scheme to the Canadian Vessels Construction Assistance Act. The provisions of this act relating to accelerated depreciation will continue to apply where operators wish to take advantage of them. Whether an operator will be allowed to take full benefit from the construction subsidy and also, simultaneously, all benefits available under the Canadian Vessels Construction Assistance Act is a matter that is at present receiving study by financial experts, and, will also be dealt with when the regulations are issued.

Mr. Chevrier: May I interrupt the minister and ask a question. The minister says that this matter is under study, but the Canadian Vessels Construction Assistance Act exists and therefore over and above the 40 per cent subsidy which the minister announced some

weeks ago the builder of the vessel will also be entitled to the 33⅓ per cent depreciation over a period of three years.

Mr. Balcer: This is quite right, unless some restriction is included in the regulations and this is what we are discussing with the Department of Finance at the present time. We have no intention of amending the Canadian Vessels Construction Assistance Act.

Mr. Chevrier: Perhaps I can ask this question.

Mr. Balcer: As far as the dual application of the subsidies and the Canadian Vessels Construction Assistance Act is concerned, this will be covered by the regulations, and they will say, in such and such a case the subsidy will apply and in another case it will not.

Attention was also given to the procedure which we propose to follow in regard to the authorization of funds for the subsidies. The suggestion was advanced that I was acting improperly in relation to parliament in proposing to include only a $1 item in the supplementary estimates at this time, and that I was attempting to conceal the details of our policy. Nothing is farther from the truth, Mr. Chairman.

The purpose of including a $1 item in the estimates at this time was to allow parliament full opportunity to discuss the subject and to ask questions. After the policy has been in operation for a few months, it will be easier to assess the amount required in the first period of operation. It is more in accord with approval by parliament in the matter of subsidies if requests for funds in estimates are submitted to this house as actual contract details are worked out with applicants rather than sought in advance. This is the policy that, generally speaking, has been followed for many years with regard to coastal shipping subsidies, including the period of office of my hon. friends in opposition.

However, in view of the points that have been raised in the committee, I have discussed the matter further with my colleague the Minister of Finance and it has been decided to include in supplementary estimates for the present year a substantially larger amount to cover this program rather than wait for inclusion of an item in the final supplementaries next winter. I expect that the amount will be in the neighbourhood of $10 million to start with.

Mr. Chevrier: The supplementaries are already tabled.

Mr. Balcer: I know. It will be $10 million. The problem is that it is virtually impossible at this stage to estimate how rapidly the program will begin to take effect; that is, how rapidly the machinery can be established and arrangements made for applications to be received and processed; and how rapidly the shipping and the shipbuilding industry will themselves come forward with new projects. This is why the initial estimate to cover the first few months of the scheme is extremely difficult. At the present time a great deal of discussion is going on between the shipbuilders and the shipping companies. They are studying various plans, and so on. I can sympathize with both the shipbuilders and the shipping companies because they are quite anxious to see our regulations in order to start on their new projects.

Mr. Chevrier: So are we.

Mr. Balcer: Every day we get inquiries—

Mr. Chevrier: So do we.

Mr. Balcer: I can assure my hon. friends and the shipping and shipbuilding interests that we are rushing this matter as quickly as possible. The regulations are rather complicated. We are meeting with all kinds of technical difficulties but we are rushing the matter as quickly as possible and should be in a position to have these regulations ready in—

Mr. Pickersgill: By the end of June?

Mr. Balcer: I will have the draft regulations in my hands within the next two weeks and it is then just a matter of having the regulations approved by the governor in council. We are rushing the matter as fast as we can.

Mr. Pickersgill: The minister has $10 million in the supplementary estimates. Could he say how soon he expects to provide the other $490 million that was promised by the member-elect for Esquimalt-Saanich before the by-election?

Mr. Balcer: I have not met the member yet but I am very glad to learn that he has such tremendous confidence in our shipbuilding program. I would certainly be the happiest man in the world if we could build $500 million worth of ships in Canada.

Mr. Pickersgill: But you do not seriously expect it.

Mr. Balcer: The figure seems rather large but I can tell the hon. member that if in the next ten years we simply replace all the ships we have and also provide for a modest increase the amount spent will probably run to $500 million. To come back to the figure of $10 million in the estimates, we had in mind possible figures, of course, with regard to ship construction under the new policy. Various formulae exist for relating expenditures on ship construction to employment and

no formula is completely accurate since this varies greatly according to size and type. The hon. member for Port Arthur advanced his own estimate which was, in fact, not too bad an effort. However, because of the normal time lag in getting a program of this sort under way, I would expect that the fullest effects of this policy would actually be achieved in 1962 and thereafter.

Reference was made to our relationship with the province of Quebec in the disposal of the Soulanges canal. There has been some misunderstanding on the part of the province. I indicated my willingness to dispose of the whole canal to the province if no industrial concerns are interested in the potential industrial area in the vicinity of Cascades, but I felt that I should have a period of approximately one month to explore this possibility. We did not take action until we had heard from the province and there was a delay of some weeks before I received a reply from the appropriate provincial minister. However, this reply having been received, I am now exploring this possibility and have again informed the province that unless an opportunity for sale develops the whole canal property would be offered to the province; and, in any event, the balance of the property, composing by far the greatest portion of the canal area, more than ample for the purpose they have in mind, will be available to the province. I must say that we have already received some correspondence from a couple of industrial firms which have shown interest in the Cascades area, and we are investigating their offers at the present time.

Reference was also made to the development of a deeper waterway along the Chambly-Richelieu route. To clarify any misunderstanding, let me say that this project has not been rejected out of hand by the government. A communication was recently received through diplomatic channels from the United States authorities raising the question of whether a further reference on this matter should be made to the international joint commission, and this communication is now under interdepartmental consideration.

The hon. member for Burin-Burgeo raised a number of questions relating to marine activities in Newfoundland, and I will be very glad to study his requests. With regard to his query whether there is anything current in the matter of the project for establishing a free port area at Mortier bay, I can only state that I am not aware of any current review of this subject going on within my own department. He also asked about pilotage statutes in Newfoundland. The position is that the St. John's pilotage act remains in force until repealed and part VI of the Canada Shipping Act proclaimed in its place. This has been considered but the timing has not been decided upon.

The hon. member for St. John's East asked about the ferry to eastern Newfoundland. Interdepartmental study of the special economic and technical report is almost completed. Report and recommendation to the minister are expected early this summer. The same member also asked about sailors' pay. The rates are set by the Department of Labour and treasury board. We favour a national, not a regional, approach, and recently this has been applied to the benefit of maritime sailors. Newfoundland rates are to be the subject of further study.

The hon. member for Grand Falls-White Bay-Labrador asked about Gander airport. Landings were down last year very substantially but of recent weeks there has been an encouraging upward trend. He also asked about sealing vessels. We help them to get to open water but to take them into the ice is basically a dangerous and inefficient use of icebreakers. There is a great risk of the icebreakers getting stuck or frozen in themselves, and the task is far more slow and difficult than normal icebreaker convoy and harbour work.

The hon. member for Kootenay West asked about Wabush lake. Wabush lake is a 20-mile lake on the border of Labrador. The residue is overburden, that is, rock and soil primarily, and causes no harm to fish. The lake is several hundred miles from civilization in the northern Quebec-Labrador hinterland and does not represent a vacation or recreation area for any substantial population development at least for the present.

Mr. Pickersgill: Surely the minister does not say that the Wabush lake area, where a vast industrial development is now taking place, is miles from civilization. Surely the minister will admit that there is a great civilization developing there.

Mr. Balcer: I quite appreciate what my hon. friend says, but the point raised by the hon. member for Kootenay West was that we should reserve this lake for tourists, pleasure craft, swimming and so on. It is an extremely interesting industrial area and I look forward to visiting it, but I would not say that it is a great vacation spot or summer resort area.

The hon. member for Chambly-Rouville asked about rail service to Montreal international airport. There has been no direct reply from the railroads to the suggestion of a rail service to the Montreal international airport. It is a difficult and costly technical undertaking, we understand, since this really is an urban rapid transit system rather than a normal railway type operation. In cases where

this exists such as in Brussels, there is a special right of way and track solely for this purpose. The matter is still in the hands of the railways.

The hon. member for Laurier asked about the Warsaw convention on limitation of liability on international air services. The theory behind this convention is that below the limitation of liability figure it is made easier in the event of an accident to obtain damages from the air line but above that amount it is made more difficult. Below the limit the air line does not have certain defences available to it in law which otherwise it could apply against claims but, in return, damages higher than the limit need only be paid if gross negligence can be proven. The limit was established in the Warsaw convention over 30 years ago and, of course, which the changing value of currency, is worth far less than it was at that time. At the international conference at The Hague some years ago, the amount was substantially increased but The Hague protocol has not yet come into force.

My hon. friend recognizes that the previous administration did not take action to ratify The Hague protocol but now suggests the present government should do this. I am glad to be able to inform him that I have had actively under consideration for some time legislation to remedy this sin of omission on the part of our predecessors and I hope that at an early future session it will be possible to bring this forward for the consideration of the house.

The hon. member for Burnaby-Richmond, in commenting on aviation, made mention of space travel and satellites. The department is participating actively in programs relating to the civil use of space satellites. The first civil benefits of a substantial nature from space satellites will be in the fields of meteorology and communications. We are sending senior departmental technical engineers experienced in the field of communications to work with a special U.K. team in this field on a project in co-operation with the United States national aeronautics and space administration for trial development of space communications. In addition, we are actively in touch with the active program for the use of satellites in improved meteorological services and weather forecasting that is being developed in the United States. We have, at present, under active study both within the department and in consultation with the national research council and other interested Canadian agencies, the question of what further direct developments should be undertaken in Canada to ensure adequate participation in this field.

The hon. member for Bonavista-Twillingate raised the question of fishing vessels. The matter of coverage of fishing vessels in the regulations in our shipping policy is under study by the Department of Fisheries. I think we can rely on the Minister of Fisheries to see that the coverage provided will be in the best interests of the fishing industry.

Mr. Pickersgill: I should like to get one point clear from the minister, if I can. Does the minister mean by what he has just said that vessels under 45 feet in length will not be covered under his program, and that if anything is done it will be done by the Minister of Fisheries? Does he mean that these vessels will be covered, but under a different scheme?

Mr. Balcer: I think my hon. friend misunderstood me. What we mean is that this section of the new regulations dealing with fishing vessels is under preparation by the Department of Fisheries. It will be included in the over-all regulations.

Mr. Pickersgill: That does not answer my one question. Is there any hope that vessels of less than 45 feet will be included in the program? That is the point I really want answered.

Mr. Balcer: I do not want to amend what I said earlier, Mr. Chairman. I think I covered that point in my introductory remarks, and my hon. friend will have to be patient and wait for the regulations.

Mr. Pickersgill: I am not seeking to acquire one, I can assure the minister, but there are a good many fishermen who are.

Mr. Balcer: These regulations will come out pretty soon.

The hon. member for Port Arthur asked about the future growth of the air services branch of the department which, as he knows, includes civil aviation, telecommunications and meteorology. Projections of growth in numbers of personnel are subject to a wide margin of error because different assumptions have to be made, and in this particular case much will depend on the future rate of growth of aviation and communications in Canada. I would not be surprised, however, to see a growth of 35 per cent at the very least in numbers of personnel employed in the air services branch over the next five years.

The hon. member referred also to the reduced size of the department's annual report, and suggested that this was inconsistent with the growth of the department itself. In fact, the department puts out two annual reports. One, the shorter version, is entitled "Annual Report" which is intended for wide distribution and the other, a less expensive but much more lengthy volume, is entitled "Annual Record of Operations". This latter volume contains much more detailed information.

Both volumes have been tabled in this house. If there is a type of information which is missing, either from the shorter or lengthier volume, we would welcome suggestions in this regard.

Finally, the hon. member for Peterborough commented on the matter of water levels in the Trent canal. This is a very complicated subject in view of the different interests that have to be accommodated. I can assure him that no major changes in the present system of control would be undertaken without careful study and consultation; and that, at the present time, for this year we are not contemplating any major changes in the system of control previously followed, although representations suggesting changes are receiving study.

Of course, Mr. Chairman, I have not answered all the various questions that have been asked during the four or five days of discussion on the first item. As we go through the estimates and my officials are in front of me, I shall be very pleased to answer the various questions for hon. members. Before taking my seat, I want to thank all hon. members who have taken part in this discussion for their suggestions. I can assure them that all of these suggestions will be considered very seriously and I am hopeful that a number of them will be presented to the treasury board.

Mr. Chevrier: I do not want to delay this item, but I do not believe the minister dealt with one question which I put to him this afternoon. I refer to the president of the Canadian National Railways. I asked the minister whether or not it was the intention of the government, as announced by an hon. gentleman of the other place, to divide the activities relating to the direction of Canadian National Railways into two branches, namely policy and executive.

Mr. Balcer: I am not criticizing any hon. member of the other place, because I believe the gentleman referred to is one of the finest members of the other place. However, my hon. friend knows quite well that the policy of the government is never made public by a member of the other place. I respect his opinion. However, so far as the chairmanship of this corporation is concerned, whenever any change or new policy is announced, it is always announced by a member of the cabinet.

Mr. Chevrier: I did not interrupt the minister while he was dealing with shipping policy. I have some questions on it which I will leave to a subsequent item when we get to it. However, there is one thing that I think he should answer before we get on from item No. 1 and it is this. His announcement in the house with reference to the subsidy is quite clear. Having regard to that announcement, I think it is definite that if a shipbuilder wants to build a ship that would cost, say, $6 million he would be entitled to a federal subsidy of 40 per cent which would reduce the cost to $3,600,000. As the law now stands he is entitled, over and above that subsidy to the special or accelerated depreciation of 33⅓ per cent under the Canadian Vessels Construction Assistance Act over a period of three years which would reduce the cost by another $1,800,000. It therefore follows that a ship that normally costs $6 million could be depreciated and would cost the ship owner $1,800,000 at the end of the three year period. That is what I understand to be the case from the minister's announcement.

Mr. Balcer: I think my hon. friend's example was quite correct. However, there are problems in tax law such as freedom from capture of depreciation. I think $1,600,000 was the amount mentioned.

Mr. Chevrier: The amount was $1,800,000.

Mr. Balcer: This matter of freedom from capture of this depreciation is one which the tax officials have to clear up. That is what they are studying at the present time in relation to the subsidy.

Mr. Chevrier: Does the minister mean that regulations which he will bring down will alter the recapture position as contained under the Canadian Vessels Construction Assistance Act?

Mr. Balcer: We are not going to alter the C.V.C.A.A. What we must decide is that the subsidy will apply in such and such circumstance or the subsidy will not apply in such and such circumstances. There is no need for an amendment to the C.V.C.A.A. at the present time. Following discussions my officials are having at the present time with the tax officials, this is the place where these provisions will be looked after, namely in the regulations, in the description of the subsidy and the various applications of the subsidy.

Mr. Pickersgill: Like my friend the hon. member for Laurier I do not intend to take up any time. However, I have a couple of questions which I do not think I can ask under any item except the first one. The first one is this. The minister told us that a study was going on with regard to a ferry to the east coast of Newfoundland. That study is apparently one of these perpetual things. It is not perpetual motion; it is apparently perpetual lack of motion. The leader of the Conservative party in the province of Newfoundland in the 1959 elections, which are now

nearly two years away, said that proposal was before treasury board at that particular time. I do not think any proposal in my recollection has ever been before treasury board for quite so long a time as that if the hon. gentleman, as all Conservatives do, was telling the truth to the electors at that time. It seems to me that it is about time the minister told us whether the government is or is not going to build a ferry to ply to the east coast of Newfoundland. There are problems as to what kind of ferry it will be and how long it will take to build, I admit. But is the government going to build the ferry or is it not going to build it? Surely the minister, after all this time, can answer that simple question.

Mr. Balcer: I think the proposal was before treasury board but in a different form and at that time it was turned down. However, a new and complete survey of the problem has been carried on. A full inquiry has been made and a report is practically ready now. I can assure my hon. friend that it will be before treasury board early in the summer and also that this ferry will be really established.

Mr. Pickersgill: Does the minister think it will be ready in time for dissolution of this parliament or the next dissolution of the legislature of Newfoundland? That is the only time this question ever seems to be active.

Mr. Balcer: We never set our time limit on points like that. We never think of these things.

Mr. Pickersgill: It is like the $500 million for aid to shipbuilding in Esquimalt.

Mr. Balcer: It was an advertisement.

Mr. Pickersgill: Yes, it was an advertisement from the Progressive Conservative association of which the hon. gentleman at one time was the honoured national head. However, as a matter of fact, as I was listening to my friend the hon. member for Laurier asking the question about the Soulanges canal and the minister replying to it and as I listened to the interesting speeches that were made this afternoon about another canal about which a friend of mine says that every time he crosses it he always takes off his hat to the taxpayers of Canada—and I refer to the Trent canal—I wondered whether the minister had ever given any consideration to giving the Trent canal to Mr. Frost in lieu of the $100 million that he is not getting from the Prime Minister.

The Trent canal, like the Soulanges canal, is no longer a commercial canal. In fact, it apparently never was a commercial canal. It seems to me that this canal would make a wonderful birthday present for Mr. Frost. It goes right through his constituency. If it is a tourist attraction, it could be made into a provincial park and the federal treasury would be spared the expense of its upkeep. Mr. Frost could probably charge admission and get his $100 million in that way.

Mr. Chevrier: I have just one other question in connection with the shipping policy and the amendment to the British commonwealth merchant shipping agreement. From the statement made earlier by the minister it was not too clear that this would take some time. However, from what he said today it is now quite clear to me that it may be many months before it is implemented. The minister has probably seen the doubts thrown on the whole matter by a professor of Queen's University, I believe in Montreal. I refer to Professor H. J. Lawford. However, I do not intend to deal with that matter now. What I intend to deal with now is this. In the Saskatoon *Star-Phoenix* of two or three days ago—I have just read it now and I have not it with me—there is to be found the statement that because of the amendment which will be made to the shipping policy and the extension of the restrictions on coastal trade, a British ship will now be able to move iron ore to an international port such as Cleveland, dump its load, go on to Duluth, take on grain and bring it down to a Canadian port either within the coastal limit referred to by the minister or outside it. I would like to know whether or not that is the case, because that is the affirmation in the Saskatoon *Star-Phoenix*. Is that correct?

Mr. Balcer: Of course, this is an international voyage, and international voyages are not coastal voyages. The commonwealth merchant shipping agreement has nothing to do with international voyages.

Mr. Chevrier: I thank the minister for that answer. That was the understanding I had. However, the Saskatoon *Star-Phoenix* goes on to say that this is going to create a great hardship to Canadian ports such as Fort William and Port Arthur in that the tendency will be to go to Duluth, get the grain and bring it to a Canadian port, since they cannot go to Canadian ports such as Fort William, Port Arthur, the lakehead ports, either within the restricted coastal area or below it.

If that affirmation is correct, it is going to restrict Canadian trade rather than help it; and I take it from the minister's answer that my statement is correct.

Mr. Balcer: Actually the tendency will be, I am quite sure, for Canadian grain to be carried in Canadian vessels. As I said earlier, my hon. friend is talking about an international voyage. I do not think it will have the effect he mentions, because we have been

asked time and time again by Canadian shipping companies to take this action, and from the reaction we received from them I am quite sure they look forward to a substantial increase in the carriage of grain from the lakehead down to the lower St. Lawrence ports such as Montreal, Three Rivers, Quebec, Baie Comeau and Seven Islands.

Mr. Pickersgill: Mr. Chairman, I should like to pursue that point a little further. The minister says he has had a lot of requests from shipping interests. I should like the minister to produce the requests he has had from the farm organizations, because it is perfectly evident from what my hon. friend from Laurier said—and I must say I had not thought of it before he raised the point—that if the object of this restriction which the minister is proposing is to reserve the trade to Canadian vessels, it must be because the British vessels operate more cheaply.

What we may have in the future is a lower rate on grain from Duluth to Baie Comeau than we have from Fort William to Baie Comeau. That is going to be highly detrimental to the farmers of Canada and the ports at the lakehead, as the hon. member said.

I think the minister should reassure the committee immediately about what precaution the government intends to take to see that this does not happen.

Mr. Balcer: Mr. Chairman, my hon. friend is placing this whole matter in very narrow perspective. He is dealing with all kinds of hypothetical effects of these regulations.

Let us not forget that these flags of convenience, for instance, have developed to the point where they have practically lost all national meaning. A great many Canadians are faced with unfair competition from people who have ceased to be truly British commonwealth citizens and corporations which have ceased to be truly British commonwealth corporations.

I just want to cite an example of how this matter has deteriorated. You may have a United States interest, for instance, which has a ship built in Holland, manned by a Greek crew, with Italian officers, and they register the ship in Bermuda and come and sail on the great lakes as a commonwealth ship.

I think there is unfair competition because of these flags of convenience. This situation was really becoming a danger to shipping and shipbuilding interests and I think it is absolutely proper that Canadian inland waters should be reserved for Canadian ships.

Practically all the trading nations in the world do this. When one studies the various restrictions to protect national waters in all countries of the world one sees that the Canadian regulations are very far from being protectionist in the way my hon. friend suggests.

Mr. Pickersgill: I was considering this from the point of view primarily of the wheat farmers. If we are going to have to pay a higher freight on wheat from Fort William to Baie Comeau or Montreal than the rate that is established by international competition from Duluth to Montreal or Baie Comeau, the minister is certainly going to hear about it everywhere from Winnipeg to the Rockies and into the Peace river bloc; he should make no mistake about it. If the minister is looking at this in terms of votes, there are far more voters in all that area than there are in the interests that he is talking about.

I am not saying anything one way or the other about the question of whether or not these waters should be reserved exclusively for Canadian ships. I do know that if we are going to sacrifice our market for wheat in the United Kingdom, or any large part of it, it is going to be too big a price to pay for this policy. However, it is a big question that will have to be debated when the matter comes before us in the proper way and I am not seeking to do it now.

It is not an academic question; it is the most practical question possible. If you ask any western farmer, the one reason for his enthusiasm for what my hon. friend for Laurier did in getting the St. Lawrence seaway built was that it would give us cheaper transportation for our wheat to the markets of the world and put us in a more competitive position. It was not that the cost of transportation would go up so that all that advantage would be lost. If the advantage is going to be lost and a competitive advantage is going to be given to the United States wheat growers, it will certainly be a sad day for us in this country. That is what this editorial in the Saskatoon *Star-Phoenix* seems to suggest, as the hon. member for Laurier so accurately pointed out.

Of course we would rather see Canadian carriers carry the wheat if they will carry it at the same price, and the minister ought to tell us what precautions the government is going to take to see that they keep their prices down to the same level as British carriers or foreign carriers from Duluth to Baie Comeau for carrying wheat. Otherwise we are going to have a storm on the prairies the like of which we have not seen for some time.

Mr. Balcer: Ever since this policy was announced we have received absolutely no indication from any shipping company that

there was any intention of increasing these rates. What our shipping people were trying to get was the volume of shipping that was going to other shipping lines.

We have good ships here and we intend to build more. I think shipping companies, especially with the advantage they have at the present time with the subsidies and the closing of the inland waters, will be in a very good position to give excellent rates to shippers from the west.

Let us not forget that the shipping subsidy and the shipbuilding subsidy of 40 per cent is quite a great help to Canadian shipping on the great lakes and in the inland waters. There is absolutely no reason why Canadian shipping companies, with this kind of advantage, should increase rates for the transport of grain.

Mr. Chevrier: May I just briefly pursue one other matter connected with an answer the minister made earlier respecting Canadian ships operating under United Kingdom flag? The minister will remember that at one time there were close to 100 such ships operating under U.K. flag. However, I believe now there are only some 25. The minister indicated that in order to benefit or take advantage of the new shipping policy of the government those ships would have to re-transfer to the Canadian flag. I should like to ask what advantage there will be to those ships if they are transferred to the Canadian flag? My purpose in raising this question is that while there will be a subsidy of 40 per cent given to a Canadian shipbuilder this will not in any way assist the operation of the vessels. In other words, I am trying to say that the 40 per cent subsidy is only one step toward the equalization of costs among Canadian, U.K. and continental or European operators. Unless some enticement or assistance is given to that type of ship, what incentive now exists in the retransfer of those ships to the Canadian flag? What this all boils down to is, what assistance is being given under this policy to deep-sea operators?

Mr. Balcer: Mr. Chairman, they may not want to come back under the Canadian flag, but if they intend to engage in coastal trade or trade on inland waters they must be under Canadian registry. As an example, I should perhaps refer to the *Cloverdale* of the Canadian Steamship Lines which was transferred to Bermudian registry. If the *Cloverdale* is to carry on with its work on the great lakes it will have to come back under Canadian registry.

As far as other ships at the present time under foreign registry and engaged in world trade are concerned, this new policy may not be advantageous to them. Those ships have already been built, so there is no question of construction subsidy involved. I do not think it would be of advantage perhaps to those ships to come back to Canadian registry. However, there is a definite advantage for lakers and ships of that kind, engaged in coastal and inland waters trade, to come back to Canadian registry if they intend to carry on with that type of trade.

Mr. Chevrier: Well, are there any lakers which have transferred to outside registry? I was under the impression that all lakers, with the exception of the *Cloverdale* and perhaps one other, operated under Canadian registry. I should like to tell the minister that the *Cloverdale,* I am informed, transferred to the Bermudian flag for one purpose only, and that was in connection with income tax. I am sure the minister is aware of that fact. Does the minister know of any lake ships that have transferred out of Canadian registry into other registry other than the *Cloverdale*?

Mr. Balcer: I am informed that there are quite a number of old United States lakers that have been placed under Nassau registry so they can carry on coastal and inland waters trade in Canada, and those ships will not be allowed to carry on with this type of trade if they do not register in Canada. If they do not carry a Canadian registry they will have to get out of coastal and inland waters trade.

Mr. Chevrier: There would be no advantage whatever to any laker that is presently under U.S. registry to change because the cost of operation is even higher there than in Canada.

Mr. Balcer: The ships to which I have referred are old United States vessels purchased by individuals and placed under Bermudian registration, and are plying the great lakes at the present time with a commonwealth flag, engaging in trade from one Canadian port to another. These ships will not be allowed to continue to do that unless they come back to Canadian registry.

Mr. Chevrier: I understand that, and thank the minister for his answer, but it did not deal with the first part of my question. The minister has shifted the subject by his answer. The purpose of my first question was in regard to what incentive there was to Canadian ships operating under the United Kingdom flag, to come back to the Canadian flag as a result of the new shipping policy?

Mr. Balcer: There is none except to those ships which intend to engage in coastal and inland water trade in Canada.

Mr. McPhillips: Mr. Chairman, I should like to say a few words in regard to the payment of salvage subsidies. There is an item in the estimates regarding salvage subsidy which has been paid and is to be paid to the marine foundation of Montreal in respect to a stand-by salvage craft on the Atlantic coast. At one time there was a stand-by salvage craft on the Pacific coast. It was in existence there for some 50 to 60 years. However, the previous Liberal government, with its contemptuous disregard for the Pacific coast of this nation, terminated its operation and now there does not exist such a stand-by craft.

Canada is a maritime nation. I am sure ship operators approaching the Atlantic coast of our nation take a great deal of comfort in the fact that there is a stand-by salvage craft there. Many tons of ocean shipping approach the Pacific coast of Canada and enter the ports of Vancouver and Victoria, which receive approximately 10 million tons of ocean shipping per year, to say nothing of the great ports of New Westminster, Prince Rupert, Nanaimo, Port Alberni, Tahsish and Chemainus. I suggest the minister should rectify this rotten act performed by that Liberal government. The Liberal government, during its entire term in office, treated the Pacific coast of this nation with contemptuous disregard. The only thing one can find that was built by the Liberal government on the Pacific coast is Lapointe pier, which Uncle Ernest built as a monument to himself. I should like to ask the minister to put this matter right, and to provide proper subsidies in regard to a salvage stand-by craft for operation on the Pacific coast of this nation.

Mr. McMillan: Mr. Chairman, I referred to a matter of pensions to 75 employees of the Canadian National Railways whose services are being terminated in the Niagara area because the C.N.R. is selling its franchise and equipment there. Could the minister deal with that subject now, or should I refer to it during the consideration of a particular item?

Mr. Balcer: I do not have the answer to that question at the present time, but I will supply it before we conclude our consideration of these estimates.

Mr. Robichaud: Mr. Chairman, I also asked several questions of the minister. While I have been away attending the meeting of the broadcasting committee, I have been informed that the minister did not reply. I wonder if he could do so now?

Mr. Balcer: I do have an answer in regard to the last question asked by the hon. member for Gloucester, which dealt with airport grants to the municipalities of Gloucester and Restigouche. The municipality must provide the land and agree to operate the field. The field must be technically satisfactory, and the departmental officials must make a traffic study in order to satisfy themselves that the traffic potential for local use exists. Once the officials have been satisfied in regard to these principles, the department makes a recommendation to the treasury board in respect of a federal grant to a maximum of $100,000 on a dollar-for-dollar cost-sharing basis. These projects in respect of both municipalities are now under study.

Mr. Robichaud: I understood the minister had made a statement in Dalhousie, New Brunswick, on May 12, in which he said the land had already been purchased and the airport would be built. This does not seem to be in accord with what he is saying now. He says it is under consideration. According to the reports in the press, he made the statement then that the land had been purchased and that the airport would be built.

Mr. Balcer: It is easy to see that my hon. friend was not there when I made the statement. Of course, I did not expect him to be there at that time. What I said precisely was that the department had various systems of aid for municipally owned airports and that I met with the people in Dalhousie and explained to them that this type of airport required to be approved by the department. I also explained that if the municipality would buy the land we would meet every dollar that would be expended by the municipality on a dollar for dollar grants basis. Preliminary reports indicate that it is a very good location. Of course, they have not bought the land yet. Also, there has not been a complete survey from the Department of Transport relating to traffic possibilities and technical aspects of the location. I assure the people that if the municipality is ready to do its share for an airport we will do our part, and the department will share in the building of that airport dollar for dollar.

Mr. Robichaud: I accept the minister's statement now. According to his statement, I must agree with the minister that he had been misquoted.

Mr. Carter: Will the minister clarify the asssistance program for fishing vessels? Will this assistance be made available for new ships built to increase the fishing fleet, or only for new ships built to replace old fishing vessels?

Mr. Balcer: I understand the interest of my hon. friend in these matters but, as I explained earlier, the regulations are being drafted at the present time. The section that deals with fishing vessels is being prepared by the Department of Fisheries. It will be part of the regulations which will be tabled as soon as they are passed by the governor in council. As I said earlier, I expect to be in a position to have these regulations ready for approval by the governor in council in a period of approximately two weeks.

Mr. Pickersgill: May I follow up the question of my hon. friend from Burin-Burgeo. The minister will recall that his statement was quite categorical on this point. His statement said that the assistance applied to vessels to replace existing fishing vessels. It did not say anything about a fisherman who had no vessel at all and wanted to build one. Is the minister now telling us that under this policy those vessels will also be considered?

Mr. Balcer: Well, I do not want to add anything to the statement I made at that time. I do not remember exactly the wording of the statement, but I do not want to give misinformation to my hon. friend. I refer him to the statement I made on May 12. If any changes are made in the policy expressed in that statement they will be minor changes. I would ask my hon. friend to be patient for a couple of weeks and he will have the answer to his question.

Mr. Pickersgill: As a matter of fact, we have been patient about this policy of the minister since last November. It now appears that the policy is not very much further advanced than it was last November. The minister rushed in here on May 12 and made a statement which was certainly blown up by his friends on Vancouver island into a $500 million program, about which the minister cannot tell us today whether a fisherman who does not own a vessel but would like to have one, can get any aid at all. The minister's statement was clear enough on that. In his statement on May 12 the minister said it was only to replace existing vessels. If anybody wanted to build a new vessel and did not have one already what would he do? The minister says that there are going to be minor changes. Surely it is a major change if you are going to have the same assistance given to people who had not previously owned vessels. I do not know why the government would want to create a privileged class of those who already have draggers or trawlers as against other Canadians who surely have an equal right to consideration in this matter. Surely on a point as fundamental as this the government has made up its mind as one would expect of, to quote the Minister of Finance, any "normal" government.

Mr. Balcer: Mr. Chairman, my only answer to the question of the hon. gentleman is to refer him to what I said on May 12. My statement stands as it was made at that time.

Mr. Pickersgill: One further question. Are South African ships still regarded as commonwealth ships?

Mr. Balcer: This is a matter on which external affairs has not yet informed us.

Mr. Pickersgill: Can the minister say how the department is treating South African ships in lake Ontario and lake Erie at the present time, if indeed there are any South African ships to be treated there? I do not know, South Africa may not be any more a maritime nation than Canada is. If there are any South African ships, how have they been treated since May 31?

Mr. Balcer: We will deal with the problem when it arises. As of today, I am informed by the officials of the department that no South African ships are in the great lakes.

Mr. Pickersgill: None?

Mr. Balcer: Not so far as we know.

Mr. Chevrier: What is the position under the commonwealth merchant shipping agreement? Does there not have to be some negotiation between the two governments because as it is now, I take it, a South African ship is no longer a British ship? There are unquestionably South African ships which move in and out of the seaway. They have moved in the past and they will in the future. What is the position of the Department of Transport with relation to those ships now?

Mr. Balcer: The fact that the Union of South Africa has become a republic has certainly created certain problems, and this is a matter that is being investigated at the present time by the expert on external affairs.

Mr. Chevrier: What about your experts?

Mr. Balcer: Well, my experts do not deal with these matters of international complications, and the various problems created by one country of the commonwealth becoming a republic is I think a little outside the scope of the Department of Transport.

Mr. Morris: Mr. Chairman, before the encompassing first item which covers a multitude of transport matters passes the committee, I should like to make a few observations about transport policy, particularly as that policy has affected in the past and in its ramifications in the future will affect Atlantic coast ports. I do this because earlier in the debate and, indeed, earlier today reference was made in discussion of the first item to the position of the Atlantic ports of Halifax and Saint John. To introduce what it is I wish to say I should like to quote from the earlier debate on item one on the 13th of May as found on page 4773 of *Hansard*. The hon. member for Port Arthur is reported as having said:

> We know that there are now icebreakers and mechanical devices which can keep the port of Montreal open for almost the whole of the year. We also know that this is a delicate political problem because it is going to have its repercussions and its effects upon Halifax and Saint John. Yet I had a figure given to me by a man who is very prominent in shipping.

I would interject here that the hon. member did not give us any further information about this individual prominent in shipping, nor do we have his name. The hon. member went on to say:

> He pointed out to me that the average saving per ton on freight coming through Halifax and Saint John in the winter as against that coming through Montreal is $12 a ton in favour of Montreal. One only has to look at the amount of freight coming through the two maritime ports in order to realize that we are in effect subsidizing the Atlantic ports by not pushing very strongly a policy to open up Montreal to winter shipping.

If I heard the hon. member right, earlier today on the discussion of this first item he advocated, in conjunction with the hon. member for Peterborough, a long look at a new transportation policy for Canada which would be based on cost. I am one of those who are perplexed by the advocates of socialism in the house who are everlastingly asking the government to become involved in a wider range of governmental activity and who suddenly become pure when it comes to a matter which affects promises given to regions of this country. My constituents would feel that I was remiss if I did not mention in the house on this first item a matter which is of great importance at each year's sitting of the House of Commons to the ports of Halifax and Saint John.

I have brought into the chamber this afternoon a copy of the *British Colonist*, a newspaper published in Halifax, Nova Scotia, on Thursday morning September 15, 1864. Hon. members will perhaps permit me one minute's recollection to establish why it seems to me to be important to quote this newspaper on this first item today. Why September 15, 1864? Well, this newspaper the *British Colonist* reports on its first two pages—members will be interested to know that this was a phonographic report—an account of a dinner given in honour of the delegates from Canada, New Brunswick and Prince Edward Island by the delegates of the province of Nova Scotia, a dinner held in the Halifax hotel in connection with the conference on colonial union.

Hon. members will recall that it was the last evening in the month of August, 1864, that the Canadian government steamship, *Queen Victoria*, which some Prince Edward Islanders jocularly called the confederate cruiser, sailed into Charlottetown harbour. There was a group at the harbour that evening but history records that the islanders had not come to the harbour to see John A. Macdonald and the other delegates but to see the first circus in Prince Edward Island in 21 years. Indeed, there was a little trouble with lodgings in Charlottetown. John A. Macdonald never slept in Charlottetown. He slept on board ship in the harbour.

On Thursday, September 8, the delegates held a ball in Charlottetown and the following morning, when the meteorological and other fog had cleared away, they set sail from Charlottetown and went to Pictou, Nova Scotia.

Mr. MacEwan: Hear, hear.

Mr. Morris: The hon. member for Pictou applauds, as he fittingly should, for that charming community 100 miles from Halifax. There at Pictou some of the colonial delegates left the ship and went overland to Halifax. The others, John A. Macdonald included, remained on board the ship. The Minister of Transport might be interested to know that transportation in Nova Scotia in those days was in that high degree of refinement as a result of which the party that went overland arrived in Halifax after the ship which had circumnavigated half of the province.

On Saturday, September 10, 1864, the colonial delegates met in the Halifax hotel. At ten o'clock in the morning the maritime delegates met and then, as now sometimes, could not agree among themselves. Within an hour the doors were opened and all the delegates from all the colonies resumed their plenary session. At 1.30 p.m. on Saturday, September 10, in Halifax the decision was taken to go to Quebec 30 days hence on the 10th of October. The following Monday, September 12, a great dinner celebrating the decision to proceed to the Quebec conference was held in the Halifax hotel. It is this newspaper which is the only extant report of what was said on that memorable night in Canadian history on which a great ball was held in the Halifax hotel celebrating the decision taken in that same hotel on the preceding Saturday that led to the Quebec conference and so to confederation.

These speeches are inherent in the heart of every resident of the maritime provinces. What was said that night is a part of the upbringing of every resident of our provinces. What was said? I quote from the newspaper itself which I have brought to the house. This great dinner was chaired by Sir Charles Tupper, one of three illustrious Nova Scotians who have filled the chair of prime minister of Canada since confederation. Tupper introduced the speakers and Sir Georges Etienne Cartier, as he was to become, and then attorney general for Canada East, said among other things:

> I have heard since I have been in Halifax the objection thrown out that there is much danger that you would be absorbed.

That is to say, by union or confederation.

> It will be very easy for me to dispel such fears. I answer them by a question. Have you any objection to be absorbed by commerce? Halifax, through the intercolonial railroad, will be the recipient of trade which now benefits Portland, Boston and New York. If you are unwilling to do all in your power to bring to a satisfactory consummation this great question, you will force us to send all this trade which you ought to have through American channels.

I interject here that last year more than $400 million of Canadian imports and exports left Canada for foreign destinations or entered Canada from foreign lands via United States ports.

> It is as evident as the sun shines at noon that when the intercolonial railway is built—and it must necessarily be built if confederation takes place—the consequence will be that between Halifax and Liverpool there will be steamers almost daily leaving and arriving at the former—in fact it will be a ferry between Halifax and Liverpool.

The phonographic report says that this was followed by cheers. We have not seen the ferry between Halifax and Liverpool as yet, but we would like to see it. Later in the same evening, the Hon. George Brown spoke in the Halifax hotel. The *British Colonist* reports him as having said, among other things:

> But far in advance of all other advantages—

That is to say, of colonial union.

> —would be this, that union of all the provinces would break down all trade barriers between us, and throw open at once to all a combined market of four millions of people. You in the east would send us your fish and your coal and your West India produce, while we would send you in return the flour and the grain and the meats you now buy in Boston and New York.

Then, Sir John A. Macdonald spoke, the father of confederation and Canada's first prime minister. This is what he said on that memorable evening:

> I will not continue to detain you at this late period of the evening, but will merely say that we are desirous of a union with the maritime provinces on a fair and equitable basis; that we desire no advantage of any kind; that we believe the object in view will be as much in favour as against these maritime colonies—

Mr. Deschatelets: Would the hon. member say from what document he is reading?

Mr. Morris: I am quoting, as I earlier said, but evidently the hon. gentleman did not hear, from the *British Colonist*, a tri-weekly newspaper, published at Halifax, Nova Scotia, on Thursday, September 15, 1864. This edition records speeches made in celebration of the decision to advance to confederation. I was quoting from a speech made by Sir John Macdonald, and I continue:

> In the case of a union, this railway must be a national work, and Canada will cheerfully contribute to the utmost extent in order to make that important link without which no political connection can be complete.
>
> What will be the consequences to this city, prosperous as it is, from that communication? ... Build this road and Halifax will soon become one of the great emporiums of the world. All the great resources of the west will come over the immense railways of Canada to the bosom of your harbour.

Then, what did the Hon. Mr. Galt say on that evening in Halifax? He said:

> If we are united we must have an intercolonial railway. I am an advocate of this great work, and it becomes an absolute necessity if a union of these provinces is to take place at all ... But the railway is not to be looked upon as a question of cost, but as a bond of union, that will unite us in peace and in time of need.

Mr. Chairman, I cite these great utterances from our past, from a memorable night in the history of Canada, because these

speeches inhabit the minds and hearts of the people of the maritimes. When we hear, on the eve of the eruption of a new political party in Canada those who have espoused all sorts of government activity come into the house and say, stop all your activities when it comes to the maritimes, stop at the ports, then we say that purity ought to begin at some other place. The railway which linked us, without which there could have been no union and without us there could have been no union, was not built as an economic operation. It was built as a bond of union.

Lest any member of the committee think I am being partisan in my attitude, let me quote from a gentleman who did not adopt our philosophy. I refer to the Right Hon. Sir Wilfrid Laurier who, on July 30, 1903, while prime minister, moved in this chamber for leave to introduce a bill to provide for the construction of a national transcontinental railway. Hon. members will find in *Hansard* of that date, column 7671, the following words attributed to him:

> Let me observe that if we have used American ports, it is not because for five months in the year our own ports are icebound. Everybody knows that our ports in winter are just as open as the American harbours. Everybody knows, except Mr. Andrew Carnegie and the bulk of American public opinion, that if we have used American ports and the bonding privilege, it was not because our harbours were icebound in winter, but simply because we had no railways to reach them. In the face of this, are the Canadian parliament and people going to stand on their manhood and place us in such a position that at all times of the year, not only by one railway, but by two or more, we shall have access from January to December to our own harbours, and be able to say to our American neighbours: "Take off your bonding privilege whenever it suits you, we are commercially independent."

Well, that is what the leader of the Liberal party said, the only reason we were not making use of the ports on a twelve months' basis was that we did not have railway connections to them.

The Hon. W. S. Fielding, a distinguished Nova Scotian and later minister of finance, said, as reported at column 8557 of *Hansard* for August 12, 1903, during the same debate on the bill to provide for the construction of an international transcontinental railway:

> With this road built, instead of being dependent on the Canadian Pacific Railway only, Saint John will have two strings to its bow.
>
> Not a pound of traffic that goes to St. John now will be taken away, and St. John will stand its chance of getting a fair share of the new traffic to be created by this road. Halifax, with its peerless harbour, will have advantages which it has not hitherto enjoyed. Surely, sir, the time has come after years of deception, humbugging and trickery about the lines to the maritime provinces, that faith should be kept with these people, and that they should have a through line running on Canadian territory from ocean to ocean.

It is interesting to note that in the preamble of chapter 71 of the acts of 1903 which followed that debate, the object of that national transcontinental railway is cited as being to secure the most direct and economical interchange of traffic between eastern Canada and the provinces west of the great lakes—and I stress this—and to develop commerce through Canadian ports.

Finally, I quote from the Statutes of Canada, 1955, chapter 29, section 21. In this act the term "national railways" is defined as a phrase which comprises the Canadian government railways, Canadian national railways and all the companies, not in Canada, mentioned or referred to in the first schedule of the act. Section 21 of that act which is on the statute books of Canada states:

> The board of directors shall so direct, provide and procure that all freight destined for export by sea that is consigned within Canada for carriage to national railways either at point of origin or between that and the sea shall, unless it has been by its shippers specifically routed otherwise, be exported through Canadian seaports.

That is what we want on the east coast. We should like to say that one of the problems on which we in the maritimes are trying to formulate our thoughts and on which we feel we can usefully request federal action concerns the ports, particularly Halifax and Saint John. We have brought into the Canadian confederation two and more of the finest harbours in the world. These harbours are well served by inland and ocean transport lines. Our ports of Halifax and Saint John represent an investment of many millions of dollars on the part of the federal government and its agencies. That investment has been made and continues to increase in order to provide all of Canada with the outlet to the sea on her Atlantic coast which was promised us and which has been promised us through the years.

It is a well known fact that this investment at Halifax and Saint John lies virtually fallow during the season of navigation in the St. Lawrence river. The ports of Halifax and Saint John spring to life only when the winter ice has barred access to the inland waterway routes. It would be ideal to us if a way could be found to keep our waterfronts in Halifax and Saint John busy all year round. It is all the more important that these ports be utilized to the fullest extent possible during the short months in which they are Canada's only ice free outlets on the Atlantic ocean. Instead of this utilization, what have we found in the

past? We have found very substantial quantities of cargo imported and exported via United States ports, last year some $450 million worth.

The Minister of Transport will know that I have been in communication with him both by letter and verbally. I readily accept the proposition that the figure of $400 million is greatly distorted by one commodity, namely oil passing through a pipe line from Montreal to Portland, Maine. But even the remaining portion of this business would provide great employment for our people and a marked improvement in the Atlantic provinces' economy. Hundreds of millions of dollars in inland transportation charges and labour costs, and port service charges flow into the United States instead of staying in this country where they could contribute additionally to the prosperity of our people.

I venture the opinion that we in the Atlantic provinces are disturbed at this flow of Canada's foreign trade through other than our own ports. We are not chauvinistic in the maritime provinces. We were two of the original four in confederation. We do not insist that all import and export traffic be routed only through Canadian ports. We do not urge that all traffic move via our harbours. However, we feel that we can insist and urge that companies which derive their prosperity from the Canadian market and from national legislation should make a special effort to ship their import and export cargoes through our Canadian ports. We de not believe we can rely on such slogans as "Ship via Canadian Ports" alone. Every ship that enters or leaves a port in the Atlantic provinces means dollars and jobs for the people of these provinces.

In a recent study prepared by the port of New York authority it was estimated that that great port supported one out of every four of its 13 million people who live in the port area. We do not have similar statistics relating to Halifax and Saint John but, if we had them, no doubt they would not show any marked or significant difference.

Our ports now provide a multitude of jobs in a variety of fields. Men who are actively engaged in ocean, coastal and local water transport derive their livelihood in large part at the expense of our harbours. Thousands who perform services such as stevedoring, cargo checking, marine salvage, dock and waterfront terminal operations are completely dependent on our ports. Government employees such as those in customs, immigration, harbour maintenance and administration, and of most of the firms which supply goods and services to the vessels, all live on the prosperity of our ports. The combined earnings alone of the longshoremen and freight handlers, watchers and checkers at Halifax and Saint John average $10 million annually. If we use the principle of free economic generation by which every dollar earned generates or creates at least $2 of additional income, we have nearly $30 million worth of income from these two ports.

We are therefore hopeful that, when port delegations representing the ports of Halifax and Saint John wait upon the Minister of Transport, as he has graciously agreed to allow them to do on June 26, there will be found a way to recapture part of the great volume of goods now passing in and out of Canada by other than our ports. This would be of assistance not only to the ports of Halifax and Saint John but to the entire economy of the Atlantic provinces and would keep faith with the pledges made to us throughout the years preceding and following confederation.

Mr. Habel: It is not my intention to delay the passing of the first item, Mr. Chairman. However, the fact that the hon. member for Halifax found it possible to speak for nearly 30 minutes about the great politicians of the nineteenth century causes me to have less hesitation about asking a question of a politician of the twentieth century. My question is this. Will the minister inform me whether he has received from the chamber of commerce of Kapuskasing an invitation to visit Kapuskasing and the airport there? If so, can he say whether he expects to be able to find time to go there? I can assure him that he will be well received. Moreover, he can go there in safety with the planes of the Department of Transport. I can assure him that they will find it easy to land there.

Mr. Balcer: I have received an invitation that I was obliged to turn down earlier in the year. However, I certainly look forward greatly to this visit to one of the most interesting parts of Canada. I shall be pleased to get together with my hon. friend.

Mr. Pitman: Mr. Chairman, I did want to make some remarks as a result of the most amazing speech made by the hon. member for Halifax. I thought we were hearing the voice of Joseph Howe coming back to us again in this chamber; that is, Joseph Howe when he was leading the anti-confederates and before he came to his senses in 1870 and joined the federal cabinet. Evidently the hon. member for Halifax has not yet come to his senses in this regard.

The hon. member for Port Arthur did not in any way suggest that the port of Halifax should be abandoned. What the hon. member for Port Arthur suggested was that we need a complete transportation policy based upon

cost and service. I was sitting right next to the hon. member for Port Arthur, so I think I heard him accurately.

Service certainly means service to all Canadians, including those in Halifax. We are asking for a pattern which will allow a place for the port of Halifax, and surely the hon. member would not suggest that we are going to find such a place by holding back the clock, simply by spending money on transportation for coming to the port of Halifax at a cost of $12 a ton over the cost of going to another port. I would say this would be a disservice to Halifax and to all Canadians. If we carried this to its logical conclusion we would end all progress completely. This problem can be approached another way.

The Deputy Chairman: Order.

Mr. Churchill: Mr. Chairman, could we pass the first item and carry on with the hon. member's remarks after supper?

Mr. Chevrier: We are quite agreeable to that.

The Deputy Chairman: Shall vote 402 carry?

Item agreed to.

Progress reported.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, the Deputy Speaker with the house went up to the Senate chamber.

And being returned:

(Translation):

Mr. Deputy Speaker: I have the honour to inform the house that when the house joined the deputy of His Excellency the Governor General in the Senate, His Honour has been pleased to give in Her Majesty's name the royal assent to certain bills.

(Text):

An act to amend the Freight Rates Reduction Act.

An act to amend the Canadian National Railways Act.

An act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1962.

SUPPLY

The house in committee of supply, Mr. Chown in the chair.

DEPARTMENT OF TRANSPORT

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 7.30 p.m.

Mr. Balcer: Mr. Chairman, since the supplementary estimates were tabled today, I wonder whether the committee would agree to taking up the supplementary estimates at the same time as the main estimates are being discussed? Every time we reach an item in the main estimates that corresponds to an item in the supplementary estimates the supplementary estimate could be taken up following the study of the main estimate.

Mr. Chevrier: There is no objection on this side.

Mr. Herridge: Since we wish to co-operate, there will be no objection from this group.

The Deputy Chairman: I gather from the remarks of the hon. member for Laurier and the hon. member for Kootenay West that unanimous consent is given to consider the main estimates and the supplementary estimates simultaneously.

Some hon. Members: Agreed.

The Deputy Chairman: The supplementary estimate to vote 402 is vote 583.

583. Departmental administration, further amount required, $47,585.

Mr. Herridge: I have one question to ask the minister with respect to this administrative item. The minister appoints individuals as agents of the Department of Transport, employees of other departments such as the Department of Public Works, who would be engaged in looking after wharves, docks, dredges and things of that sort. What arrangements are made between the minister's department and the other department? Does the Department of Transport stand responsible for any of the actions of its agents appointed in that way, in the performance of their duties?

Mr. Balcer: If an agent is acting in the name of the Department of Transport we would be responsible.

Mr. Pitman: When we were summoned to the other place, I was making a few comments on the remarks made by the hon. member for Halifax. I should like to take two or three moments of the committee's time to complete my remarks because I think they will be germane to this particular item. The committee will recall that the hon. member for Halifax made a gallant plea on behalf of his port. He is to be congratulated for this. However, in making his plea he completely misinterpreted the statement of the hon. member for Port Arthur and of myself. I would suggest this speech should have been made

certainly before the building of the St. Lawrence seaway and perhaps it should even have been made at the colonial office in the early 1800's before the St. Lawrence canal was begun. I am sure the hon. member for Halifax realizes that in 1961 no group in the nation can be served if it means holding back progress. The challenge of the 1960's is surely that of the government making sure that progress is not syonymous with economic injustice. What we in this corner want is a national transportation policy which will find a place for Halifax but a proper place for it.

I would ask the hon. member what he would do if, for example, technological development gave us the opportunity to keep the St. Lawrence open all year? Would he suggest that the government ignore it? Would he suggest that they hide it and thus bring about millions of dollars in additional costs for people bringing goods in through the port of Halifax? The hon. member rather sneeringly calls us socialists but in his plea for the survival of Halifax as a major port he gave the most eloquent explanation of socialism that I have heard since I arrived in this house. He called not upon the industrialists or merchants to send their goods through Halifax. He called upon the government to come in and redress the balance. Surely if the normal measuring stick of free enterprise, that of profit, is to be utilized, the hon. member is telling us virtually that by that yardstick goods would go through United States ports and certainly through the St. Lawrence seaway but he wants the government to come in and redress the balance. Evidently that is his idea of what free enterprise actually means.

What he is really saying is that there is no free enterprise and, of course, he is absolutely right. We live in a mixed economy based on subsidies. The coal miners of Cape Breton and the port of Halifax are subsidized. The wheat farmers are subsidized. We in eastern and central Ontario are subsidized by tariffs and so on. What we want is a planned approach which takes the whole business of subsidization out of this ad hoc unplanned political hocus-pocus which it is certainly in today. If it is costing us more to use the port of Halifax, the hon. member suggests that we should try to find some way to increase the cost.

This is the parliamentary secretary to the Minister of Trade and Commerce speaking. Has he not been talking to his minister during this current session, the minister who has been reading us lectures across the floor that we must cut down the cost of production, that we must lower our costs so as to make our goods competitive throughout the world?

[Mr. Pitman.]

Yet the hon. member suggests that we bring in goods through Halifax and increase the cost of production. This is certainly one of the most amazing contradictions within the bounds of a single department of government that I have heard during the present session. Surely it is exactly this sort of thing which is over-pricing our goods in the markets of the world.

The Minister of Trade and Commerce has set up a productivity council to bring down the cost of production. Would the hon. member suggest that if, with regard to an industry to which the council turns its attention, the council decides there should only be 1,500 workers instead of 3,000 the nation should subsidize the other 1,500 workers? I do not think so. The minister is concerned about bringing down the cost of production. We are also concerned about bringing down the cost of production but let us plan it so that we can give some kind of economic justice to all.

The 1960's and the 1970's are going to bring about tremendous disruptions in the labour force. The Minister of Labour has suggested that we are going to have to have flexibility and mobility of labour such as we have never seen before. Yet the hon. member for Halifax, standing firmly on his free enterprise platform, tells us we have to try to keep the port of Halifax operating no matter what happens.

An hon. Member: He never said any such thing.

Mr. Pitman: The hon. member for Halifax used history or misused history to support his argument. When confederation came about there was one promise made and it will be found right in the British North America Act. That promise was to build the intercolonial railway and it has been fulfilled. We could no more promise to keep the port of Halifax operating at full volume than the people of Halifax or of the maritimes generally could guarantee the stage coach route from Toronto to Kingston. But we did do something. We did pledge that the people of the maritimes would never be put at a disadvantage. We did state that the well-being and prosperity of the maritimes would be guaranteed as a result of confederation. I leave it to the hon. member for Halifax to decide whether that pledge has been kept.

Item agreed to.

Marine services—

403. Marine services administration, including agencies, $1,032,610.

Mr. Benidickson: Mr. Chairman, I was not a member of the committee that examined the proposed amendments to the Canada

Shipping Act but I wonder whether those amendments contain any decision of the government with respect to a problem about which there has been a fair amount of argument back and forth over the last couple of years. I refer to the question of whether small boats, regardless of the amount of outboard power by which they may be propelled, should require a licence. I believe that up to now boats powered by outboard motors of less than ten horsepower have not required a licence from the department. Is that still the situation, and is it proposed to alter it in the amendments this session?

Mr. Balcer: The limit is still ten horsepower but the amendments will give us authority to make regulations to cover all small boats.

Mr. Benidickson: At the present time the regulations would not permit a change by order in council without reference to parliament. Is that correct?

Mr. Balcer: At the present time we could reduce it by order in council but what we intend to do under the new legislation is to extend the power of regulation and licensing to cover other types of boats such as sailboats and even non-powered vessels.

Mr. Benidickson: What about the minister's intentions with respect to licensing operators? I believe no licence is required at the present time irrespective of the age of the operator provided he is operating a small boat with a motor under ten horsepower.

Mr. Balcer: We have arranged a conference with representatives of the provincial governments for September 6 and these matters will be discussed then. All these matters, including the questions of licensing operators, who will do the licensing, whether there will be a charge and so on, will be discussed at length with the representatives of the provincial governments.

Mr. Benidickson: I take it from what the minister has said that it is fairly obvious that it is his intention to make some rather radical changes both with regard to licensing of small powered boats and possibly operators as well. He referred to a conference on September 6 and the question of who was going to look after these matters. Are representatives of the tourist industry, tourist camp operators and so on, going to attend this conference?

Mr. Balcer: We have a winter conference with representatives of the industry where they express their views and where there is every possibility for them to discuss all matters that might have a bearing on their trade. The department has in mind very much, of course, the development of the tourist industry in Canada and there is no intention at the present time of bringing forward regulations that would more or less put the industry into a strait-jacket. We will discuss the matter with the provinces to ascertain who will issue licences, if licences are to be issued, and who will be responsible for the machinery because, so far as the Department of Transport is concerned we have doubts about the usefulness of setting up a huge machine to handle licensing of small boats. The matter has been discussed with the trade, and we are going to discuss it with the provinces. We will try to find the best formula to assure that there will be a minimum of accidents and problems. At the same time, we do not want to be so strict that we will restrict the trade.

Mr. Benidickson: I hope that if the new legislation is going to give wide open power to the cabinet, the minister will not make recommendations in the early stages, at least, that will be too radical in nature. I think the regulations should take into account the density of the traffic in various parts of Canada. Something that might be required in a heavily populated area where the area of the water is extremely small, would be quite different from what might be justifiable in areas such as northern Ontario where we have a great deal of water and a relatively small population. I would hope that bureaucracy would not run wild in connection with this proposal and start a program of empire building. We do not want to build up a big supervisory staff or to have new regulations that would be completely unnecessary in certain territories where traffic is very light and, perhaps in consequence, the accident rate is almost negligible.

Mr. Balcer: That is precisely the point of view we had taken in our discussions with the trade last winter. We want to make it clear that the department has no intention of setting up a huge machine. We simply want to co-operate with the provincial governments and various bodies to try to avoid as many accidents as possible. We certainly do not want to set up a huge machine, and we do want to encourage the tourists as much as possible.

Mr. Benidickson: I would just urge the minister to go slowly, and sort of feel his way along in connection with these regulations. I think this is true also in the matter of any departure from the historic pattern in respect of the age barrier. I have lived in an area in which we have a lot of lakes, and I have observed that some youngsters can perform a very fine service for their

family, as well as contribute to their own amusement, if they are given by those in control of them modest power on their boats. A great number of them, irrespective of their rather tender age, operate small boats more efficiently than some elderly, inexperienced tourists who will come and rent a boat.

As I say, if these children are not given boats of idiotic power, they can perform a useful service for their families during the summer vacation by providing transportation back and forth, and so on. I would hope that some blanket regulation would not be developed under which no one under 12 years of age, or something of that kind, would be allowed to get a licence to operate an outboard motorboat of reasonable power. On the other hand, I must say that I see some very deplorable examples of bad judgment on the part of parents who allow young children to operate outboard motors of 18, 25 and even 50 horsepower. Having regard to the age of the youngsters, this is rather ridiculous. As I have said, however, I hope that the regulation will allow some discretion in this matter.

Item agreed to.

Aids to navigation—

404. Administration, operation and maintenance including fees for membership in the international organizations listed in the details of the estimates, $6,783,790.

Mr. Herridge: I have just a few words to say about this item. I understand it relates to aids to navigation, which is a subject in which I have been interested for some years. I think for five years I urged the department to put markers on the Columbia river between the international boundary and Castlegar. Finally, they were placed there. It took a long time to get this accomplished, but it only took a couple of days' work by a couple of men to install them. These markers were very necessary, and there were some very narrow squeaks before they were installed involving United States tourists coming up in small craft who were unfamiliar with the channels.

I also have been urging that such markers be established on the Columbia between Arrowhead and Revelstoke. I am very glad to know that arrangements are being made to mark the river between Arrowhead and Revelstoke. I mention this at this time because of increasing water traffic from Portland in the United States north as far as Revelstoke on the Columbia river. Last year, there were about 100 craft involved.

Yesterday, I received a letter informing me there will be 10 to 15 craft going to Revelstoke this week end from points south of the border. There were a number of accidents last year between Arrowhead and Revelstoke in which boats lost their propellers on sandbars. In these swift waters, shore markers are usually used and the people steer from one marker to another. I think in this instance it is a Department of Public Works official who acts as agent for the Department of Transport in this area. He has a lot of work to do, so this sort of thing has to take second place. In the meantime, we have these craft going up the river. The last trip made by one United States flotilla between Arrowhead and Revelstoke resulted in four boats losing their propellers and one suffered serious damage to the hull. There are no markers in this somewhat swiftly flowing stream to mark sandbars, logs and that sort of thing.

I suggest in view of the increasing importance of navigation on the Columbia, and because of the interest of more and more United States citizens who are finding out what a marvellous trip it is into the garden of Eden, it would be worth while for the department to have one of its officials in Vancouver make a visit to the district and examine the marking of the river between the international boundary and Castlegar, and between Arrowhead and Revelstoke. Then, as promptly as possible, he should see that these markers are set in place. We have had high water in that district lately, which tends to push these buoys out of place. They should be replaced as soon as the water starts to drop. I made the trip down the river with one captain and there were 11 buoys out of place for over six months. No one had been in there to replace these buoys which had been washed out by the high water. This is necessary in view of the narrow channels.

At any rate, we want to do all we can in the Kootenays to attract the United States tourists because they are coming up there and stopping over at our tourist resorts. They go into Kootenay lake and sometimes transfer their craft over to the Columbia or vice versa. We do urge the minister, therefore, to make certain that his department does all that is possible to make navigation safe. It is not an expensive job at all.

My final word is to suggest that the department should issue a rudimentary chart that could be sold to these people at the customs office at Trail when they come into Canada for use up the river. This chart could show where the markers are, and indicate what a red buoy, blue buoy or black buoy means, green lights, red lights and so on. More and more we are finding people without experience operating these boats in swift waters and in some cases dangerous waters. I make this plea at the request of the chambers of commerce in the district, the tourist resort operators and the local people generally.

Mr. Harkness: I am informed that the director of marine works is going out to the Arrow lakes area later this month with the purpose in mind of trying to get a contract or contracts into operation in order to put up these markers. As far as charts are concerned, I think anything along that line would have to come after the markers were put into position. I do not know what can be done in that regard, particularly in the immediate future. However, knowing that part of the country quite well, knowing the hon. member's great interest in it and also his interest in the development of free enterprise of all kinds, I thought I should perhaps suggest to him that this would seem to me to present a great opportunity for him and some of his friends out there to institute a pilotage system in order to get these United States craft safely up and down this stretch of water.

Mr. Herridge: I might inform the minister that we have instituted a pilotage system, but our pilotage system's main function is to direct these people to the proper stopping places in which many have an interest.

Mr. Chevrier: I observe that the Minister of National Defence has a roving commission tonight.

Mr. Harkness: I have quit roving now.

Mr. Chevrier: Perhaps he might help me with the matter I wish to bring to the attention of the Minister of Transport. It has to do with a dispute which has arisen between two entities over which the minister has jurisdiction. I refer to aids to navigation on the St. Lawrence seaway. The minister will probably recall that the Auditor General of Canada has, I believe, before some committee—whether or not it was the public accounts committee I cannot remember—made a recommendation that aids to navigation on the St. Lawrence seaway should be paid for by the St. Lawrence seaway authority and not by the Department of Transport. I should like to tell the minister that the recommendation of the Auditor General in that regard is totally unwarranted. I respect, of course, the opinion of the Auditor General, but I think I should inform the minister that the Auditor General did not possess the information which he should have had when he made this recommendation. Not only is the recommendation unwarranted but it is wholly erroneous and perhaps I may just take a moment or two in which to say why.

If the St. Lawrence seaway authority were to pay for the aids to navigation on the seaway, then why should not the authority pay for the pilotage or why should it not pay for a number of other matters that arise on the St. Lawrence seaway? I should like to bring this matter to the attention of the minister for what it is worth and I believe it is worth something, although I doubt very much whether the government would take cognizance of anything I have to say. However, I bring the matter forward because I am convinced that it was settled a long time ago.

When these two entities, namely the St. Lawrence seaway authority and the St. Lawrence Seaway Development Corporation started to negotiate on the question of matters that affected tolls, they immediately eliminated the aids to navigation and they said, "This is not a matter for us to determine or to consider; this is a matter for our respective governments". That was the situation in the United States and that was the situation in Canada. When the present government established the international tolls committee, it told the members of it, "here are the things upon which you must base your calculations in order to arrive at the amount of capital expenditure upon the seaway". That was done not under the previous administration but under this administration and I have no fault to find with this at all.

The only thing I want to bring to the attention of the minister is this. Aids to navigation on the seaway were not even considered. The matter did not go to the joint tolls committee because it was taken for granted that they would be looked after by the Department of Transport in the same manner that the Department of Transport looks after all aids to navigation east of Montreal and west of Montreal beyond the St. Lawrence seaway and in all other parts of Canada. I do not want to take an undue length of time in discussing the matter. However, I feel that the recommendation of the Auditor General was not only unfair but unwarranted and that the St. Lawrence seaway authority should not be charged with that item of cost as it was never the intention that it should be charged with it, either in the meetings that took place between the two entities or in the St. Lawrence Seaway Authority Act which clearly sets out the powers and purposes of the legislation.

Mr. Balcer: Not only do we listen with care to what my friend the hon. member for Laurier says but I might tell him that he has convinced me. I know that this matter was raised in the public accounts committee. My officials have explained the situation before the public accounts committee. We have referred the matter to treasury board and treasury board has told us to carry on looking

after the cost of these aids to navigation but to keep them in a separate account, and that is what we are doing.

Item agreed to.

Canals—

406. Administration, operation and maintenance, $2,398,550.

The Deputy Chairman: Shall vote 406 carry?

Mr. Pickersgill: Before vote 406 carries, may I ask whether the minister has had time since dinner to give consideration to the constructive suggestion I made to him about the Trent canal?

Mr. Balcer: During the dinner recess I had a most interesting meeting with the truckers and I forgot completely about my hon. friend and his very good suggestion.

Mr. Pickersgill: Does the minister say he has forgotten what my suggestion was?

Mr. Balcer: For the moment only.

Mr. Pickersgill: My suggestion was that the Trent canal should be given to Mr. Frost as a sort of consolation prize, in lieu of the $100 million that the Prime Minister has not given to him, although he promised it before the 1957 election, so that Mr. Frost could turn the Trent canal into a provincial park in the same way that the Quebec government would like to turn the Soulanges canal into a provincial park, and thereby relieve the federal treasury of its cost.

Mr. Balcer: I am sure that if we were offering Mr. Frost 13 miles of a certain length of canal, he would not refuse just because he could not get 14 to one.

Mr. Chevrier: You do not know Premier Frost.

Mr. Grills: With regard to the remarks made by the hon. member for Bonavista-Twillingate, may I say that when he speaks of the Trent canal he is speaking of something that is very close to my home and also very close to my heart. The Trent canal starts at the lovely bay of Quinte in my riding. I am certainly not in accord with him when he suggests giving it away to anyone. I might inform him that it is one of the beauty spots of Canada. It is a real tourist attraction. While there may not be any direct revenue from it, it is a tourist attraction and indirectly that fact should make it worth while, more so now than ever before in the history of Canada. We have many more pleasure craft coming to our land and in our land. There are many more using the Trent canal than there ever were in years gone by. I therefore cannot agree with this idea of giving away this canal that starts in my riding, which is such a lovely place. I would invite the hon. member to come up some time and I will show him one of the very special tourist attractions of Canada.

Mr. Pickersgill: Mr. Chairman, I must express a good deal of astonishment at the expression of the lack of confidence by the hon. member for Hastings South in the government of Ontario.

Mr. McMillan: Mr. Chairman, I should like to raise the matter of grants paid in lieu of taxes to my municipality of Thorold by the St. Lawrence seaway authority in respect to the Welland canal and Welland canal lands. The St. Lawrence seaway authority took over the operations of the Welland canal on April 1, 1959, and prior to that date the canal municipalities received yearly grants in lieu of taxes from the Department of Finance under the Municipal Grants Act.

My town has an area of 1,390 acres. Of this area, the canal owns 483 acres, 87 of which are leased. The canal actually makes use of 396 acres, nearly 30 per cent of the area of the municipality, and this is over 65 per cent of the taxable area of the town.

The Department of Finance paid grants in lieu of taxes in respect to certain canal buildings. These buildings were greatly depreciated, much more than similar buildings in town, and they had an assessment of around $170,000. The Department of Finance then paid something around 10 per cent of the total taxes of the town until March 31, 1959. For the rest of 1959 and since—that is, for the other nine months of 1959 and since—the St. Lawrence seaway authority has refused to pay any taxes in respect to buildings, and this reduces their taxes down to something around 8 per cent of the total taxes.

It may be argued by the St. Lawrence seaway authority that the town gives no services in return for these grants, but I have seen our police out in force protecting their buildings and I have seen our firemen fighting fires in canal buildings.

I attended a meeting in St. Catharines last year between the municipalities and officials of the St. Lawrence seaway. Mr. Rankin, the chairman of the St. Lawrence seaway authority, was there. He received us very well. One statement which he made was that grants would be arrived at on a different basis, but the amount that the municipalities would receive would vary very little from what they had received in the past.

I suggested to him at that time that this was the thin edge of the wedge in getting out of

paying a certain amount of taxes, and he said this was not the case. The point is that ever since the town has not received any grants in lieu of taxes in respect to buildings, and this amounts to about $10,000 a year or 2½ mills.

Since I have been in parliament I have heard two ministers of finance state that crown corporations would pay grants in lieu of taxes on a fair and equitable basis. I understand that in the United Kingdom the government pays grants in lieu of taxes in respect of all crown properties and buildings.

The St. Lawrence seaway authority states that they are not bound by any assessment act, municipal act or the Municipal Grants Act, all of which is probably true. But I do suggest that no matter on what basis grants are paid, the decision is made on a unilateral basis and we would like to know what that basis is.

The amount of $10,000 is considerable for a small municipality, particularly a municipality that has provided services across tax free land of the canal for well over 100 years, as well as providing free services to the canal all this time.

When I was presenting the case of the municipalities here in 1952 I referred to the fact that I had seen an old picture of a hand fire fighting brigade fighting a fire in some canal structures. This picture was 100 years old. In 1951, for instance, our fire brigade fought 22 fires on canal property. I realize there is some history back of all this in connection with the Welland canal and the old Welland canal rehabilitation about which the St. Lawrence seaway authority would not be aware.

The present canal cuts across our natural drainage system and in 1949, as mayor of the town, I applied to the Department of Transport to have the effluent from a sewage disposal plant go into our natural drainage system running along the canal. The department objected at that time to this proposal and offered to pay $100,000 toward the cost of an interceptor sanitary sewer.

At the time of the rehabilitation of the old canal an arrangement was made that the department would forgo contributing this $100,000 and would go ahead and carry out more rehabilitation, which was done. However, at the same time we have been denied the right to build a sewage treatment plant along our natural drainage outlet and will be forced to pay the cost of piping our sewage through an interceptor sewer a distance of eight miles or more.

The town of Thorold in my constituency very reluctantly accepted this arrangement with the department, but they did so thinking that they would from then on be able to draw a grant in lieu of taxes in respect to canal properties. Now these are being considerably reduced and I think it is very unfair. The other canal municipalities are not similarly situated. Thorold is on the brow of a mountain; it contains all the flight locks, and at that particular point there is a concentration of buildings. This condition does not obtain to the same degree in the other municipalities.

Other municipalities are of course affected by the canal because they have duplication of services. Some of these municipalities must maintain firefighting equipment on each side of the canal; they must have two sewage plants, which they would not need if the canal were not there.

I would like to hear from the minister on what basis grants in lieu of taxes should be paid by the St. Lawrence seaway authority. I would like to know whether or not the Department of Finance was wrong in paying the grants previously on buildings; and if they were wrong at that time, why were they paid? I should like to know on what authority these grants are paid, and why they are not being paid now in respect to buildings. As I have said before, we do give protection to their buildings.

One other matter I should like to refer to, has reference to the interruption of street traffic in the city of Welland caused by boat traffic in the canal. The canal goes through the city. There are no locks nearby and for some miles both north and south of the city the canal is a straight sailing level. The boats necessarily traverse the canal at reduced speeds and when they bunch up in groups of three or four some hundreds of yards apart in traversing this area the bridges are sometimes up for 30 minutes or more at a time. This presents a real street traffic problem and affects the economy of the city.

I should like to ask the minister whether he can intercede with the St. Lawrence seaway authority in an effort to see that the boats do not bunch up in this way. I am sure that if the minister was successful in such an attempt his efforts would be very greatly appreciated. I would also like the minister to reply to my question in respect of the reason why the department is not now paying grants in lieu of taxes on buildings.

Mr. Balcer: Mr. Chairman, if you will permit me I should like to say in regard to the two items referred to by the hon. member for Welland that I should be pleased to provide an answer. However, I point out to the hon. member that these two matters are strictly within the jurisdiction of the St. Lawrence seaway authority. I shall accept the two questions as notice and attempt to provide an

answer when we reach our consideration of the estimates on the St. Lawrence seaway.

Mr. Nixon: Mr. Chairman, I wonder whether the minister could give some consideration to the supplying of uniforms for the workers on canals, including the operators, lockmen and those individuals who work on the walls. I have particular reference to the canal at Sault Ste. Marie where, on the United States side, the employees are all supplied with uniforms while on our side they are provided only with caps, and perhaps shirts. I think there would be a great deal of improvement in the general appearance around these canals and locks were the employees dressed in uniforms.

Mr. Balcer: Mr. Chairman, I feel that is a very good suggestion. The treasury board has ruled that, for the time being, our canal employees will be supplied with caps only, because it would be very costly to provide complete uniforms, particularly in view of the fact that many of them are on rough work, and work with greasy machinery, and would require more than one uniform per man. It has been decided, therefore, at least for the time being, to supply caps only, but I should not like the hon. member to feel that the door has been closed on his suggestion.

(Translation):

Mr. Deschatelets: Mr. Chairman, I could not allow item 406 pertaining to canals to be carried without saying a few words on a matter of concern to all members. I refer, of course, to the Soulanges canal.

As everybody knows, the province of Quebec conceived a splendid plan to use and develop this canal for another purpose, not only for the benefit of this particular area, but of the whole province.

I should like at this stage to recall briefly that the federal government had once expressed its readiness to sell all the canal property to the Quebec government for the nominal amount of $1. Subsequently the present government was willing to sell to the province of Quebec an area of about 13 miles, reserving however that one-mile stretch that the Quebec government considers most important for its proposed development, namely the Cascades area.

The most surprising point during that discussion was the letter sent to the newspapers under the signature of the hon. member for Vandreuil-Soulanges (Mr. Bourbonnais). Indeed, I mentioned it during the examination of item 1 of the Department of Transport's estimates. In that letter, the hon. member stated that he alone is against this transfer of land to the province of Quebec. Moreover, the hon. member stated that he was to be held fully responsible for the action he has taken.

Now, it seems that further negotiations were carried out between the federal government and the government of the province of Quebec. The item under consideration gives us an opportunity of presenting our arguments in connection with that matter.

Knowing as I do how highly interested the minister is in this matter, I am sure he would have been most disappointed if we had not mentioned that subject, because he will now have an opportunity not only of making his point but also of informing us of all the discussions which may have been going on recently. Moreover, the minister will be able to tell us what happened after the newspapers announced the government's offer to sell that part of the canal which is called Les Cascades.

I would therefore ask the minister to state his arguments in connection with this question. I am sure he will be grateful to me for having made it possible for him to do so and I may have a few questions to ask him afterwards.

Mr. Chevrier: Mr. Chairman, I would like to say a few words concerning the subject on which the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) has called the minister's attention.

I am not satisfied with the reply the minister gave me this afternoon, and rightly so, because if he remembers well, when I asked him certain questions concerning the Soulanges canal, he told me that all the chambers of commerce of that district had asked him to keep the mile-long section of canal in the neighbourhood of Point des Cascades. I then asked him to name those chambers of commerce but he did not do that; instead, he merely produced this advertisement which was prepared jointly by the Soulanges chamber of commerce, the people who work on the Soulanges canal and others. However, that advertisement did not mention any representations by chambers of commerce. I have here all the representations made by the chambers of commerce, and they all asked the minister to make the transfer at no cost to the government of the province of Quebec, of all the Soulanges canal properties, not with the exception of a one-mile area, but of all the properties, to make possible the carrying out of all the projects that were mentioned, thus giving the people of Soulanges county a source of income which would enable them to prosper as they did before the canal was closed down.

It is therefore obvious that all the chambers of commerce were in favour of the transfer to the province of Quebec of all the proper-

ties, for the purpose which the minister knows.

In my opinion the minister should admit that he had no resolution from the citizens of Soulanges except the pamphlet I mentioned.

The minister should also tell us how long he intends to have that advertisement carried before deciding whether or not he will give to the province of Quebec the mile-long section of property he is retaining at present. In my opinion, the house is entitled to know whether the offer will last for a month, six months or a year. The longer this matter is delayed, the more difficult it will be for the government of the province of Quebec to undertake its program.

I do not wish to make any personal remark but the minister doubtless remembers the statement he made during a political meeting held in the county. I understand he said later on that he regretted having made that statement but there is no doubt in the minds of hon. members that it is the member for Vaudreuil-Soulanges who is delaying the transfer.

After all, if this could be really beneficial to the industrialization of the area—and I hope so because it would be in the best interests of the people—it seems logical that such industrialization should take place on the upper side of the canal, in the neighbourhood of Coteau where there are already two railways, the Canadian National and the Canadian Pacific, while on the Cascades side there is no railway at all. There is an excellent road but in addition to a road, in order to promote the industrial development of the area, other means of transportation are required, therefore, I suggest that the ideal location for industrial development is the upper part of the canal.

I should like to ask the minister whether he got a resolution from the chambers of commerce and, if so, whether he would table it now.

Mr. Bourbonnais: The hon. member for Laurier is asking for the tabling of certain documents from the Soulanges chamber of commerce, I must tell him that he knows nothing about the matter, because a few days ago he mentioned there were eight chambers of commerce in Vaudreuil-Soulanges, when actually there are only four; one for the Soulanges area, one for Rigaud, one in Dorion and another on Perrot island. Only two chambers of commerce have submitted resolutions, asking us to transfer the entire Soulanges canal to the province of Quebec for the purpose of setting up a fish-breeding station and a bird sanctuary. And those chambers of commerce were influenced by a small group of politicians in that county who wanted to create obstruction and delay the solution of the Soulanges canal problem.

Mr. Pigeon: Hear, hear.

Mr. Bourbonnais: When the hon. member speaks of industrializing the upper county, the Côteau du Lac district, he just wants to create confusion and misunderstanding, because we have no sites there. If there is to be industrialization there, it should be the sole concern of the people in that community, of the chambers of commerce. It is up to them to promote any industrial development.

Since 1956, the Soulanges chamber of commerce took some steps jointly with the industrial expansion committee and the Soulanges canal employees, and even spent a lot of money on publicity, to attract industries in the Soulanges canal area, no matter where.

The only site belonging to the Department of Transport which may serve industrial ends along the Soulanges canal, is at Cascades Point, about two miles from the seaway.

It is true that there is no means of communication by rail. But at Côteau landing or Côteau station, those properties that are mentioned do not belong to us.

The people of those localities should start something themselves to bring industry into the district. And if the friends of the hon. member for Laurier in Quebec decided to build the roads that were already started in 1959 and 1960, the district would know what it is to be industrialized.

Mr. Pigeon: A follower of Mr. Lesage.

Mr. Bourbonnais: Mr. Chairman, when we offered the province of Quebec 13 miles of the Soulanges canal for camping sites and fish hatcheries which would delight fishermen and so on, the Quebec department of fisheries and game would have immediately accepted our offer if they had been in earnest.

They refused it for one reason only, the fact that those people, like the hon. member for Laurier, often talk through their hat. They made promise after promise. They promised to erect buildings on the premises, that all the fishermen in the province of

Quebec would gather there and fish all kinds of fish—perhaps cod, I do not know—but they forgot one thing, namely that the present roads and bridges of Dorion, St. Ann and Perrot island, which were adequate for the people of Montreal island who often go fishing and holidaying in the Soulanges area, are not adequate for present-day traffic. New bridges had been started in 1960, but the Quebec Liberal government has stopped the work. The department of fisheries and game is more concerned with developing parks and fish hatcheries than the provincial government is concerned with solving a major traffic problem at the mouth of the county. That is the reason why the Quebec government has refused our offer. It is an excuse for not fulfilling another fantastic promise they made.

If no reasonable offers are made for the purchase of that part of the canal which we have put on sale, or if they do not involve enough employment opportunities, we will turn over the whole canal to the province of Quebec, and we will see whether the Lesage government was in earnest; we will see whether they can carry out their plans for a fish hatchery and a bird sanctuary.

The famous member for Maisonneuve-Rosemont (Mr. Deschatelets) has been trying to defend the position of the Liberal government of the province of Quebec. But why? He knows nothing of the interests of the people of Soulanges. The only thing we are trying to do is to diversity the economy of the constituency of Soulanges. This is none of their business. They have all the problems they need in Montreal, so let them deal with their own problems before sticking their noses into things they know nothing about.

A diversified economy is a must for Soulanges; to develop Soulanges into a centre for tourists, fishermen and bird lovers will not improve economic conditions, nor will it help the citizens of Soulanges. It may help a few of the friends of the hon. member for Maisonneuve-Rosemont and of the hon. member for St. Ann who would very much like to go fishing there, but it will not settle the problems of the people I represent.

Anyhow their argument does not hold water as we offered more than 90 per cent of the canal property for purposes now approved by the provincial government. We only want to keep 10 per cent of that land in case some industries would want to establish themselves immediately or within a few years' time, so as to create employment for the residents of the Vaudreuil-Soulanges county.

This country has not only sportsmen but also farmers and workmen who have to leave their home to earn a living elsewhere. If employment could thus be created at home, our people would not need to go away and earn their living in Montreal.

Unfortunately members like the hon. member for Laurier, do not understand those problems; all they want is to confuse the issue.

Mr. Pigeon: You do not know anything about the province of Quebec.

Mr. Chevrier: Mr. Chairman, earlier today we had an excellent example of the way the hon. member for Vaudreuil-Soulanges is dealing with a question which, to our mind, is a serious one.

First of all, he told us to mind our own business. Then he said we did not know what it was all about. Now, Mr. Chairman, when an hon. member thinks a matter is of general interest, he is not only entitled to deal with it but he also has—notwithstanding the remarks of the hon. member for Vaudreuil-Soulanges who, unfortunately, did some bad manoeuvring in this respect—the responsibility of putting things right, as I intend to do.

He said that there was only one chamber of commerce which had passed resolutions. I have here—

Mr. Bourbonnais: On a point of order. The hon. member for Laurier does not quote my words correctly. I said that there were 4 chambers of commerce in Vaudreuil-Soulanges, one in the Soulanges district, one in Vaudreuil, one at Rigaud and one at Ile Perrot, whereas only two chambers of commerce have sent in resolutions requesting transfer of the Soulanges canal. That is always the way the hon. member for Laurier deals with matters concerning us.

Mr. Pigeon: The hon. member for Laurier is not familiar with Quebec. He is a stranger adopted by charity in Quebec.

Mr. Chevrier: The hon. member is so flustered that we cannot understand what he says.

Therefore, Mr. Chairman, I come back to what I said earlier—there are seven chambers of commerce in the county of Soulanges that

made representations to the minister. I do not want to delay the vote, but I have here some petitions and resolutions. I have one from the chamber of commerce of Soulanges that I mentioned earlier and there is another one from the municipal corporation of the village of Soulanges, and another from the corporation of St. Joseph's parish of Soulanges, and yet another from the corporation of the village of St. Zotique—

Mr. Bourbonnais: On a point of order.

Mr. Chevrier: There is also—

The Chairman: The hon. member for Vaudreuil-Soulanges has risen on a point of order.

Mr. Bourbonnais: The hon. member said that I mentioned one chamber of commerce. He cannot even read the resolution sent in by municipal corporations. He does not even know the difference between—

The Chairman: Order. I shall give the hon. member for Soulanges the opportunity to make corrections if he wishes, but he cannot interrupt the hon. member for Laurier without his consent.

Mr. Chevrier: Thank you, Mr. Chairman, for calling to order the hon. member who, as I said a moment ago, is overexcited over this question which certainly has harmed his chances in his own constituency.

I was saying, Mr. Chairman, that in addition to the chamber of commerce which I mentioned, there were also municipal corporations of the Soulanges county all of which indicated their support of the resolution passed by the Soulanges chamber of commerce recommending that the Department of Transport allow free transfer of all lands and buildings along the Soulanges canal to the government of the province of Quebec in order to facilitate the development of the projects referred to and thus bring to the people of the Soulanges county a source of income that would allow them to prosper as they did before the closing of the canal.

Now all those resolutions passed either by the Soulanges chamber of commerce or by the municipal corporations which I mentioned, support the full and complete transfer of the Soulanges canal to the province of Quebec, not subject to the condition that one mile or two miles be reserved, but unconditionally, so that the province may benefit from it according to the plan submitted.

Then the hon. member spoke about bridges and roads and spent several minutes dealing with a matter which is purely provincial and outside federal jurisdiction, but he is so mixed up about that business that he wanders away from the subject and talks about things that have nothing to do with that transfer. About this transfer of the Soulanges canal he finally says: "We do not own any land in the upper part of the Soulanges canal".

Mr. Pigeon: You did not understand a thing.

Mr. Chevrier: This proposal is wrong because the C.N.R.—

Mr. Pigeon: You are an ignoramus.

Mr. Chevrier: —and the C.P.R. own considerable land there and everybody knows that those two companies would be very anxious to see that part developed for industrial purposes if possible. And no one knows it better than the minister himself, that if he had requests from industries and passed them along to the C.N.R. or the C.P.R. those two companies would make that land available to those industries to enable them to develop that part of the Soulanges county.

Mr. Bourbonnais: Why don't you look after your own constituency of Laurier?

Mr. Chevrier: I am sorry that the hon. member should not appreciate this inference but I wish to tell him and I repeat that as long as we, on this side of the house, believe that it is in the public interest to concern ourselves with a matter, even if it is not related to our constituency, we shall do so without hesitation.

Mr. Bourbonnais: The hon. member for Laurier insists on coming back to a matter about which he knows absolutely nothing. If the two railway companies, the Canadian Pacific and the Canadian National, own land in that area, it is in their interest to set up industrial centres there. We do not have to meddle in the business of a company or of a corporation, and he should be the first to know it.

He talks about the matter of bridges, which he says, comes exclusively under the jurisdiction of the province. Well, I must inform him that the bridges that will be built in the future in the Vaudreuil, Perrot island, and Ste. Anne de Bellevue area, are part of the trans-Canada highway. Yes, he does not know what he is talking about. Last November, plans were prepared, filed and approved, for the trans-Canada highway to run through Dorion, Perrot island and over the Ottawa river at Ste. Anne de Bellevue, towards Montreal. When those bridges are built and the traffic at these points moves more freely or allows a greater volume of circulation, then it will be time to develop parks, recrea-

tion areas of all sorts in order to attract tourists, fishermen and campers. But, until these bridges are built, there is no use thinking about it.

I know that the government of the province of Quebec will not go ahead with its plans. I challenge that government—and will do so through the newspapers and any other means at my disposal—to go ahead with its plans on this 13 mile stretch which we have offered them. And since the member for Laurier suggests I am in a fix, I invite him to visit my riding and meet my constituents.

He makes much of some resolutions which he has received from municipal councils, but you will have noticed that those resolutions are always in the same style and are all from the same source. We know that, at the present time, in the province of Quebec, all the small municipalities are crushed under the dictatorship of the Liberal government. They are compelled to do this only because a provincial minister directs them to do so. It is the same resolution, written in the same style, which has been passed by seven or eight municipal corporations and by two chambers of commerce. However, two other chambers of commerce did not choose to do likewise.

There are about 25 municipal corporations in Vaudreuil-Soulanges which are not yet under the dictatorship of the Quebec Liberals.

Therefore, I challenge the hon. member for Laurier and I invite him to come and discuss this matter in Vaudreuil-Soulanges.

Mr. Pigeon: He will not go because he is afraid. He is a stranger in Quebec. He was admitted out of charity.

Mr. Balcer: Mr. Chairman, the member for Maisonneuve-Rosemont asked me first of all to clear up this matter of the Soulanges canal. Well, I believe I granted his wish this afternoon. Unfortunately, I think he was absent from the house when I explained the situation as far as my department is concerned.

I am asked for how long this offer of land for industrial purposes at Cascades will stand. The offer is for a period of one month and it is already a week since this offer was advertised in Canadian papers. In addition, our trade commissioners throughout the world have been informed. I should also like to inform the hon. member for Laurier that we have already received a couple of offers which we are now considering.

I feel that the stand taken by the federal government is both logical and consistent, moreover it is justifiable. Indeed, I sincerely think the people of Vaudreuil-Soulanges will come to realize that the government has acted in their best interest.

I know it is nice to have a place where people can fish and relax, but there are many other places like that in Quebec. A great number of the lakes which are available to the public—

An hon. Member: There are the Laurentians.

Mr. Balcer: —probably offer advantages which are greater than those of Point des Cascades. At any rate, we did not want to make any trouble. We were willing to do our share. That is why we were ready to give not only thirteen miles of canal but even the canal bed; we were even willing to give properties, buildings, and even a mill. I sincerely feel that with those thirteen miles of property along the canal, the provincial government could have made a very fine park and set up a whole series of scientific stations where the fish habits could have been studied and where all kinds of fish-breeding experiments could have been carried out.

On the one hand, they seemed to insist on having also Point des Cascades, which is indeed a wonderful and large enough location. But on the other hand, many people—I am not saying everybody, I am not denying that municipal corporations passed resolutions asking that everything be handed over to the provincial government—have made representations to the government and, as my hon. friend from Vaudreuil-Soulanges was saying earlier, two or three public bodies have, for some years, been attempting to promote industrial development at Point des Cascades.

All we want is one month, in order to have a chance to advertise the location and see if any industry would be interested to build a plant there. Let us not forget that while parks are fine it is better to try to get industries in a rural place like this which was deeply affected by the closing of the Soulanges canal and the opening of the St. Lawrence seaway.

To date we have received two offers from industries and they are being considered.

But as I was saying a moment ago, the problem of the industrial development of Point des Cascades will be under consideration for a month. And, if after a month we should find that offers made were not too attractive

and could not provide enough employment, we shall be delighted to transfer the whole canal to Quebec.

Mr. Chevrier: May I put a question to the minister? The last part of his answer is satisfactory, compared to what he had to say previously. For the first time, I think, we have heard him say that if no serious application has been forthcoming after 30 days, the whole canal would be transferred to the provincial authorities.

I should like to ask this question: is the federal government or the Department of Transport contemplating spending any money to incite industry to come into this area, or even building a wharf?

Mr. Balcer: There is no doubt about it. Besides, if there was ever a government that proved it, ours did. We are trying by every possible means to urge industry and private enterprise to create job opportunities for Canadian citizens. If a serious proposal is made to us to help develop that industrial site, and if the canal and its approaches have to be dug, and wharves have to be built, I am convinced that my colleague, the Minister of Public Works (Mr. Walker), will not hesitate a moment to recommend that the required work be done for the industrial development of that area.

Mr. Chevrier: The minister did not answer the question I put to him several times: what chamber of commerce recommended the conditional transfer of Soulanges canal?

In reply to my question he said there was one. I asked him to name it and he produced a folder, which was not a resolution by a chamber of commerce. Has there been one?

Mr. Balcer: It was the Soulanges chamber of commerce which repeatedly asked the federal government to help it with the industrial development of the federal property of Cascades Point.

Mr. Chevrier: The minister knows that the chamber of commerce of Soulanges sent him a petition requesting the transfer of the whole canal to the government of the province of Quebec. I have it here and so does the minister.

Mr. Bourbonnais: Mr. Chairman, allow me to point out to the hon. member for Laurier that he does not have a petition in his hand, it is a resolution adopted at a regular meeting of the chamber of commerce of Soulanges—there is a difference. Now, I am a member of the chambers of commerce of Soulanges, Ile-Perrot, Dorion and Rigaud. I have attended several of their meetings. As a matter of fact, I have been attending their regular meetings since 1958. There have been talks about the industrialization in the whole constituency. Those people came here as a delegation in 1959 and again this year, to ask that something be done toward industrialization in the Vaudreuil-Soulanges area. This is our first opportunity of initiating a development in the district by offering the Soulanges canal land to industry. In my opinion the Minister of Transport the other day expressed the views shared by the chambers of commerce and the whole population of Soulanges and Vaudreuil—that industry be attracted to my riding by every possible means. But if the member for Laurier does not want to understand, if he wants to continue talking about matters he does not know the first thing about, there is nothing you can do.

Mr. Deschatelets: Mr. Chairman, before going on to another item, there is only one point that remains to be clarified. Since the hon. member for Vaudreuil-Soulanges and the minister are both present, this is as good an opportunity as any.

In the letter he sent to the newspapers, the hon. member for Vaudreuil-Soulanges said that the original offer of the province of Quebec had been accepted at one point by the federal government and that the Minister of Transport had even asked the hon. member for Vaudreuil-Soulanges to break the news at a certain meeting.

Now, this is the question I would like to put to the Minister of Transport: What happened at that point to make him change his mind about the offer from Quebec? It was the hon. member for Vaudreuil-Soulanges who said so, not I. I do hope that by cross-examining the Minister of Transport and the hon. member for Vaudreuil-Soulanges, the truth will finally come out.

Mr. Bourbonnais: It's very simple: at the last general Conservative convention, in Ottawa, the Quebec minister of game and fisheries, his deputy minister, his secretary and all his assistants, as well as the engineer of the Quebec highway division, I believe, asked us to transfer the whole of Soulanges canal to the province of Quebec for the purpose of developing parks, etc.

The Minister of Transport, who lives in Three Rivers and not in my constituency, of course does not understand as well as I do the problems that exist in my area. Besides, it is my duty to know them and to inform the proper authorities accordingly. The hon. members who have made a lot of fuss about this matter have spent the evening discussing a problem they know nothing about, thus making fools of themselves. They want to prove a difference of opinion between the minister and myself.

The Minister of Transport was agreeable to surrendering the whole of the Soulanges canal as was part of the population in my county. It is as simple, as clear and as honest as that. I objected to such action because I am familiar with local problems. I have been studying them for a score of years. I have lived in that part of the country for 40 years. I know what problems they have. When I told the Minister of Transport that we could not let go of the whole canal, but keep part of it for our people, farmers and labourers who have to find work elsewhere, the minister understood immediately and he supported me. Members opposite think it extraordinary for a minister and a member of parliament even if they do not always see eye to eye to finally come to terms. Well, what prompts them to rise is the unity they can see in our party compared to theirs. I ask them to turn to the Lesage cabinet and see what is going on in there.

Mr. Deschatelets: Mr. Chairman, I would very much like the minister to answer the question I put to him earlier. What happened that made the government change its attitude after having accepted the original offer from the province of Quebec?

My second question is this. When there is an agreement between the province of Quebec and the federal government, to implement a project which is consistent with public interest, since when must the government yield before a member who is opposed to the project and states he is the only one to object?

Mr. Pigeon: He is a good and honest member.

Mr. Balcer: Mr. Chairman, the hon. member for Maisonneuve-Rosemont would like to know what made me change my mind. First, let us recall certain facts during the discussions with the province of Quebec. The province wanted to buy for the nominal price of $1 the whole property of the Soulanges canal to create a fish breeding station there.

[Mr. Bourbonnais.]

I agreed to meet them. On that occasion, my first words were to express my amazement that they wanted all the canal properties for $1, and that they refused to consider any other proposal. I told them that personally, I had no objection to their request but that I found them hard to please. Afterwards, I heard the arguments of my hon. friend for Vaudreuil-Soulanges which seemed most reasonable. In fact, as I said earlier, there is no reason why we should not try to industrialize a certain part of this area which is in need of such development. I felt that was a sound argument, much stronger than any of those put forward by the provincial representatives at that meeting. I was convinced by that sound argument which showed that my hon. friend for Vaudreuil-Soulanges is concerned about the welfare of his constituents. That is why we acted as we did.

(Text):

Mr. Pitman: I should like to ask the minister a short question. No doubt he was very much impressed by the remarks made by the hon. member who spoke about the modernization of the Trent canal system. I wonder whether there are at the moment any plans for its modernization or whether any study is being made at this time.

Mr. Balcer: We have a ten-year rehabilitation program. In connection with this rehabilitation program a certain part is done every year. It all depends on the amount that treasury board allows us to spend every year. For instance, this year we have new locks at Fenelon Falls. Another year we will do another item of modernization. It is a ten-year plan and it is progressing.

(Translation):

Mr. Loiselle: Mr. Chairman, just one question concerning the Lachine canal. Could the minister say whether, as a result of the St. Lawrence seaway, there has been a serious drop in traffic in the Lachine canal?

There are all kinds of rumors to the effect that the Lachine canal will be closed within a few years, that it will be used as a boulevard or something of the kind. Is the minister in a position to indicate what is planned for the Lachine canal in the near future?

Mr. Balcer: Mr. Chairman, as my hon. friend knows, the Lachine canal comes under the St. Lawrence seaway authority. On the other hand, I can tell him that as far as I know, there is no question of the Lachine canal being closed and being no longer used

by those industries along the canal. As far as I know, there is no question of closing the Lachine canal at the present time.

Mr. Chevrier: Is there not a considerable amount of traffic going through the Lachine canal, as was the case in 1960, for instance?

Mr. Balcer: There is considerable traffic into the canal, but it does not go all through the canal. There is a lot of traffic servicing all the industries along the canal, and I think the canal is of great service.

Mr. Chevier: As long as the industries established along the Lachine canal go on at their present rate of activity, I suppose the government will not consider closing such an important canal?

Mr. Balcer: Certainly not, Mr. Chairman.

(Text):

Mr. Peters: From time to time there has been considerable discussion throughout the north with regard to the feasibility of diverting water from the Arctic watershed to the great lakes system. Are any continuing surveys taking place with regard to this matter or are there at the present time under consideration any international or joint United States-Canadian surveys in connection with the diversion of this water?

Mr. Balcer: At the present time our department is making no study or survey.

Item agreed to.

407. Construction or acquisition of buildings, works, land and equipment, including payments to provinces or municipalities as contributions towards construction done by those bodies, $1,850,230.

Mr. Chevrier: Will the minister give a breakdown for this item?

Mr. Balcer: Yes, Mr. Chairman. For 1961-62, the Nova Scotia canals, $32,300; Quebec canals, $362,550; the Rideau canal, $445,250, and the Trent canal, $1,010,130.

Mr. Chevrier: What are the payments, for instance, to municipalities for work done by those bodies? The vote includes:

—payments to provinces or municipalities as contributions towards construction done by those bodies.

What is the meaning of that?

Mr. Balcer: I am informed that this relates to certain work such as a bridge over a canal, where we contribute toward the construction of the bridge by the province instead of building our own bridge.

The Chairman: Shall vote 407 carry?

Item agreed to.

411. Construction or acquisition of ships and equipment, $14,500,000.

Mr. Smith (Lincoln): Mr. Chairman, there are two questions I should like to ask the minister in connection with vote No. 411. I notice in this item that two weatherships from the west coast are going to be replaced. One is the *Stonetown* and the other is the *St. Catharines*. I believe the *St. Catharines* which is going to be replaced is the old frigate *St. Catharines* that rendered very good service during the war.

I am sure the people of St. Catharines would be quite interested to know just what is going to be the final disposition of this ship. During the war the people of St. Catharines raised substantial sums of money each year in order to send special comforts to the sailors on the *St. Catharines* frigate. I should like to ask the minister whether the ship is going to be scrapped or whether it is going to be sold for other use.

Mr. Balcer: Mr. Chairman, I was very pleased to hear the remarks of my hon. friend. I knew the ship *St. Catharines* during the war. I served in the same escort group, and I remember that the sailors and officers on that ship were extremely well taken care of by the people of St. Catharines. We were even a little jealous.

I would tell my hon. friend that no decision has been arrived at yet as to what we are going to do with these two ships. Their plates are getting dangerously thin and we are definitely faced with the obligation of replacing them. I imagine they will be turned over to Crown Assets Disposal Corporation for disposal, but no decision has yet been arrived at. Most probably, as I say, they will be turned over to Crown Assets Disposal Corporation.

Mr. Smith (Lincoln): I should like to say that we have a very active sea cadets organization in St. Catharines, and if the ship is going to be scrapped they would very much like to have the logbook as a souvenir of the frigate *St. Catharines* of the war years.

I have another question in connection with this item. A substantial number of ships are going to be built by the Department of Transport; I believe there are some 14 altogether. This will run into a sizeable amount of money, which money will be well spent at the present time in the shipbuilding industry. I hope it will be possible to distribute this work across Canada so that all shipyards will get a little bit of it, but I should not like to see the work allocated. I wonder whether the minister could give us any information about this. Are all the ships going to be up for tender, or are some of them going to be allocated?

Mr. Balcer: They will all be built after tenders have been called, but the tenders will not be called for all of them at the same time. I can assure my hon. friend that tenders will be called for all of them.

Mr. Smith (Lincoln): Will tenders be called for them?

Mr. Balcer: Tenders will be called for them.

The Chairman: Shall vote 411 carry?

Item agreed to.

Railway and steamship services—

414. Newfoundland coastal services—construction or acquisition of passenger-cargo vessels and equipment and harbour facilities, $4,340,000.

Mr. Pickersgill: Mr. Chairman, I take it the minister has no additional information to give us about the east coast ferry beyond what he gave before dinner.

I notice the cost is exactly the same this year as it was last year. Could the minister say how many vessels are normally employed on this service at the present time.

Mr. Balcer: Is this vote 415 or 414?

Mr. Pickersgill: Vote 414. In addition to the *Carson* certain other vessels are used.

Mr. Balcer: I wonder whether my hon. friend would let me take this question as notice.

Mr. Pickersgill: I will be very happy to do so. There is one other question I have in connection with this item. I will be glad if the minister will take them both as notice and answer at his convenience.

It has been the experience, I think, that when the *Carson* was in regular operation it was able to keep up pretty well with the freight load without very much help from other vessels, but there is always a backlog whenever the *Carson* is off the run for any length of time. I wonder whether the minister, when he gives the other information, could indicate how well the railway is keeping its freight current, instead of having the backlogs that used to be so serious.

Mr. Balcer: The C.N.R. operate the coastal shipping services for passengers, mail, express and freight. It services 234 ports of call on the coast of Newfoundland and Labrador. At present there are ten railway vessels and four chartered vessels employed on that service.

Mr. Pickersgill: That is the whole coastal service; that is not just the service from Port aux Basques?

Mr. Balcer: No, that is the whole C.N.R. service around the coast of Newfoundland. At the present time the flow of traffic is well looked after except during certain periods because of very heavy ice conditions. We will have to provide something more sometime during the next five years.

Mr. Carter: Mr. Chairman, could the minister give the committee some information regarding the construction of the new vessels for coastal service? I understood one was to go into service last month but has been delayed, and that there was to be another new one constructed following that.

Mr. Balcer: Mr. Chairman, the first one is almost ready for service, and will be in service very shortly. In regard to the second vessel, the construction has been awarded to Saint John Drydock Limited with a scheduled delivery date of May, 1961. I have been informed of a slight delay resulting from the strike in the shipyards. Work has resumed now, so delivery will be made in the very near future. As far as the third vessel is concerned, tenders have been called, and tenders will be called very shortly now for the construction of the fourth vessel.

Item agreed to.

415. Construction or acquisition of auto-ferry vessels and equipment as listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects $1,545,000.

Mr. Pickersgill: Mr. Chairman, I believe this vote is exclusively in respect to the car ferry that is to go into service between Cape Tormentine and Borden. Could the minister inform the committee what date it is expected that this vessel will go into operation?

Mr. Balcer: The delivery date was to be during the autumn of this year but, because of the delay caused by the strike which I mentioned earlier, it has been extended to mid-winter.

Mr. Pickersgill: In that event, there is no assurance that the same terrible conditions will not exist for at least part of next winter that existed up until May of this year. Of course, the minister is not responsible for the ice even though he does have charge of meteorological services, but he will appreciate that the situation was quite deplorable. The minister must also be aware that about the time the ice conditions were the worst, the *Abegweit* was taken off service and put into drydock for refitting because, it was stated, she would lose her place in the queue. It is obvious that there is not enough shipping capacity to get the people across, and I should like to know whether the minister

expects that the new vessels will be put in operation before the causeway is ready.

Mr. Balcer: Yes, a few years before that.

Item agreed to.

Payments to the Canadian National Railway Company (hereinafter called the company) upon applications approved by the Minister of Transport made by the company to the Minister of Finance, to be applied by the company in payment of the deficits, certified by the auditors of the company, arising in the operations in the calendar year 1961—

418. Newfoundland ferry and terminals, $6,585,000.

Mr. Small: Mr. Chairman, I do not know whether this is the right item in respect to which I should raise my question, because there is no reference to money beside it. All it says is:

Payments to the Canadian National Railway Company (hereinafter called the company) upon applications approved by the Minister of Transport made by the company to the Minister of Finance, to be applied by the company in payment of the deficits—

There is no reference to an amount beside it.

Mr. Pickersgill: The amounts are listed below.

Mr. Broome: Read down further.

Mr. Peters: Mr. Chairman, in respect to vote No. 418, I should like to ask a question following up a question asked previously by an hon. member. I notice there is an increase from $5,410,000 to $6,585,000 in the deficit. Could the minister explain the reason for that increase? How does this deficit work?

Mr. Chevrier: It is red.

Mr. Pickersgill: How does a deficit work?

Mr. Peters: Mr. Chairman, I may have put the question badly but I should like to know the reason for the increased deficit.

Mr. Pickersgill: The service does not pay.

Mr. Balcer: Mr. Chairman, I can give a brief explanation regarding the increase of $1,175,000 in the deficit for 1961 as compared with 1960. This year there is an increase in maintenance and dock tracks, as well as buildings amounting to $145,500. The cost in regard to the North Sydney-Port aux Basques service is $117,000 and, in regard to the service from North Sydney to other island ports the cost is $28,500. During this year there will be a decrease in the cost of repairs to buildings and equipment on the North Sydney-Port aux Basques service amounting to $70,000. There will be an increase in repairs to floating equipment on the North Sydney to other island port services in the amount of $7,000. The increase in the cost of the operating services in 1961 will total $1,224,500. The increase in the cost of freight handling and switching will amount to $900,000. The increase in wages to crews is $200,000, and the increase in the cost of material and supplies is $35,000. The increase in cost of fuel charges is $50,000; the increase in claims for taxes and various miscellaneous charges is $39,500. There is also an increase in equipment rentals of $18,000, making a total of $1,325,000. That will be reduced by an estimated increase in operating revenues of $150,000. The net increase in operating deficit will be $1,175,000.

Mr. Peters: Mr. Chairman, the repairs that the minister has referred to have mainly been to docks and other facilities. I should like to know if the ferry, which was referred to a moment ago and the service it provides, is maintained separately from the repair items, or is the whole operation of ferry services and terminal facilities regarded as one main item? I should like to know the relationship between the Canadian National Railways, mentioned as "the company" in this vote, and the facilities which normally would belong to the Department of Transport. Are they maintained separately or combined in one group?

Mr. Chevrier: They are separate in combination.

Mr. Balcer: Our cost is kept separately. The C.N.R. submits these accounts for operating costs, etc., to the Department of Transport for whom it acts as agent.

Mr. Peters: Under this item the minister mentioned terminals at the particular ports. Are they distinguished as Department of Transport terminals? Are they separate from Canadian National facilities? In other words, do the Canadian National Railways use them the same way that other people might use them? Is there a public section in so far as the Department of Transport is concerned with reference to these facilities?

Mr. Balcer: We own all these facilities and the Canadian National operates them. I am told that these installations are for public use. They are used by the C.N.R. which has operated them as our agent.

Mr. Peters: One further question. Is the ferry that is being built for the Department of Transport or is it for the Canadian National Railways?

Mr. Pickersgill: There is no ferry being built.

Mr. Balcer: This item deals only with ferry service to Newfoundland. The new ferry that we are building is for Prince Edward Island.

Mr. Carter: What the minister has said has conveyed the impression to my hon. friend that this amount is charged up to the ferry between North Sydney and Port aux Basques. It is my understanding and it has always been so, that this amount covers not only the ferry but all the ships that operate between the mainland and Newfoundland and the coastal services in Newfoundland as well. If I am not right in this I should like the minister to put me straight.

Mr. Balcer: This is for the installations at North Sydney and Port aux Basques and it is used by the ferry service between these two points. This ferry service is run by the C.N.R. These installations can be used by other C.N.R. ships which are doing coastal service along the shores of Newfoundland.

Mr. Carter: That is part of the answer, but the item as it appears here refers to the one ferry, and in the minds of everybody that amount covers the ferry between Newfoundland and the mainland. When you say "ferry" you immediately think of one ship, namely the *William Carson;* but as I understand it there is more than one ship involved in this, and not only the ferry but the coastal boats as well.

Mr. Balcer: That is right.

Mr. Carter: One other question. Is part of this deficit due to the fact that the ferry is classed as a railway and the rail rates prevail on it as distinct from what we would call freight rates on ships, so that the ferry does not earn the revenue that she would earn if she were not part of the railway?

Mr. Balcer: They have included a through railway charge even on that part of the trip that is covered by the ferry. If the rates were water rates the revenue would be lower and the operating deficit would be greater.

Mr. Carter: That is what I thought. One other question. I do not expect the minister to have the information available now, but, since he is getting some information for my colleague from Bonavista-Twillingate I wonder whether, without too much difficulty, it would be possible to get some comparative figures for last year and the year before of the tonnage carried by this ferry, including passengers, cars and freight.

Mr. Balcer: I can give these figures right now between North Sydney and Port aux Basques. I can give a comparison between 1959 and 1960. The number of crossings in 1959 was 1,126; in 1960, 1,250. Tons of revenue freight carried in 1959 amounted to 246,353; in 1960, 255,535. The number of passengers carried in 1959 was 58,435; in 1960, 67,527. The number of automobiles carried in 1959 was 11,642; in 1960, 15,427; trucks, in 1959, 2,026; in 1960, 2,773; cattle, in 1959, 5,276; in 1960, 4,394; carloadings at terminals, in 1959, 16,144; in 1960, 16,140. There is an increase everywhere except in carloadings at terminals, which are down by only four cars; and in cattle, which are down by almost 900.

Mr. Carter: I thank the minister very much.

Item agreed to.

585. Bell Island-Portugal Cove, Newfoundland ferry service, repairs and improvements to terminal facilities owned by Newfoundland, $97,400.

Mr. Pickersgill: Can the minister say precisely what is being done with the terminal facilities there?

Mr. Balcer: Yes. The Department of Public Works have terminal facilities which are being operated there. These are temporary improvements at Portugal Cove on which have been spent $44,375, and on the ferry at Bell Island, $42,300.

Mr. Pickersgill: At Bell Island?

Mr. Balcer: Yes; that is an expenditure of about $87,000.

Item agreed to.

421. Yarmouth, Nova Scotia-Bar Harbor, Maine, U.S.A., ferry service—deficit, 1961, $339,000.

Mr. Pickersgill: Could the minister say whether any consideration is being given to getting another vessel for this service?

Mr. Balcer: Not at the present time. We have made a traffic study and we will review the matter in a couple of years.

Mr. Pickersgill: The minister is familiar no doubt with the efforts that have been made by the mayor of Yarmouth to persuade the department to acquire a vessel that used to ply somewhere in the Caribbean. I think I asked a question about that on the order paper. I have not turned it up recently, but could the minister say whether this matter was seriously considered at all?

Mr. Balcer: I am told that a year ago the department was approached by the province on the whole question of the service from the south of Nova Scotia to New England. That is what led to the study being made as a result of which we decided that for the time being we will leave things as they are and will review the situation in a couple of years.

Item agreed to.

423. Railway to Great Slave lake—location survey, $550,000.

Mr. Chevrier: Mr. Chairman, this item is for the location survey with respect to a railway to Great Slave lake and the amount is

$550,000. I should like to bring one or two matters to the attention of the minister. The minister will remember that in the speech from the throne in 1957, I believe, an announcement was made that a railway to Great Slave lake would be built. We are now in 1961 and there is still no indication that this is going to be done. In the following year again in the speech from the throne there was another announcement respecting the appointment of a royal commission to select the route which would be followed in the construction of the railway, whether it would be via Waterways or via the western route from Dawson Creek and Hines Creek up to Great Slave lake.

After more than three years we now have this vote of $550,000 in the estimates for a location survey and in the supplementary estimates there is another item of $193,908 or an approximate total of $750,000. I think the minister owes it to the committee to give some indication of what is intended under this survey. Who is going to make the survey? Is it going to be done by the owners of Northern Alberta Railways? Is it going to be done by some other body or group who will report to the Department of Transport? How will it be done? Again, will some of this work be given by contract and when does the government intend to begin construction of the railway? Surely parliament is entitled to know whether there is going to be any action because this appears to have been nothing but bait for election purposes since 1957. There has been no real action with reference to the construction of the railway. The minister can shake his head if he wishes. Perhaps he does not like the expression, but there is no doubt that those who live in the area must be tremendously disappointed at the fact that after four years we are only now talking about a location survey.

The first year the matter was mentioned in the speech from the throne we were going to have a railway. Later it became clear that the government had announced the construction of the railway without ascertaining the wishes of the people in the area and that there was some difference of opinion as to which route the line should follow, the eastern or the western route, and a royal commission was established for the purpose of determining that matter. Now that the royal commission has reported we have this location survey. I think the committee is entitled to know the answers to these questions I have put.

Mr. Herridge: Just before the minister speaks, may I say that I had intended to raise questions very similar to those put by the hon. member for Laurier because some of my constituents are particularly interested in the construction of this railway. I hope the minister can answer the questions asked by the hon. member for Laurier and can give us a fairly complete explanation of the situation at the present time.

Mr. Chevrier: You will not protest even though it interests your constituents.

Mr. Balcer: Mr. Chairman, as usual the government is going to carry out its undertaking. We said in the speech from the throne that the railway was going to be built and it is going to be built.

Mr. Chevrier: When?

Mr. Balcer: Perhaps my hon. friend will be patient for a minute. First of all, the hon. member has asked who is doing the survey. The survey is being done by the C.N.R. and it is under way at the present time. It is a little ahead of schedule and it should be completed by next winter.

Mr. Herridge: Next Wednesday?

Mr. Balcer: Next winter.

Mr. Chevrier: Next summer on the ice.

Mr. Balcer: The hon. member for Laurier will probably be disappointed, but I should like to take this opportunity to tell hon. members that at this session there will definitely be a bill for the construction of this railway. At the present time we are carrying on discussions with the Consolidated Mining and Smelting Company. The talks between the mining company, the department and the railway are proceeding very well, and I am very pleased to say that before too long I will bring before the house proper legislation for the construction of the railway.

Mr. Chevrier: May I tell the minister I am not at all disappointed by what he has just stated. What I am disappointed about is that it has taken four years to implement the announcement in the speech from the throne in 1957 that the railway was going to be built.

Mr. Balcer: It is a major railway.

Mr. Pickersgill: Mr. Chairman, I should like to express my incredulity at one statement made by the minister. The minister said that there was definitely going to be a bill this session for the building of this railway. I do not recollect it being included in the list of bills that was given to us at the time the Prime Minister asked us to sit these outrageous hours we have been sitting.

Mr. Lambert: Did you read the speech from the throne?

Mr. Pickersgill: Does this mean that still another bill is being added to the list for this session even though the survey will not be completed until this winter?

Mr. Lambert: Did you read the speech from the throne?

Mr. Pickersgill: I read the speech from the throne but it has very little relation to what has happened this session.

Item agreed to.

427. Railway employees' provident fund—to supplement pension allowances under the intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum allowance payable in the calendar year 1961 $30 per month instead of $20 per month as fixed by the said act, $8,200.

Mr. Creaghan: I should like to take a few moments of the time of the committee to discuss this item. On the face of it, it appears to be an item for $8,200. However, in reality, to the citizens involved, it represents an item more like $6.2 million. Now, one does not have to be an accountant or belong to the Glassco royal commission to understand that statement.

In the first place, this vote makes provision for an increase from $20 to $30 per month in the amount paid by the government to retired railway workers in the maritime provinces and throughout Canada. At the present time there are approximately 4,000 people relying entirely for their income upon these cheques issued by the provident fund. These people live in the maritimes predominantly, but some of them are located in various parts of the country as a result of being transferred while employed by the government railway. The figure I mentioned of $6.2 million is an accurate figure according to reports I have received.

The provident fund is maintained at the present time by deductions at source from all concerned of 1.5 per cent of the salary of approximately 2,000 men employed by the Canadian National Railways. The fund also receives a grant, by statute, of $100,000 from the Canadian National, together with the deficit required which the Canadian National must pay to maintain this fund. Last year the deficit of the provident fund exceeded $6 million. I understand that since 1922, when the Canadian National took over the administration of this fund, the total deficit met by the Canadian National has exceeded $75 million.

In my opinion, Mr. Chairman, it seems obvious that if the Canadian National, because of its inheritance, has paid the provident fund $75 million since 1922, then it is fair to state that the Canadian National has contributed its share. However, I question whether the government of Canada has contributed its fair share to these railway workers. In 1940, there were 10,000 people in receipt of benefits from this fund or still contributing to the fund. The last figures I have, for 1959 indicated that this figure is now less than 6,000, made up of approximately 2,000 contributors and 4,000 pensioners.

I believe that the time has come for the government to take another look at this matter. Financially, it does not make very much difference, as long as the Canadian National takes care of the deficit because, although it appears that the government of Canada contributes only $8,200, when the government picks up the Canadian National deficit, it means in actual fact that the government is paying $6 million or $7 million annually. As I said a moment ago, I think the time has come for the government to take a very close look at the Intercolonial Railway provident fund. At the present time the people administering the fund are located in Moncton, New Brunswick, and they are entirely Canadian National employees. I suggest that the minister should consider the possibility of transferring the administration of the provident fund under his jurisdiction. Notwithstanding the fact that these employees worked for Canadian National, the pension cheques they receive have "Department of Transport" printed on them, and they are government of Canada cheques. If the government is carrying the load, then the government may as well get the credit for the full amount it pays rather than for the amount of this item.

In conclusion, Mr. Chairman, I suggest also that the statutory increase in the pension payment from $20 to $30 is not sufficient. The amount of $30 was authorized many years ago, and today it is away out of line. There are very few people involved who are in receipt of this minimum pension. All of them gave many, many years of service at a time when railway wages were very low.

The act incorporating the fund was passed in this house in 1907, and it defined employees as employees of Her Majesty. The people for whom I have been speaking, many of whom I represent, are very disappointed over the fact that, notwithstanding an act of parliament which says they are employees of Her Majesty, they were not included in the assistance rendered by the Minister of Finance in 1958 when this house authorized increases in the pensions of retired members of the armed forces, the R.C.M.P. and the civil service. These people feel that they were employees of Her Majesty, and not employees necessarily of the Canadian National.

I hope that after the minister's estimates have been concluded he will give serious thought to my remarks tonight. Perhaps when the railway committee meets sometime later this month, he will be prepared to make a statement on this important subject.

Item agreed to.

Air services—
Administration branch—
429. Air services administration, $1,852,117.

(Translation):

Mr. Pigeon: I should like to put a few questions to the minister concerning the international air terminal in Montreal in relation to the holders of franchises who have successfully tendered for the lease of the restaurant. I should like the minister to explain the delay of the province of Quebec in granting a beverage licence, a delay which I think was harmful to the reputation of the province of Quebec and of Canada.

Mr. Balcer: Mr. Chairman, I must say I have never really understood the exact reason of that delay. I know there have been certain changes in the management, but it is all hearsay. I do not know just what happened, but the matter was settled overnight, and after a delay of at least three or four months, a licence was granted to the Montreal air terminal.

I do not yet know the reason for the delay.

Mr. Chevrier: Mr. Chairman, I think the minister should have made no comment rather than say that he believes on the basis of hearsay that there was a delay of four months. I would remind him that when I was on the other side of the house, we tried for years to get a licence from the province of Quebec under the former government, but to no avail. Let me tell you why. The Department of Transport had set aside a location for a beverage room in the old terminal, and for years we made representations to the Duplessis government but never got a licence, because the province of Quebec insisted that the tenant be selected by itself exclusively. That is why we tried for years but to no avail.

I am surprised, to say the least, that the hon. member should ask such a question after barely three months, when things dragged on for years under the former Duplessis administration.

So let the hon. member and his minister not get excited about this. I know what happened at the time.

(Text):

However, I did not rise to discuss that matter. I rose to discuss another matter which was brought up in this house the other evening, namely, a contract that had been given by the Department of Mines and Technical Surveys to Autair Helicopter Services. It concerns this department and it falls under the heading of "Air Services" because the minister is responsible for air services, is responsible for the air transport board and is responsible for the operation of the Aeronautics Act. The Minister of Mines and Technical Surveys, rising in his place the other evening, told us that the policy followed by his department was the same that had been followed by the former administration. He put on the record a letter which I had written to my former colleague, the Hon. Mr. Prudham, then minister of mines and technical surveys. But the minister never brought to the attention of the house first the statement made by the former minister of transport, namely the present Minister of Trade and Commerce, when he said in this chamber that he was going to decontrol the policy having to do with air services and he did decontrol it. When we asked him questions in the house why he decontrolled it he said he decontrolled it for the purpose of allowing competition, that it is the policy of the present government to allow competition in this field. If that is the case, why was competition not allowed in the case of the contract (1) for the polar continental shelf project and (2) for the topographical survey in the Arctic regions of Canada?

Then again, the minister referred to the policy which was followed by the previous administration. It is true that I wrote the letter which was put on *Hansard* to my former colleague, namely the Hon. Mr. Prudham. But the policy on more than one occasion was that, when tariffs were filed, the work was divided among various contractors. Here we have a contract that has been advertised. Tariffs have been filed. However, after the tariffs had been filed, approaches are made by an officer of the department to a certain helicopter company with the object of awarding a contract, when Autair filed a lower tariff with the air transport board and got the contract. I suppose I shall be asked this question: Why do you not prove that and establish it? I have tried to establish it by the questions I have put on the order paper. Some of the statements which I have made and which I am about to make I can establish from the record. Others I cannot establish from the record. However, the Air Industries and Transport Association have

been able to establish it. At their convention which took place in Victoria recently they passed a number of resolutions. I should like to quote from the *Financial Post* of June 3, in connection with this matter. The article is entitled, "Sealed Tender System Urged by Air Transport Companies" and it reads as follows:

> The Canadian aviation industry has asked the government to call for sealed tenders on future air transport contracts.
>
> They should be opened in the presence of other bidders, the airmen argue.
>
> This was one of the resolutions passed at recent meeting in Victoria of the Air Industries and Transport Association.
>
> The airmen were actually complaining about Autair Helicopter Services, the controversial Montreal-based company which has been in and out of the political headlines since its formation.
>
> It was claimed that last year Autair was granted a contract to supply helicopter services in the Arctic after it had been given a second chance to bid.

That statement does not come from me. I did make a similar statement in the house some time ago. The minister said it was not true. Here the Air Industries and Transport Association are taking this matter up and saying the same thing. Why are they doing that? They are doing it because they know full well that the company was allowed to submit another tariff after another company had entered into negotiations with the department. Then the article goes on to say this:

> The association has also asked Ottawa not to give contracts to operators who have to lease special equipment from the U.S. if a Canadian operator already has such equipment on hand.
>
> Autair was again the target, as it leased a large helicopter from the U.S. to handle part of the Arctic contract.

Again I put on the order paper questions having to do with this matter and very little information has been obtained from the minister. Here is the resolution which was passed by the Air Industries and Transport Association. I shall just read the governing clause which is as follows:

> Now, therefore be it resolved, that all government contracts for air transport be requested on a sealed tender basis with a definite closing date and time and that such tenders be opened in the presence of any bidders desiring to attend and also a representative from the air transport board to advise on interpretation of licensing and tariffs.

This is the company which received from the government last year $183,500 for a contract which it had from the Department of Mines and Technical Surveys for the continental shelf project and for topographical work. This was for work done in 1960. The amount of the contract was $183,500. I presume that by now the company has been paid this amount. This amount was paid notwithstanding the charge that was made in the House of Commons that they were not the lowest tenderer.

From the evidence that was adduced at that time it was clearly indicated that again they had been given a second chance to tender. This is the company that also operated in the province of Quebec under the old regime of the late Mr. Duplessis without a licence from the air transport board under the Aeronautics Act. There is no doubt—and I put this on record previously—that when Autair Helicopter Services applied to the air transport board for a licence it was turned down; the air transport board declined the application. However, on appeal being made to the minister, the minister allowed the appeal.

This contract has been given to a company which, notwithstanding all sorts of protestations, has had its insurance cancelled twice and has had no less than eight accidents; indeed it has had more than that number. I should like to put on record, Mr. Chairman, and I now ask permission to table the record of accidents of Autair Helicopter Services on the continental polar shelf contract. They had eight accidents during the years 1959 and 1960. This information is obtained from sessional paper No. 211B tabled in this house on May 16, 1961. I should like permission to table this list of accidents.

The Chairman: I am not too sure as to the intention of the hon. member. He has mentioned that he wanted to table the document.

Mr. Chevrier: What I mean is that I want to have it printed in *Hansard*.

The Chairman: Does the committee agree that this document be printed in *Hansard* at this point in the remarks of the hon. member?

Some hon. Members: Agreed.

Mr. Balcer: I have no objection. However, Mr. Chairman, I should like to remind you that this document has already been tabled in the house. It is an answer to a question.

Mr. Monteith (Perth): It is already tabled.

Mr. Chevrier: No; it has not been tabled in the house. It has been made an order for return and therefore it is not on *Hansard*. I think I am entitled to make a copy of the order for return and to put it on *Hansard* in order to indicate the number of accidents this company has had in the last two years.

The Chairman: As I understand the question of the hon. member, he wants this to be made part of his speech instead of reading it. I think that is the request the hon. member is making.

Mr. Churchill: I would suggest, Mr. Chairman, that we want to be careful about the precedents that we establish. I understand

this is a document which is already in the possession of the House of Commons. The hon. member wishes it to be recorded in *Hansard* without reading it. It seems to me that if we adopted this as a practice we would have *Hansard* filled up with quite a number of documents already in the hands of hon. members. Would it not be better if the hon. member drew our attention to the source of the information and simply summarized the accidents about which he has this information?

Mr. Chevrier: No, Mr. Chairman; I intend to put it on *Hansard* myself if I am not saved the time of doing so by being allowed to table this statement. I think it will save the time of the committee if the statement were entered in *Hansard*. If not I shall proceed to put it in *Hansard* seriatim.

The Chairman: If there is not unanimous consent, the hon. member realizes he will have to read it. Is there unanimous consent?

Mr. Churchill: No, Mr. Chairman; I think the document should be read.

Mr. Chevrier: Then in connection with starred questions which I have put on the order paper and to which answers were given not in *Hansard*, but by an order for return, I should now like to put on *Hansard* the record of accidents of Autair Helicopter Services Limited on the continental polar shelf contract:

(a) CF-KMV—Bell 47G2—ten miles from lake la Bouille, P.Q., on 25th February, 1959—the right ski sank in the snow on landing and the aircraft rolled over. Substantial damage.

(b) CF-KMX—Bell 47G2—lake Gaillard, P.Q., on 7th March, 1959—while attempting take-off, the helicopter nosed over and crashed. Substantial damage.

(c) CF-KMW—Alouette II—Labrieville south, Bersimus 2, P.Q., on 13th May, 1959—on take-off, uncontrollable vibration attributed to ground resonance was set up and the aircraft crashed. Complete write-off.

(d) CF-KMN—Bell 47G—northern Quebec on 10th July, 1959—the helicopter experienced a sudden loss of lift and crashed to the ground. Substantial damage.

(e) CF-KMX—Bell 47G2—Veza lake, P.Q., on 15th January, 1960—while transporting an engine in a net slung beneath the helicopter, the net snagged in fallen trees during an approach to land. The aircraft tipped forward and crashed. Substantial damage.

(f) CF-LME—Bell 47G2—Greening station, P.Q., on 10th March, 1960—the helicopter was parked close to the railway track and the rotor was struck by a passing train. Substantial damage.

(g) CF-IKS—Bell 47G2—near Richmond gulf, P.Q., on 9th April, 1960—the helicopter experienced control difficulties during flight where the seizure of the lateral damper on the manual controls resulted in jamming of the cyclic stick which prevented the pilot from controlling the aircraft, which was forced landed. Substantial damage.

(h) CF-IKR—Bell 47G2—de Gue river, P.Q., on 13th August, 1960—while attempting to land the float equipped aircraft on a small sloping shelf of rock the aircraft toppled into the water. Substantial damage.

Then there is this note:

All involved partial write-off since major components were destroyed.

This is the record of the company to which the Department of Mines and Technical Surveys gave a contract for important helicopter services on the continental polar shelf. I asked what were the accidents in 1961 and I was told there were none. I have it from a reliable source that Bell 47G2A helicopter had an accident in 1961; tail boom extension smashed—

Mr. Balcer: Mr. Chairman, it is all very well for the hon. member to talk about a very reliable source when reading a document. If he is going to read a document he should tell the committee what the document is, and if he wants to talk about a very reliable source he should not be afraid to name that source.

Mr. Chevrier: I am not speaking from a document; I have notes and I am making the statement in this committee that I was not given the information I should have been given in answer to this question. I have it on reliable information that there was an accident in 1961.

Mr. Balcer: On a point of order, Mr. Chairman, what the hon. member for Laurier is stating in fact is that my department has not given a true answer to one of his questions. He is trying to prove that by saying to the committee, "I know from a very reliable source that the information given by the department was not true; it was not according to the facts." I think in all fairness, and according to the rules of the house, if the hon. member is going to make such a statement the least he could do is name that very reliable source.

Mr. Chevrier: I do not know of any rule of the house whereby I am required to name the source.

Mr. Balcer: Then, Mr. Chairman, I suggest—

Mr. Chevrier: Just let me finish. The minister will have an opportunity to reply, and I hope he will give an explanation why it is that this accident of which I am about to give the details was not reported when I asked for the information.

Mr. Balcer: On a question of privilege, Mr. Chairman—

Mr. Chevrier: Is the minister going to allow me—

Mr. Balcer: —if the hon. member is speaking to the point of order I am ready to listen

to him, but if he is going to carry on from there without speaking to the point of order, I think I have the right to continue.

Mr. Chevrier: What is the point of order on which the minister rose?

Mr. Balcer: The point of order is that if an hon. member puts a question on the order paper or asks it on orders of the day and a minister files an answer, the hon. member has to accept that answer. What the hon. member for Laurier is now saying is, "Well, I have asked a question: were there any accidents reported to the department in 1961?", and he tells the committee that the department said there were no accidents. Then the hon. member says, "I have a very reliable source that says that the information given by the department is not according to the facts; it is not true". I think that is a serious accusation the hon. member is making, and the least he could do is tell the committee what his very reliable source is.

Mr. Chevrier: Mr. Chairman, I am not making an accusation against—

Some hon. Members: Oh, oh.

Mr. Chevrier: Just a moment. I am not making an accusation against the officers of the Department of Transport. I am making the statement that in 1961 there was an accident experienced by Autair Helicopter Services Limited, and in the information I have, that accident was not reported. Because of that I say that the officers of this department should now take the necessary steps to inquire whether or not it is a fact that Bell 47G2A helicopter had a tail boom extension smashed after being struck by its own main rotor blades, because of the lack of the pilot's experience, on the continental polar shelf project after the contract started, in 1961. That is what I am asking the minister to inquire into, and I am not accusing—

Mr. Balcer: Would the hon. member give the date of this accident?

Mr. Chevrier: I will have to give it to the minister later, just as the minister has not always at his finger tips all the information we request. But that is the point I am bringing to the attention of the minister. I think the minister should inquire whether or not that is the case, and if it is not the case and if I am wrong, I will rise in this house and apologize to the house for the statement which I have made.

I now move on to another part of the information that was given in connection with this matter. Incidentally, Mr. Chairman, I advised the Minister of Mines and Technical Surveys long before I rose to discuss this matter that I intended to deal with it this evening. I spoke to him personally in the corridor, and I sent a message to his office.

It seems to me that part of this is not the responsibility of the Minister of Transport, but a great part of it is. That part which has to do with the air transport board falls under his jurisdiction, while that part which has to do with the giving of the contract is not his responsibility. I suggest that is why it is difficult to deal with a matter of this kind, two departments being involved. As the minister knows, in this case there are two departments involved.

It is well known that this firm is one which was very close to the late Premier Duplessis, and is equally close to the present federal government. Because of the statement which I have made I do not think the contract should have been given to that company under the circumstances it was given, by the filing of tariffs without the submission of tenders. I asked last year that this matter be investigated, but nothing was done. I have asked the minister again this year to make sure, before the contract was started upon, that the equipment which the minister listed to have been in possession of the contractor, was in his possession before he started to do the work on the continental polar shelf. From what was reported at the air industry transport association it appears that all the equipment which was required was not in the possession of that contractor and, in fact, that some of the equipment had to be obtained in the United States. That is why the resolution was passed at the air industry transport association protesting against allowing the equipment to be brought in from the United States under those circumstances. That resolution reads as follows:

> Therefore be it resolved that the air transport board and the Department of Transport and the Department of National Revenue refuse to permit foreign-owned equipment to be imported under any lease or other short term device unless such suitable fixed or rotary wing aircraft cannot be procured from another Canadian operator at lease or charter rates and conditions considered fair and equitable by the air transport boar.
>
> Be it further resolved, that in the allocation of government contracts priority be given to those operators equipped and qualified to perform the contract on which the tender is being submitted.

Mr. Chairman, I protest again the manner in which this operator was given the contract; that is, by the filing of tariffs on a second occasion.

Mr. Winch: Mr. Chairman, will the hon. member permit a question?

Mr. Chevrier: Yes.

Mr. Winch: If my memory serves me correctly this is the fifth time the hon. member

for Laurier has raised this matter in one form or another. I am becoming a little confused. I should like to ask the hon. member for Laurier whether he is implying or alleging that in some way or another there exists mismanagement, there is patronage, there is collusion and there is inefficiency. Just exactly what is it that the hon. member is trying to prove?

Mr. Chevrier: Mr. Chairman, I suppose it does not matter very much how often I have raised this matter. I believe I am entitled to raise it a thousand times if I should want to. However, it is not the fifth time I have raised it but the third time.

I am complaining about the manner in which the contract was awarded. I am complaining about the fact that this company was refused a licence in the first instance by the air transport board. I am complaining about the fact that this company had its insurance cancelled twice, and I am complaining about the fact that it has had eight accidents of a serious nature, and that under the circumstances it should not have been entrusted with a contract of this kind in respect to the continental polar shelf.

Mr. Creaghan: May I ask the hon. member a question? In regard to the accidents which he has stated have taken place, could he explain to this committee where there has been any loss of life or any cost to the taxpayers?

Mr. Chevrier: There has been no loss of life but the accidents have entailed substantial damage in each case.

Mr. Creaghan: To whom?

Mr. Chevrier: To the aircraft; the helicopter.

An hon. Member: What are you worried about?

Mr. Chevrier: I did not hear the question.

An hon. Member: Are you worried about the company?

Mr. Chevrier: I am worried about the fact that accidents of this kind are taking place up in the Arctic. I am worried about them because, if something is not done, one of these days someone will get killed and it will be too late.

The Chairman: Shall vote 429 carry?

Mr. Peters: Mr. Chairman, I am interested in this problem because I have listened to the hon. member's statement regarding it on a number of occasions. He has convinced me that there is something wrong involved, and I am surprised that he should let the subject drop each time he makes his complaints. The situation reminds me of one in which two individuals continually insult each other until they reach the stage of blows, at which time one sits down. I feel if what the hon. member for Laurier has said can be established by fact there is something seriously wrong with the licensing procedure of the department. I feel the charges which have been made by that hon. member are serious and, if untrue, should be answered by the minister. If the situation to which the hon. member has referred does exist, the minister should inform this committee what his department intends to do to correct that situation. I think the charges have been made with some justification because I have checked to the extent of meeting one of the officials of the company and have been informed that another tender was made. I suggest this is not a game that we are playing, and that at least some of the charges are accurate. Because of that, I feel the minister is obliged to inform this committee what is being done to terminate this problem. As the hon. member for Laurier pointed out, this awarding of the contract happened on two occasions under similar circumstances.

In view of the complexity of this problem, I am sure the minister wishes to reply, and I should, therefore, like to call it ten o'clock.

An hon. Member: You mean 10.30.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: Mr. Speaker, may I inquire what the business will be tomorrow and Saturday?

Mr. Churchill: Mr. Speaker, tomorrow we will commence with the estimates of the Department of Justice. I should remind the house that we have already devoted three days to considering the estimates of that department. Following that we will deal with the estimates of the Department of Fisheries and the Royal Canadian Mounted Police. On the completion of those estimates we will then carry on with the estimates of the Department of Transport.

Our objective this week is the completion of our consideration of the estimates of the Department of Transport, the Department of Justice, the Department of Fisheries and the Department of Forestry.

Mr. Chevrier: Can the minister give any indication as to the business for Monday?

Mr. Churchill: Not yet, Mr. Speaker.

At 10.30 o'clock the house adjourned, without question put, pursuant to special order.

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF TRANSPORT

A—Department—

402. Departmental administration, $3,395,700.

Marine services—

403. Marine services administration, including agencies, $1,032,610.

Aids to navigation—

404. Administration, operation and maintenance including fees for membership in the international organizations listed in the details of the estimates, $6,783,790.

405. Construction or acquisition of buildings, works, land and equipment, $5,290,000.

Canals—

406. Administration, operation and maintenance, $2,398,550.

407. Construction or acquisition of buildings, works, land and equipment, including payments to provinces or municipalities as contributions towards construction done by those bodies, $1,850,230.

St. Lawrence and Saguenay rivers ship channels—

408. Administration, operation and maintenance, $1,891,389.

409. Construction or acquisition of buildings, works, land and equipment, $4,952,000.

Canadian marine service—

410. Administration, operation and maintenance including authority, notwithstanding section 30 of the Financial Administration Act, to make commitments for the current fiscal year not to exceed a total amount of $20,379,688, $18,864,688.

411. Construction or acquisition of ships and equipment, $14,500,000.

Marine regulations including pilotage and marine reporting services—

412. Administration, operation and maintenance, including grants and contributions as detailed in the estimates, $3,600,129.

413. Construction or acquisition of buildings, works, land and equipment, $2,229,000.

Railway and steamship services—

414. Newfoundland coastal services—construction or acquisition of passenger-cargo vessels and equipment and harbour facilities, $4,340,000.

415. Construction or acquisition of auto-ferry vessels and equipment as listed in the details of the estimates, provided that treasury board may increase or decrease the amount within the vote to be expended upon individual listed projects, $1,545,000.

416. Construction of dock and terminal facilities at Port aux Basques, Newfoundland, $134,300.

417. Enlargement of dock and terminal facilities at North Sydney, Nova Scotia, $31,900.

Payments to the Canadian National Railway Company (hereinafter called the company) upon applications approved by the Minister of Transport made by the company to the Minister of Finance, to be applied by the company in payment of the deficits, certified by the auditors of the company, arising in the operations in the calendar year 1961—

418. Newfoundland ferry and terminals, $6,585,000.

419. Prince Edward Island car ferry and terminals, $2,845,000.

420. Prince Edward Island car ferry and terminals—construction or acquisition of buildings, works, land and equipment, $980,000.

421. Yarmouth, Nova Scotia-Bar Harbor, Maine, U.S.A., ferry service—deficit, 1961, $339,000.

422. Maritime Freight Rates Act—payment to the railway companies operating in the select territory designated by the act, of the difference occurring on account of the application of the act, between the tariff tolls and normal tolls under approved tariffs (estimated and certified to the Minister of Transport by the Canadian National Railway Company and approved by auditors of the said company respecting the eastern lines of the Canadian National Railways and in the case of the other railways by the board of transport commissioners for Canada) on all traffic moved during the calendar year 1961, $14,750,000.

423. Railway to Great Slave lake—location survey, $550,000.

424. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $62,200.

425. Degaussing Canadian government ships and Canadian-owned merchant ships, of 1,000 gross tons and over, of Canadian registry, or of United Kingdom registry if subject to re-transfer to Canadian registry under special inter-governmental arrangement, $190,000.

Pensions and other benefits—

426. Amount required to pay pensions at the rate of $300 per annum to former pilots: Raoul Lachance; Jules Lamarre; Wilhelm Langlois; Auguste Santerre, $1,200.

427. Railway employees' provident fund—to supplement pension allowances under the intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum allowance payable in the calendar year 1961 $30 per month instead of $20 per month as fixed by the said act, $8,200.

428. Supplemental pension allowances to former employees of Newfoundland railways, steamships and telecommunications services transferred to Canadian National Railways, $105,000.

A—Department—

583. Departmental administration—further amount required, $47,585.

Marine services—

Marine regulations including pilotage and marine reporting services—

584. Administration, operation and maintenance—to extend the purposes of vote 412 of the main estimates for 1961-62 to include the grants detailed in these estimates, $2,488.

Railway and steamship services—

585. Bell Island-Portugal Cove, Newfoundland ferry service—repairs and improvements to terminal facilities owned by Newfoundland, $97,400.

586. Railway to Great Slave lake—location survey—further amount required, $193,908.

HOUSE OF COMMONS

Friday, June 9, 1961

The house met at 11 a.m.

NEW MEMBER

Mr. Deputy Speaker: I have the honour to inform the house that the Clerk of the house has received from the chief electoral officer the certificate of the election and return of John R. Matheson, Esquire, for the electoral district of Leeds.

TRADE

EUROPEAN COMMON MARKET—MISSION TO DISCUSS ENTRY BY U.K.

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I should like to direct a question to the Prime Minister. Has the government been advised of the date of arrival of the commonwealth mission which is coming to Canada to prepare for Britain's entry into the common market, and is the government in a position to state what is Canada's attitude?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon. gentleman has asked me a question identical to that of which the hon. member for St. Hyacinthe-Bagot has given notice.

The government is aware that the United Kingdom government is considering how best to arrange for effective consultation with other commonwealth governments on the subject of the European common market and the United Kingdom joining that market. I might say that I have made it clear to the Prime Minister of the United Kingdom, and he has agreed, that there should be consultation before any move in that direction is taken by the government of the United Kingdom.

There has been continuing consultation at the level of officials. The most recent discussion in this series took place in London two weeks ago during the meeting of senior economic advisers of the commonwealth countries. As to consultation on a ministerial level between the United Kingdom and Canada, to which the hon. gentleman made reference, nothing definite has yet been arranged.

I might say in that connection that while consultation on a bilateral basis would be helpful in order to take account of the special interests of individual countries, I believe that instead of limiting consultation to separate meetings among interested commonwealth countries, the best means would be collective consultation among all interested commonwealth countries. I envisage bilateral consultation, official and ministerial, but because of the potential consequences of United Kingdom membership in the common market, I believe that the fullest consideration should be given to collective ministerial discussion and also, if necessary, to a meeting of the prime ministers.

Mr. Chevrier: Mr. Speaker, may I ask a supplementary question of the Prime Minister. Has the Prime Minister made such a direct suggestion to the United Kingdom prime minister for collective consultation among the commonwealth countries?

Mr. Diefenbaker: Of course, Mr. Speaker, the hon. gentleman does not expect an answer to that question. The content of discussions that take place as between commonwealth prime ministers has not in the past been the subject of revelation in the house.

Mr. Chevrier: Perhaps I could ask this additional supplementary question in view of the courteous but evasive answer of the Prime Minister.

Mr. Diefenbaker: It was not my intention to be evasive.

Mr. Chevrier: Is Canada itself considering becoming associated with the common market?

Mr. Diefenbaker: Mr. Speaker, the content of that question has been the subject of supplementary questions for the last several days. I believe the Minister of Finance has dealt with that question on more than one occasion.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I could also ask the Prime Minister a supplementary question. Does the Prime Minister feel it is wrong to disclose a direct suggestion to the Prime Minister of the United Kingdom, but at the same time right to make such a suggestion indirectly by a public statement in this house?

Mr. Diefenbaker: Mr. Speaker, even though the hon. gentleman has had a close relationship with those who have occupied the position I now hold, I do not intend through a

question on orders of the day to take advice from the hon. gentleman as to the course to be followed.

URANIUM—INQUIRY AS TO NEGOTIATIONS WITH UNITED KINGDOM

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, in the absence of the Minister of Trade and Commerce perhaps I might ask this question of the Prime Minister. Could the Prime Minister inform the house when talks will take place between Canada and the United Kingdom with regard to the uranium contract? These talks were to take place on June 12.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the talks will commence next week.

REPORTED EXCHANGE OF LEAD FOR SURPLUS U.S. GRAIN

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Agriculture arising out of a news report that the Consolidated Mining and Smelting Company of Canada has undertaken to exchange Canadian lead for 10 million bushels of surplus United States grain. I wonder if the minister would have any comment to make on this report; whether he is aware that this has happened, and whether he thinks it will have any effect on Canada's own grain marketing policy.

Hon. Alvin Hamilton (Minister of Agriculture): As the hon. member probably knows there is in public law 480 of the United States a section which allows companies to exchange by barter certain products against commodities which are surplus in the United States. After representations by the Canadian government some four years ago, the government of the United States has been slowing down operations of this type; I understand that now they have come to an almost complete standstill. Renewed representations have been made since the change of administration in the United States, and we have been assured that there will be a decided slowdown in any form of barter, almost the elimination of this practice.

I am not aware of the present arrangement suggested by the question of the hon. member, but I will look into it.

Mr. Argue: Will the minister report back to the house?

Mr. Hamilton (Qu'Appelle): Yes, I will take the question as notice.

[Mr. Diefenbaker.]

GRAIN

INQUIRY AS TO INCREASE IN DELIVERY QUOTAS

On the orders of the day:

Mr. J. N. Ormiston (Melville): I should like to direct a question to the Minister of Agriculture. Is the minister prepared to tell the house what progress is being made by the Canadian wheat board in providing increased quotas for western grain?

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, I reported to the house several days ago that we have made fairly good progress. We had a splendid series of days between May 8 and May 11. I have the figures for June 8. The house will recall that the last time I reported the big effort was to get all the points from 2 bushels into 3 bushels. I am now able to report that in Manitoba, where on May 29, a little over a week ago, we had 121 points on 3 bushels, now there are none. In Saskatchewan a little over a week ago, on May 29, we had 190 points on 3 bushels and now there are 4, so that all through the west at the present time there are only 4 points on 3 bushels. The number of points on 4 bushels is now 762, the number on 5 bushels is 589, and the number on 6 bushels is 639.

I can say at this time that the situation in relation to Alberta is much better than it was last year, but in Manitoba and Saskatchewan it is still not as good as it was last year. However, tremendous efforts are being made by the grain handling companies on the prairies, the railways and the terminals, and they have now produced a situation where some 1,600 cars a day—and that is not far off 3 million bushels a day—are moving into the terminals. The eastern farmers have built up a demand for oats, so we gave a supplementary quota of 5 bushels per acre in order to try to get this supply into the elevators to make sure eastern farmers were supplied. This of course means that less wheat will be moved, to the extent of oats delivered. I should like to point out in conclusion that this year the producer marketings of grain is much higher than it has been for a long time at this time of year.

Mr. Hazen Argue (Assiniboia): May I ask a supplementary question. I wonder whether the minister could tell the house this, since the end of the crop year is just some seven or eight weeks away. Does he still confidently expect that quotas and marketing opportunities will reach 7 bushels an acre?

Mr. Hamilton (Qu'Appelle): Mr. Speaker, I gave an answer to this question three or four days ago, to the effect that the advisory committee of the Canadian wheat board had

unanimously recommended that the first job of the Canadian wheat board was to sell grain. That means that if we get a market for oats in eastern Canada or for any other type of cash crop, this would get preference and be moved out. However, I still think it is physically possible in most cases to reach the 7 bushels. If there is some place that does not meet it, it is because we have given higher priority to the total number of bushels of all grain that the western farmer is allowed to sell.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, may I ask a supplementary question inasmuch as it similarly involves cash flowing into the hands of the western farmers at this time. In reply to a question that I asked yesterday the minister indicated that the close-out of the 1959-60 wheat pool would be about a month later than last year. I wonder whether he could indicate to the house the reason for the delay this year. I believe the close-out was May 20 last year, and that the minister said yesterday it would be nearer to June 20 this year.

Mr. Hamilton (Qu'Appelle): I am not just certain of the exact date of the close-out of the pool last year. However, I suggest to the hon. member that I have kept members of the wheat board fairly busy getting around the world selling wheat this year, and it has had some results.

Mr. Benidickson: The farmers need a little bit of cash, too.

FLOODS

CRESTON, B.C.—INQUIRY AS TO EFFECT OF COLUMBIA RIVER DEVELOPMENT

On the orders of the day:

Mr. M. L. McFarlane (Kootenay East): I should like to direct a question to the Minister of Justice. In view of the very serious situation, which became more serious last night, faced by Creston and other Kootenay communities arising out of the present flood conditions on the Kootenay river, can the Minister of Justice advise the house whether implementation of the Columbia river treaty will provide any measure of flood control on the lower Kootenay river?

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, the answer is yes, and this is one of the reasons we are so anxious to see the Columbia river treaty go ahead.

Mr. H. W. Herridge (Kootenay West): A supplementary question, Mr. Speaker. Would the minister inform the house whether General McNaughton's proposal for the Columbia development would not also provide the same flood control?

Mr. Fulton: Mr. Speaker, I am not quite sure exactly what the hon. member means by that very general reference. General McNaughton was associated with us in an advisory capacity throughout the negotiations.

EXTERNAL AFFAIRS

LAOS—REPORTED DANGER OF COLLAPSE OF GENEVA CONFERENCE

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. I wonder whether the minister has a further statement to make to the house on this morning's news report that the 14-nation cease fire conference on Laos is very near collapse.

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I think that is not an accurate statement of the situation. As I understand it, the conference is not meeting today. An attempt is being made, of course, to reach agreement concerning the recent military action in Laos. Two of the princes from Laos are expected in Geneva. Whether that will lead to any constructive result I am not in a position to say. The conference is in difficulties, but it is too soon to say that it is near collapse. We are very hopeful that it will carry on.

Mr. Cardin: A supplementary question, Mr. Speaker. Has it been decided when the conference will resume? I understand it was called off for a few days. Has there been any date set for the resumption of the conference?

Mr. Green: The sittings are determined by the two co-chairmen. Yesterday there was no agreement on sitting. The head of the British delegation, Mr. Malcolm MacDonald, issued a press release explaining why he was not agreeing to a sitting being held yesterday. These decisions are made from day to day.

(Translation):

CANADIAN BROADCASTING CORPORATION

MONTREAL AND TORONTO—REPORTED CENTRALIZATION OF OFFICES

On the orders of the day:

Mr. Gerard Loiselle (St. Ann): Mr. Speaker, I should like to put a question to the Minister of National Revenue or to his parliamentary secretary.

Is the minister aware of a statement made by Mr. Robert L. Dunsmore to the effect that the C.B.C. should gradually proceed to carry out its centralization plans with regard to its offices and studios in Montreal and Toronto?

If, so, could the minister tell us whether the C.B.C. has come to a final decision as to the site of its offices and studios in Montreal between Amherst, Dorchester, Papineau and Craig streets?

If there is no one to reply in their place, could a minister take this question as notice?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I shall take this question as notice.

(Text):

PUBLICATIONS

INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I could ask the Prime Minister how soon the government expects to take the house and the country into its confidence with respect to the recommendations of the O'Leary commission.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I will do that just now by saying to the hon. gentleman, in due course. As soon as we are in a position to do that, it will be done.

INDIAN AFFAIRS

POORMAN RESERVE, SASK.—STATEMENT ON ROAD

On the orders of the day:

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, on Wednesday the hon. member for Bonavista-Twillingate (Mr. Pickersgill) asked a question supplementary to starred question No. 389. He wished to know if there was a road across the Poorman Indian reserve which is used by the public, and whether it is competent for the band to close the road against the public should it so desire.

In reply to the first part of the question I wish to say that there is a road across the reserve which is used mainly by the Indians, although members of the public on occasion use the road, particularly those visiting the reserve on legitimate business.

The question as to whether the band is competent to close the road against public use is a matter which involves a legal opinion, and I am therefore not in a position to reply.

UNEMPLOYMENT INSURANCE

REQUEST FOR ASSURANCE AGAINST REDUCTION OR LOSS OF BENEFITS

On the orders of the day:

Mr. Walter Pitman (Peterborough): In view of the serious depletion of the unemployment insurance fund, can the Minister of Labour assure this house there is no danger that benefits will be either cut off or lowered? Will the minister also give us an assurance that some form of legislation can be expected soon to deal with the situation?

Hon. Michael Starr (Minister of Labour): I have nothing to add to what I said in answer to a question by the hon. member for Bonavista-Twillingate the other day.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Can the minister give us an assurance that there will be an amendment to the Unemployment Insurance Act brought before parliament at this session?

Mr. Starr: When the government has evolved a policy with respect to this matter it will be announced in the usual manner.

Mr. Chevrier: When will that be?

Mr. Starr: When it is decided.

Mr. Pitman: I do not think the question I put to the minister was the same as the question asked by the hon. member for Bonavista-Twillingate. I am asking whether there is any danger that there will be any cut off in benefits or any lowering of benefits. That is the main point of this question.

Mr. Starr: That is a hypothetical question.

Mr. Hazen Argue (Assiniboia): Surely the Minister of Labour can give his assurance to the people—

Some hon. Members: Order.

Mr. Deputy Speaker: Order. Hon. members know that they cannot discuss the answers they obtain.

Mr. Pickersgill: Is the minister aware that by the answer he has just given to my question he has repudiated the statement previously made in this house that there will be a bill this session?

Mr. Argue: And in the speech from the throne.

SUPPLY

The house in committee of supply, Mr. Chown in the chair.

DEPARTMENT OF JUSTICE

173. Bankruptcy Act administration, $118,770.

Mr. Herridge: When these estimates were last before the committee I had my little say on this item, but during recent days I had a gentleman visit me from Montreal, a Mr. A. G. Heakes. I am raising a question of which I am sure the minister has some knowledge. I have talked to Mr. Heakes and I have read a number of documents and

letters, and he had hundreds of them. I simply lacked the time to go through the documents properly and read them and all the material that he had with him so that I could understand all aspects of this case. However, this gentleman does suffer from a sense of injustice and, from the material I had the opportunity to read and partly digest, I am of the opinion that Mr. Heakes has grounds for complaint. For that reason I promised him that I would raise this matter on the minister's estimates. I am going to bring the case briefly to the attention of the committee, because it is lengthy and most complicated.

In August, 1954, the Imperial Oil Company breached a contract with Mr. Heakes, and it was this breach of contract which forced Mr. Heakes into bankruptcy. He made a proposal to his creditors, as provided in the act. On February 7, 1955 Mr. Heakes submitted a proposal to his creditors to pay 100 cents on the dollar in four payments of 5 per cent and 20 per cent every four months over a 12-month period. A creditors' meeting was called for March 8, 1955. According to Mr. Heakes this meeting was never held. Then on May 31, 1955, Mr. Heakes made an amended proposal to the creditors offering full and final payment from the proceeds of actions to be taken against Imperial Oil, the Royal Bank and so on. It was a rather complicated arrangement, and I am not going to go into the details.

On November 22, 1955 this proposal was ratified by Chief Justice W. B. Scott in the superior court with the condition, endorsed in his own handwriting, that the actions must be started and served within 20 days from the date of ratification. On December 12, 1955 writs and declarations were served. In January, 1956, owing to worry over this business, Mr. Heakes apparently suffered a complete physical and nervous collapse and was hospitalized for several months.

In November, 1957 the corporation of professional engineers of Quebec began an investigation of the dispute of Mr. Heakes with the engineer of the Imperial Oil Company, Quebec marketing division. On January 25, 1958, approximately, Mr. Heakes says that a formal trial of this action was held before the full council of the corporation of professional engineers, following a report of the investigation by the committee on professional conduct of the corporation of professional engineers of Quebec whose chairman was Mr. Yvon Tassé, now Parliamentary Secretary to the Minister of Public Works. Then Mr. Heakes' premises were broken into and his evidence was stolen.

On January 1, 1958 he laid charges against the thief and there were postponements awaiting the verdict of the corporation of engineers. On February 4, 1958 there was another development with respect to this offence. He wired the trustee to this effect:

Receipt for documents urgently required for police.

On March 28, 1958 a verdict was issued by the corporation of professional engineers completely upholding Mr. Heakes in his complaint against the Imperial Oil Company. Mr. Heakes has a copy of this verdict.

On April 9, 1958 hearing of the charge against thief was called on the day before the date set by the judge and on court subpoenas. The charge was dismissed because no one was there. On June 9, 1958 the trustee obtained an ex parte cancellation of the proposal alleging he did not know where to find Mr. Heakes and that Mr. Heakes had failed to make payments required by the proposal. On September 4, 1959 Mr. Heakes met Mr. Guy Favreau, assistant deputy minister of justice, through the present Minister of Trade and Commerce, and he spent the entire day with Mr. Favreau checking over this matter. On March 14, 1960 this gentleman was employed for a short time by the royal commission on transportation and submitted a report.

I have looked at a great deal of detail with respect to the sequence of events in this case which would not assist the committee in any way if I were to read it. After reading the documents I must say I am of the opinion that this gentleman has grounds for complaint. From what I have read it appears to me that the trustee has not properly performed his duties under the Bankruptcy Act, and that the registrar in question has been somewhat delinquent.

Is the trustee in bankruptcy an employee of the government? Is he directly responsible to the government for his actions when acting as trustee? Will the minister consider a further investigation of this case? Can he give us from his knowledge of the case, which I understand is quite extensive—and this applies to other members of the cabinet—some explanation why this gentleman, who is in very serious financial circumstances and, from what I have read of the case, unfairly so, has been unable to obtain justice and get the matter satisfactorily settled?

Miss LaMarsh: Mr. Chairman, I rise also to speak to the case which the hon. member for Kootenay West has already mentioned. I have no doubt that the gentleman in question has importuned many members of this house in the past. From the résumé of his file which I have seen I would say that he has had considerable consideration given to him both by the Minister of Justice

and by other members of the cabinet. It is this very fact, Mr. Chairman, that leads me to believe that in the government's checking into this file on the matter they have come across some evidence indicating that there is some truth to support the allegations made by Mr. Heakes.

Like the hon. member for Kootenay West, I undertook to at least raise this matter in the house. It would appear, Mr. Chairman, that one of the greatest responsibilities of any department, and particularly of the Department of Justice, is to uphold that greatest of legal principles that not only must justice be done but it must appear to be done. If for seven or eight years a man has been pursuing his remedy in and out of the courts and in this parliament, the supreme court of this country, with diligence and with documentary evidence, then it would appear that he is motivated by a real sense of having suffered an injustice.

I am not particularly familiar with the provisions of the Bankruptcy Act, but I have noted that under the subsections of section 3 the superintendent of bankruptcy, who is charged under that section with supervision of the administration of the assets to which the act applies, is empowered to make a complete investigation of any particular matter. Neither the material which Mr. Heakes has provided me nor that to which I have had recourse indicates that in fact such an investigation has ever taken place.

I would ask the minister, who I am sure is much more familiar with the file than I, whether consideration has yet been given or will be given in the department to having a full scale investigation made by the superintendent of bankruptcy with respect to the actions of the trustee acting on behalf of the creditors in this matter. So far as I am able to ascertain, the legal effect of this is that Mr. Heakes is insolvent but he is not bankrupt under the act and is in no position to be discharged. This means, then, that he is in a period of hiatus, is incapable of starting his own business again, and will always remain a credit risk. It means that a man of his capabilities will always remain incapable of getting a job or of keeping one or of starting his own business.

The government has already shown a great deal of consideration with regard to this matter. Both the ministry, representatives of the Prime Minister's office and other persons have indicated their extreme sympathy. It would appear, therefore, that in the special circumstances this matter might be resolved by going further than sympathy and having an actual judicial investigation, which is permitted under the act. The Bankruptcy Act often works to the disadvantage of honest people in the community. This may be one of those cases, and I have another I should like to put before the minister for consideration at such time as the Bankruptcy Act may be amended.

As all hon. members know, the Bankruptcy Act was instituted in order that an individual might be assisted who, usually without fault, goes into such debt that he is incapable of discharging his obligations now or at any time in the future because his liabilities so greatly outweigh his assets. The act was instituted to aid the honest man who has done his best and is unable now and in the future to meet his obligations. However, because of the provisions of the act there are those who are able to take advantage of them to the prejudice of the public and beyond the purpose intended by the legislation.

May I for one minute refer to a case which came to my attention in practice before I was a member of the house. A widow who owned a very small cottage enlisted the aid of a man who held himself out to be a painting contractor. He had a truck and all the necessary equipment. She hired him to strip the paint from her dwelling house. He did this by means of a blow torch, and because of his negligence he burned down the house.

She then brought an action against him in the supreme court of Ontario and was successful in obtaining a judgment. The painter and his wife jointly owned their home, and they put a mortgage on it in order to pay part of their solicitor's fees and also in order to lodge an appeal. The appeal was a frivolous one, but many months went by before the appeal was heard. The judgment of the trial court was confirmed and the day following the defendant, against whom judgment had been given in the amount of $10,000 and costs, went into bankruptcy. The only debt he owed over and above his normal debts, such as mortgages on his home, one of which had been placed there for the purpose of proceeding with this litigation, and small telephone accounts and so on that everyone has at any given time, was the judgment in question.

There is no way in which such a person can be denied his rights under the Bankruptcy Act. In fact the only thing that can be done is to apply to the court when the applicant comes before it for discharge and, according to the case law, only in the rarest instance will discharge be delayed for more than a month or so.

These circumstances indicate that an individual who has been grossly wronged may be left without any recourse at all in law

while the person who has been the wrongdoer is able to escape and, after a hiatus of a few months, become a discharged bankrupt and enter again into exactly the same sort of business and thus prey upon the public again without in fact having lost anything. In effect this means that the law, by permitting an individual in such circumstances to go into bankruptcy, is in fact discriminating against the person who has been wronged.

So far as I am aware, Mr. Chairman, there is no provision in the Bankruptcy Act which sets out which individuals may have recourse to it. It is appreciated that it cannot be so rigidly drawn as to say what cases may come under it and what may not. However, I submit for the consideration of the minister and his department that where the Bankruptcy Act is resorted to for the purpose really of defrauding members of the public, there should be provision that an individual in the circumstances of this widow who was wronged may apply to the court in the first instance, so that the provisions of the Bankruptcy Act will not apply and so that a person who is a judgment debtor will be required to work for some months or some years in an attempt to satisfy the judgment, or will be required to show just cause to the court why he will never be able to satisfy the judgment. Further, there should be provision that an individual shall not be discharged in order to enter into the same business so long as such a judgment remains unsatisfied.

These matters are perhaps not of the type with which I should take up the time of the committee, but they are instances where the Bankruptcy Act, intended for a particular purpose, has been used in the one case against the interests of a wronged individual and in the other case against the interests of a bankrupt person.

In support of what the hon. member for Kootenay West has said, I urge upon the minister that in the case of Mr. Heakes consideration be given to a full scale investigation by the superintendent. As to the second case I mentioned, I urge that consideration be given by the department along the lines I suggested, particularly with respect to an application being made to a court by a judgment debtor, to prevent the operation of the Bankruptcy Act for a judgment creditor.

Mr. Winch: Mr. Chairman, I am very glad this matter has been raised. I do not intend to speak on the Heakes case, as I have no information about it, but I sincerely hope that a very careful study will be made. I hope action will be taken soon to correct the vicious practice which has developed with regard to proceedings under the Bankruptcy Act. I can say very definitely that a most vicious practice has developed in British Columbia, particularly in the city of Vancouver, a practice that involves certain companies engaged in the construction industry.

There are in Vancouver a few completely irresponsible individuals whom I might almost call legal crooks. What they do is form a company and put in bids on construction work, particularly plumbing and heating. They undercut the bids of honest and responsible contractors, and they do so knowing full well that they cannot do the job for the price. The result is that they go into bankruptcy. Evidence is readily available in Vancouver that at the same time they go into bankruptcy they organize a new company; exactly the same individuals organize a new company and repeat the process all over again. When I was in Vancouver recently I was told that by devious means the new company on occasion gets hold of the very same material and stock of the company which went into bankruptcy, and then they repeat the process over and over again. I have been told about one company which has done this four times.

I think this is an abuse of legitimate business. I was told by those in the construction industry in British Columbia who are operating in an honest, decent legitimate manner that their very existence is being threatened by these people who are allowed to go into bankruptcy and then, within as short a space of time as a week, and in one case of which I have knowledge the very next day, start over again and follow the same procedure.

If there does not now exist legislation or regulations which can be strictly enforced to halt this practice and protect the legitimate operators in the contracting business, the department should investigate the matter and introduce the required policies and measures. When it is found that individuals are repeatedly following this practice there should be some provision preventing them from going back into business until they have demonstrated their honesty and integrity.

Because cases of this nature have been brought to my attention with increasing frequency during the past year, and particularly in recent weeks, I feel this is a developing threat that will endanger legitimate business. I urge the minister to comment on this subject and advise the committee whether it is possible for the department to take remedial action.

Mr. Roberge: Mr. Chairman, I was also made aware of the facts in the case referred to by the hon. members for Kootenay West and Niagara Falls, but because much has been said about the matter I do not intend to pursue it further.

I direct the attention of the minister to the details of this vote under the subheading "Professional and special services" in which the amount of $52,000 is requested for the coming year. The same amount was voted last year in the main and supplementary estimates No. 4. The reason given last spring for the increase of $50,000 was that an investigation was proceeding in several parts of the country into the conduct of trustees.

Because of the interest expressed in the case referred to this morning and because of the number of other cases of which hon. members have knowledge, I should like the minister to make a progress report on the investigation that is now being carried out and to describe what course may be followed in the future.

Mr. Fulton: Yes, Mr. Chairman. Perhaps I could start with the last inquiry first and then lead back to the case of Mr. Heakes.

With respect to the investigation of irregularities under the Bankruptcy Act, let me say there have been four prosecutions. Four individual trustees have been prosecuted, charges have been laid against a fifth and an investigation is under way in respect to a sixth which will lead either to charges or cancellation of licence. It has not been finally determined what is the appropriate course to be followed.

With respect to the progress report, I should point out to the committee that although I have referred to charges or investigations with respect to only six individuals, in the case particularly of two of them they were trustees engaged in a very large volume of business. They had hundreds if not thousands of files under their control which they were administering, somewhere in the neighbourhood of 400 or more estates each and every one of those files had to be examined. In those two cases particularly a considerable number of charges were laid. It has been necessary for us to retain the services of accountants as well as lawyers to check the files and make the examination necessary to support the charges, and also to advise or assist in an interim capacity to carry on the administration of the estates which, of course, could not be left dormant or arrested simply because the original trustee was under investigation.

With respect to the problems raised by the hon. member for Niagara Falls and the hon. member for Vancouver East, I am aware of the sort of difficulty they have referred to. The problem is not so difficult of solution in the case of an individual, but it is difficult in the case of a corporation. That is the problem of effectively preventing persons who may have formed a corporation which goes bankrupt from forming another corporation and continuing with the same type of business. While the problem is difficult because of the nature of corporate law I am not saying it is impossible of solution.

The general study of the Bankruptcy Act has been going forward concurrently with the investigation of individual trustees and the two together will, we hope, put us in a position where we can make an intelligent and valuable revision of the Bankruptcy Act in the not too distant future. The points that have been mentioned here will be specifically borne in mind in the course of that revision.

Turning now to the Heakes case, I should say at once we have here a most difficult case in connection with an individual for whom I have a great deal of sympathy. The case has been exhaustively investigated by myself and at least one of my colleagues. It has also been exhaustively studied by senior officials in the government service. I have had a lengthy interview with Mr. Heakes. I referred him to the then assistant deputy minister of justice, who had several lengthy interviews with him. In the course of these interviews the position was fully explained to Mr. Heakes with every regard for the difficult position in which he found himself. Furthermore, I know that at least one of my colleagues has given assistance of a personal nature to Mr. Heakes during the period when he has found himself in difficulty, so it may be said that Mr. Heakes has not found an unsympathetic attitude on the part of the government and its officials.

In summary, however—and Mr. Heakes has been advised of this—the remedy for his difficulty lies in his own hands. We have indicated that we are prepared to do everything we can by way of offering advice to him to assist in this matter, but that unless and until he seeks to apply the remedies that are open to him nothing in fact can be done in order to improve his position.

Our investigation has established that at the time the proposal was made there was some confusion as to whether it was the original or amended proposal which was approved by the court. Our investigation also established that there was some error on the part of the trustee who applied later on to have the proposal annulled. But the action of the trustee, so far as I can determine—and at this point I am satisfied of this on the report of my advisors—was in error and not of the nature of fraud or bad intent.

This having been ascertained, it was suggested to Mr. Heakes that he should apply to the bankruptcy court either for an order reinstating the proposal or, in effect, for an order for a new proposal to be set up. Either course would have the result that his affairs could be dealt with in bankruptcy court and he would then be in a position to prosecute certain other actions which he feels he has and

which, as I understand it, form the only possible assets that he might realize.

Mr. Heakes has consistently taken the position that it is not his responsibility to take this action on his own behalf, that it is somehow or other the responsibility of the Department of Justice and the government to fight his case from now on. He appears to feel that because there was involved a trustee in bankruptcy who may have been guilty of some error, as I have said, it shifts the responsibility to the Department of Justice.

Here is where I should reply to the question asked me by the hon. member for Kootenay West. Trusties in bankruptcy are not officials of the government. They are appointed under the Bankruptcy Act. They are not paid by the government. They are not paid servants. Their remuneration is derived from fees out of the estates they administer. Moreover, they are not subject to detailed control in respect of their operations or to direction by the minister or the superintendent of bankruptcy. They are, however, subject to ultimate supervision as to the propriety of their conduct, but in effect the only control we can exercise is to remove them, cancel their licences or refuse to renew their licences if they are guilty of improper conduct.

As I say, nothing has been brought to my attention, from the full investigation in this case that we have made, to suggest that there was any improper conduct on the part of this particular trustee. But even if there had been improper conduct the only thing that I could and should then do would be to remove that trustee. This would not in any way alter the situation in which Mr. Heakes finds himself and in which, as I say, there are several courses open by means of which to pursue his case and bring about an adjustment of it. However, so far he has steadfastly declined to do so, taking the position that it is the responsibility of this department to conduct his case. We, of course, have no such authority or jurisdiction. I am not aware of any way in which, even with the best of intentions, I as Minister of Justice can go into court on behalf of an individual, particularly when the individual has it within his own power to do that for himself.

I have said that Mr. Heakes has had a most sympathetic hearing by members of the government themselves and by officials in the government service. I also know for a fact that he has been offered help from other quarters. When it became established that it was necessary for him to pursue his remedies in the courts we were concerned, because sometimes that is slightly cold advice to offer to a person who goes through this sort of misfortune which leaves him without the means of effectively pursuing his remedies. But I know for a fact that Mr. Heakes has been offered assistance by friends in this regard; that is to say, they have said they would be prepared to assist him with respect to litigation if he desired to retain competent counsel and pursue that litigation. However, Mr. Heakes has apparently felt that assistance should take other forms, and that any litigation is the responsibility of the government.

I can only repeat my words expressing the sympathy I have for Mr. Heakes, and also repeat to the committee my assurance and my firm belief that everything has been done that possibly could be done for Mr. Heakes in the way of advice, consideration and study of his case, and that future action lies in his own hands.

I should also say that when these matters or facts were established as the result of our investigation, we wrote to the trustee concerned and suggested that in the event of Mr. Heakes retaining another lawyer, the trustee should accord him all possible co-operation in obtaining an extension of time in which to appeal from judgment of the bankruptcy court. The trustee replied on December 22, 1959 to the effect that he would defer his own application for discharge as trustee for as long as would be necessary to give Mr. Heakes appropriate time in which to retain counsel. There was no obligation on the trustee to do this, but he said that under the circumstances, as there had been an error here, he would maintain the status quo so as to facilitate the making of any application that Mr. Heakes might wish to make. That was in December, 1959, and no application has yet been made.

Mr. Macdonnell: I should like to make one or two comments on this matter. I was very much interested to hear what the Minister of Justice has said to us. I am glad to know that the situation was not as black as the hon. member for Kootenay West naturally thought it was.

I also want to make one comment, and to ask a question of the minister, who referred to irregularities in the case of certain trustees. I thought perhaps it would be worth while, and it is certainly a matter of interest to me, to know more about this. I think he said there had been six cases of irregularities. I should like to know what percentage that is. I like to believe that most people we meet in our daily lives are honest. Of course, as long as there are dishonest crooks who are clever enough they will defeat any legislation from time to time. Finally, I want to ask one further question of the minister and it is this. A great deal of course, depends on the quality of those who are appointed

trustees. Those who are more familiar than I am with the operations of the act will, I am sure, endorse that statement.

I have just been looking at the section which provides for the appointment of trustees. I should like to read one paragraph of it, and then I should like to ask the minister whether in fact this case and other cases in his general experience have raised any question as to whether the appointment of trustees in bankruptcy should be somewhat more restricted than it has been in the past. I should like him, if he would, to tell us in a general way the kind of people who have been appointed. Having said that, I should just like to read the subsections which cover the matter. I am reading from section 5, subsection 2 under the general heading of "Licensing of trustees":

(2) The superintendent shall make an investigation into the character and qualifications of any applicant for licence as the superintendent deems advisable or expedient and shall report to the minister the result of the investigation, together with his recommendation for or against the granting of the application and his reasons therefor.

Then subsection 3:

(3) The minister, as soon as he has received a report from the superintendent as to the character and qualifications of an applicant for a licence, may, if he considers it will be of public advantage so to do, authorize the issue of a licence, which shall specify the bankruptcy district or districts or any part thereof in which the licensee is entitled to act.

My point is this. The whole question of the administration of the act has been raised. My experience, such as it was, would lead me to believe that the cases of honesty outnumber those of dishonesty many times over. If the minister would care to say a little more about this matter, I feel that he could reassure us on this point and also on whether, in fact, there is any ground, in his opinion, for having a tightening up with respect to the appointment of trustees or demanding higher qualifications even than those we have specified in the past.

Mr. Fulton: The situation with regard to the appointment and qualifications of trustees naturally gives anyone in my position some concern because they are in a trust capacity. I am glad to be able to assure my hon. friend from Greenwood that the number of apparently dishonest trustees, or the number of trustees who are guilty of irregularities, is far outweighed by the number of honest and reliable trustees in connection with whose administration no question ever arises. It is, however, the unfortunate fact that in the case of two of the six trustees, although they are but a very small percentage of the total number of trustees, the size of their business was such that the number of estates under their control represented a substantial percentage of the total bankruptcy estates in that area.

I have worked out with the superintendent and other officials of my department, as a result of discussions, what I believe is an improved method of investigating the qualifications of applicants for licence as trustees, and that system is now functioning quite smoothly. I am not going to say that no mistake will ever be made, but I think we have done what can reasonably be done to eliminate the possibility of appointing as trustee a man whose character would indicate that he should not be appointed to a position of trust.

As to his technical qualifications it is sometimes more difficult to make a judgment, and there may be room for error there. A perfectly honest man may just not be competent to do the job, and of course difficulties could arise there. However, in so far as it is possible to do so under the scheme of the present Bankruptcy Act, with respect to appointments and renewals of appointments I think we have a system which is an improvement over the one previously in effect. I think we have a fairly good system of ascertaining that we shall not be appointing anyone unless he is a proper person to appoint in the capacity of trustee.

Mr. Herridge: I thank the minister for his remarks on this case. I should like to ask him this one question, because on a number of occasions I have heard the actions of trustees criticized very severely. In order to make certain that a trustee is a person of integrity plus competence, what would the minister think of the suggestion that persons should make application for the position of trustee to an appropriate court or judge? The applicants would then be passed upon by a judge or competent court as to their integrity and competence.

Mr. Fulton: Mr. Chairman, my reply is that I think the courts would have to rely upon precisely the same means we now use to make our investigations. The courts themselves have no investigative staff, and I think they would simply turn to the same agencies that we employ to make the same sort of examination.

I cannot see any particular advantage in that proposal. However, I think there is an advantage in a related proposal, namely that with respect to their activities we might be able to work out a scheme whereby there was more supervision by the courts.

Mr. Herridge: I think that is a very good suggestion.

Item agreed to.

Pensions and other benefits—

174. Gratuities to the widows or other dependents of judges who die while in office, $15,000.

Mr. Roberge: Mr. Chairman, would the minister tell us how many widows or other dependents are involved in this vote?

Mr. Fulton: Mr. Chairman, a quick count —and I may be a few out as a result, because I have done this very quickly, just going down the column—indicates that there are 171 widows.

Item agreed to.

B—Penitentiaries—

175. Administration of the office of the commissioner of penitentiaries, $696,650.

Mr. Fulton: Mr. Chairman, this is the first item in the penitentiaries branch and I undertook to the committee to make a short statement by way of a progress report in introducing this item. In discussing the situation with respect to penitentiaries and correctional reform I should perhaps start by saying that it has been the government's intention during the last few years to achieve two major steps forward in the transformation of Canada's penal system into an up-to-date and effective correctional program.

The first of these has been to arouse in the people of Canada themselves an interest in this long neglected branch of government, and to make Canadians aware of their responsibilities in this aspect of the continuing fight against crime. I think all hon. members of this house will have become aware that national interest in and support for the program of reform in our penitentiary system is at an all-time high, and I take this opportunity of thanking all those who have lent their support in fostering this enthusiasm.

The second objective has been a great deal more concrete and equally important. This has been the implementation of the plans and reforms which have been designed during the past few years. Our reforms are not complete, but in reporting to this committee which is asked to vote the money I am happy to be able to outline a series of positive achievements in terms of new penitentiaries, new methods, programs and activities; new ideas actually carried into effect. In other words, plans and preparations are now being matched by performance.

To be more specific, during the last year it has been our objective to develop for the inmates of all our federal institutions a program of training directed positively toward the goal of reforming and rehabilitating as many as possible of the inmates who are in our charge. The corollary of this is of course to make them fit upon discharge to take their places in our free society as law abiding citizens.

A second objective has been to develop a highly trained and competent staff to man our institutions and administer the positive programs of inmate training which have been authorized. Our third objective has been to provide suitable physical institutions where those sensible and progressive programs of training can be carried on effectively by that trained staff.

I think the most effective method of illustrating the progress made during the last year or two in achieving these objectives is by the simple process of comparison between the present and the past. I believe that the two pictures are more persuasive than anything else I could say in favour of continuing support for a dynamic program of penal reform.

Some 15 months ago 6,200 inmates were confined in federal penitentiaries. All but 400 of these were incarcerated in maximum security institutions across the country. Some of these maximum security institutions can only be described as out-dated fortresses maintained by an armed garrison, with innumerable locks and iron bars, with necessarily limited opportunities for effective training programs, which were carried out in an atmosphere of repression.

In these institutions the inmates were locked in their cells for the greater part of the 24 hours each day, only being allowed to exercise for brief periods, with virtually no provision for rehabilitative training as members of society, and where far too much of the time was spent in unrewarding and unproductive procedures.

The remaining 400, the fortunate few, were housed in the newly opened medium security institution at Joyceville, Ontario, and in the new minimum security institutions at William Head in British Columbia and Valleyfield in Quebec, which we had designed and opened even though we were still much occupied with this planning stage. A few months later Springhill institution in Nova Scotia was opened, which gave some further relief to this depressing picture. This was the situation as we had inherited it and as we had modified it during the first two and one half years while we were primarily engaged in studying and developing our plans.

Today, two of these eight maximum security institutions have been transformed to medium security. At Collins Bay penitentiary in Ontario and at the federal training centre in Quebec, the armed and unyielding accoutrements of maximum security have given way to newer and more effective methods of reform.

In the space of one year the number of inmates kept under medium security conditions has increased from 200 to almost 1,600, or an increase of 800 per cent, and the 200 kept in minimum security has increased by almost 100 per cent, thanks to the coming into operation of the new Springhill institution. At the present, therefore, the federal penitentiary system consists of six maximum security, four medium security and four minimum security institutions.

During the coming months it is intended to place the emphasis upon the development of minimum security institutions. The committee will have gathered from my previous remarks that the pressure for medium security institutions has in some measure been relieved, and our greatest need is for institutions in which the benefits of minimum security conditions can be brought to bear upon those inmates who have responded to our new rehabilitation methods. The necessary provision has now been made so that, across the country, we shall be opening five correctional work camps, each designed to provide accommodation and training for 80 inmates. These camps will be located at Agassiz, B.C.; Petawawa and Bracebridge, Ontario; Gatineau Park, Quebec, and at another site in Quebec which has not yet been finally selected but with respect to which discussions are now under way.

I would like to assure the house that none of the men held in these institutions will be engaged upon work which would deprive other Canadians of employment. None of the projects which they undertake would be commenced within ten years if they had to be paid for out of tax moneys at the current rates of civilian pay.

In addition to these work camps, five minimum security farm camps will be established, one at each of the five institutions which operate farms. The institutions involved are Dorchester penitentiary in New Brunswick, St. Vincent de Paul penitentiary in Quebec, Collin's Bay penitentiary in Ontario, Manitoba penitentiary and Saskatchewan penitentiary at Prince Albert.

When these steps become fully effective and when, as we expect, we have transformed one other maximum security institution into a medium security penitentiary, our inmate population will, by the end of 1961, be allocated as follows: 3,500 in maximum security, 2,000 in medium security and 1,100 in minimum security conditions.

I would like to add at this time a word about drug addiction. It is the intention of the government, as will have been seen from the debates on the narcotics bill, to build in the lower mainland of British Columbia a drug addiction treatment centre in which will be confined those persons who are drug addicts and who have been sentenced to penitentiaries for criminal offences. This institution should be ready for occupancy within about two years, and in it we shall try to provide treatment and training for addicts which will assist them to overcome the drug habit. We will also have achieved what to me is an essential reform, in the segregation of the drug addict from the remainder of our inmate population.

Let me now turn to the equally important problem of supplying our penitentiaries with a skilled and dedicated staff. When the correctional planning committee investigated the staff situation it was found that an unfortunate degree of stagnation existed. Moreover, although there had been a staff college in existence since 1948, the available facilities did not permit more than 21 officers to be on a course at one time. This has led to the unfortunate state of affairs that up to this time less than half of our penitentiary officers have received formal training at the hands of the college.

This has now been changed. With respect to staff generally, a system has been worked out under which a full career will be available in the correctional system as a whole. After recruiting and training, emphasis will be upon opportunities for transfers and promotions, not only within institutions but to a much greater extent than before between institutions and regions and between the field and headquarters, so that not only will our present staff be encouraged but a young man joining the service may also have the prospect before him of rising to the very summit.

Just since last September, for instance, eight of Canada's penitentiaries have received new wardens by either transfer or new appointment between institutions; a number of new appointments from within the service will be made when the new camps are opened; all of which opens further opportunities for transfer and promotion to junior officers now in the service. At the present time 14 officers are changing their institutions to take over the position of assistant warden at other institutions. During the coming summer 12 officers will leave their present institutions to become superintendents of administration and supply officers at the new correctional work camps and farm camps.

The revised Penitentiary Act to which the house gave first reading yesterday will, when adopted, put the seal of approval on the new staff and regional organization system.

In order to benefit further from the opportunities thus opened, the staff college at Kingston is to be very considerably enlarged so as to accommodate twice as many trainees as at present. A regional staff college for

French speaking officers from Quebec is in course of being established on the St. Vincent de Paul reserve. A director of staff training has been appointed at headquarters in Ottawa. His task will be to co-ordinate staff training at all levels of the service.

In accord with our advanced theories of penal reform, special emphasis has been placed upon building up our professional and semi-professional counselling staff. At the moment we have 75 positions for supervisors of classification, psychologists, classification officers and assistant classification officers.

One item which might seem small but whose effect on morale may be considerable is that the formidable military type uniforms of the penitentiary staff are to be replaced by a uniform cut in a civilian pattern made of a smart blue material. It is expected that by the end of 1962 this style of uniform will be available to all officers who serve in medium security institutions. All the uniforms will be made in the institutions themselves.

Finally, I should also mention some of the actual programs which are being put into effect in Canadian penitentiaries. Within the last four months a program of evening activity for inmates has been established in every one of our institutions except St. Vincent de Paul. Unfortunately, in that institution conditions caused by overcrowding render such programs impossible. We are moving as rapidly as possible to meet that situation and put St. Vincent on the same basis as all our other institutions.

Formerly an inmate's day ended at 4.30 in the afternoon when he was locked in his cell, where he remained until seven o'clock next morning. Now, however, his day is extended to 9.30 or ten o'clock in the evening, and in the intervening hours he is encouraged to take part in group activities, sports and study opportunities. In many of our institutions citizens from local communities come into the penitentiary and bring with them their knowledge of special arts and skills.

A prison system which has not solved the problem of prison labour cannot be said to be operating institutions of correction and reform. There is little chance of effecting the rehabilitation in society of an inmate who upon his release is unwilling, unable or unfit to accept employment. In most cases it is only by instilling in the inmate the habit of plain, hard work that any lasting value will be obtained from the expense of imprisoning and training him.

As a part of the replanning of the penitentiary system arising out of the correctional planning committee's report, a special report was prepared on industrial expansion in the present institutions. The objectives were to organize factories with modern methods of production similar to those the inmate would meet in commercial industry, and thus train him for competitive employment and reduce the prospect of his repeating as a criminal. This work, involving a total of approximately 2,000 inmates across Canada, would be done only for the government and tax-supported institutions, and would be sufficiently diversified to have no appreciable effect on any private industry.

To enlist the co-operation of labour and industry on an advisory basis concerning policy, preliminary discussions have taken place during recent months with industrial executives in Toronto and with Mr. Claude Jodoin, president of the Canadian Labour Congress. Reactions have been sympathetic to these proposals, and further discussions are being carried on.

In order to have continuing assistance from industry and labour I propose incorporating into the new draft of the Penitentiary Act a section establishing an advisory committee on penitentiary industry of up to nine members, consisting of representatives chosen from the fields of industry, labour, government and the general public, to advise the commissioner concerning industrial operations to be carried on by inmate labour in connection with the service.

Not only is the inmate encouraged to extend his education and professional training; he is also encouraged to keep in closer contact with his family and those friends who the warden feels will be a good influence upon him in the future. Letter writing restrictions have been substantially lifted, and visits by the family are being given a less clinical treatment. I should mention further that at a number of our institutions we have been able to start a program under which, during the season of certain religious festivals such as Easter and Christmas, relatives of the inmates come to the institution to take part in religious services with inmates and remain there afterward for a social hour in surroundings of complete informality and lack of restraint. During the Easter period just past some 70 relatives attended the Protestant religious services in these circumstances, and an equal number attended the Roman Catholic services.

As one example of the success of these new methods, I might mention the small group of inmates at Kingston penitentiary who during last summer attended night classes at Queen's University to study advanced techniques in the printer's trade. These men mingled freely with other students and were accepted readily by them. Again, you probably heard, Mr. Chairman, of the 14 inmates of the

William Head institution who graduated from a public speaking course. Their graduation celebration was held at Victoria, and the function was attended by the mayor of the city and his wife as well as by other civic officials.

I believe that all of Canada—indeed I know that much of the free world—is aware of and interested in our correctional reform program. I have given here a necessarily very much condensed report on progress. While we in the Department of Justice and all the staff of the penitentiaries service are pleased to have been able to record this substantial degree of progress, we realize that much remains to be done. However, I have felt that in asking for continued support for our program by way of these appropriations I should outline to the committee some of the progress made, so the house and the country will know that the money is being put to effective use.

(Translation):

Mr. Roberge: Mr. Chairman, I am sure all the members of the committee have followed closely and with great interest the statement the Minister of Justice (Mr. Fulton) has just made concerning the reform of Canada's penitentiaries.

One of the first aims of such a reform is naturally to facilitate the rehabilitation of the inmates. This rehabilitation process starts within the institution itself but it must keep on after the prisoner has been released. That is one of the objectives the minister mentioned. According to him, we must first arouse in the people of Canada an interest in this reform of our penal institutions and, second, put into practice most of the recommendations contained in the Fauteux report, if not all of them.

In fact, when the Fauteux committee was set up, a few years ago, it was undoubtedly entrusted with the task of making a special study of the situation in the penitentiaries. It completed its task and submitted its report to the government. And now this government is trying to put those recommendations into practice.

In my opinion, one of the most interesting aspects of this question of penitentiaries about which I should like to say a few words, is the inmate's situation when he is freed, and during the period of time between his imprisonment and his full release.

The inmate goes through the various stages the minister mentioned. First, there is the period of maximum security, that is when he is confined to a penitentiary, then the period of medium security and finally that of minimum security, just before his release.

All those stages are most important for the inmates but it is also quite important that the public should know what the inmates go through during those stages.

It is important also that the public be aware of the treatment given to inmates during the medium security period, and more especially during the minimum security period. In fact, it is essential that the public be familiar with the situation of inmates in general after their release, and I believe this is a point that members of the committee should emphasize.

Mr. Chairman, I have here an item published in *Le Devoir* of November 16, 1960, reporting a statement of the Minister of Justice regarding appointments made, especially at the St. Vincent de Paul penitentiary. I am pleased to point out in particular the appointments of Majors Martineau, Surprenant and Desgroseillers, because I had the opportunity of knowing them when I served in the Canadian army. I am convinced that they are worthy of the confidence placed in them and that they will prove equal to their task.

But such was not the purpose of my remarks. I want to stress the importance of the part to be played not by officers and employees of the penitentiaries, but by society in the rehabilitation of inmates.

Mr. Chairman, I now quote from the article I referred to a moment ago:

> We are informed that despite all the good intentions of officials in correctional institutions and their efforts to better prepare inmates to return to a normal and decent life, the apathy of the public and particularly of employers in relation to former inmates remains the greatest obstacle to rehabilitation.

Mr. Chairman, I am sure this article is completely true. We can never repeat often enough to the public at large, and more particularly to employers, that they must try to understand the inmate, a person who through some accident, some misfortune or because he was led into it, has committed a crime but remains an unfortunate human being who would be glad to start a new life in society.

However, if on being released from the penitentiary or from the common prison, the inmate is left to walk the streets, with nothing to do, chances are that he will meet those criminals who traffic in goof balls. In other words, he is bound to get mixed up with bad friends.

Some system must be evolved in order that an inmate will not be left in idleness after his release.

Not only must we reform the penitentiary system as we are doing, but more important, we must reform the individual in society, by understanding the unfortunate situation of the inmate and by contributing to his rehabilitation.

(Text):

Mr. Winch: Mr. Chairman, I am certain we are all grateful to the Minister of Justice for giving us a preliminary outline of the changes that have taken place in the past two years with regard to policy and administration in the realm of penal reform. Even without the statement of the minister I was convinced that there must have been changes made in the past two years. The evidence is very clear. I have not had nearly as many letters smuggled out to me in the last year as previously. As a matter of fact I have not had one in the last three or four months, so I am convinced that things have been improved.

Mr. Peters: You may get a couple yet.

Mr. Winch: The hon. member for Timiskaming says I may get a couple yet. If so, I will look into them as I have done in the case of all letters of this kind that have come to me.

I was most interested in what the minister said as to the changes he anticipates in the next two years as a result of the new policies and new construction. If I remember his figures correctly, this will bring us to the point where a little more than half the inmates in our penitentiaries will be under minimum or medium security control. I think this is as it should be, and the success of the program up to now has demonstrated the correctness of the policy being followed. From the information I have gathered through talking to officials and reading newspapers, I understand that comparatively few inmates in minimum and medium security penitentiaries are abusing the privileges they obtain there.

The extension of this principle brings to mind another phase involving a new policy about which I should like to make a few remarks and ask the minister for his comments. It comes to mind particularly because of the information the minister gave a few moments ago that he is recommending to the house the acceptance of the principle of an advisory board on penitentiary matters. He said that the members of the board will be drawn from many fields of activity, and referred particularly to industry and labour. This ties in with something I had in mind about which I should like to speak very briefly.

In the last eight or nine months I have been most interested in reading articles about a new policy that is being tried in some places and which, as far as I can ascertain, is working successfully. It does not apply to those who have to be kept under maximum security control, but applies particularly to those under minimum control and perhaps to some extent to those under medium control. It involves inmates who have been sentenced to penitentiary for breaking the law but whose crimes do not involve violence or vicious or malicious actions. The purpose of the policy is to try to keep them in closer touch with society and to aid in their rehabilitation by taking a new approach.

The idea is that after careful study, analysis and scrutiny, those in whom it is felt confidence can be placed should be given the opportunity of working at their own trades under close supervision, of course, outside the walls of the penitentiary. It is my understanding that this policy has been tried, and that in the light of the evidence up to the present time it has proved successful. The person is definitely still a penitentiary inmate. He leaves in the morning, goes to his place of employment and has to return at night. He has to serve his full sentence. Part of the money he earns goes toward his upkeep in the institution to relieve the burden on the taxpayers, and the balance goes for the upkeep of his family so they will be maintained by his own personal work and will not need to become welfare and relief recipients.

I recognize all the difficulties in such a policy, but it must be noted that it is being tried elsewhere and it does seem to have something to recommend it. I am wondering whether any consideration has been given to extending the study of penal reform referred to by the minister into this realm. If consideration has not been given to this idea yet, I believe it is something that might well be studied by the advisory committee which the minister says will be appointed as a result of changes he is recommending in the Penitentiary Act.

I must admit that the articles I have read on the matter intrigue me very much, and if the idea is practicable and applicable it might be a step forward that would assist in certain cases in the rehabilitation of those whom we want to ensure are rehabilitated as quickly as possible and in a proper manner. I would be most interested if the minister would comment on the feasibility and practicability of that suggestion.

Though it is only a small point, I should also like the minister to tell us what new employment has been given to those inmates whose former employment was taken away from them because of a change in policy made

by the Post Office Department. In visiting the penitentiaries I have always been most interested in seeing how many were employed in repairing damaged postal boxes. Because of a certain unfortunate situation that arose early this year a change in policy had to be made, and the work is now being done by private firms. I am interested in knowing to what kind of work these men have now been assigned.

There is one other small matter which I should like to raise at this time. Can the minister give us any information as to what is being done or can be done with regard to those who, for the protection of society, are serving sentences in penitentiaries but whose natures are such that of necessity they must be kept in solitary confinement at all times? I can think of two in British Columbia who must be kept in such solitary confinement; one of them whose absolutely uncontrolled violence means that he is dangerous to everybody, and the other whose sex perversion is of such a nature that even in the penitentiary he must be kept in solitary confinement at all times. I cannot help but wonder, if that situation prevails in the penitentiary and men of this type have to be kept in solitary confinement for the entire duration of their sentence, what will be the position when they come out of the penitentiary? This question may be out of order on this item, but unfortunately I was not able to be here when the other items of the minister's estimates were being considered.

May I also add a word in connection with those who have been in a penitentiary. I have drawn this matter to the minister's attention every year during the consideration of his estimates. What further consideration is being given not only to the training and psychological rehabilitation of penitentiary inmates, but also to their follow up upon release? I can assure the minister that outside of pension cases and grievances of that nature that come to my attention as a member of the House of Commons, the most appeals I receive are from those who have been released from the penitentiary with $15 or $20 at a time when we have a serious unemployment situation. These men cannot get jobs, so what can they do?

I do feel that since the taxpayers' dollars have been spent in making these people pay for their crimes, in trying to rehabilitate them by driving out their antisocial attitudes and giving them a new social conscience, then some provision should be made for assistance of a practical nature when these men are released in order to guarantee that they do not return to crime.

I would appreciate it very much if the minister would comment on some of the matters which I have raised.

[Mr. Winch.]

Mr. Deschatelets: I should like to make a few remarks at this time, and I shall try to complete them before the luncheon recess. My comments have to do with the application of sections 60, 61 and 62 of the Criminal Code, dealing with habitual criminals. Hon. members know that when an accused has been convicted of three different charges, each punishable by five years or more in the penitentiary, the crown may charge him with being an habitual criminal. Then, if the crown proves its case, this man may be confined to the penitentiary for an indefinite term. I do not like these provisions in the Criminal Code; I have never liked them. I was wondering if we should not take a second look at them.

I should like the minister, if it is possible, to let us know the number of inmates presently in our penitentiaries who have been convicted of being habitual criminals and are held, au bon plaisir. I should like to know also for how many years they have been detained. I believe that for the morale of the inmates, a definite term should be established. If a man is sent to the penitentiary for 15, 20 or 25 years, at least there is some limit to his detention.

During the past number of years we have been taking a second look at questions relating to reform and rehabilitation. I do not believe these particular sections of the Criminal Code are in line with our thinking on reform and rehabilitation. I hope the minister will be able to give us a few comments.

Mr. Fulton: I should say, first, that I appreciate very much the remarks of the hon. member for Megantic, with which I thoroughly agree. I have stated on a number of occasions that we might have the best designed program in the world, the best institutions, administered by the best staffs, but this would come to nothing if on release the inmate is unable to find employment. I appreciate the approach of my hon. friend, and I hope his remarks will register with the public and with potential employers.

In so far as the comments of the hon. member for Vancouver East are concerned, he asked me first to consider the possibility of providing what might be called extramural work for inmates as a further step in the program leading toward their ultimate rehabilitation into society. I might tell him that at present we are doing this ourselves, although on what I think might be fairly described as a very limited scale, in connection with pre-release. There are cases in which we arrange for suitable inmates to work outside the walls during the day and return to the institution at night. It is our intention to enlarge this program, but it is definitely part of our program of reform.

My hon. friend will appreciate, however, that you cannot make all these reforms at once. We have in mind the establishment of a pre-release hostel to which selected inmates might be sent, and from which they would go to work in industry in the community—possibly the same job as they may be continuing after their release; that is definitely in our mind.

I should say, of course, that to a certain extent the parole system itself is a step in this direction because an inmate, instead of serving his full sentence in the institution may, if he is regarded by the parole board as suitable, be released from the institution to serve the balance of his sentence outside in employment under the supervision of the parole board. It is, therefore, in a sense quite properly part of the concept which the hon. member for Vancouver East put before us.

I see it is one o'clock, Mr. Chairman, and perhaps I could conclude my reply after lunch.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Fulton: Just before one o'clock I was replying to the observations that had been made and the questions that had been raised on the first item of the penitentiaries branch, and I had just answered the first matter raised by the hon. member for Vancouver East. His second point related to the position of those who are in solitary confinement or, as it is technically called, disassociation. I think the best answer I can give to my hon. friend is to refer him to a reply I gave to a question asked by the hon. member for Skeena. I refer to starred question No. 172 which was made an order for return. The return was forwarded by me to the office of the Clerk on April 5 and, according to the note I have, was tabled on April 11 of this year. It dealt with the situation in the British Columbia penitentiary. I understand that is the institution in which my hon. friend is primarily interested. It contains full particulars with regard to those who have been held in disassociation there.

As the hon. member noted, two inmates there are held virtually permanently in solitary confinement for the reason that he knows. When I was in British Columbia two years ago, I think it was, I went personally to inspect the conditions under which these men are held. One, as is noted, is there of his own volition; that is the man who has a sexual disorder. The other man is there not of his own volition, it is true, but he simply could not be allowed to be left with the other inmates. No one with whom I have discussed the matter, including one or two members opposite and members on this side who have been there, disagrees with us that it is proper to keep this man in disassociation because of his violent and uncontrollable criminal tendencies. I should inform the committee that these men who are held permanently under these circumstances have their cases reviewed once a month. Every month their cases are reviewed to see whether there is any change in their circumstances, their outlook or their medical or other conditions which would warrant reconsideration of the decision that has been made. The next point—

Mr. Winch: Before the minister leaves the point with which he has been dealing, may I ask him this question. Are they not actually to some degree insane? My point is this. Although you have to hold them in that way, are they going to be released on society? If they are of that type, can they be put somewhere else?

Mr. Fulton: One of them is undergoing life imprisonment and I think the other is an habitual criminal. I will check that matter. They are examined not only from the point of view of seeing whether they should be continued on in the circumstances in which they are now but also whether there has been any change that would warrant a program being instituted looking toward their ultimate release. So far we have not been able to see any signs of the latter. One is on a 20-year sentence and the other is in there on an indeterminate sentence.

With regard to their mental condition may I say this. I think I have mentioned previously that there is perhaps an unsatisfactory gap in the relationship here between our institutions and the provincial institutions to which persons who are certifiable might be committed. It could perhaps be argued that these men should be in a mental institution rather than in a penitentiary. I would not oppose that point of view at all. However, I just note that we have made efforts to get them into a mental institution and, perhaps understandably, the authorities in the mental institution did not want that kind of responsibility and so we have had discussions, but generally when we have tried to transfer them we have not been successful. Rather than transfer the men over there, have them transferred back six months later and have them shuttle back and forth, it seems to me to be more humane, although not a desirable situation, to do the best we can for them within our institutions. The third point—

Mr. Peters: Before the minister leaves this matter may I ask him this question. Has any consideration been given to operating on these particular men in order to make them at least acceptable in society? I understand that in California in particular brain operations are being done, that part of the motor lobe is removed, and that these operations have been fairly successful. I am just wondering about cases in which the length of time has been considerable and it looks as though it will be indefinite. In the one case I would think it would not be too difficult to get a voluntary release in order to allow that kind of operation to be performed. Is any consideration being given to this matter?

Mr. Fulton: Under our law as it stands at the present time we certainly could not perform that operation or any other type of operation on an inmate without his consent. So far our medical reports do not indicate that there is any type of operation that could be performed that would have any desirable result; indeed, it might have an entirely undesirable result. We keep them under medical supervision, and if at any time it were suggested to us that their condition could be improved, we would be prepared to consider that. But as I say, we could not perform any operation without the consent of the inmate himself.

The third point raised was with regard to the situation of an individual inmate on his release, from the point of view of whether he has a little bit of cash in his pocket or other assistance so that he can last out perhaps the first few difficult days or weeks without being compelled to return to his former associations, undesirable haunts, and so on.

This has been a problem that has concerned us very much, and as a result of the report of the correctional planning committee we made a submission to treasury board, which has now been approved, regarding the earnings of inmates in our penitentiaries. The result has been that in the case of the average inmate, when he leaves the penitentiary he should in future be discharged with between $80 and $100 in his possession, as against the sum at the present time of around $15 to $20.

I recognize that is not a great deal of money, but it is certainly a substantial increase and should tide him over a week or two anyway. In conjunction with the stepped-up program on which we are now successfully working, with the parole board and private after-care agencies, we hope this little insurance in his pocket, plus the assistance given by the voluntary agency or the parole board, will serve the purpose of getting him rehabilitated into employment and back into useful life in society.

As my hon. friend will recall also, we put through a change last year, I think it was, with respect to the rights of inmates to continue to receive unemployment insurance after having served a term in our penitentiaries. They are not now disqualified from receiving unemployment insurance benefits. These measures together will, we hope, go some way toward solving the problems that have been mentioned.

The hon. member for Maisonneuve-Rosemont raised the question as to how many habitual criminals are in our institutions. This question and related questions might better have been answered when the parole board estimates were before the committee, because the parole board keeps all the tables with regard to this matter. However, my present information is that we have 36 inmates in our institutions who have been sentenced as habitual criminals.

Mr. Macdonnell: Mr. Chairman, it was not necessary for those of us who heard the Minister of Justice piloting the amendments to the Criminal Code on capital punishment through this house to be told that he is a man of sympathy and understanding, nor that he took great pains in what he was doing. But even if we had not known that, we learned it today. I have listened to the minister's remarks about penitentiary reform with deep interest and with the feeling that he was taking it as one of the most serious, perhaps the most serious, of his duties. We should all be thankful to the minister for what he has done and is doing.

Some hon. Members: Hear, hear.

Mr. Macdonnell: I have perhaps a somewhat unexpected and unusual way of praising the minister for bringing us so far along this road, because it so happens that I have a filial connection with the report of what I believe was the first penitentiaries commission. This commission reported in 1914 and my father, the late G. M. Macdonnell, was its chairman. That report went a very short way along the road which the minister has taken us infinitely further along.

Perhaps the committee would allow me for just a moment to refer to two or three of the things upon which that commission reported and which would seem far removed from these enlightened days. The commission was set up to inquire into the affairs of the Kingston penitentiary and also, in broad terms, to report on the subject of the conduct and administration of penitentiaries.

Their report into the affairs of the Kingston penitentiary does not make pleasant reading and I shall not take up any of the time of the committee in reading from it. There is just one item to which I would refer. Although it is harsh it has almost an element of ironic humour in it, that when a man was recommended for flogging, as he often was by the sentencing judge on entering the penitentiary, he was flogged on entry and he was also flogged just before he went out. It seems to me there is a bitter irony in flogging a man just before he leaves, because he would certainly not have a very pleasant attitude toward the society which had dealt with him in this way.

The minister had another advantage which I am sure he will not mind my mentioning. That is that he has in his family, in the person of his wife, a trained social worker and I am quite sure that her views also are represented in this legislation.

I would just like to refer to the fact that the commission with which I have, as I say, a filial interest did recommend against flogging; it did recommend schools and hospitals, which apparently were considered quite unnecessary before that day, in penitentiaries; it did recommend that penitentiaries should be operated with a view to encouraging the inhabitants in the habits of order, industry and a better appreciation of the duties of citizenship, and it did recommend that the hosing of convicts and their confinement in a dark cell or dungeon, and shackling them with ball and chain, be abolished.

One other thing was recommended. This was in regard to the employment of prison guards. More regard was to be paid to the character and education of guards with the view that the officials should exercise the best possible influence over the prisoners. There was another recommendation; that in the place of the prison uniform which was worn, a suit and cap of one-tone material, blue or grey, should be adopted.

Perhaps the committee will forgive this little personal excursion. I thought it might be of some interest to other hon. members as well as to myself. It also enables me to say again how far we have come from those rather primitive days and how much we owe to the Minister of Justice for what he has done and is doing.

Mr. Roberge: Mr. Chairman, I do not want to prolong the debate on this item, especially since we will be dealing some time next week or the week after with the Penitentiary Act and we will then have ample opportunity to raise the points we wish to raise.

I should like to ask one question of the minister with relation to the consultations that were held by him with the attorneys general of the provinces with regard to changing the jurisdiction as between penitentiaries and county prisons.

Mr. Fulton: Mr. Chairman, my hon. friend from Megantic refers to the meeting held in 1958, the occasion of which was to discuss the implementation of the Fauteux committee's report, in which it was obvious there were a number of recommendations which were of mutual federal and provincial concern.

At that time we indicated to the attorneys general of the provinces our readiness to accept in principle the Fauteux committee's recommendation, that we should accept responsibility for the treatment of all prisoners sentenced to terms of over six months. It was as a result of the discussions at that meeting and the conclusions arrived at unanimously that the correctional planning committee was set up, which recommended to us the detailed methods by which we should implement the various recommendations that were then put before us.

Although we agreed in principle at that time on the acceptance of this recommendation to assume responsibility for these additional prisoners, it was made clear to the attorneys general that there was a great deal to be done in the existing federal penitentiary system both from the point of view of reorganizing our system and with regard to improving our own standards before we should be in a position to assume the actual responsibility.

With respect to the first, we have been and are still faced with the problem of overcrowding in our institutions and it would not be reasonable, before we got that under control, to accept responsibility for another 5,000 inmates. In respect to the second, it was recognized in the Robichaud report and the MacDonald committee report, as my hon. friend pointed out, that there are many changes which should be made in our own penal system before we can stand up and say that we have a penal system in operation which is as good as we can make it, or as good as, or better than any in the provinces.

We are anxious to take over this new field when it becomes possible to do so and we are all agreed this should be done in order to provide a better system for prisoners in Canada as a whole, but when the correctional planning committee went into the details of the matter and when we received its report indicating the size of our own problem of reorganization and reform it became only necessary and fair that I should write to the provinces within the last eight or ten months to indicate that I did not expect we should be in a position to go ahead for the next two

or three years. We are pressing on as fast as we can and I hope the report I gave today indicates that substantial progress has been made. I hope that within the next few years we shall be in a position to say to the provinces: we are ready to go ahead and take over the responsibility which was agreed by all that we should assume.

Mr. Winch: I have one or two comments to make on this item prompted by the statements which have been made by the Minister of Justice. The minister said he hoped that within two years the first of the institutions for the treatment of those addicted to narcotics would be open and that perhaps more would have been opened. Can the minister give us any information on the principles guiding him in the location of the treatment centres. Are they to be built within the grounds of the present penitentiaries? I sincerely hope not, because I think that would be psychologically incorrect.

Mr. Fulton: I am glad to be able to advise the hon. member that we announced yesterday, I think, that the new drug treatment centre will be located in the Matsqui area which, as he will appreciate, is well removed physically from the British Columbia penitentiary reserve.

I understand that a statement appears in the Vancouver press today by one who, I am advised, is a prominent doctor in this field, somewhat preemptorily dismissing our program as being too big, too costly and the location too far from Vancouver. This seems a somewhat preemptory dismissal of the new program. We have not even got the plans fully prepared ourselves. We have simply chosen the location. We know what our approach is to be, and we are prepared to discuss it with experts and draw up our detailed plans accordingly. The location is sufficiently far away to enable us to have a good degree of control of the persons who will go to visit there and, as a result, we should be able to control this great problem of the smuggling in of narcotics. On the other hand it is not so far away that the specialized staff, both the permanent and visiting staff needed to service such institutions, will be discouraged. It is 45 minutes from the centre of Vancouver and I know of many persons who spend more time than that struggling to and from work. We think this is a good location. With respect to the size of the institution, its detailed planning and the number of inmates who should be there, we are prepared to be flexible. I am convinced that most people will not accord it the preemptory dismissal which I am informed this doctor has done.

Mr. Winch: We shall take care of him.

[Mr. Fulton.]

Mr. Peters: I have listened carefully to the discussion so far, because this is not a field with which I am familiar. I appreciate the forward looking developments which are taking place in our penal institutions, but there are still several questions which I think could profitably be discussed even by an amateur like myself.

In my own limited experience of the working of penitentiaries I have been unfavourably impressed by the number of officers employed in them whose previous experience has been of a military nature. It has often occurred to me that it is not necessary to have persons of this type placed in positions of responsibility in penal institutions. As a result of their military training they are usually not persons inclined to encourage discussion and co-operation; instead, they are inclined to seek direct and complete obedience which is a concept not usually acceptable to the general public—and, of course, prisoners in penitentiaries are still part of the general public. I often have the impression that military discipline only infuriates people and deters them from co-operating. I may not be altogether fair in saying this, but it seems to me that the answers to some of the questions I have put to people with military minds have not been altogether acceptable to me, reflecting, as they did, a type of thinking which was distasteful to me when I was in the service and which still is, now that I am outside it. It seems to me we should give a great deal more consideration to employing people trained in the sociological field rather than those with a background of military training. While it may be all right to give some officers from the armed services jobs in these penitentiaries, I think we should be careful of putting too many of them in this particular field.

I wish to raise another question, one which relates to medical care. It has been brought to my attention that medical care in some of our penitentiaries by no means reaches the standard it should. Looking in the details of the estimates on page 252 I note that for all the penitentiaries we have one medical officer grade II, three medical officers grade I, seven part-time physicians and eight part-time psychiatrists. On the other hand, there are 18 chaplains and one part-time chaplain. It looks as though we look after the spiritual needs of the prisoners much better than we do their medical needs. One particular case at Kingston penitentiary was brought to my attention. The man's sister asked me to go and see him and I did. I received the courtesies that I am sure all hon. members would receive from the staff at the penitentiary if they should happen to go there. I was struck

by the fact that this individual was seen much more often by psychiatrists than by physicians and the reports of the psychiatrists were given more credence than those of the physicians. It seems to me that in an institution as large as Kingston much greater attention should be paid to medical care.

Probably we can all take a lesson from the hon. member for York-Scarborough. He has visited many penitentiaries. A little while ago he said that he had shown interest in a number of them and had gone to visit them. Maybe we should show more interest in these institutions because many things are happening in them that to me are just not right. I have on my desk a return to an order of the house which indicates that a number of people were strapped, and it gives the offences for which they were strapped and the number of strokes they received. In most instances it was because they had talked roughly to an officer. I have a number of returns. I have information on a case that happened in the west. In this case the guard insists he was asked and pratically forced to resign because he raised the question that medical attention was not available to a man who died in solitary confinement. This man had been in solitary confinement previously and at the time of his death was in solitary confinement, with no medical attention available to him. He was completely alone. Of course, I do not know what might have occurred if he had had the medical attention which is normally available in an institution. In this particular case I am told that not even trained nurses were available or anyone who could give first aid, nor was there anyone available who had male nurse training.

It would seem to me that in an institution as large as Kingston, where there are well over 1,000 people, one doctor should be available at all times in the hospital. This means there would have to be three doctors on call. This is not unreasonable. I am sure we would expect this in a little town of 1,000 people. A doctor should be available there at all times. I do not know whether the minister wishes to comment on this particular case. I have read it. It concerns John Bathford, I believe.

The case we are discussing brought to mind the case of Waslychen. I think the minister should comment on this particular case. It is only an indication that all is not as we have been told. No doubt improvements have been made, but improvements remain to be made. There is no reason why we should assume that everything is as it should be. The implications in this particular case bear out what I have said about other cases that have come to my personal attention. This one has been discussed for two or three years. It is a British Columbia case and I do not wish to get involved in it. I have read it. It is the kind of case that warrants an answer. The gentleman should be charged with malicious intent, or something else, because the charges he makes are serious. I do not think it should be just left in the air. It should be answered and then some improvement made in the situation which would prevent it happening again, or it should be shown that the individual is not correct in the charges he makes. This case has been widely aired on the radio. I have read copies of the radio scripts and articles in the newspapers. It is a very well-known case.

I should like to bring another problem to the attention of the minister. This is an old one. I should like to read from the prisoners' own magazine entitled *C.B. Diamond*, dated October-November, 1959, Kingston penitentiary. I turn to page 24 of the magazine where we find the following:

Canada v. Russia

Prison systems and visits

The Russian system:

(The following is an excerpt from an article which appeared in *Life* magazine and was written by Judge Samuel Leibowitz, a prominent American jurist after a recent trip through the Soviet union.)

One other feature impressed me rather profoundly while I was inspecting Krukovd (the name of the prison). During my unconducted tour I strolled into a building which contained a series of small bedrooms. I glanced into one. A man and woman were sitting on a bed, engrossed in conversation.

"You don't have regular visiting rooms?" I (Mr. Leibowitz) asked the general. I was thinking of the many iron-cage interview rooms I have seen in the U.S., where a prisoner is permitted 30 minutes conversation with his wife perhaps once a month through a screen and under the eyes of guards.

Mr. Fulton: Can the hon. member tell me the date of this article?

Mr. Peters: October-November, 1959.

Mr. Fulton: Thank you.

Mr. Peters: I continue:

General Bochkov looked at me in surprise. "No," he said. "Our method is what you see here. This is a prisoner being visited by his wife, who will live with him several days. She was brought here at government expense and can come once a month, as long as his conduct is good. It is one of the reasons, I think, why we have so few efforts at escape.

Your prison methods in America disregard a prisoner's sexual and emotional life. It is part of your vengeful attitude. You feel it is none of your concern what happens to his marriage, to his wife, to the normal sex drive, to the most powerful instinct he has.

Don't think we don't know what goes on under your system. In your country a prisoner's marriage often disintegrates, robbing him of a central motive for reform. At best he is torn by doubts about his wife's virtue during the years they are separated and he may very likely be plunged into despair by learning that legally or otherwise

she has forsaken him. And homosexuality, of course, is one of the biggest headaches of the wardens in your institutions."

The Canadian system: (As practised at Collin's bay Penitentiary).

The iron-cage system is not used at Collin's bay. There is no physical barrier between visitors and inmates, but the rules demand that there be absolutely no physical contact. No handshake between a father or brother... No wifely kiss... No kiss between mother and son... Nothing. The rules are strictly observed here. The other day I was visiting with my parents at the same time as another inmate was being visited by his wife. The half-hour period that we are allowed once a month came to an end and this man's wife leaned over to kiss him goodbye. It was a visible struggle for him to turn away as he must do, or else lose his visiting privileges. The disappointment in his wife's eyes also was plain. She did not understand why. She was hurt and the visit most certainly left her feeling depressed. That made the inmate feel even worse than if she had not come to see him. He felt so helpless; not able to comfort his wife when she needed it most.

One-half of an hour a month, that is all that is allowed for an inmate to try to keep his family together. And then just with conversation.

The article goes on to talk about the children coming. When I was at Kingston one could talk to one of the prisoners, but I had no desire to have a private conversation with one of them. One is aware of the fact that the guard is within hearing distance, and I do know that this must put a strain on the families. Unless something has happened in the past to make the present system at Kingston necessary, I think we should be developing a much more humane method of operation. I have referred to this prisoner's view of what he would like to see done and from my experience I am certainly in complete agreement with him. I can see no reason why we cannot find a much better method of dealing with this problem. It will be solved to some extent, of course, when we get away from enclosed prisons to the open-door type. As long as the prison building at Kingston remains where it is, it seems to me that we will always attempt to make use of it but in doing so we are actually making use of something that belongs in the decades of past centuries because of the nature of the building and the type of prison it is.

I have known people who have come out of Kingston penitentiary to resume civilian life, if that is what you call it, expecting to resume their married life only to experience a strained relationships not because of the wife's infidelity but because of the husband suspecting infidelity. The present system does nothing to make the return of the prisoner to civilian life that much easier.

This prisoner to whom I have referred suggests a different system and has quoted Judge Samuel Liebowitz as saying that it is not an unreasonable one. There should be no reason why arrangements could not be made at Kingston penitentiary so that wives and families could spend some time alone with their husbands and fathers. I may be wrong because of my inexperience in this field and the fact that I have not taken the interest I probably should have but it seems to me that something should be done that would be much more satisfactory than the present cold-blooded system.

I asked the guard the other day what his point was in listening to the conversation and he said he had no particular reasons except that it was his job to do so. He said he was supposed to listen to the conversation. I had no objection to him listening to my conversation but if I were in that prison and my wife came to visit me I think I would object violently to him listening to our conservation. I think we should move quickly to do something about these problems that are inherent in the very type of building at Kingston. This massive rock pile at Kingston is probably only good for the use to which it is being put. We should be working very hard to eliminate that prison.

While it is true that there are prisoners of the type to which the minister refers who may be put into solitary confinement possibly at their own request, it seems to me that we have failed to find a better way of solving the problem. I should like to refer to the answer to question 172 asked by the hon. member for Skeena on April 11, 1961. It has been mentioned that there are two prisoners who have been in solitary confinement for six years, 200 days and four years, 197 days, respectively but there are many who are in confinement for disciplinary reasons or under regulation 69, whatever that may be. For example, I note from the figures given here that various prisoners have been in solitary confinement for 208 days, 70 days, 128 days, 104 days, 244 days, 263 days, 109 days, and so on. There are many of these cases where prisoners are in solitary confinement for a considerable length of time and it seems to me that this is rather an archaic way of dealing with the problem. They might as well be punished by being placed in stocks in front of the town hall.

Obviously this system has not worked with many of these men. Men have not only been confined just for 21 days but many have been confined for close to a year, and the result has not been satisfactory. Such punishment can be inflicted as often as you want to inflict it and probably it is not too much of a hardship on these men. It seems to me that a great deal remains to be done and it behooves members of parliament to become more interested in the matter.

It has always seemed to me that to be too interested in our penitentiaries has been regarded as a nasty business. It might be

very nice to look the other way but when you make inquiries and offer suggestions and are given the brush-off it obviously behooves you to do something about it. The whole matter needs to be investigated further from the point of view of the institution and it needs more study on the part of members because their knowledge is not sufficient to understand the needs of the institution.

I have referred to the matter of prisoners in Kingston who have wives and young children and I see absolutely no reason why a prisoner could not be put in a room with his wife and children in order to talk to them privately. They cannot get out the door because it is bolted. What do you expect they are going to do? The children are not going to run away. They could be held as hostages. It seems to me that the present method is archaic.

I do not know whether we have advanced enough socially in this country to use the Russian system. Certainly the Americans have been using it for many years in the more advanced states. There are also some states that are much more in the dark ages than we are. However, there are some states that use this visiting technique. Cottages are provided and the family can come and stay for the week end. How much better it is for people who are going back into society to have a close relationship with that society particularly after they have been confined for a number of years. Otherwise it seems to me we are asking for trouble when we throw them out into society. They go back to families who have grown away from them and they do not know them any more. We are not doing them any favour and this in turn in reflected in their attitude to society.

The matter of medical attention is one that I think we should consider. It may be quite true that prisoners are probably just as good at swinging the lead as army people. This may be one of the reasons why they are not dealt with too favourably. A number of people in the penitentiaries division were army officers and they deal with these matters in that light. It does seem to me that, medically speaking, the penitentiaries are much understaffed. Possibly they are overstaffed in a psychiatric and psychological sense. In any event, it seems to me that something should be done to correct the situation.

I would think that part of the problem could be met simply by having doctors come to the penitentiaries as consultants. In that way there would at least be some assurance of impartiality. If there is only one doctor in Kingston penitentiary and he is dealing with 1,400 or 1,500 people, I am quite sure there are some who would say that the doctor is no good, that the doctor is a quack and not competent because the same thing occurs in every little town. You may even disagree with your wife on this matter. She may go to one doctor and you may go to another. You have faith in your doctor and she has faith in hers. However, it seems to me that with such a large number of inmates in our prisons there should be some opportunity for them to have some choice. When cases such as the Waslychen case are brought to the attention of the minister, I think there is need to give consideration to the situation which I in my limited experience have also found to exist. I hope the minister will give some consideration to the problems of the prisoners themselves in connection with this matter of being able to visit with their families.

Mr. Macdonnell: I rise, Mr. Chairman, merely for the purpose of putting in what lawyers call a caveat to the remarks made by the hon. member for Timiskaming. I should like to say that I think we all give him credit for the fact that he has interested himself, as he has, in this matter and has made a study of it. I am sure his representations will be considered on their merits by the minister and his staff. The point upon which I do wish to put in a caveat is this: The member seems to wash out, as unsuitable for positions on the penitentiary staff, military officers. I should like to differ with him there. In my opinion, a regimental officer who has shared the toils and dangers of battle with his men is much more competent to deal in a humane and understanding way with the ordinary, run of the mill citizens we come across both inside and outside penitentiaries.

Mr. Fulton: The hon. member for Timiskaming has, unfortunately, concerned himself primarily with situations and circumstances going back as far as five years. I think if he would concern himself more with what the situation is today, he would not have such a gloomy, pessimistic view of the situation in our penitentiaries as he seems to have.

In so far as the case in British Columbia is concerned, he is talking about events that took place in 1958, and he is not even talking accurately about them. The inmate in question who died was seen every day by the orderly from the prison hospital, and every two or three days by the prison medical doctor. It is quite true that this case and others brought to my attention, after having been investigated by members of the correctional planning committee the chairman of which is now the commissioner for penitentiaries, led me to the conclusion there was an unsatisfactory situation in the British Columbia penitentiary. Action was taken to remedy the situation in

the prison hospital and to have medical service available. I am only sorry that the hon. member, who professes such a desire to visit our penitentiaries and obtain up to date information, has not visited British Columbia to satisfy himself as to the present circumstances.

It might interest the hon. member also to know that we have a substantial provision in the main estimates this year for commencing the construction of a 50 bed hospital at Kingston penitentiary. It is quite true that we will probably never be able to have as many doctors serving the penitentiaries as we might think ideal in order to provide adequate medical service. I am satisfied, however, that if my hon. friend will visit any one of our institutions he will find the situation has improved appreciably over what it was in the past.

We are embarking upon a new system which we have instituted in at least two of our penitentiaries, that is arranging contracts with clinics to provide service instead of relying exclusively on the employment of one doctor to whom we can rarely pay a salary under the appropriations authorized here. No first class man is prepared to give his whole time to the penitentiary. Under the contract system, we are getting very good service, and that is the system which we have instituted in British Columbia, starting about a year ago.

In so far as conditions prevailing with respect to visitors to institutions are concerned, I was interested to note that my hon. friend again was reading from a publication dated October or November, 1959, going back about two years. I am not saying that the situation in every one of our institutions is satisfactory today, but it is certainly vastly improved over what it was two or three years ago. My hon. friend went on to refer to the situation in Kingston, where he is dealing with an overcrowded maximum security institution. I have never hesitated to admit that conditions at Kingston and St. Vincent de Paul, particularly these two institutions, are unsatisfactory because of the gross overcrowding there.

My hon. friend has picked out, as he is entitled to do if he wants, one of our overcrowded, maximum security institutions where certain security difficulties are necessarily encountered and impose limitations on doing the things we would like to do to improve visiting facilities. If he were to go to some of our medium security institutions or other maximum security institutions, he would see a decided change. I mentioned in my introductory remarks a new approach to visiting and letter writing, as well as the fact that inmates spend time out of their cells in communal activities. Visiting privileges are but one part of the new approach to our penitentiaries program. Naturally enough, we have been making the most progress in those institutions where the physical set-up enables this to be done. As soon as we can get other new institutions in Ontario to relieve the overcrowded situation in Kingston, then there will be some progress because of the physical facilities available. The raising of the limitation on the number of visits authorized per inmate at Kingston would mean that some inmates would have frequent visitors, while others would have none. We have to ration them, unfortunately, because of the limitation of physical accommodation we have for visitors.

Mr. Peters: We are not really disagreeing with each other. I said I was only aware of and concerned with Kingston. However, I believe the minister is unfair in his treatment of this other matter when he says I am raising a matter that is three years old. I was reading from a copy of an interview that took place at 6.10 p.m. on Wednesday, March 15, 1961. A question was asked about it by the hon. member for Skeena on the 17th, and the minister's reply does not appear to me to be valid at all. This condition has existed for three years and charges have been made and are still being made about it.

The minister also referred to the fact that in this particular hospital in British Columbia there were nurses. In a broadcast by Jack Webster during the program called "City Mike", on April 6, 1960, this statement was made:

> The male nurses at the pen are not registered nurses. They are graduates of Essondale nursing hospital—psychiatric nurses. They do hold first aid certificates.

I am also aware of the fact that the doctors should be allowed to operate their own practice. It was for this reason I suggested that doctors should be on a 24-hour basis, having three doctors rather than one so that one doctor would be in attendance at all times and yet these doctors would still be able to operate their own practice to supplement their income. It is true that a good doctor is not going to work for the penitentiaries branch at $7,000 per annum when he can make $18,000 to $20,000 in private practice. We are aware of these things, but this does not mean that we can justify the circumstances and nothing should be done about them.

I am aware of the improvement that has been made at Joyceville, but it would take a great many of these little prisons to equal one Kingston penitentiary in which there are 1,200 or 1,500 inmates. It takes a great many of these little institutions like that at Joyceville and at the new farm that is going in

there at Kingston to make up the number of people who are in Kingston penitentiary. As to the matter that was raised and the problem involved in it, maybe the minister did not understand. I did not intend to go into it. I did not want to do so and I am not going to do it now. I think some of the members from British Columbia have been much more interested in it than have I.

However, there is an implication with regard to one of the guards, a man who had served with the minister in the armed services or who had served under him, a man who has had service in many parts of the world under several of the officers who are now members of the House of Commons, and I presume they personally know whether or not he is honest. The implication is that he has been fired or at least has been forced to resign, or says he has been forced to resign, because he went to the minister, went over the heads of the penitentiary branch and particularly the officials in British Columbia. He says that this is why he had to resign.

What the minister indicates is this, and I do not disagree because what he says is borne out by all the information that I have. The minister indicates that he had an investigation into the hospital, that he was unsatisfied with the situation existing and that he corrected this situation. However, we still have this gentleman who appears still to want to work in the penitentiary department and who says he was fired or was forced to resign. He points out some of the disciplinary action that was taken against him because he went to the minister.

I also should like to say that this argument fits in very much with the argument that I was making against the military people who sometimes are involved. I have no disagreement with what was said by the hon. member for Greenwood. I agree that the training in many cases is the best training that could possibly be given. In other cases there is a tendency to follow the book and not to give any consideration to the exceptions that sometimes make up the rule. It is for these reasons that I mentioned this particular case. The minister himself is going to have to justify to himself—because he knows much more about it than does anyone else—if this is so, the reason why this happened.

I am concerned only for this reason. It would mean that if anybody wanted to make any suggestion or wanted to bring to the attention of the minister any malpractice that was taking place he would be immediately, as Mr. Bathford indicates punished in the same way and his dismissal or his resignation would be sought in the same manner. If this is true, I think the minister will agree with me that it would eliminate part of the protection or control that the whole system would have by having a co-operative staff. I may be tempering all this on something else. I could point out that this happened in a local provincial jail where the situation was very much the same and where eventually an investigation in Ontario into the situation resulted in the firing of a warden and the top executives in that prison. However, it did not get back the jobs of the people who brought this matter to the attention of the attorney general in the first place. Those people are no longer members of the staff of the penitentiary. Although what they said was justified and the results for which they asked came about, they sacrificed themselves as employees in order to accomplish it.

Mr. Fulton: It is perhaps unfortunate that the hon. member does not put on the record all the other information he has available in connection with this case. It was also given earlier in this House of Commons in answer to questions by the hon. member for Skeena. It is true that the guard in question was one of those who brought to the attention of the authorities and ultimately to my attention directly, through a member of my staff, what he regarded as the unsatisfactory situation with respect to the hospital and medical facilities in British Columbia penitentiary. As I have indicated, that situation was investigated and effective steps were taken to improve the situation. The penitentiary officer in question was not proceeded against or adversely reported upon in any way as a result of the fact that he had brought this information to my attention. In the course of the reorganization of our penitentiary service as a whole the then warden of British Columbia penitentiary was transferred to Saskatchewan penitentiary. When the new warden arrived in British Columbia, in the course of his review of the personnel serving under him, he recommended that an annual salary increase, which had been withheld from the guard in question, should in fact be authorized and be made retroactive. That was the treatment this guard received and it is far from being treatment prejudiced to his situation. The new warden indeed preferred him and went out of his way to recommend that a retroactive adjustment in his favour should be made and that was accomplished and instituted by the new commissioner.

This is far from being suggestive of the fact that the guard was being prejudiced and persecuted because of the initiative he had taken. Some time later however, he himself submitted his resignation. His resignation

was accepted and forwarded. He came forward himself later and said that he wanted the opportunity of stating his reasons. He was invited to state his reasons and was informed that, as the regulations provided, they would be forwarded to the commissioner. Afterwards he wrote a letter saying that, under the circumstances, he had decided that he did not wish to submit any reasons for his resignation.

I think it is unfortunate that my hon. friend did not put that information on the record because it is all in his possession. It indicates the very contrary of what he has been trying to establish, namely that this guard was prejudiced and persecuted because he brought information to my attention.

Mr. Peters: If I had this information—and it is quite possible that it is here—it is because I borrowed a file from someone else. It is therefore possible that the information is here.

Mr. Fulton: The hon. member for Skeena has all the information. I have discussed the matter with him personally.

Mr. Peters: I may have it but the information that I have had an opportunity of looking at is mainly a copy of the script of a broadcast made on March 15 of this year. I think I indicated accurately what was in that particular broadcast. If there is other information available in connection with the matter, certainly the minister has now given it and it is perfectly acceptable to me.

Mr. Hicks: I have a question that I should like to ask the minister about the new correctional work camp at Agassiz. I am wondering when it is proposed to have this started and when some of the occupants will be there.

Mr. Fulton: We expect to be able to move the trailers which are going to serve as the accommodation in there on June 15. As soon as they are established in there the first 20 inmates will be moved in.

Item agreed to.

177. Construction, improvements and equipment, $5,850,865.

Mr. Roberge: This is an item of $5,850,865 plus a supplementary vote of $900,000, that we are going to be asked to vote. Will the minister indicate the percentage of the work done by inmates and of the work done by outsiders? With regard to the latter, is some effort being made to hire unemployed persons through the national employment service?

Mr. Fulton: Mr. Chairman, I am afraid I could not, without a good deal of research at any rate, break down into percentages the amount of work that is being done by inmates and the amount being done by contract of the total work represented in this vote. I can say without hesitation, however, that the great majority of it is being done by contract. Generally speaking, wherever work is being done within an institution, within the building already there, it is done with inmate labour. In some cases where work is done on the reserve, with respect even to new buildings, some of it is done by inmates. However, generally speaking, where new construction is concerned it is done by contract. I would say that the great bulk of the work, 80 per cent anyway, represented in this item is contract work.

Mr. McFarlane: Mr. Chairman, I should like to take this opportunity to wish the minister well in his program. I fully realize that he has a problem which is serious all over the country at the present time and I should like to congratulate him on the progress that has been made.

I should also like to answer the hon. member for Timiskaming. I think if these people want to stay with their families, all they have to do is keep out of trouble.

The hon. member said there are not enough medical practitioners in the penitentiaries. There are many places in British Columbia with 1,500 or 2,000 inhabitants which have no medical practitioners at all, and I think they should be given consideration.

I should like to review under this item the request I have made in the past. First I should like to refer to my remarks in 1958 when I asked for the establishment of a minimum security prison or institution in the Fernie area. I said:

> The establishment in Fernie of a penitentiary would have the effect of bringing people into the area and providing the personnel of the penitentiary with an attractive community in which to reside.

The minister's reply at that time was as follows:

> We will have to survey the whole available field and, in fairness, I think I must say that when we make a decision it will have to be made in accordance with what seems to be the best program of building that we can devise.

In 1959 I also raised the same question on the floor of the house and at that time I said:

> —I should like to add my recommendation to those already made for proposed construction of penitentiaries in western Canada.

In fact, we will be very pleased to receive anything that is available. I said at that time:

> At the moment I am not very interested in the type of construction, but I am interested in the location. We have already established a precedent in the establishment and construction of a penitentiary at Springhill.

The minister replied:

When we get the committee's report we shall be able to come to some final conclusion. As I have assured my hon. friend and others who have written me on behalf of Fernie on previous occasions, the suitability of that location will be most carefully investigated.

In 1960 also I raised this same matter and asked approximately the same question. I said:

Ever since being elected to this house in March, 1958 I have been quite interested in the construction of penitentiaries in western Canada. We have placed our views before the department with regard to the need for penitentiaries in British Columbia. We have requested also that serious consideration be given to locating a penitentiary in the city of Fernie.

At that time the minister replied:

—I would remind the committee that we are designing a national system of correctional institutions. The program we are developing will be nation wide and the new institutions, wherever and whenever built, have to fit in with the national plan.

In addition to that, Mr. Chairman, we have the request for penitentiaries in other places. I notice that since the trouble with the mines at Springhill—and the situation is very similar in my own constituency—there has been a development in the penitentiary system. I have here an editorial headed:

Good old Elliot Lake.

This editorial appeared in the Fernie *Free Press* on July 7, 1960:

In another part of this issue will be found a news story from Elliot Lake, Ontario, which is threatened with the closure of some uranium mines. It reads in part: "Plans for a $2 million prison farm and a provincial park development to bolster the economy of this slump-threatened centre were announced—

We have this progress in other places, and we have the same situation in Fernie. I believe that some action should be taken. It has been a year and a half now since the committee submitted its report on this matter; it was submitted a year ago last January. I feel that our committee did a wonderful job on this report and some action should now be forthcoming.

I have not seen the press report myself and I cannot quote it, but I understand the minister made a statement concerning the system of minimum security prisons and forestry camps running from Ontario through to Prince Albert, Saskatchewan. We have seen the same thing in British Columbia; minimum security institutions and forestry camps have spread as far as the lower mainland in the Okanagan.

I realize the terrific problem the minister has on his hands at the present time, but I feel that now is the time to make a change in this policy. I do not feel this is a time when we should centralize any further. I believe in decentralization all over our provinces.

I have the support of the residents and business people of New Westminster, who have requested that the penitentiary be removed from that area. Yet at this time I find an item in the estimates for an amount pretty close to three quarters of a million dollars—I have not looked at the supplementary estimates—in connection with the penitentiary in New Westminster, in spite of the recommendation that this penitentiary be moved out of that area.

There are several other matters that I think we should discuss at this time. I think we should bring this type of departmental work to various sections of the country. It is apparent to me that we have worked from the east to the west, and we have worked from the west to the east, and those of us who are in the middle are kind of left holding the bag. I am very hopeful that sooner or later the department will realize that British Columbia does not stop at the Okanagan, that the rest of Canada does not stop at Prince Albert, and those of us in the intervening areas should receive some consideration.

Mr. Herridge: Mr. Chairman, I rise to disagree and agree with the hon. member for Kootenay East. I cannot agree with his rather unsympathetic approach to the suggestions made by my colleague, the hon. member for Timiskaming, or his unsympathetic attitude toward the rehabilitation of those unfortunate persons who find themselves in penitentiaries. When I think about these unfortunate people I always say to myself that they are not entirely responsible for their own unfortunate circumstances but are a product of the society in which we live, in many instances. I say, again, under such circumstances no man is an island unto himself.

I do hope that the hon. member for Kootenay East will reread the speech of the hon. member for Timiskaming and, after having slept on it, will be in a little more generous mood toward these unfortunate people.

However, having disagreed with the hon. member on his philosophy of rehabilitation of inmates of penal institutions, I do wish to say that I heartily agree with him and support his request for the consideration of Fernie as a suitable location for the building of a penitentiary. I have some knowledge of the local circumstances. I have received letters from local organizations and local persons and I know that he has stated the case very well indeed. I wish to express my complete support for his effort to put forward the case for the

suitability of Fernie as the location, particularly in view of the economic circumstances which exist in that city, and I hope that because of his great influence with the minister his plea will not be in vain.

Mr. Fulton: I think I should reply to the hon. member for Kootenay East whose interest in and concern about this matter are well known to me. I am sorry that I cannot say at the moment just where in western Canada the new institution will be built but I can say that the interest of the communities out there will be satisfied by an answer which I hope to give this fall. Our plans are advancing rapidly and I am sure that by the time we come to prepare our main estimates this fall, in October or November, I shall be able to include an appropriation for the purpose of purchasing a site for the new institution in western Canada. This will necessarily involve us in making a decision as to where it should be.

We have been aware that the lack of a definite statement is causing concern and uncertainty in those communities which are interested. On the other hand, I hope that members of the committee and the communities themselves will realize that under the scheme of government financing we do not get the money to make such purchases long before the facilities are needed; we have to wait until we are very close to making a purchase before we ask treasury board to approve an item in the estimates in that respect. I would point out that it would also be very dangerous and undesirable if, say, two years before we are going to make a purchase we announce that we planned to build in a certain area. This would have a very definite effect on land values in that area. I know that when the time comes to make a decision in this case I shall make 199 enemies and only one friend, but that is something which falls to the lot of all ministers from time to time. In the meantime, I want to pay tribute to my hon. friend for the skilful and kindly yet persistent way in which he has drawn the interest and facilities of his area to my attention.

Mr. McFarlane: I should like to express my appreciation to the minister for his explanation of this problem. I realize the difficulty he has and I am sure my constituents feel very much as I do, namely that when the difficulty is finally solved the minister will have found the right answer.

Item agreed to.

Royal Canadian Mounted Police—

Headquarters administration and national police services—

378. Operation and maintenance, $7,904,906.

[Mr. Herridge.]

Mr. Herridge: This is an important item which involves, in all, a sum of nearly $56 million—

Mr. Fulton: I think this is the start of the R.C.M.P. items. I did indicate I would be prepared to make a statement at this point. It will not be of any great length, so the hon. member for Kootenay West will not have to defer his remarks very long if he will be good enough to allow me to make it now.

At the outset of our consideration of the Royal Canadian Mounted Police estimates for the present fiscal year, I should like to take the opportunity to say a few words to this committee about one of the activities or functions of the force which has recently been the subject of some comment. I refer to the security work which has been the responsibility of the force for many years and which has been performed unobtrusively, efficiently and with the least possible interference with the private lives of Canadian citizens.

It is, I am certain, obvious to all members of this committee, as it is to the public of Canada, that a security and intelligence service is necessary in order to preserve national security in the present world situation. This is not something which gives either the government or the members of the R.C.M.P. any pleasure or satisfaction, but it is, in our view, a fact arising from the situation in the world today, and as a result the task of carrying out this work is imposed upon the R.C.M.P. They have not asked for it. They do not particularly relish it, but I do venture to say that they carry it out in a manner which is most satisfactory to the Canadian public. It is not the kind of work which can be carried out without giving rise to misgivings and occasional unpleasant situations, but I think I should remind the committee that one or to unpleasant incidents will attract attention out of all proportion to the relation they bear to the total amount of activity in which the security force is engaged. Of the many thousands of inquiries made it is only a fraction of 1 per cent that gives rise to these difficulties and the publicity which occasionally occurs. I should like also to mention that in the security field the function of the R.C.M.P. is to gather facts and not to pass judgment on those facts. That responsibility rests elsewhere, primarily with the government. Others are responsible for judging the facts and deciding what should be done in view of the facts so reported.

Some of the things I have said are perhaps a little obvious but in view of the comments

I have seen, which suggest a misunderstanding, it might not hurt to repeat them. Obviously a security and intelligence service which does not keep its information secret, confidential and withheld from unauthorized persons is not fulfilling its responsibility. We get criticism on two counts. The R.C.M.P. are criticized because they keep their information confidential and refuse to disclose it. On the other hand there have been criticisms because, it is said, the fact that they are making these investigations known, whereas it should have been kept secret. Any security service must maintain its information absolutely confidential, for the use only of those who are authorized to receive it. It would be unfortunate indeed if the security program were to involve unnecessary interference with the private lives of Canadian citizens. Not only would this be undesirable from the individual's point of view, but it would injure the security program itself by reducing public support for the program, a support that is so necessary.

I am satisfied that I do not need to spend any time reminding members of this committee that there is a need for a security and intelligence service to protect the interest of Canada and Canadians against the efforts of those who are our opponents and who resort to espionage and subversive efforts to pursue and gain their own end. It is because of this that we have a security service. I know also that all hon. members are concerned that our security program should not cause any undue or unnecessary inconvenience to any Canadian citizen. I share this concern and I assure the committee that this matter is receiving and will continue to receive my personal attention as it does that of the commissioner and of all responsible officers of the R.C.M. police.

As I said, we know we cannot give 100 per cent satisfaction in this field. We know that we shall never have the Utopia in which this kind of activity on our part is unnecessary and which will not give rise to occasional concern. We know that the job is necessary. It is being done efficiently and we anticipate that it will have the over-all support of the Canadian people so long as we are scrupulous, as we are, to see that it is carried out with the minimum possible interference with the private lives and concerns of individuals; in other words, as far as it is humanly possible to ensure it, no individual is going to be unjustly prejudiced as a result of the application of this policy on the one hand. On the other it is a responsibility which neither the R.C.M. police, which has always accepted its responsibilities, nor the government, which has the over-all responsibility for the national interests, can avoid.

Mr. Roberge: Mr. Chairman, I am very glad indeed that the minister opened the study of this item by saying a few words on security. As a matter of fact, this is the topic that I was concerned with and I should like to make a few remarks on it. There is no doubt that the task of security work is very important indeed, and there is also no doubt in my mind that even if the members of the R.C.M. Police who are engaged in this work are doing their utmost to discharge their duties efficiently, there is room for improvement. This is evidenced, I think, by at least three things. The first one that comes to my mind is, of course, the Biernacki case in Montreal. I do not want to deal with it because it is before the courts.

The other case that comes to mind is in the province of Quebec also and arose in Laval University where two students were under inquiry. The third thing which prompts me to say there is room for improvement is the annual report of the R.C.M. police for the fiscal year ended March 31, 1960.

This report shows that only two members of the force were sent on cipher training courses; only nine took language training courses, which would surely be needed for comprehensive security work; three were taking full-time university training last year, and only one graduated in law in 1959-60. Two were studying for an arts degree and 12 members of the force were taking a 1-year non-degree university course.

According to the report, it is a fact that 54 members of the R.C.M. Police were undertaking or about to complete their training in security and intelligence. These figures appear on pages 43 and 44 of the report.

I am also informed, Mr. Chairman, and I have no reason to believe that my information is not correct, that at the present time the basic schooling requirement for entrance into the R.C.M. police is only grade 10. I would think that a much higher grade should be required, especially for the members of the force engaged in security work. I am sure the minister will agree with me that to carry on detective work in this field of security requires a vast knowledge of political theory in order to investigate security matters and also to conduct investigations. Of course, I do not know exactly what kind of course is envisaged in security and intelligence work and I hope the minister will give us some details on that.

I should like to put some questions to the minister which he might answer a little later on. How many constables in the security division have only the minimum entrance requirement of grade 10? How many N.C.O.'s or commissioned officers have only grade 10 education or instruction? At the same time

the minister might explain to us why only nine members of the force took language training. Why are only three studying for a full law degree and only two for an arts degree? The minister might also tell the committee, perhaps not in a detailed way, how much it would cost to require every security investigator to have a degree in political and sociological sciences.

I mentioned the case of the two students in Laval University who were investigated. The minister might tell the committee if some matters other than communism are grounds for investigation. I would mention especially some groups in Canada that are advocating that the United States take over Canada, or those who are advocating the separation of Quebec from the rest of Canada. Are these also the subject of investigation?

These are the remarks that I wanted to put on the record at this time. In answering I hope the minister will let us know what kind of courses are required for security and intelligence investigators and why only those that I have mentioned are studying for degrees in law and the arts?

Mr. Herridge: Mr. Chairman, I appreciate the minister's remarks with respect to the question of security investigations and I shall deal with that question a little later on. However, before doing so, I wish to express my sincere appreciation of the history, of the traditions, of the record and of the services performed by the Royal Canadian Mounted Police, sometimes under very difficult circumstances. I must say the force has quite an unusual and difficult service to perform in the constituency which I have the honour to represent. I have known a number of the inspectors, officers, N.C.O.'s and men in the force, and have known some for a number of years. I must say they are most patient and most careful in the exercise of their duties, very frustrating and difficult duties at times, to make certain that they carry them out in accord with their traditions and our usual practices.

I am particularly impressed with the community work undertaken by members of the force in the district which I know best, namely the Kootenays. It usually takes the form of three types of activity. First, there is their interest, which is very much appreciated in the smaller communities, in community activities and organizations. I have had a number of people comment on this and I know all these small communities quite well indeed. I think this is a very good example of the excellent training and discipline the force receives because when you have one, two or three members of the force in an isolated detachment it is very easy, human beings being what they are, not to do more than is required in the line of duty.

The second type of activity is co-operation with local organizations in the recognition of days of national importance. This has been very much appreciated, particularly with respect to remembrance day because in a number of the larger places they put themselves out to help to make the day successful in the proper sense of the word.

Third, there is the work of a number of corporals and constables in connection with youth groups which I think is of particular importance. I am thinking of members of three or four detachments in my constituency who are interested in church work, in scouts and other youth groups, and I find that this is a most valuable activity on the part of members of the force. In the small communities, particularly where the population is not large, these men have an influence out of all proportion to their numbers compared with the personal influence a person can exercise in a very large centre. I have talked to a number of young people in these places and I can say that this work on their part, which is quite beyond the call of their normal duties, is appreciated by the parents and particularly by the boys in question who, because of this contact with members of the force, have a respect for them as representatives of the state interested in the preservation of the rights and privileges that we should all enjoy.

Having said that, I must say that I have been asked to deal with a matter this afternoon that has concerned quite a number of people. I have had a lady visit me as the representative of the council of students at Laval University and have had persons converse with me from Queen's University and from the University of Toronto. This matter has to do with some aspects of the activities of the security section of the force which have been brought to the attention of the public recently through the press. I refer to the same circumstances that were mentioned by the previous speaker.

If I understood the minister correctly, the security force does its best to perform its duties without trespassing upon the rights of citizens, and I think this is generally true. But the parliament of Canada is the place to raise any question that arises when, in the opinion of some persons, there has been a transgression of their human rights and fundamental freedoms. I have promised a number of persons to raise this matter on these estimates, which is the appropriate time.

I want to refer first of all to an article that appeared in *La Presse* of Montreal on Tuesday, May 23. I had the article translated

by the bureau of translation so I presume it is accurate. It is entitled "Sequel to an Article from *Le Carabin*; If You Do Not Like the Atom Bomb, Beware the R.C.M.P." The article is written by Jean David. I am going to read it and comment on it as I do so because, as the previous speaker said, I think it indicates clearly that possibly there is some need for improvement and for greater care under particular circumstances. I am quite sure that no member of the house would question the necessity for security forces or that their work is necessary. What we are concerned about is that the security force should carry on according to the traditions of the force and according to the accepted understanding of the rights and privileges of the citizens of this country. I read:

Is a person suspect because he is against nuclear armaments? "We must protect life and property", is the answer you will get from a Mr. Berlinguette. This man is said to be the chief of the counter-espionage section of the Quebec detachment of the Royal Canadian Mounted Police.

That is the answer Mr. Berlinguette gave to two Laval students who came to inquire about an investigation being made of them. An R.C.M.P. constable by the name of Plourde had called them "communists" in the presence of a female student whom he was asking to do espionage for the Mounted Police.

I might say that I asked the young lady who came from Quebec city to visit me if this was correct and she said the student council would vouch that this was an accurate report of the circumstances of the case. I come to the next paragraph headed "Origin of the Affair". It reads as follows:

The affair began with the publication of two pages of articles against nuclear weapons in *Le Carabin*, a students' newspaper at Laval, edition of April 20. The action was taken by the Laval section of the intervarsity campaign for nuclear disarmament. Miss Helene Senecal and Mr. Edward Smith set the pages and wrote a preamble. Among the various texts compiled by the two students are a quotation by Nikita Khrushchev himself, but also testimonies from persons as Catholic as Pope Pius XII and John F. Kennedy. What is more laughable in the context is the inclusion of a short poem by Ezra Pound, who is well known for his fascist sympathies.

One week after this issue of the *Carabin* appeared, an officer of the Mounted Police by the name of Plourde approached Miss Jacqueline Cyr, a student in pedagogy and guidance as a "friend of the family". Officer Plourde told the girl that he was making an investigation of communism at Laval. When she asked him what was the matter, Plourde talked to her about the intervarsity campaign for nuclear disarmament. He thrust under her nose, the two pages from the *Carabin* produced by Helene Senecal and Edward Smith.

If that report is accurate it does indicate that there is need for some improvement because it is quite obvious that this officer or constable was not carrying out security work in the proper manner. I continue:

Officer Plourde then asked Miss Cyr to join the group and report to him on the activities of the section. He appealed to her patriotism, pointing out that her co-operation would be greatly appreciated by the R.C.M.P. Jacqueline Cyr did not agree to join the game, and what is more, she expressed her support for the I.V.C.N.D., and also attacked Plourde and his methods. Previously, Officer Plourde had questioned her at length about the two persons who were responsible for the pages in the *Carabin*. She had objected to that interrogation. As he left her, Plourde did not conceal his exasperation.

Meanwhile, a Mr. Jean Marc Bourdet was ostentatiously making an investigation of the two students. Bourdet introduced himself as a counter-espionage agent. The mounted police told the students that they did not know that man and also repeated it to us. Irritated by these methods, Helene Senecal and Edward Smith decided to take the bull by the horns. They telephoned the R.C.M.P. and demanded explanations. An officer replied that the R.C.M.P. would get in touch with them. They waited. A week passed. Despite the fact that it was examination time, they telephoned again. Once again an attempt was made to brush them off, but they insisted. Finally they were told that it was not a question that could be settled over the telephone and were asked to report to the headquarters. An appointment was made for them.

Therefore on May 8, between two examinations, the two students proceeded to No. 1 Grande Allée east. Miss Senecal asked to speak to the chief of the counter-espionage section. The receptionist replied, "Counter-espionage? We don't have that here." Miss Senecal then replied that they had an appointment with someone in any case. The receptionist asked them to be seated.

This is a report of the interview.

After a few minutes a man came down from the first floor and took them up to his office. On the door were the words "Criminal Investigations". The man never revealed his name or position. However, Helene Senecal deciphered the name Berlinguette which was on a plaque; she could only see the tops of the letters and she had to read them upside down. (Actually, after several calls to the mounted police, Quebec detachment and Montreal detachment, we managed to confirm that there is an officer by that name and that his initials are J. F. We have never been able to learn the initials of officer Plourde, but we were assured that an officer by that name is with the Quebec detachment).

Then followed a strange dialogue. Let us introduce the actors. We have told all we know about officer J. F. Berlinguette. Edward Smith is a young American from Lynn, Massachusetts; he has just completed his 2nd year in social work at Laval. Helene Senecal is the daughter of a well known lawyer on St. James street. After studies at Marianopolis, she went last September to the faculty of social science at Laval.

Officer Berlinguette first congratulated the two students for having come to see him in connection with this affair before he called them. But in a few minutes he told them that he did not know at all what they were talking about.

Berlinguette admitted moreover that Plourde got in touch with Miss Cyr, but cast doubt on the girl's evidence. He denied that Plourde asked Jacqueline Cyr to do spying. Each time he was pressed by the two students, Berlinguette answered something like this: "That little girl got excited and it is very easy to alter the facts." He repeated such a phrase several times.

At one moment the officer told the students that he knew perfectly well they were not communists, that the I.V.C.N.D. is not a communist organization and added that the mounted police is interested only in "communist infiltration". But although he insisted and repeated that the two students were not the subject of any investigation, he forgot himself later and gave to understand that he knew Smith was an American. Smith asked him how he knew. Berlinguette told him that there are not many English-speaking students at Laval and that he knows them all.

At another moment he said that he had investigated the persons responsible for the two pages in question "because I had orders to investigate". From whom? It is not known.

Later this man who had said a few minutes earlier that there had not been any investigation declared this time with regard to Miss Cyr, "The next time an investigation is made, we will try to find someone more reliable than that".

That is, to spy on her fellow students.

The two young people then pointed out that the premier of Saskatchewan, Mr. Tommy Douglas, had attacked the mounted police the day before for an investigation it allegedly made of the national committee against the dangers of radioactivity. Berlinguette did not conceal the slight importance he attaches to the C.C.F. leader and suggested that by such a statement he had a political objective in mind. With regard to the national committee against dangers of radioactivity Berlinguette first maintained that the R.C.M.P. has never made an investigation of that organization (it is known that, for example, one of the directors of the Montreal section is Father Jacques Cousineau, S.J.). A few minutes later Berlinguette went on to say that if the R.C.M.P. made an investigation of the committee in question it was not because of its communist activities, but because there exists "a danger of communist infiltration in such organizations".

In reply to the students who attacked the methods of the R.C.M.P., officer Berlinguette said, "We must protect life and property." And he went on, "Who knows how many members of the clergy are communists? Who knows how many people in the Conservative party, in the Liberal party are communists."

You will note, Mr. Chairman, he did not mention this little group over here. I mention this report to indicate the ridiculous nature of these comments by a person engaged in security work.

He even added, "We know very well that Jean Lesage is not a communist, but who is to say that there are not some people in his party who are communists?"

Berlinguette also had this to say to Helene Senecal and Edward Smith concerning their fellow students in the I.V.C.N.D. whose ideas the young people said they knew: "But what do you know about that? You did not know them until one or two years ago. What did they do before? Where do they come from?"

The two young people then asked Berlinguette if the R.C.M.P., by such an "investigation" did not wish simply to discredit an organization such as the I.V.C.N.D., by sowing seeds of doubt. Berlinguette did not refute that statement, even though he admitted that there was nothing communistic about the organization. But he stressed the idea of "communist infiltration", and repeated one of his favourite phrases "We must protect life and property".

[Mr. Herridge.]

Closing word: Officer Berlinguette told the two young people, "We have no apologies to make to you."

The interview lasted about three quarters of an hour.

I place this report on record in full to indicate support for the previous hon. member who suggested that some of these people have not the qualifications required to carry out this sort of work with discretion and without offence to people. As I said, I have discussed this question very carefully with the representatives of the students council of Laval University, with a number of people. Members of the faculty of universities and students in a number of cities are concerned. A great number of people are concerned and aroused by this newspaper report which, apparently, is news right across Canada. I am very pleased to know that people are sensitive when they believe the rights of any Canadian citizen in any part of Canada have been trespassed upon.

The previous speaker made some reference to the educational qualifications of the men engaged in this security work. Like him, I have done a bit of research with respect to the report of March 31, 1960. I want to make a few comments in connection with this security work. In my opinion, in so far as security matters are concerned, the job of the Royal Canadian Mounted Police is to report the facts about an individual or a movement, not to express an opinion. Does this not in itself require a sophisticated evaluation of words and actions on the part of the person concerned. Then, how can a sophisticated evaluation be made by a person with little or no education in political theory and philosophy? This point was raised by the previous speaker when he said that, according to reports, it appears that entrance into the Royal Canadian Mounted Police requires a grade 10 education.

Now, a man can perform excellent service with a grade 10 education, but in this particular type of work I suggest that a higher educational qualification is required. A constable, I understand, could be given these tasks in connection with security work with a grade 10 education, although I understand that there are many of the investigators who have a better educational minimum than that. According to the latest Royal Canadian Mounted Police report, only three members of the force were taking full time legal training; only two were taking full time arts; only 12 were taking non-degree courses in specific subjects. According to the same report, only nine members of the force were taking languages. I am told, and I have received information in correspondence from persons connected with universities, that

many university people are under the impression that the force is somewhat unsympathetic toward intellectuals in general. I do not necessarily agree with that, but that is an opinion that has been expressed on a number of occasions. The force regards them for some reason or another with some measure of distrust. Under these circumstances, the Royal Canadian Mounted Police investigate nuclear disarmament groups which do nothing more than support proposals put forward in this house by the Secretary of State for External Affairs. In my opinion it is unlikely a communist would openly join such a movement as the ban the bomb movement or other movements of that type. These movements are supported by persons who are seriously concerned with the international situation, with the dangers of nuclear warfare. These movements, on that account, are supported by idealistic young men and women in the universities who, I think, should be given credit for being concerned with these very important questions.

Who are the persons connected with these disarmament movements and ban the bomb movements? They include Mr. Justice Thorson of the Exchequer Court of Canada; Major-General W. H. S. Macklin; Major Harry Pope, M.C., also mentioned in dispatches twice; Rabbi Feinberg; Dr. Hugh Keenleyside, chairman of the British Columbia hydro; Rev. Abbe O'Neil of Laval University; Dr. Jules Gilbert, director general of the Quebec hospital insurance service; Premier Douglas of Saskatchewan; those splendid women who are working in the Voice of Women; church leaders across Canada, a good many church groups and so on; in other words a cross-section of some of the brightest, and the most respected elements in Canadian society.

A good number of people consider that these activities carried on in this way in connection with groups of this sort, and to which I take exception, according to the reports that we have received from these people are inspired by some persons to create a fear of the social disapproval that could occur to those people who join these movements and to prevent people joining and supporting the ban the bomb movements, the Voice of Women and other organizations of that kind, through fear of loss of prestige.

In conclusion, personally and on behalf of the members of this group, on behalf of those persons who have visited me and who have written to me and on behalf of the good Canadians who are associated with these organizations, I wish to protest strongly against this type of activity by the security police, particularly when carried on in this way which shows a lack of training, a lack of discretion and a lack of understanding of the rights and privileges that all Canadians should enjoy. It is completely out of place in a democratic country that professes great respect for the preservation of human rights and fundamental freedoms; and no one is keener on the preservation of those rights than is the Prime Minister.

I contend that we can maintain freedom only by being careful at all times and by making certain that all those who are responsible to the people of Canada practise the principles which we preach and in which we believe.

(Translation):

Mr. Pigeon: I should like to say only a few words on this item.

It is common knowledge that there are a few communist cells that are very active at present in Canada. Everybody knows also that there are many communists, among others Tim Buck, who is the communist leader in Canada and a very active man.

I should like very much to learn from the minister how many investigations were made by the R.C.M.P. last year with regard to communist activity in Canada, as well as the number of communists in our country.

(Text):

Mr. Deschatelets: I should like to make only a few brief remarks for the purpose of trying to increase the efficiency of the R.C.M.P. in the great north. I am told that the provincial government as well as some other departments of the federal government are now using a very efficient machine called the autoboggan in the north for transportation instead of dog teams. When the investigation is to be made in the north I am told that constables in the far regions of the Arctic are obliged to fly dog teams to particular centres to be investigated and then, of course, they are obliged to fly them back after the investigation is completed. I am told, moreover, that some officials here in Ottawa at the headquarters of the R.C.M.P. are planning to increase their dog teams and especially dog breeding. Since other federal departments are now using the autoboggan, I should like the officials of the department to examine this situation in order to improve the efficiency of the force as well as to save money for the taxpayer.

I have in my hand the report of the Royal Canadian Mounted Police. At page 45 I note this paragraph:

> During the past year there was an increase of 4 sleigh dogs making a total of 269 for use in the north.

I am told that it costs at least $300 a year to feed one of these dogs. Without going any further, I should like to ask the officials of

the department to examine this question in order to improve the efficiency of the force in the great north.

Mr. Martel: I should like to make a few brief remarks before the first item of the Royal Canadian Mounted Police is voted and especially to make a suggestion. I will not take very much of the time of the committee. I am referring here to the new regulations that have come into force in recent years with regard to pleasure boats. If I am correctly informed, pleasure boats of a certain capacity require inspection of some kind of control or supervision of their use by the R.C.M.P. In the north country or in the smaller places a difficulty arises, especially in the province of Quebec and possibly also in the province of Ontario where there are fewer R.C.M.P. officers than there are in the western provinces, for instance, where they act in both capacities, as a provincial force and as a federal force. It arises as a result of the fact that some people using pleasure boats are not following the regulations. This matter has been brought to my attention.

In a few instances in my riding some of the pleasure boat users—some of them may be young fellows or maybe we can call them water devils, young fellows who have no experience—use them in a very dangerous manner. I feel that an arrangement should be made between the R.C.M.P. and the local police, either provincial or even municipal. In certain cases this matter could be handled by the local police. The offenders assert that this matter comes under federal jurisdiction. Once they are in the middle of the river they use their boats in an objectionable manner. Some of them even take away the muffler from the motor and make more noise, sometimes within the limits of a city or a small village. They use their boats and they make the claim that once they are on the river water they come under federal jurisdiction. I should like to make the suggestion that the R.C.M.P. make an arrangement with the local police. I understand that they cannot have officers all over the place for the purpose of checking this situation. I believe the minister has stated in speeches outside the house that we are not a police state. I appreciate this, of course. My object in making this point is not to have the R.C.M.P. prosecute everybody who uses a pleasure boat.

I should like to give an example in support of my argument. In my area of Amos we have only a few R.C.M.P. officers, and this also applies to all northern detachments, probably more particularly in Quebec and Ontario where the R.C.M.P. look after federal matters only. These R.C.M.P. officers do their very best in this regard in my area, but in my district they have had numerous other duties to perform, more particularly in recent times. I am sure that in such large areas they cannot be everywhere at once, but perhaps consideration could be given to having these R.C.M.P. officers work with the local municipal police force in enforcing the act. Perhaps this is already in the act but these people are not aware of it. I should like to make this suggestion to the minister.

Mr. Winch: Mr. Chairman, whilst the Minister of Justice is making notes and preparing to answer all the comments and questions of various hon. members I hope he will also consider taking a note of something about which I should like to say a few words.

I believe the Minister of Justice owes it to the House of Commons and to the people of Canada to give as concise but as full a report as he possibly can on the story and activity that broke across Canada just over a year ago, I think it was, when as a result of lengthy investigations by the Royal Canadian Mounted Police in co-operation with the F.B.I. and the Hong Kong authorities we learned about the conspiracy in connection with the illegal entry into Canada of a great number of Chinese.

If my memory is correct, the Minister of Justice stated once or twice that the Royal Canadian Mounted Police had never said how many Chinese they thought were illegally in Canada. Be that as it may, somehow or other the impression got abroad—and it was really played up in the newspapers of Canada—that there were some 11,000 Chinese illegally in Canada. This, without any doubt whatsoever, cast a cloud of suspicion, and I think an unwarranted cloud of suspicion, on the entire Chinese-Canadian community. I know the Minister of Justice would be one of the first to admit that as a race Chinese-Canadians are excellent citizens. It is unfortunate that because of the publicity at the time I have mentioned the majority of these people should have come under suspicion because of the actions of the minority and because of the actions of a group of conspirators bringing into Canada, and through Canada, I understand, into the United States also, persons who were not entitled to be in this country.

As I have said, it is approximately a year ago that this information was made public and since it became such a greatly publicized story across this country. I presume that the investigation has now been carried out, but to the best of my knowledge there has never been any statement made or any information given as to the result of that investigation.

I do know, of course, from reading the newspapers that a few of these people—and I think it is a very few—have been

prosecuted. But what is the situation now? Is there any information as to how many are illegally in Canada? What is being done about them? Are they going to be allowed to stay? I suppose that may be a question for the Minister of Citizenship and Immigration. How far has the department got in this matter? Have they got anywhere, or are they going to get anywhere in finding the master minds behind this conspiracy? Has the ring been completely broken up?

I believe we should have as much information as possible on this matter. I think it is only fair that we should ask for the results, as far as they can be made public, of this now lengthy investigation by the Royal Canadian Mounted Police in order that justice may be done to the vast majority of excellent Chinese-Canadians who are in this country legally, who are not involved in any way in this matter and are, as I said, good citizens.

I believe this is an important matter and I raise it because, as the Minister of Justice knows, we have a very large community of Chinese-Canadians in the city of Vancouver. In the constituency of Vancouver Centre and bordering on my own constituency I believe we have one of the largest concentrations of Chinese people in any country of the world outside China. I have in my own constituency quite a large number of Chinese-Canadians. They are excellent citizens, excellent businessmen, and they take an interest in the country and in community work. They do very well in business.

I believe that as far as possible this cloud which was cast upon these people should be dispelled. I know this cloud of suspicion was not cast upon them deliberately or purposely, but nevertheless it was cast on these people because of the situation of which the Royal Canadian Mounted Police became cognizant. That cloud should be dispelled by making public as much factual information as is possible and permissible, and making known the results of the investigation to date. We should be told the situation as it is now, and if the Minister of Justice can tell us, we should know what the situation is contemplated to be in the future. I sincerely hope that the minister, who is in charge of the Royal Canadian Mounted Police, will give us the fullest possible factual report on this matter.

Mr. Caron: Mr. Chairman, I do not want to say anything against the Royal Canadian Mounted Police, because I really believe it is the best police corps in the world. I know that the Royal Canadian Mounted Police force is responsible for bringing to Ottawa a great many people who want to see what the mounted police of Canada look like.

There is only one question I wish to ask. I know that in the ranks of the R.C.M.P. there are quite a number of bilingual officers, officers who speak both English and French. In Ottawa, especially during the summer months, thousands of people come to see the parliament buildings and the mounties and try to get information from them. I wonder whether it would be possible to employ mounted police around the buildings of parliament who are bilingual, instead of employing those who speak only one language. I think this would be helpful. Those persons who wish to speak either French or English have a right to be answered in that language, especially around the buildings of parliament. After all, the two languages are supposed to be official, at least in the federal field.

Mr. Fulton: Mr. Chairman, several comments have been made by hon. members regarding the number of Royal Canadian Mounted Police officers who are receiving university education and training in language courses, and so on. These comments have been made, generally speaking, in the context of criticism of the methods, if not indeed of the policy, of the police in connection with security inquiries; and by the hon. member for Kootenay West, specifically in relation to the inquiry into certain activities at Laval University.

With respect to the university training program I should point out that the figures shown in this year's estimates as to the number taking that course do not relate to intelligence training as such. We have a proper proportion of persons in the security and intelligence division who have university training. Indeed, we have 20 in the headquarters research group alone who are university graduates. In addition to the provision for university training listed in the estimates, tuition fees are being paid to enable three members of the force to attend the university full-time, for six to attend university extension courses and 12 to attend the one year non-degree course and another 12 members to attend the university full-time in the faculties of law, arts, commerce and business administration. In addition we have one officer on each one of the national defence courses. These are not shown in the estimates because there is no charge made between government departments for them. It must also be borne in mind that although the minimum educational requirement on enlistment in the R.C.M.P. is grade 10 it by no means follows that we have no members joining who have higher qualifications than those of grade 10.

We have our fair proportion of university as well as high school and other graduates of standing considerably in advance of grade 10.

It may be interesting to know that the commissioner has for more than a year had a committee set up to examine this question of university training for members of the force from the point of view or whether, as is the case in some cities in the United States especially, police training courses should be university courses or whether on the other hand the desirable method is to send members of the force into the university. There are chairs in some of the United States universities, I am informed, in police training, particularly courses in criminology, scientific detection and so on. We are studying this. We have not just waited until there has been an outburst in the house. This is a matter of continuing concern, not only the question of the standard of education for recruits but the training which should be offered to members of the force after they have enlisted.

Apart from the university training and the training in the national defence college which members of the forces are receiving there is also, of course, the Canadian police college which is run by the R.C.M.P., to which our own members go and at which members of police forces across Canada and from some other countries also study. I am glad to say that we have the services there of a large number of university professors. So the training of members of the R.C.M.P. does not cease when they join the force. Not only are they trained in police methods but they are trained in research and in individual thinking on subjects not immediately connected with police work.

With respect to this difficult question of inquiries carried out by the security and intelligence branch, I am afraid I cannot at all accept as accurate all the facts contained in the newspaper report from which the hon. member read. I have not had the opportunity to study that particular report and I am not therefore able, even if I should attempt to do so at this stage, to refute it point by point. I must say I am not able to accept as accurate all which was contained therein. However, I do not mean to deny that there was some questioning of the students there. However, I have never heard it said that it was an infraction of a person's rights if he was asked a question. This is a new concept to me. I endeavoured to indicate in the brief statement I made on opening the R.C.M. Police estimates that we do have a communist threat in Canada. I am not stating anything new when I say that. It is our responsibility, then, to keep a constant check on the size, extent and efficiency of the progress being made by the communists.

[Mr. Fulton.]

It is an unfortunate fact that it is a tactic of communism to infiltrate perfectly respectable organizations. I think that most citizens, apart from an understandable irritation when they are questioned or hear of questioning, would appreciate and would be happy that the R.C.M.P., who have the responsibility in this field, are keeping a watch on these activities and endeavouring to ascertain whether and, if so, to what extent, there may have been communist infiltration into perfectly respectable organizations. Let there be no doubt about it, the respectability of the organization or the subject matter with which the organization is concerned is no guarantee against efforts to infiltrate. Thus I really do not think that any apology is necessary for the fact that inquiries have been made. Indeed, I am convinced that an apology would be necessary if we shut our eyes and said: this organization will never be the subject of communist interest so we shall not bother to inquire into it.

The R.C.M.P. is a most admirable force, but not even the R.C.M.P. can get information without asking questions. They are not mind readers. Sometimes I wish they were. I wish they were supermen so that they might know what people are thinking and would not have to ask questions at all. But since they do need to ask questions, they ask them as tactfully as they can and in a manner as convenient as possible to the person from whom they seek to get information.

The Chairman: Order.

Mr. Fulton: Just before five o'clock, Mr. Chairman—I was asked how many communists there are in Canada. I am not able to answer that question, since it would involve the kind of information which should not come from our own records, but Tim Buck, the leader of the communist party in Canada has said there are 3,000 card carrying members of the community party of Canada.

Resolutions adopted in committee of supply this day reported and concurred in.

Mr. Deputy Speaker: It being five o'clock the house will proceed to the consideration of public and private bills, the former having precedence.

TRANSPORT ACT

AMENDMENT TO PROVIDE FOR APPLICATION BY TRUCKERS TO MINISTER ON AGREED CHARGES

Mr. J. F. Browne (Vancouver-Kingsway) moved the second reading of Bill No. C-33, to amend the Transport Act.

He said: Mr. Speaker, it gives me a great deal of pleasure to move the second reading

of Bill No. C-33, to amend the Transport Act. The proposed amendment is a simple one in its form but is of tremendous importance to the trucking industry and its 90,000 or more employees. It is designed to bring a measure of fairness and justice to the industry by providing for them the same right of appeal under the Transport Act to the Minister of Transport as other carriers have.

This is a position that has been taken by the Conservative party as a matter of principle for some time. When he was in the opposition the Prime Minister spoke very strongly in favour of the amendment that is now being proposed. In saying this I am not saying that other parties are opposed to it. I know there have been many members of all parties who have been favourable to this amendment, and this is really the first opportunity that has conveniently arisen in the house to give consideration to it. I may say that it will also be the first time that recognition of the trucking industry has been given in federal legislation, and I believe that as such it will be an acknowledgement of the great contribution made by this industry and its employees in the field of transportation in Canada and to the welfare of Canadians generally.

The rights of appeal referred to are those in connection with agreed charges of the railway. I want to emphasize in this amendment there is no intention to place the trucking industry in any special or privileged position; nor is it the intention in any way to hamper the railways. It is simply to provide the same rights of appeal under the act as all other carriers have. I would draw to the attention of the house that at the present time the act reads:

> Where an agreed charge has been in effect for at least three months
>
> (a) any carrier or association of carriers, by water or rail, or
>
> (b) any association or other body representative of the shippers of any locality may complain to the minister that the agreed charge is unjustly discriminatory against a carrier—

And so forth.

The trucking industry, of course, is not covered under that right of appeal. I believe they are the ones most seriously affected under this particular provision, because an agreed charge can have the effect, and often does, of eliminating whole segments of the trucking industry from the competitive field of transportation. I believe it only fair and reasonable that they should have the right to appeal when such a case arises.

Agreed charges do not have to be compensatory to the railroad. Section 32 of the Transport Act says:

> Notwithstanding anything in the Railway Act or in this act, a carrier may make such charges for the transport from one point in Canada to another point in Canada of goods of a shipper as are agreed between the carrier and the shipper.

In other words, it is whatever agreement is arrived at between the carrier and the shipper, and that becomes the rate that is then in force. As I say, that can and does often have the effect of eliminating segments of the trucking industry. Many of the agreed charges specify that 100 per cent of the commodities shipped must go by rail; that truck transport cannot be used at all. Others specify that 95 per cent must go by rail, and so on. I am sure the house will agree that this is a very extraordinary method of rate making and agreement and is one that can have a serious effect on the trucking industry and, by the same token, have a serious effect on the competitive aspects of our transportation system.

This amendment then proposes that any association or other body representative of the motor vehicle operators in Canada or of a province thereof be given the same rights under the act to apply to the minister that other carriers have.

To follow this through I would draw to the attention of the house subsection 4 of section 33 of the Transport Act, which in its language, in my opinion makes it very plain that the trucking industry should be included in this right of appeal because of the very wording of the section. I think it will show quite clearly that it was meant and should have been meant to apply to the trucking industry. The subsection reads:

> If the board, after a hearing, finds that the agreed charge is undesirable in the public interest on the ground that it is unjustly discriminatory against any person complaining against it or places his business or any other form of transportation services at an unfair disadvantage or on any other ground, the board may make an order varying or cancelling the agreed charge or such other order as in the circumstances it considers proper.

Now, I think by the words in this clause stating that where it believes any other form of transportation service is at an unfair disadvantage it was intended that it should have the right to appeal under this act.

I am sure the house will want to give speedy consideration to this measure. I do not think I need to go any further into the history of the act. I have spoken on it on many occasions in the house and I have spoken to many hon. members individually. I know there is wide support for the measure and it is my hope that we shall be able to proceed with it through the committee stage today.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I am happy once again to find myself in agreement with the hon. member for

Vancouver-Kingsway. In a matter under discussion in this house, whether it be legislation, estimates or resolutions, it is so easy to find oneself in disagreement with members on the other side of the house. Therefore, I think it is comforting from time to time to see that members do agree either individually or when speaking on behalf of their parties to a bill which comes up in this manner.

In so far as this bill to amend the Transport Act is concerned there is not the slightest difficulty on this side of the house. We will support the bill. Lest anyone from the other side rises to say that when this matter was under discussion under a previous administration a different attitude was taken from that taken by myself at this time perhaps I should give a short explanation.

In the first place I think I should say, and agree with the hon. member who has just spoken, that it is a fact beyond doubt that the trucking industry has made a tremendous contribution to our transportation systems in Canada. That was proven when there was a railway strike some years ago. The trucking industry showed then without any doubt what it was able to accomplish, together with the air industry, in transporting goods from one end of the country to the other. Therefore, on that general statement there can be little or no difference of opinion. The trucking industry is of tremendous importance to the economy of Canada. It has contributed a great deal in the field of transportation.

If one looks at the bill it strikes one at first blush that perhaps there is no necessity for including the amendment which my hon. friend has put forward. But if there is any doubt in the mind of the house or particularly in the mind of the trucking industry, then I see no reason why this amendment should not be included in the act. The section reads:

> Where an agreed charge has been in effect for at least three months.
>
> (a) any carrier, or association of carriers, by water or rail,
>
> (b) any association or other body representative of the shippers of any locality,
>
> may complain to the minister—

It would seem to one at first blush that perhaps this in itself is sufficient to meet the requirements of the hon. member. He thinks it is not and I take it that the trucking industry thinks it is not. If that is the case, I see no reason why the language should not be clarified by adding paragraph (c) which would read as follows:

> (c) any association or other body representative of the motor vehicle operators of Canada or of a province thereof—

They could then complain to the minister in the circumstances set out in the balance of the section.

I come now to a discussion of the matter which took place when I was not a member of the house, not that that makes any difference. At that time my successor, the hon. Mr. Marler, had for consideration in the committee on railways, canals and telegraph lines certain amendments to section 33. At that time a motion was moved by Mr. Langlois and seconded by Mr. Cavers that section 33 be deleted and replaced by a new section including subsection 1 as it now reads in Bill No. C-33 with, of course, certain other additions. Perhaps I might put that subsection on the record. It reads as follows:

> 33 (1) Where an agreed charge has been in effect for a least three months.
>
> (a) any carrier or association of carriers, by water or rail, or
>
> (b) any association or other body representative of the shippers of any locality
>
> may complain to the minister that the agreed charge is unjustly discriminatory against a carrier or a shipper or places his business at an unfair disadvantage, and the minister may, if he is satisfied that in the public interest the complaint should be investigated, refer the complaint to the board for investigation.

I will not read the rest of the amendment which was proposed by Mr. Langlois and seconded by Mr. Cavers. At a later time in the hearings the present Secretary of State for External Affairs (Mr. Green) moved an amendment to section 33 to this effect, that after the words "association of carriers by water or rail" the words "or any association of motor vehicle transport operators" be added. That amendment was defeated. Now the hon. member for Vancouver-Kingsway (Mr. Browne) brings in another amendment which I think goes further than that of the Secretary of State for External Affairs because it covers a broader field and is, I think, more explanatory.

I do not think I need to explain away the attitude taken by the committee at that time other than to say this. There was a long discussion of the bill, and while this amendment was of importance perhaps the committee did not realize at the time just what the meaning was or again it may well be that the committee thought that the words found in paragraph (b), "any association or other body representative of the shippers of any locality" were sufficiently broad and wide to cover the motor vehicle operators of Canada. Whether or not that is the case I do not know because I was not there. In any event, I have no hesitation in saying that while it may be that the language is sufficient to cover the industry, if the industry feels and if the house feels that it is not sufficiently broad I

cannot see any reason why the broader language should not be accepted. Having said that, I do not think I need add anything further except to say that we on this side of the house will support the bill as proposed by the hon. member for Vancouver-Kingsway.

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, I should like to speak briefly on only one point with relation to the bill. The hon. member for Laurier (Mr. Chevrier) raised a point as to the necessity of the wording in the amendment. I support the amendment because I think this wording is an absolute necessity. The matter has been before the board on occasion and the board has ruled that these carriers do not come under the act. For that reason I think it is absolutely necessary that this wording should be included. Certainly there must be an appeal because the trucking business has grown throughout Canada to such an extent that when an agreed rate is fixed that industry should have the right to make representations where the rate would tend to discriminate against the industry as a whole.

As mentioned by the hon. member for Vancouver-Kingsway (Mr. Browne), it could be that an agreed charge would require total carriage by rail to the exclusion of trucks everywhere, and to my mind this is wrong and discriminatory. On these two grounds I would recommend that the amendment be passed.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I find myself in almost the same position as the hon. member for Laurier (Mr. Chevrier). When we in this group first read the amendment and checked it against the original section we were definitely of the opinion that the present wording was sufficient to meet what the hon. member for Vancouver-Kingsway (Mr. Browne) has in mind. I think it is easily understood why that was our opinion. As hon. members know, the wording in the existing section is that any association or other body representative of the shippers of any locality may complain. Logically we took that to mean that the trucking industry was a shipper. What else can the trucking industry be if it is not a shipper just the same as the railways and water carriers are? We do not see why that is not the correct interpretation but if it is felt that it is necessary to make it absolutely clear that the trucking industry is a shipper and is entitled to the same right to complain if it feels that it is being unjustly discriminated against, then most certainly we have no objection to what is sought to be done through the medium of the bill.

It must be recognized, of course, that this amendment will in no way whatsoever solve the problems or resolve the complexities of the transportation industry in Canada which is made up of the truckers, the water carriers, the railroads and the air carriers. It is almost inevitable that there will be competition between them. If I may say so, it does seem a little amusing and paradoxical that those who so heartily and enthusiastically endorse competition do not like it when it happens to affect a particular individual or company or industry in which they are interested. Whether it is just or unjust, it is still competition. However, irrespective of that, we have the rather amazing and paradoxical situation that when the competition gets tough they want to eliminate the competition. I say that as long as we do have this system it does seem obvious that discriminatory action should not be permitted in order to maintain this transportation industry.

As has already been pointed out, the trucking industry is an important and integral part of the transportation industry of our country. I should like to add to the words of the hon. member for Laurier by saying that the people of this country would have been in a most difficult position on more than one occasion if it had not been for the trucking industry. I refer not only to a situation which occurs during a rail strike but also to situations which arise as the result of the abandonment of lines by the railways or a curtailment of service. This has happened in British Columbia on the Kettle valley line. We would be in a difficult position there if it were not for the trucking industry. There is a daily movement by means of refrigerated trucks of the vegetables, hard and soft fruits for which the consumers are waiting.

We say, therefore, that basically we see no objection to this amendment. I have already said that, irrespective of the economics of the situation, if there is one phase of the transportation industry which is subjected to unjust discrimination based on the completely unfair competition of a rate which may have been set at an unprofitable level, then surely that segment of the industry has a right to object. As I say, Mr. Speaker, in view of these circumstances this amending bill which has been moved by the hon. member for Vancouver-Kingsway will most certainly receive the endorsation and support of this group.

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the present bill is similar to bills introduced in previous sessions by the hon. member. On previous occasions the attitude of the government has been that we should wait for the report of the royal commission on transportation before we acquiesced to the passage of the bill or before taking a definite attitude toward the bill. At

the moment we have received the first part of the MacPherson commission report, and I am expressing the opinion of the government at the moment when I say that this bill will not interfere with any of the recommendations that commission has brought forward so far. I am very pleased to say, in the name of the government, that we intend to ask every member in this house to support this bill.

I know, Mr. Speaker, that it is a bit unusual, but I should like to say, first of all, that this bill is a recognition of the great services the trucking industry has rendered to the Canadian people on a day to day basis. This bill, to some people, might not represent a tremendous change. On the other hand, as the hon. member said earlier, it represents the first time that the trucking industry has been recognized in a federal statute. I want to congratulate the hon. member upon his presentation of the bill and for the keen interest he has always taken in transportation questions, both here in the house and in the various committees.

The other day the hon. member for Laurier (Mr. Chevrier) paid tribute to the hon. member for Vancouver-Kingsway for the deep knowledge he exhibited of the very complicated question of freight rates. There is no doubt that freight rates have become exceedingly complicated with the passage of time, and anyone who discusses these matters with a profound knowledge must have worked tremendously hard to digest all this information. I want to congratulate the hon. member upon the very clear explanation he made in presenting his bill and the recognition he has brought to the trucking industry of Canada.

Yesterday, I had the privilege of meeting, with the Prime Minister (Mr. Diefenbaker) and two of my colleagues, a group representing the trucking association of Canada. We discussed, for about an hour and a half, the various problems of the trucking industry and I must say it was an extremely interesting meeting. We might not, at all times, have seen eye to eye on the various problems they were bringing before us, but I can assure the house that the representations they made to us will receive most serious consideration. I appeal to the whole house to support this bill. I should like to say also, in the name of the government, that if the mover of this bill desires, and the house is willing, the government will consent to all three stages of the bill being passed today.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I do not wish to say anything in opposition to this bill but I do feel I should say something about it, perhaps merely to give the hon. member a difficult time in deciding whether or not this bill will go through today. There is only a half hour more to go. I am not unmindful of his lack of co-operation in connection with some other private bills. It might be advisable to show him that co-operation is necessary and is advantageous. It might be wise, in order to do so, to make my comments a little more extensive than the size of the bill would justify or dictate.

Mr. Brunsden: I rise on a point of order, Mr. Speaker. The hon. member is introducing extraneous matters which have nothing to do with this bill.

Mr. Deputy Speaker: I will say that I agree. However, I thought that the hon. member had just completed these extraneous matters.

Mr. Peters: I have just completed them, Mr. Speaker. We are in agreement with this bill. We do not intend to pursue a course that I outlined might be contemplated. However, it is surprising that the government see fit to accept these modifications in this way and that we are not now presented with a complete modification of the Transport Act itself. I presume—and I agree with the minister and sympathize with him—that this procedure is not going to be possible until the final report of the commission making studies in this field is completed. Therefore, because the trucking industry has grown in prominence and its needs are not being met according to the interests of the trucking industry itself and because they will be better served through this amendment, I am in agreement with the course the minister has suggested and would be willing to give the bill three readings today.

Mr. Deputy Speaker: Is the house ready for the question?

Some hon. Members: Question.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Flynn in the chair.

On clause 1—*Complaints.*

(Translation):

Mr. Martel: Mr. Chairman, I just have a few remarks to make on the bill now before the committee. First I should like to associate myself with the hon. members who spoke before me to commend the hon. member for Vancouver-Kingsway (Mr. Browne) for introducing this measure.

I hope this amendment to the Transport Act will be completely satisfactory to the trucking industry in Canada.

Indeed, I know that representations to the same effect were made last year by the Quebec trucking association. Last fall, I had

occasion to accompany a delegation which paid a visit to the Minister of Transport (Mr. Balcer) to submit a brief. The hon. member for Vancouver-Kingsway was also invited to accompany the delegation. I must say, incidentally, that he is quite popular among the truckers of the province of Quebec who had the opportunity to meet him and to tell him they fully supported Bill No. C-33 which we are on the point of passing.

It gives me pleasure to say that I entirely support this measure. My only reservation would be that it should in no way interfere with the rights of the provinces. At any rate, paragraph (c) of subsection 1 of section 33, which is the amendment put forward by the member for Vancouver-Kingsway, contains these words:

—or of a province thereof.

Therefore, representations may be made both to the Minister of Transport and to the board of transport commissioners, either by the provinces or by the various trucking associations interested in protesting those agreed charges which have so often been discussed in the past. I hope this measure will ensure fair treatment to the trucking industry.

(Text):

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read a third time? By leave, now?

Some hon. Members: Now.

Mr. Browne (Vancouver-Kingsway) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

CRIMINAL CODE

AMENDMENT RESPECTING USE OF TRADING STAMPS

On the order:

Second reading of Bill C-34, an act to amend the Criminal Code (Trading stamps).—Mr. Howard.

An hon. Member: Stand.

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I would ask that this bill be allowed to stand. It is rather unusual for a member of the government to ask that the bill of an opposition member be allowed to stand. However, in view of the circumstances I am doing so. The hon. member who is the sponsor of this bill is at the present time on an official delegation in Washington. For this reason I would ask permission of the house for this bill to stand.

Some hon. Members: Agreed.

Order stands.

EXCHEQUER COURT

EXTENSION OF JURISDICTION TO INCLUDE DIVORCE

Mr. Arnold Peters (Timiskaming) moved the second reading of Bill No. C-35, respecting the jurisdiction of the Exchequer Court of Canada.

He said: Mr. Speaker, I had not thought that this bill would be discussed today. We were rather hopeful that, before it was reached, the Minister of Justice (Mr. Fulton) would have given some indication that this was an acceptable procedure to which the government was giving some consideration. In introducing this bill may I say that it is one that has been suggested by other people before I came to parliament and that since my arrival it has been presented by me several times. It is a bill which would, in a manner, solve the problem confronting the House of Commons, the Senate and the people of the provinces of Quebec and Newfoundland. It would provide a court procedure by means of which to handle divorce actions from both the province of Newfoundland and the province of Quebec.

In connection with the use of the petition method where the petitioner petitions the federal government for a divorce one of the problems we face at the present time is this. Although there is not any question that the parliament of Canada is the highest federal court, we as a federal court have not the machinery, the rules or the regulations by means of which to handle in a satisfactory manner actions of this type. At the present time the Senate is serving this function and a review takes place in the House of Commons. Over the years this method has been proved to be a highly unsatisfactory one. The reason for suggesting the exchequer court that has a correlation between the lower fact that the exchequer court is a federal court. It has an advantage that we are not suggesting in this bill be used. However, it has an advantage that the exchequer court can move from place to place and therefore it could at any time be closer to the petitioners—at that time I suppose they would be the plaintiffs—than is the adjudicating body under the present system. It also is a court that has correlation between the lower superior courts and the Supreme Court of Canada, something that makes it possible that the one court can inquire into those abuses that sometimes take place. At the present time we find that one of the abuses is perjury. This is indicated by some of the evidence and declarations that are made before the

members of the committee. There are also false statements made in some of the divorce petitions. These matters are brought to the attention of the house and the Minister of Justice by members of the committee.

This has been found to be unsatisfactory because the Minister of Justice does not act in the position of proctor for the Senate and the House of Commons. The minister has to operate within his own limited jurisdiction as the Attorney General of Canada, and for this reason this method has been found to be highly unsatisfactory.

The exchequer court has the advantage that its jurisdiction can be extended. Judges of the exchequer court could be empowered to handle cases sent to them from this parliament. It is not necessary to have a higher court than the exchequer court. It is well recognized that at the present time the exchequer court handles financial problems in the main. It handles appeals in financial cases. Its jurisdiction in the main is in the field of finance, but we believe that two or three judges could be attached to the exchequer court and a clause put in the appropriate act which would empower exchequer court judges, for a particular, specified length of time, to meet only in the city of Ottawa and hear divorce actions.

They should not have the right to hear divorce actions in the provinces of Quebec or Newfoundland. The ultimate aim, of course, is for the provincial governments to assume jurisdiction over divorce. However, we know there are reasons why the province of Quebec does not want to set up divorce courts. Other provinces have other reasons. The province of Ontario set up divorce courts by petitioning the federal government for the right to do so not too long ago.

The province of Quebec does not want divorce courts, and we can understand why that is so. Within our federal jurisdiction we have the divorce act of 1930 governing divorce procedures. This act was given to Canada through the British North America Act and is included as one of the commitments in that act for which the federal government has responsibility. Therefore if these provinces do not wish to assume the responsibility of having their own divorce courts, we have the obligation to do something about it. It seems to me there could be little objection to a federal court being established for this purpose. The matter of divorce thus could be handled in a much more satisfactory manner. Divorce actions should be included in the jurisdiction of the exchequer court. Hon. members will be familiar with the statements made by the Minister of Justice only recently. The minister said he would consider having the exchequer court assume this responsibility.

It should be borne in mind that this would not solve all the problems that have been raised over the past year or two. If the exchequer court were given jurisdiction over divorce this would not mean that court would have the right to award custody of children, which is at the present and will remain the sole responsibility of the provincial government. The exchequer court would not have the right to decide the question of alimony or maintenance for the children. If this jurisdiction were given to the exchequer court it would not carry with it the right to interfere with the licensing of agencies that are concerned at the present time and will continue to be concerned with divorce procedures. These changes cannot and will not be eliminated by any intervention on the part of the federal government in the field of changing the jurisdiction of divorce for the provinces of Newfoundland and Quebec.

Another problem that will remain is a matter which affects provincial governments entirely. I refer to the matter of the licensing of bailiffs and other officials who are involved in divorce actions. The Senate has made changes in its procedure. It has a set of rules under which it operates. These rules are similar to those under which the courts operate. The Senate has set up the grounds for divorce in the provinces of Quebec and Newfoundland and it has now stipulated that there must be an affidavit of sorts signed by the party concerned and returned to the Senate indicating that the respondent and the corespondent have been notified of the action against them, and have been notified of their right to a hearing in the action.

However, this procedure just does not work and it will not work even if the act is changed so that jurisdiction is given to the exchequer court. I say this will not work because in the province of Quebec we find that many of these petitions contain false statements. Petitions contain evidence that a bailiff has gone to a particular house, a particular party has made a statement and the bailiff has received from him a signature to a statement saying that he is the party involved; it is his name that is being used either as that of the respondent or corespondent. Yet when we write letters to these people and later have a tracer put on them we find that in many cases there is no such address. In fact, in 30 cases out of 240 divorce actions we found there were no such addresses in the city of Montreal. We found that the addresses physically

just did not exist. Yet we have a bailiff swearing a document to the effect that the address does exist, and producing a signature which he testifies is the signature of the person whose name appears as that of either the corespondent or respondent. When tracers are carried out by the post office, they confirm that these addresses do not exist and, as I have said, we have had 30 such instances where the address has been false.

This is another of the malpractices that flows from the problem of split jurisdiction under which we operate and under which it appears we may operate for sometime to come. There are advantages in establishing this jurisdiction in the exchequer court. This method would have more advantages than any we have investigated to date.

As I have said, the ideal and the final solution to the problem would be for these provinces to come to parliament and ask by petition to be given the right to set up their own divorce courts and handle divorce actions in their own way. In this way they would be able to assume the responsibility for the custody of the children, for the maintenance of those children, for alimony payments and for the legal operation of the court.

The exchequer court has some of the powers necessary for the judicial operation of a divorce court. There are officers attached to the exchequer court who are in a position to take affidavits and make investigations. It is not unreasonable to expect that if this action is taken by the house—perhaps not today but some time in the near future—the exchequer court would have the power to ask for and to use the services of the Queen's proctor. The Queen's proctor would be able to do the job which the hon. member for Skeena and myself have been trying to do in our own very limited way. I refer to investigating the offences that are taking place under the procedure which is now in effect. The hon. member and myself have done this in all the cases that have passed through the Senate to date.

We have written to every corespondent and every respondent. Hon. members of the house would be very interested in seeing some of the replies we have received. Our reason for writing to these people is only to see whether they knew they had been named in the particular case; whether they knew they were being divorced, on the one hand, or knew, on the other hand, that they were involved in the divorce and adultery charges that had been made.

Mr. Brunsden: Would the hon. member permit a question? We have listened to this debate over many hours, over many years. Exactly what does he want?

An hon. Member: What is your question?

Mr. Peters: I do not know what the question is. I could probably answer it by saying that if we had not been in such a hurry with the previous bill we should not be discussing this at all this afternoon. We are offering a solution to this particular problem of divorce which has plagued Canada since the passing of the British North America Act. I am sure that if Sir John A. Macdonald had known the problems which were going to arise he would not have placed upon the federal government the responsibility for divorce as it exists at present. He would have given it to the provinces in the first place. However, this responsibility does now rest upon the dominion government under the terms of that act and we are suggesting that the least objectionable way of discharging it would be to delegate it to the exchequer court. I have sat in on the procedures being used at the present time and I am sure many of the legal people involved have cause to wonder at the system which we adopt. Some hon. gentlemen, with the best of intentions, will get up and ask questions which bear no relation to the establishment of the adultery charge which should be the only ground for the divorce as at present constituted. I am sure many of the lawyers would be happy to see the whole question brought within the jurisdiction of a court which would function and operate in the manner of a court.

If we brought these cases into the exchequer court we would enable those who seek fundamental justice to have the right of appeal. Appeals could be taken to the supreme court and at least one of the difficulties now being experienced would be eliminated. We in parliament have no right to marry people. If we were to act as an appeal court—if we looked back over one of these cases and found that the evidence was a lie and that we had been completely deceived, and then decided that the petition should be rescinded instead of granted—we should in effect, be remarrying people who had been divorced, and that would be an impossibility.

It is almost six o'clock. I think there should be more time to discuss this important matter but we are not too concerned, because the minister has said he is giving consideration to it. I really believe that the Minister of Justice should bring in this bill rather than myself. The measure does not establish a divorce court which would operate in the province of Quebec. It does no more than make available to the citizens of Quebec a proper court procedure which is not available to them at the present time.

Mr. G. W. Baldwin (Peace River): I wish the hon. member had proceeded with his argument. It was most interesting, and in another three or four minutes he might have succeeded in convincing members of the house that they should support this bill. In the limited time I have available may I say that I have every sympathy with the objectives he has in mind in commending this bill. I have sat on the committee which deals with these divorce cases. I think there are other things we could more usefully be employed in doing, and I do not like the methods used in it. However, may I put one or two suggestions to the hon. member, and when the bill again comes forward for discussion he may be able to make use of some of them.

The exchequer court is composed of judges who deal with a specialized type of work—patent, copyright and similar matters arising out of legislation in this field—cases where the crown is involved. They have built up specialized skill and knowledge and I should hardly think that the learned judges of the exchequer court would be the proper people to whom we should allocate responsibility for settling these divorce cases. May I also point out that there is no provision for appeal in respect of divorce cases from decisions of the exchequer court as now constituted. People who resorted to it and wished to appeal would have no machinery available to them.

Third, may I say I do not like the limited ground for divorce which the hon. member has set out in this bill, a ground confined to adultery, having in mind the wider grounds which are now generally accepted and which form the basis of the United Kingdom law.

May I call it six o'clock?

BUSINESS OF THE HOUSE

Mr. Chevrier: Perhaps the leader of the house would tell us the business for tomorrow and next week.

Mr. Churchill: Tomorrow I think the house would like to complete the estimates of the Department of Justice in the morning before one o'clock. We spent two days on those estimates last year and already this year we have spent four days. However, the estimates of the Department of Justice will be taken first tomorrow followed by those of the Department of Fisheries and the Department of Forestry.

On Monday and Tuesday we shall consider legislation and unless some unexpected circumstance arises we shall take the items in the following order: the first on Monday will be Bill No. C-98, an act to amend the Canada Shipping Act; the second item will be Bill No. C-100 to provide for the control of narcotic drugs; the third will be Bill No. C-105, an act respecting penitentiaries; the fourth will be the resolution in the name of the Minister of Agriculture dealing with the Farm Credit Act, the fifth item will be the resolution in the name of the Minister of Trade and Commerce dealing with the Export Credits Insurance Act and the sixth the resolution in the name of the Minister of Finance dealing with the Financial Administration Act.

Mr. Chevrier: Is the minister in a position to tell us what estimates we shall be taking next week?

Mr. Churchill: Not today. Perhaps I shall be able to inform the house tomorrow with regard to that. There are certain departments we have not touched yet—the Department of National Defence, defence production, health and welfare, public works and some others. I shall try to give the house some advance notice tomorrow with regard to the estimates that will be taken up next week.

At six o'clock the house adjourned, without question put, pursuant to standing order.

ANSWERS TO QUESTIONS

The following answers, deposited with the Clerk of the house, are printed in the official report of debates pursuant to standing order 39:

MIDLAND SUPERIOR EXPRESS—C.N.R. INTEREST

Question No. 217—**Mr. Fisher:**

1. What percentage, if any, of the voting capital stock in Midland Superior Express Limited was owned by Canadian National Railways as at December 31, 1960?
2. To what extent has the Canadian National's option to purchase a further interest in Midland Superior Express Limited been exercised since December 31, 1960?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

1. 49 per cent.
2. Nil.

C.N.R.—HOLDING COMPANIES ACQUIRED

Question No. 219—**Mr. Fisher:**

1. Where are the head offices and places of business located for the following companies described as included in the Canadian National Railways system on page 27 of the 1960 annual Canadian National Railways report: Montalta Holdings Limited, Wacos Holdings Limited?
2. What is the nature of the business carried on by these two companies, and how do they fit into the operations of the Canadian National Railways system?
3. By what means did the C.N.R. acquire ownership of these two companies?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

The management of Canadian National Railways advise as follows:

1. Calgary, Alberta, in both cases.

2. Montalta Holdings Limited owns a truck terminal at Montreal and rents it to Midland Superior Express Limited.

Wacos Holdings Limited owns truck terminals and rents them as follows:

At Calgary, rented to Midland Superior Express Ltd.

At Edmonton, rented to Midland Superior Express Ltd.

At Toronto, rented to Midland Superior Express Ltd.

At Saskatoon, rented to Empire Freightways Limited.

3. Cash purchase.

C.N.R. COMPANIES OFFERED FOR SALE

Question No. 220—**Mr. Fisher:**

1. To what extent, if any, have offers of sale of certain other companies, as described on page 9 of the Canadian National Railways 1960 annual report, been accepted since the end of the year?
2. What are the names of any of these companies whose offers of sale may have been accepted by Canadian National?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

The management of Canadian National Railways advise as follows:

1. No purchases have been made since December 31, 1960.

2. See answer to No. 1.

AREA MANAGER, C.N.R., SASKATOON

Question No. 248—**Mr. Fisher:**

1. Has the Canadian National Railways an area manager in Saskatoon?
2. If so, what is his name and date of appointment?
3. What experience has this man in railroading per se, and what experience in other fields, either outside or ancillary to transportation?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

The management of Canadian National Railways advise as follows:

1. Yes.

2. Mr. Alfred Skinner, appointed January 1, 1961.

3. Management regard him as an experienced and competent officer. His service dates from 1919.

TRAINING OF UNEMPLOYED PERSONS

Question No. 249—**Mr. Pitman:**

1. How many municipalities in Ontario have initiated programs for training unemployed persons under schedule M of Bill C-49?
2. What are the names of these municipalities?
3. What courses have been given at each municipality?
4. What has been the total number of unemployed enrolled in each course?
5. What is the total number of unemployed who have completed these courses to date?

Answer by: **Hon. Michael Starr (Minister of Labour):**

1. Five since April 1, 1960.

2. Brantford, Cornwall, Toronto, St. Catharines, Windsor.

3. Brantford, commercial, machine shop, welding, electronics.

Cornwall, commercial, machine shop, welding.

St. Catharines, commercial, mechanical drafting, electricity, machine shop, radio and T.V. service, welding.

Toronto, appliance servicing, drafting, gas and arc welding, diesel mechanics, oil burner servicing, radio and T.V. repair, small engines, welding, barbering.

Windsor, commercial, arc welding.

Supply—Items Passed

4. Enrolment by courses in all centres except St. Catharines:

Commercial	125
Machine shop	79
Welding	156
Gas and arc welding	34
Electricity	13
Diesel mechanics	51
Drafting	56
Radio and T.V. repair	85
Oil burner servicing	13
Appliance servicing	24
Barbering	19
Small engines	32
	687

5. One hundred and three since April 1, 1960.

[The following items were passed in committee of supply]:

DEPARTMENT OF JUSTICE

173. Bankruptcy Act administration, $118,770.

Pensions and other benefits—

174. Gratuities to the widows or other dependents of judges who die while in office, $15,000.

B—Penitentiaries—

175. Administration of the office of the commissioner of penitentiaries, $696,650.

176. Operation and maintenance of penitentiaries, including compensation to discharged inmates permanently disabled while in penitentiaries, $17,484,919.

177. Construction, improvements and equipment, $5,850,865.

B—Penitentiaries—

530. Operation and maintenance of penitentiaries —to ratify all payments of gratuities purporting to have been granted pursuant to the Penitentiary Act to retired officers to whom part II of the Civil Service Superannuation and Retirement Act applied but who did not contribute to the retirement fund, and to authorize the exemption of R. W. Read, A. W. Clermont, A. K. Gibson and J. N. Nadeau from the provisions of part II of the Civil Service Superannuation and Retirement Act and the Public Service Superannuation Act in order that they may qualify for payment of gratuities on retirement under the provisions of section 37 of the Penitentiary Act and to provide a further amount of, $350,185.

531. Construction, improvements and equipment—further amount required, $900,000.

Loans, investments and advances—

Penitentiaries—

600. To increase to $1,000,000 the amount that may be charged at any time to the revolving fund established by vote 628 of the Appropriation Act No. 2, 1955, and extended by vote 657 of the Appropriation Act No. 5, 1958, for the purpose of acquiring and managing any stores or materials required for penitentiary use; additional amount required, $400,000.

HOUSE OF COMMONS

Saturday, June 10, 1961

The house met at 11 a.m.

HOUSE OF COMMONS

ANNIVERSARY OF ELECTION OF CONSERVATIVE GOVERNMENT

Mr. Deputy Speaker: Motions.

Mr. Harold E. Winch (Vancouver East): Is this the point, Mr. Speaker, at which I suggest that the flag of the House of Commons be lowered to half mast to designate a day of mourning because of the election of a Conservative government four years ago?

TRADE

WHEAT—ANNOUNCEMENT OF ADDITIONAL SALE TO POLAND

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, further to my announcement on June 6 concerning the sale of wheat to Poland, I should like now to inform the house that an additional contract for 100,000 tons of wheat has been signed between the Canadian wheat board and the Polish national trade organization Rolimpex.

The government has authorized export credits insurance to facilitate this sale, the terms being the same as in the first agreement. Shipment of this wheat is to take place during the current crop year. This contract brings the total amount of wheat sold to Poland this year to 7.5 million bushels.

[*Later:*]

On the orders of the day:

Mr. Eric Stefanson (Selkirk): Mr. Speaker, I should like to direct a question to the Minister of Agriculture arising out of the announcement he made this morning respecting an additional sale of wheat to Poland. When the minister announced the last sale to Poland he indicated the wheat would be shipped through the St. Lawrence seaway and eastern ports. Will this new sale of wheat to Poland also be handled through eastern ports so as to benefit farmers in Manitoba and eastern Saskatchewan?

Hon. Alvin Hamilton (Minister of Agriculture): Yes, Mr. Speaker.

CANADIAN NATIONAL RAILWAYS

GOVERNMENT POLICY RESPECTING APPOINTMENT OF PRESIDENT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Prime Minister and ask him if he has seen the editorial appearing in this morning's *Globe and Mail* entitled "A Knife for Mr. Gordon", which concludes with the following sentence:

> If the government wants to remove Mr. Gordon it should do so openly, accept the full responsibility, and give the public its reasons. To use backbenchers to do the dirty work is unworthy of national leaders.

Has the Prime Minister any comment to make on this editorial?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have always followed the course of not making comments on editorials, and this occasion will be no exception.

Mr. Chevrier: A supplementary question, Mr. Speaker. Does the Prime Minister not think that this is a disgraceful manner in which to proceed—

Mr. Deputy Speaker: Order. It seems to me that the question is argumentative, to say the least.

Mr. Chevrier: Well, Mr. Speaker, I feel that I have the right to ask a supplementary question.

Mr. Deputy Speaker: Yes, but may I suggest to the hon. member that I was doubtful as to the propriety of his first question, and the hon. gentleman's second question is certainly out of order because it is argumentative.

Mr. Chevrier: Mr. Speaker, I rise on a point of order. May I point out to Your Honour, in the first place, that with all respect to what you have said I think it is quite in order to ask the Prime Minister a question based on an editorial. Your Honour saw fit to allow the question. The supplementary question was not going to proceed on that basis. I now propose to ask Your Honour if I am not in order in asking the Prime Minister whether it is the practice to use backbenchers to do the work which the government should do.

Mr. Deputy Speaker: Order. That is the exact question I understood the hon. member intended to put. Let me say that the original question was based on an editorial commenting on debates in the house. The hon. member knows that questions of this kind are not usually put on orders of the day. The hon. gentleman's second question was certainly argumentative, in that it sought to discuss

the conduct of members in the house. In this respect I think it was clearly out of order.

Mr. Hazen Argue (Assiniboia): If I may speak to the point of order, Mr. Speaker, I believe it is correct to say that questions based on editorials are not in order. It is not in order to refer to editorial comment in the house. I would submit with great deference, however, that it is in order to ask the government about an important question of policy relating to the government's attitude toward the appointment of the president of the Canadian National Railways or his continuation in office. I think it is very pertinent, because the question has been raised on frequent occasions and there has been much public comment and speculation.

Mr. Deputy Speaker: Order. I have not ruled that all questions pertaining to the appointment of the president of the Canadian National Railways would be out of order. I have merely indicated that the questions put by the hon. member for Laurier were, in my view, clearly out of order. If the hon. member for Assiniboia has a question to put on the subject he may proceed to do so, but I suggest that discussing the point of order in order to emphasize or underline an argument would not be a regular course to follow.

Mr. Argue: May I then ask the government if it will announce at an early date its policy toward the president of the Canadian National Railways, and whether his term of service will be extended for a particular period.

Mr. Diefenbaker: Mr. Speaker, let me say immediately, with respect to the suggestion of the hon. member for Laurier to the effect that something disgraceful had taken place, that the question the hon. gentleman asked qualifies fully for the descriptive word he used. Now, with regard to the question—

Mr. Chevrier: Mr. Speaker, I rise on a question of privilege—

Some hon. Members: Sit down.

Mr. Chevrier: I rise on a question of privilege. The Prime Minister is allowed to get away with a reply to the question but I am not allowed to ask him the question.

Some hon. Members: Oh, oh.

Mr. Chevrier: That is exactly what is happening in the house. If Your Honour wishes to deal with the matter in this fashion it is all right with us, but I think I should point out that if it is unfair for me to put the question to the Prime Minister—

[Mr. Deputy Speaker.]

Mr. Diefenbaker: I objected to the use of the word "disgraceful".

Mr. Chevrier: —it is equally unfair for the Prime Minister to use the words which he did use a moment ago.

Mr. Deputy Speaker: Order. The hon. member for Laurier may be right in some respects, but certainly not in implying that the Chair was being unfair. The hon. member has enough experience to realize that the Speaker cannot stop in advance questions which are irregular. Also, it is not easy for the Chair to prevent a few words being said which are not in order. I think the hon. member for Laurier realizes that the questioner gets away with an irregular question more often than the minister who is called upon to reply does with an irregular answer.

Mr. Chevrier: I am afraid it is the other way around.

Mr. Diefenbaker: Mr. Speaker, I immediately say this on the question of privilege. There was no objection to the question. The use of the word "disgraceful" as a part of the question was what I objected to and to which I made reference.

Mr. Chevrier: I object to the language used as applying to me.

Mr. Diefenbaker: As far as the question is concerned, the hon. member will realize that the board of directors legislation has now been passed and it has received royal assent. The board of directors will be appointed and will convene, and naturally will give consideration to those things that are requisite to be brought before them in their position as directors of the Canadian National Railways. We waited for the passing of the legislation and now have it approved.

I wish to add, also, that in so far as the suggestion in the editorial is concerned, namely that there was any use of backbenchers, that was a most unjustified allegation.

Mr. Argue: Mr. Speaker, I rise—

Some hon. Members: Order.

Mr. Argue: I rise on a point of order. If it is not in order for the hon. member for Laurier to base a question on an editorial in the *Globe and Mail*, neither is it in order for the Prime Minister to base a reply on the editorial. The rules must be dealt with in an impartial manner, and when a rule applies to an opposition member I take it that it also applies even to the Prime Minister.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Mr. Speaker, I would make very clear that I support the hon.

gentleman in what he has stated, that editorials should not be read in the house; but the implication in the reading of that editorial required—

Mr. Argue: It was not read.

Mr. Diefenbaker: —a reply, even though much shorter and more succinct than the circumstances might demand. The question the hon. member asked was a proper one, and one that I am sure is of general interest. Now that the legislation in respect of the board of directors has received approval, the appointments will be made and this problem will no longer be one that will require the asking of questions.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Prime Minister whether it was not competent for the board of directors of the C.N.R. to deal with this matter, if they so desired, before legislation enlarging the board was passed?

Mr. Deputy Speaker: The hon. member for Moose Jaw-Lake Centre.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker I wish to ask a supplementary question. I should like to ask the Prime Minister whether the views as to the president of the Canadian National Railways and his competence, as expressed by the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) and the hon. member for Danforth (Mr. Small) on June 8 in this house, correctly represent the views of the government in this matter.

Mr. Deputy Speaker: Order. I think this matter has been sufficiently dealt with. It started on the wrong foot and it has created enough complication up to now. The hon. member for Moose Jaw-Lake Centre.

Mr. McIlraith: On a point of order, Mr. Speaker, may I ask upon what ground the question I put is out of order?

Some hon. Members: Order.

Mr. Deputy Speaker: I think an answer has been given on the point. The hon. member is trying to have the Prime Minister comment on a debate which has taken place in this house, because the hon. member quoted the opinions expressed by some hon. members in the discussion of the estimates of the Department of Transport. I think the question which was put by the hon. member for Assiniboia was exactly on the same point. An answer was given, and I think the hon. member for Ottawa West will realize that he is indirectly trying to create a debate on the issue.

Mr. McIlraith: No, Mr. Speaker. May I state what I was trying to say? I was trying to find out government policy on this matter of public importance which is the direct responsibility of the government. I was very careful not to ask for comment on the speeches made in the house. I was careful to phrase my question in such a form as to ask if they represented the policy of the government.

Mr. Deputy Speaker: Order. I have expressed my view on the question which has been put and on the answer given. It seems obvious that questions, generally speaking, which invite the government to express policy are not proper on orders of the day because they may involve, as the hon. member will realize, a wide scope of discussion. I think the question should be left at this point, because it will turn into a debate.

Mr. Chevrier: May I ask a supplementary question?

Mr. Deputy Speaker: The hon. member for Laurier seems to be competing with the Chair. I have already indicated that I thought this matter had been sufficiently dealt with, and I do not see how it would be in accordance with that view if I allowed a further question.

Mr. Chevrier: Would Your Honour allow the question and then rule upon it? My supplementary question is this. Does the Prime Minister realize that here we are on June 10—

Some hon. Members: Hear, hear.

Mr. Chevrier: I knew my question would be allowed if I prefaced it in that manner.

Mr. Deputy Speaker: I would not want the hon. member to prejudge the case, because I have not heard the question yet.

Mr. Chevrier: Having regard to the date at which we have arrived and our consideration of the affairs of the C.N.R., does the Prime Minister not think that long before this date the annual report and accounts of the Canadian National Railways should have been dealt with by the special committee on railways, air lines and shipping?

Mr. Deputy Speaker: I must indicate that I shall allow the Prime Minister to reply, but I think the question was argumentative and one can expect the answer to be in the same vein.

Mr. Chevrier: I do not wish to deal with this matter unduly, but this has to do with the business of the house.

Mr. Deputy Speaker: I agree that it has to do with the business of the house, but the

question has been put in a form which would suggest an argumentative reply. It was a discussion on the conduct of the house; it put forward an argument.

Mr. Chevrier: I say to you respectfully that it was not discussing the conduct of the house. It was discussing the affairs of the C.N.R., and I should like to know why the affairs of the Canadian National Railways have not been fully discussed in the committee on railways, air lines and shipping owned and operated by the government. I should appreciate it if the Prime Minister would give the reason for this long delay.

Mr. Diefenbaker: Mr. Speaker, all through the piece in the last few months there have been nothing but howls and screams on behalf of members of the opposition that there have been too many committees meeting and that this is taking up too much of their time. Now they will immediately be accommodated, I am sure. They have gone through the estimates of the Department of Transport as meticulously and carefully as the opposition are capable of within their limitations. Having done that, I am sure the committee will meet at the earliest possible date, and that the desire for discussion and consideration of the report will be entirely met.

I thank the hon. member, too, for the reference regarding the 10th of June, because I know that is the reason he feels so badly today.

AGRICULTURE

SASKATCHEWAN—R.C.A.F. ASSISTANCE IN COMBATING GRASSHOPPERS

On the orders of the day:

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I wish to direct a question of more urgency to the Minister of National Defence. Will the minister outline how the federal government is answering the request received from the province of Saskatchewan for assistance in the battle against the grasshoppers now threatening the western crops?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, on Thursday evening I received an urgent request from the Saskatchewan minister of agriculture for assistance in getting grasshopper poison out to Saskatchewan, as they had run short of it. In response to this request I authorized the Royal Canadian Air Force to assist in combating the infestation in Saskatchewan by airlifting the badly needed supply of insecticides from Toronto to Regina. This emergency airlift commenced on Friday, June 9, in the afternoon and will continue until an adequate supply of insecticide is available to overcome the threat. It is anticipated that the airlift necessary to do this will be completed some time today.

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to ask a supplementary question. Can the minister tell us whether any of the planes of the department will be used for actual spraying work?

Mr. Harkness: No, Mr. Speaker, I have had no request in that regard. I do not think the planes we have are adaptable to that purpose. As the hon. member knows, small, light aircraft specially equipped with spraying equipment are used for that operation.

Mr. E. W. Brunsden (Medicine Hat): Mr. Speaker, I should like to ask a supplementary question. Could the minister give me some assurance that the infestation will stop at the Alberta border?

ADMINISTRATION OF JUSTICE

CAPITAL PUNISHMENT—REQUEST FOR RE-EXAMINATION OF LEGISLATION

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like to direct a question to the Prime Minister? Has the Prime Minister seen in the Toronto *Daily Star* of June 9, 1961, the joint letter written by six leading law professors recommending postponement of the passage of the bill in respect to capital murder in order to provide an opportunity for an independent examination of its provisions by a body of judges and practising and academic lawyers specialized in criminal law?

Some hon. Members: Order.

Mr. Deputy Speaker: Order.

Mr. Deschatelets: Mr. Speaker, my question is—

Mr. Deputy Speaker: Order. Perhaps I will allow the hon. member to ask his question, but I should indicate to him that its basis is improper in view of the fact that it deals with legislation which has not gone through all stages.

Mr. Deschatelets: My question is, in light of this very important development, does the Prime Minister not think the provisions of this bill should be re-examined?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the House of Commons has completed its consideration of this bill. In any event, the answer would have been in the negative.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to ask a supplementary question. There are a number of people in Canada now under death sentence, and I should like to know whether these sentences will be stayed until such time as a review and decision can be made under the terms of this act which we are now contemplating.

Mr. Diefenbaker: Mr. Speaker, the answer to that question is also in the negative. In so far as discussion respecting the exercise of clemency is concerned, that is a matter which cannot properly be brought before this house.

PUBLIC BUILDINGS

SUDBURY, ONT.—INQUIRY AS TO CONSTRUCTION OF ARMOURIES

On the orders of the day:

Mr. Hubert Badanai (Fort William): Mr. Speaker, I should like to direct a question to the Minister of National Defence. There is a rumour that an amount of $800,000 included in the estimates of the Department of National Defence has been earmarked for the construction of a new armoury in Sudbury, and tenders will be called early in 1962. Can the minister give the house some information regarding this project?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, the rumour is incorrect, but I suggest that a better time to raise matters of this kind would be when the estimates of the department are under consideration.

Mr. Badanai: I have a supplementary question. Has the minister given any consideration to the re-establishment of an armoury at Fort William?

Mr. Harkness: The matter of building new armouries at Fort William and Sudbury has been under consideration, but no decision has been reached.

CANADIAN BROADCASTING CORPORATION

MONTREAL—STATEMENT ON REPORTED CENTRALIZATION OF OFFICES

On the orders of the day:

Hon. J. W. Monteith (Acting Minister of National Revenue): Mr. Speaker, yesterday the hon. member for St. Ann asked whether I was aware of certain comments of the chairman of the board of directors of the Canadian Broadcasting Corporation with respect to the search for a suitable location in the city of Montreal where C.B.C. operations will be consolidated. I did notice this report, and I am informed by the Canadian Broadcasting Corporation that a final decision has not been taken with respect to the location described in the question, as both the city and the corporation have decided to study one or more additional locations before deciding on the matter.

EXTERNAL AFFAIRS

LAOS—INQUIRY AS TO CURRENT SITUATION

On the orders of the day:

Mr. Arthur Smith (Calgary South): Mr. Speaker, I should like to ask the Secretary of State for External Affairs whether he can report on any new developments in the situation in Laos.

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, as a result of intensive consultations yesterday the prospects for the conference resuming its work now appear to be better. I understand that Lord Home will be going to Geneva tomorrow to discuss the situation with Mr. Gromyko, the Soviet co-chairman, who has indicated that with good will on both sides an effective cease fire can be established throughout Laos.

In Vientiane, at Canadian initiative, the commission has expressed to the Laotian parties its serious concern at the turn of events in Ban Padong. The commission has stated that it intends to visit a number of trouble spots and report to the co-chairmen. It is expected that Ban Padong will be one of these, and arrangements are now being worked out with the local authorities.

LABOUR CONDITIONS

CAPE BRETON—METHOD OF PROVIDING FUNDS FOR SPECIAL PROJECTS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Mines and Technical Surveys whether he can tell the house in what fashion the house is to be asked to approve the $1½ million special vote that he announced some days ago to provide for additional employment in Cape Breton.

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Mr. Speaker, the same answer applies that I made the day before yesterday. The matter is under study, and when the study is completed an announcement will be made.

Mr. Pickersgill: I think the minister did not quite understand my question. Perhaps I could put it to the parliamentary secretary to the Minister of Finance. I am not asking about the projects, but I am asking about the

method by which the house is to be asked to approve the $1½ million. Can the parliamentary secretary say what method is to be used?

Mr. Richard A. Bell (Parliamentary Secretary to the Minister of Finance): Mr. Speaker, I am not in a position to do so this morning.

HEALTH AND WELFARE

TORONTO—REPORTED EXPOSURE OF CHILDREN TO RADIOACTIVE CONTAMINATION

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to address a question to the Minister of Veterans Affairs. In view of the recent exposure of Toronto children to radioactive contamination, can the minister say whether the source of these radioactive materials has now been determined? Will he also state what action has been taken to ensure that all owners and users of radioactive materials take every precaution to ensure that these materials do not endanger public safety?

Hon. Gordon Churchill (Minister of Veterans Affairs): Mr. Speaker, this problem is of such importance that a full report should be made to the House of Commons as early as possible next week. An investigation is now under way, and I require a little more time in order to get full information.

Mr. Argue: In a very brief way, could the minister tell the house at this time the policy with regard to these materials, which have brought about a situation of this kind?

Mr. Churchill: I think my earlier suggestion was a sound one. A full report will be made next week.

GRAIN

INQUIRY AS TO PROVISION FOR ACREAGE PAYMENTS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): I should like to direct a question to the Minister of Agriculture. Can the minister inform the house whether the government will be putting an item in the estimates this year to provide for a payment of $1 an acre for up to 200 acres to western producers?

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, that is a matter of government policy which will be announced in due course.

SUPPLY

The house in committee of supply, Mr. Chown in the chair.

[Mr. Pickersgill.]

ROYAL CANADIAN MOUNTED POLICE

Headquarters administration and national police services—

378. Operation and maintenance, $7,904,906.

Mr. Fulton: Mr. Chairman, yesterday I had just commenced answering the general inquiries that had been made on this first item and I had not quite completed my remarks. As a matter of courtesy to those hon. members—

The Deputy Chairman: Order. I am having some difficulty hearing the minister. I wonder whether we could have quiet in the committee, please.

Mr. Fulton: As a matter of courtesy to those hon. members who made comments or suggestions I think I should complete my reply. In connection with the remarks of the hon. member for Kootenay West on the standards of training and qualifications of members of the security and intelligence branch, and dealing specifically with the comments as to language training, I might say that we have a number of personnel in that division who are well qualified indeed so far as a knowledge of foreign languages is concerned. At any time that we required further training from this point of view we would not hesitate to send our personnel on the necessary courses.

I might also point out that in addition to actual academic training we have in our force constables and N.C.O.'s from every ethnic group in Canada with the exception of the Eskimo group, and we are now trying to get a qualified Eskimo who might be available to join the force. I should point out that at the present time we have a number of special constables in the force who are Eskimos. Let me emphasize again that we have members and N.C.O.'s from every other ethnic group in Canada.

It might interest hon. members if I were to put on the record a list of the ethnic and language groups from which our members are drawn and the totals in each group. In the totals I show here I would emphasize that these members speak fluently the language in question: German, 169; Ukrainian, 202; Russian, 46; Polish, 70; Czech, 18; Hungarian, 12; Yugoslav, 7; Bulgarian, 1; Rumanian, 2; Croatian 1; Slovakian, 5; Latvian, 1; Lithuanian, 5; Greek, 2; Italian, 24; Spanish, 3; Dutch, 22; Flemish, 2; Yiddish, 4; Swedish 13; Norwegian, 21; Danish, 15; Icelandic, 14; Finnish, 4; Japanese 2; Chinese, 2; Eskimo, 1; Cree, 1; Gaelic, 5; Swahili, the language used in the Congo and Kenya, 2; Arabic 1. In so far as Eskimo is concerned, I point out that we have one member who speaks this language fluently, although he is not himself an

Eskimo, and we have a number who have a knowledge of the language, but we would not qualify them as fluent.

The hon. member for Maisonneuve-Rosemont raised a question with regard to dog teams in the territories. I can assure him that it is not the normal practice to fly dog teams around the territories. Such circumstances would only arise very rarely. Normally the patrols would be undertaken from the detachment where the dog teams are kept. It would only be if the incident which required investigation took place in a very remote area that the dog teams would be flown to another point from which the patrol by dog team would actually start. We have, in fact, eight snowmobiles stationed at various points throughout the territories. Some years ago we did make an experiment with an auto-toboggan. The one with which the experiment was then conducted was found not to be suitable.

Now, with regard to the question concerning the increase in the number of dogs, I think the hon. member has misconstrued the circumstances. We are not undertaking an overall increase, certainly no substantial increase in the number of dogs. There is a program under way, however, for breeding a new type of husky, a Siberian husky, which research has shown to be more amenable, more easily trained and a less dangerous animal than the present type of sled dog in use throughout the territories. There have been some very unpleasant attacks upon persons by sled dogs, not so much by our dogs—because I think we have them under pretty good control at all times—but these attacks on humans have been made by the type of husky which has been in use up there. We believe we should first establish the use of the new type dogs ourselves, and then encourage their use throughout the whole of the territories.

The hon. member for Chapleau raised the very difficult problem of the enforcement of the pleasure boat regulations. This is a work that is of increasing concern and difficulty to the Royal Canadian Mounted Police. At the moment there are an estimated three quarters of a million pleasure boats in Canada, and this total is rising rapidly. The problem of enforcement of the small boat regulations is becoming acute, and one which requires a great deal of planning. We are concerned lest our planning and the recruiting of our establishment cannot keep pace with the increasing demands that are made upon us.

In this connection I might point out that our difficulty in this is a summertime problem. It is difficult indeed, as hon. members will understand, to persuade treasury board that we should be allowed the increase in our establishment necessary to take care of the volume of work which this entails in the summer, because if that were done then there would be the problem of whether or not we had more men than we needed at other times. We have not really been able to get any special establishment for this work. I may point out that with the limited establishment we have now we made 41,000 separate checks last year, and the information collected in these investigations resulted in 607 convictions.

We do feel that this is a problem for which the public of Canada should not expect the sole responsibility to be assumed by the Royal Canadian Mounted Police. The use of motorboats and pleasure boats has reached a point where it may well be equated with the use of motor vehicles on the highway. Instead of driving cars for pleasure or touring, people frequently drive their boats or there is a combination of the two, the boats being towed on trailers behind the cars and put in the lakes and then the boats are used for tourism. Just as the Royal Canadian Mounted Police could hardly be thought, indeed is not thought, to be responsible for checking the extra summer traffic on the highways, it is our view that we should not be held exclusively responsible for checking the extra summer traffic on our waterways which is brought about by the influx of tourists.

We feel quite strongly it is only proper that we should suggest the provinces, and indeed the municipalities, might assume extra responsibility in this direction. I think hon. members will be interested to know that some of the regulations with regard to small boats are to be moved out of the regulations under the Canada Shipping Act and incorporated in amendments to the Criminal Code which I will be introducing later. We feel this is quite proper because not only is the traffic in small boats assuming such proportions that the provisions regarding safe driving should really become part of the criminal law, but this will have the additional result that, being part of the criminal law, it will no longer be the sole responsibility of the Royal Canadian Mounted Police to enforce these laws.

The hon. member for Hull raised questions about bilingual personnel on parliament hill. In view of the number of persons who come from all over Canada and, naturally, from the province of Quebec, to visit the hill, it is most desirable that we should have bilingual personnel here. I must say that we agree entirely with the hon. gentleman, and follow this policy within the limits of the resources at our disposal in having bilingual personnel stationed on parliament hill, especially during the summer months.

Mr. Winch: Will any statement be made on the question of the Chinese immigration inquiry which I raised yesterday?

Mr. Fulton: I think the proper approach to this problem is that policy statements with respect to the Chinese immigration inquiry should be made by my colleague the Minister of Citizenship and Immigration. I think I should go no further at this point than to say that when the minister announced the inquiry and the steps that had been taken to date and would be taken in the subsequent period, she said that she counted particularly, in what is described colloquially but somewhat inaccurately as the amnesty program, on the co-operation of the Chinese community to clear those who might be referred to as innocent passengers in this traffic and to establish who are the ringleaders in organized criminal activity. Unfortunately we have not found that co-operation forthcoming to the extent that we had hoped and to the extent that I believe we were entitled to expect.

My friend the hon. member for Vancouver Centre, in speaking on the introduction of my estimates some two or three weeks ago, made a statement in this regard. As he is a Canadian of Chinese origin it came particularly appropriately from him. The hon. gentleman in his statement outlined his consideration and study of the matter, and expressed regret that the degree of co-operation that might have been expected had not been forthcoming.

I can only say that while we have had some prosecutions and have achieved some success in obtaining evidence that established clearly the culpability of some of those who are quite prominent in the racketeering that was going on, we have not made all the progress that we had hoped for and it may be some time before we can record substantial progress. The matter is causing a very great deal of concern, and it has been the subject of discussion between my colleague and myself from the point of view of whether or not the time has arrived—and there are many considerations that argue that it has—when perhaps a new approach, taking advantage of some of the other provisions of the law which so far we have not invoked, might be warranted.

Mr. Winch: Can the minister give a progress report on the R.C.M.P. investigation? A statement on the subject from the minister would give an assurance that I am certain would be welcomed by the Canadian Chinese community.

Mr. Fulton: Mr. Chairman, I have to say, with regret, that I am not in a position to give an authoritative and final statement because, as I have indicated, we are unfortunately not receiving the co-operation which we expected and to which I think we are entitled, when one considers that one of the main objects of our inquiry is to clear up this situation once and for all and to establish and regularize the position of those Chinese who may be in Canada on the basis of irregular entry but with respect to whom, as my colleague the Minister of Citizenship and Immigration said, there is no intention of prosecuting or pushing out of Canada when they themselves were only innocent passengers in this traffic. I hope that in the course of the reasonable future we might be able to bring some finality to the matter and at that time one could make a statement, but at the present time because of the stone wall of refusal to give information which is clearly within the knowledge of those concerned we have not been able to make the progress we would like to have made.

As I said, this is a matter of concern and discussion between my colleague and myself as to whether we should invoke some of the other provisions of the law which are available but which so far we have not relied upon, in order to obtain this information that we must have in the interests of the Chinese community itself.

Mr. Kennedy: Mr. Chairman, I wish to speak about a matter—

Mr. Pickersgill: Mr. Chairman, if the hon. gentleman is going to speak on another subject I wonder if he would permit me to ask one question on the matter the minister has discussed. I should like to be assured by the minister that the government has no thought of receding from the solemn assurance given in this house by the Minister of Citizenship and Immigration to the Chinese community at the last session of parliament.

Mr. Fulton: Well, Mr. Chairman, there has been no change. Any change would have to be announced by my colleague the Minister of Citizenship and Immigration.

Mr. Pickersgill: The question I ask is whether the government is contemplating withdrawing the assurance that was given.

Mr. Fulton: I do not know to what assurance my hon. friend refers. There were several aspects to the assurance, as I recall it, and I am not in a position to make a categorical reply to that question.

Mr. Pickersgill: I will recall the assurance for the assistance of the minister. The assurance, and it was a very precise one, was that no one would be deported from Canada merely because he had given information that

was not exact if he was in fact a relative of someone living in this country.

Mr. Fulton: I do not recall the statement of my colleague sufficiently clearly to be certain that my hon. friend has accurately summarized it. The intent of my colleague's statement was to make clear that persons who with respect to themselves or their immediate relatives may have given misinformation in order to bring themselves or their relatives here to Canada, not for the purpose of profit, would not be pushed around or prosecuted. I do, however, recall my colleague saying that in order to establish these and all the other facts it would be necessary for us to have the co-operation of these people and truthful statements from them. It is the lack of co-operation that concerns us at the present time.

Mr. Pickersgill: I should not like to think, and I am sure the minister does not intend it to be thought, that he is seeking to secure co-operation by holding a kind of veiled threat over these people that the word of the government given in this house is going to be withdrawn.

Mr. Fulton: Mr. Chairman, the word of the government, of course, stands. My hon. friend knows perfectly well that when the government makes statements with respect to situations such as this, based on an assumption that co-operation will be forthcoming, it is entitled to review the situation from time to time and to state its position in accordance with the developments so long as that position is stated clearly.

Mr. Kennedy: Mr. Chairman, I wish to bring to the attention of the minister the matter of the enforcement of federal statutes as applied to harness racing. This sport is vigorously pursued, at least in the province of Nova Scotia, and at the present time the personnel of the nearby R.C.M.P. detachments who are specially trained are required to attend these races while they are in progress to enforce the statutes. This duty is in addition to their normal detachment duties. It can readily be seen that because races are often held on holidays and on other special occasions this imposes an additional burden, over and above normal duties, on a few constables.

I wonder whether the minister would look into the matter and see if the establishments of the nearby detachments could be increased so that the tour of duty of all personnel would be less onerous. I understand that these constables receive no extra remuneration for the additional hours they are required to serve.

While I am on my feet may I also tell the minister that the R.C.M.P. are performing a splendid service in my area not only in law enforcement but also in the contribution they make in the various communities.

Mr. Herridge: Mr. Chairman, I rise briefly to refer to a matter about which I spoke yesterday. Apparently radio and television reports created interest in the complaints made yesterday in this committee by one or two hon. members in respect to the activities of the security section of the R.C.M.P. My telephone has been ringing constantly this morning, and I have already had phone calls or visits from students at Ottawa universities. I listened very carefully to what they had to say, and these very fine young people were very concerned about things that were happening in their universities.

I was recently informed that a student at an Ottawa university was approached by a young R.C.M.P. constable and asked whether he or she knew of any students with communist leanings or radical tendencies. This student was asked to report on the activities of certain persons who were interested in the ban the bomb movement—I think that is the common term for it—and those who were interested in the activities of the C.C.F.-New Party club. Now, what do you think of that?

Mr. Pugh: That is a logical conclusion.

Mr. Herridge: One of those students who visited me was particularly concerned about this question and is a member of a well known Ottawa family that has lived here a long time. This constable, in a rather aggressive way, tried to persuade this student to act as an informer on fellow students. It was brought to the attention of the constable that there are members of the Royal Canadian Mounted Police attending these universities, and he was asked "Why not use them?" His reply was to the effect, "Well, they are busy in other directions"; they wanted to get one of the students to do this. These students were asked to inform from time to time upon the activities of the persons in these groups to the constable in question. I am glad to say that they rejected this suggestion with scorn, because I think it is the wrong way to go about this sort of thing.

I rise again on their behalf to protest most vigorously these attempts to make informers, cads and stoolpigeons of our students in universities. I say this is the wrong way to go about it. It is not a proper thing to do, to ask a young student, regardless of the motive, to spy and inform on fellow students while going to university.

Mr. Fulton: Mr. Chairman, my hon. friend has of course used a great many sensational words in his remarks, and I can only regret

that the hon. member, who usually has such a high sense of responsibility, should make these statements without giving me an opportunity to examine the matter to see whether there in any justification for what he says. These anonymous, unestablished, unidentified complaints which are blown up and puffed up in a sensational manner so often result in unfair criticism, and I am surprised that the hon. member should have made these remarks without any consultation with me or any effort to establish whether there was in fact any basis or justification for them.

I am not denying that there is concern, or may be concern, on the part of the members of the security and intelligence service of the R.C.M. Police about activities on university campuses. Nor can one deny that it is an avowed objective of communism to infiltrate universities. It is an avowed objective of Canadian communists to do exactly that. It is an avowed objective of Canadian communism to infiltrate a number of organizations whose purposes, though perfectly innocent and proper, they could subvert to their own ends if they were able to infiltrate them successfully and obtain control.

We would be negligent and open to criticism if we turned a blind eye to this situation and said "We are going to be embarrassed and criticized if we make any inquiries about this matter, so we had better let the activity carry on without any attempt to check it to see to what extent, if any, this infiltration has become effective and successful."

My hon. friend knows that although his party has itself openly disavowed the suggestion that there has been any infiltration of communism into it, there have been repeated attempts by the communists to identify themselves with the movement of which he is a member. We detest this, but it is a communist objective.

I am not in a position to do so, nor am I going to succumb to the temptation or persuasion to say that with respect to this, that or any other activity which we know the communists are attempting to infiltrate we will call our efforts off and cancel our inquiries simply because some people say, and say quite rightly, "This is an obviously innocent and desirable group of persons and it is wrong for you to be taking this interest in what goes on".

I said yesterday that we are not concerned about or suspicious of the motives or the genuine, conscientious purposes of the people who have formed these associations, or students generally at university. But when we know that communists, as a matter of policy, are attempting to infiltrate these associations, then it becomes the responsibility of the security force to keep a check on them and to establish the extent to which that objective is being realized.

I am sorry it does not seem possible to make this sort of effort without giving rise to some criticism. I do not maintain that our men are perfect, that they will never make mistakes or perhaps ask the wrong questions; but I do ask that there should be some measure of understanding with respect to our security and intelligence efforts regarding communism in Canada. I ask for understanding of the task which is imposed upon our security forces.

Particularly I do suggest that where there may be a feeling on the part of any individual that an improper approach was made, or where word is received by members of parliament or others that improper approaches were made to them, these matters should be brought to my attention, because I am as anxious as anyone else that the work in this field, difficult enough as it is, should not be made more difficult by blunders. We are always anxious to improve our methods and do what we can to carry them out without offence to the public, but this responsibility is imposed upon us and we have to discharge it.

Mr. Herridge: Mr. Chairman, the minister knows that I do not raise a question unless I am convinced there is some substance in it. I questioned these people very closely and took down their words very carefully. I am objecting to the wrong approach in this matter. Hon. members know that people do not like their names being used in matters of this kind, but I will go into this question further and see whether I can assist the minister to make certain there is a proper approach to this question.

Mr. Fulton: Mr. Chairman, I would appreciate that co-operation. I have never maintained and never will maintain that we do not make mistakes, and we are anxious to know where mistakes have been made so that we may profit by them.

Mr. Wratten: Mr. Chairman, this may be a small matter to raise in this committee, but I think it affects the prestige and the respect which the R.C.M. Police have across this country. I refer to the fact that they are now acting as meter maids at Malton airport. As I understand it, it costs some $2,000 a year to train an R.C.M.P. constable. Surely we can find some men who are over 50 or 55 years of age, who cannot find employment in other fields, who could very well carry out the work of supervising parking, checking cars and so on, at this airport. Chief constables all over the country are trying to get out of having

their men check the parking and carry out the tagging of cars, because they lose the respect of the public. Yet here we have members of a force which is recognized as second to none in the world acting as meter maids at Malton airport. I think it is a mistake and I hope it will be rectified.

Mr. Fulton: In reply, Mr. Chairman, the situation is that at the request of the Department of Transport, and for very good reason in view of the increasing traffic through our airports, the R.C.M. Police within recent months have assumed responsibility for policing Department of Transport airports.

It is true that in the take-over period we have had to put a number of men on the airports to acquaint themselves with all the responsibilities that policing airports involve, and during this period it is true that a minimum number of these men are actually doing some of the traffic control and parking enforcement. Ultimately, however, the intention is to have simply one of our uniformed men in charge of that work and responsible for it. The work that my hon. friend has referred to, namely the actual checking of cars, putting tags on them and checking parking meters, will be carried out by the corps of commissionaires, with one of our uniformed men supervising that work as part of our responsibility for policing the airports of Canada. It is the intention that our men shall not continue to do this type of work, for the reason the hon. member has stated.

Mr. Wratten: I understand there were older men doing this job but that they were let out when the R.C.M.P. took over. Are these men to be given back their jobs?

Mr. Fulton: The intention is to have the corps of commissionaires made responsible for the physical work of checking the parking and parking meters.

Mr. Baldwin: I should like to comment briefly on a practice which was prevalent at one time but which is now not so common. I refer to the procedure in connection with the prosecution of cases before the inferior courts, where the cases are not of such magnitude as to justify the province in providing counsel.

What often happens in the more remote areas or in the area of a detachment where there are only one or two men is this. When a complaint is made there will be an investigation by the N.C.O. or by a constable. Subsequently the same man may well serve the summons, and when the case comes before the magistrate the same N.C.O. or the same constable will appear and act as counsel in the sense that he examines witnesses for the crown and cross-examines witnesses for the defence.

That is all right, but what I think is wrong is the situation where, having done that, the same constable or N.C.O. goes into the witness box and gives evidence. As I say, I think that practice is not very common today; I have noticed a considerable lessening of the number of cases in which that procedure occurs, and it may well be that instructions have gone out to this effect.

The minister, as a member of the legal profession, will bear with me when I say that when a member of the legal profession acting as counsel takes off his gown and steps into the box to give evidence, it must only be in extraordinary circumstances that he does so. Bearing in mind that it is in the inferior courts where the majority of the people of this country make their first contact with the administration of justice, I do not think the practice to which I have referred makes a good impression. I realize that it is not as prevalent as it was, but I hope instructions can be given so that it is eliminated altogether except when it is essential that the practice be followed.

Having said that, I should like to add a word of tribute. For the last 35 years I have been daily engaged in actions in which I have acted for the defence. I have fought the good fight against the R.C.M.P. in a great many cases, and I hope I shall continue to do so. I may say that in my own district we have a situation where one officer and I think 39 N.C.O.'s and other ranks are responsible for an area of 70,000 square miles containing 75,000 people. They carry on a great deal of work for the province, and they act as police for many of the smaller municipalities. When one relates the number of men employed to the population in the area and compares that number with the number of policemen required in the larger centres and the metropolitan areas, it is obvious that they are doing a tremendous job. I make this comment having in mind that my contacts with the R.C.M.P. have always been as counsel for the defence, and it cannot be said I am prejudiced.

Bearing in mind that the force does this good work, may I point out that the construction of improved highways through our country is leading to a situation where more men may be required for patrol. There have been a number of fatal accidents in the last two or three years and, unfortunately, this good road, this symbol of civilization, goes hand in hand with a great deal of slaughter of people in traffic accidents. I hope some consideration may be given to providing extra men

where required for highway patrol duty on the new highways which are being built.

One final point. I have known many members of the force in the old days, and I know the pension conditions which prevail for members of the force who retired many years ago. I hope some consideration may be given to increasing those pensions, many of which were fixed in days when conditions differed a great deal, in order to bring them into line with the inflated costs of the present day.

Mr. Fulton: The hon. member for Colchester-Hants asked me about the enforcement of race track betting laws, and drew attention to the number of extra hours members of the force responsible for this work in his area have to put in. This is a constant problem as far as we are concerned, and I would appreciate the support of all hon. members in endeavouring to get sufficient personnel to solve it effectively. We find it is not always easy to get agreement to our requests for increases in establishments. This is a matter of which we are aware, however, and I am constantly trying to get sufficient personnel to enable us to do all the jobs which we have to do, efficiently and without placing an undue burden on our personnel. But the day that happens and we find ourselves with an adequate establishment to do everything we are called upon to do, I think we shall see ourselves translated to another world. In the meantime I shall do my best to obtain the establishment we need.

The question raised by the hon. member for Peace River regarding personnel being on occasion both prosecutors and witnesses is an important and difficult one. I can tell the hon. member without equivocation that this is never undertaken as a matter of policy. As far as the mounted police are concerned as a federal force, we are opposed to it.

However, in eight of the ten provinces we are acting as a force under contract to the province. Conditions vary from province to province, and the situation is that in some regions arrangements are not made for the services of crown prosecutors. As a result we find a situation where the police are responsible both for conducting the prosecution and for giving evidence. Every effort is made to avoid putting the officer conducting the case in the position of having to enter the witness box and give evidence in the same case, but every now and then, because of the problem of personnel, it may be that the constable who has to give evidence is the only one available to conduct the case. It may be that his colleague has been required for other duty.

We do not like this situation. We are in constant communication with the provinces urging them to make crown prosecutors available so these circumstances shall not arise. In Manitoba we have a generally happy situation in this respect. In Saskatchewan the situation is not at all the same; it is not at all happy, because we have been unable to persuade the Saskatchewan government that they should provide crown prosecutors. In British Columbia the situation varies. There are detachments where occasionally the same member of the force has to give evidence and conduct the case. We try to avoid the situation whenever we can, and we shall continue to bring pressure on the provinces for their assistance in solving this difficulty by providing adequate numbers of crown prosecutors.

Mr. Peters: I wish to say something on this question of security. It seems to me that the minister has done just about what his department has done in this field. I have always been interested in this matter of security because I have felt that the activities of the department in this regard cover a multitude of sins. I feel that when we are discussing the department's activities regarding the communist threat, in one way or another, we must keep two or three things in mind. First, communism in Canada is not illegal. Second, anyone who does admit publicly that he is a communist obviously is not in a position to be a threat as a spy.

I think the department uses this communist threat as an excuse and cover up for a multitude of sins committed in relation to security rights of individuals. I think the attitude of many members of that force in dealing with this communist business is expressed quite well in an article which appeared in the Ottawa *Journal* of June 7, 1961 under the heading "Below the Hill". The subject matter of this article is similar to that raised in a question asked a few moments ago regarding members of the Royal Canadian Mounted Police on duty at airports. I should like to quote the article, which reads as follows:

Mrs. Nora McAuley, 1309 Woodside Drive, is the latest victim of that gobbledygook and high-handed officialese so prevalent at the new Uplands air terminal. Her husband was flying to the north country Monday so Mrs. McAuley and her three young children drove with him to the terminal to wave goodbye. As they stopped in front of the rotunda, a commissionaire told Mr. McAuley that he couldn't help his wife getting the children out of the car "because you can't park here." When explanations failed, Mr. McAuley, who had little

time to catch his plane, went to get the baggage weighed. His wife and the kids decided to drive away without saying goodbye.

But oh no. The commissionaire had by this time summoned a mountie who demanded to know what Mrs. McAuley was doing at the airport. She told him. Who was her husband, the mountie demanded. Her husband was her husband, said Mrs. McAuley. Let me see your driver's licence, demanded the mountie. More questions. Mrs. McAuley tried to explain that she was leaving anyway. More questions. At last she broke into tears.

"Oh, all right," said the law. "You can go now."

That describes the type of thing that happens in the security field, only it is much more serious. The minister explained yesterday the educational advantages which were being given to some members of the R.C.M. Police. I should be very surprised to find that many of these individuals involved in the political investigation field are qualified to make any assessment of any information obtained. I understand that spying is a very complicated business, and that there are only a few individuals who are efficient in detecting spying activities.

Much of this political security work is being carried out in universities and in the mining communities of northern Ontario. There are probably more special officers of the R.C.M.P. security section per capita in those areas than anywhere else. Those individuals are questioning people, many of whom reply that they are communists but who actually are no more communistic than the majority of the members of this House of Commons. These people are individuals who at one time were workers in organizations like the "Wobblies" who came in contact with individuals who suggested that anyone who joined a union or labour organization was a communist. Many of these people have belonged to these organizations for 30 or 40 years and have no objection to being called communists because they do not have the faintest notion of the political implications.

It seems to me if the department wishes to increase its strength in this field in order to become an overweighted monster, it can do so through the activities which are now taking place. I suggest that if we are so violently opposed to communism, we should outlaw it and attempt to eliminate it in this country. I do not believe we should be successful in that way, because this would create an increase in communism in this country.

I suggest that communism is absolutely no threat as a political philosophy at the present time, nor will it be a threat as long as Canadians have an opportunity to improve their standard of living and continue to enjoy the benefits they are now enjoying. I suggest that communism is a threat only in countries such as those in South America, where the people are oppressed and suffer conditions of poverty, and are not able to even hope to change their situation under the forms of government which now exist. I suggest those are the countries and conditions in which communism flourishes.

I have had some experience with communist organization, having been involved in the mining field for some years. At one time the workers were represented by an organization considered to be communistic. I personally joined another organization which fought with that other organization for a considerable length of time. We know that the people who are interested in promoting communism in unions follow a certain pattern. I suggest it is possible, after considerable study, to recognize the line which will be followed by those people, and to know in advance the changes which will be made. I suggest that these facts are well known to the officials of the minister's department.

Surely, therefore, it is not necessary to continue this type of activity in towns like Kirkland Lake, Timmins and Sudbury, where every time an individual purchases a new antenna for a radio the local R.C.M.P. undercover agent travels around the neighbourhood asking such questions as "Why is the individual putting up such a high tower?" "What kind of short wave radio receiver does the individual have?" "What do the neighbours think he might be listening to?" and many other similar silly questions. I suggest if the officer wishes to find the answers to these questions he would be much more likely to accomplish his purposes by directing them to the individual himself or the individual who sold him the radio and antenna in the first place. I suggest that the individual is perhaps listening to police calls, or short-wave broadcasts in a language with which he is more familiar than that which is used by the local radio stations. I suggest these things do happen, and accomplish nothing in the way of security in this country, but only make a lot of people angry, including myself.

Some hon. Members: Oh, oh.

Mr. Peters: You may go ahead and laugh but I suggest that many members of this house have been investigated by this security group at one time or another.

Mr. Fulton: We cannot help but laugh when you talk such nonsense as you have been talking in regard to radio aerials.

Mr. Peters: The minister may know a great deal about the activities of his department, but I do not think he knows as much as he thinks he does. I suggest many things are happening in his department of which he

is completely unaware. As an example, he may have noticed an individual sitting in the member's gallery for quite some time; he is not here now. I suggest he is not aware of all the activities of that individual. However, I do not think much can be gained by this exchange of pleasantries between the minister and myself.

I am interested in the situation which exists in this field, and feel that nothing will be accomplished or changed unless we make some comment about it. I have not as yet seen any indication as to how many people are involved in the work of this particular section, nor have I heard any indication as to what has been done in relation to the supposed situation which exists. Surely the minister should present a résumé of the extent of communism in Canada today. In some ridings communist candidates have run in the elections and, as a result, the number of supporters is known. We know the number is very limited. On several occasions I have had a communist candidate run against me, and on those occasions I was aware of the number of supporters he had. I suggest that if we are going to accomplish anything in this field we must publicize the dangers involved in communism and the rate of its growth in Canada. In that way perhaps something could be done to prevent it spreading.

It is quite easy for people to get up and say that unions have communists in their ranks. Sometimes this is true, but most of the unions in this country have methods of weeding out the communists once they find out who they are. Most unions have clauses in their membership forms that prevent communists from holding any office.

These things are not said by the department. The minister does not go around and say that the unions are taking whatever steps they can to eliminate the problem. A few minutes ago he mentioned my own political party. In our membership form that every member must sign there is a clause which states that he is not a member of any other political party. This does not really mean that we do not want a Conservative to join the C.C.F. It does not mean that we do not want a Liberal to join the C.C.F. What it really means is that if a communist gets into our organization and we find out about it, we want to be able to throw him out.

We do this occasionally. I do not think the Conservatives throw them out, or the Liberals either for that matter. We do, and we use this method of doing it. When the minister says there have been communists in our party, that is true. There have been communists in the C.C.F. party, but we have publicly thrown them out on a number of occasions.

The unions also have fought the communists and thrown them out of their organizations. In the mining area around Timmins, where I have been connected with union activities, we have spent a great deal of our own money to do this. We have spent a great deal of time and effort in this regard. But the point is that nothing is ever said about the work these organizations do to get rid of communists. The menace, if you wish to call it that, is contained. No; it is much easier to get up and say, as some of the ministers have said, "Let us destroy the ban the bomb organization because there may be some communists in it".

Mr. Grafftey: Who said that? Be specific and responsible. Who said it?

An hon. Member: He could not be either.

Mr. Grafftey: Who said it? Don't just stand there. That is a serious charge.

Mr. Peters: Stand up and ask a question if you wish to do so.

Mr. Pugh: I will ask a question. Would the hon. member name the ministers who said "We will destroy the ban the bomb movement"?

Mr. Peters: Maybe I should not have said "destroy". I am referring to the discussion that has taken place in the house, for instance, in relation to the statement made by the Minister of National Defence to the reserve services in Winnipeg. I refer both to what was said there and the answers that have been given to questions about the matter.

Mr. Thrasher: It has no relation to the argument going on today.

Mr. Peters: It has to this extent. If there is a communist subversive movement which is dangerous to Canada in connection with this organization I am sure the branch would have taken a look at it, just as they have in the case of many other organizations. All I am saying is that much more could be done if the department were willing to help these organizations rid themselves of any communist influence. It does not seem to me that they are doing this as long as these matters are kept under cover. This branch is quite likely to grow in numbers because if you appoint one person to check on somebody's politics you have to assign two people to watch the first man to see that he is doing what he was supposed to do and is doing it in the proper manner. If this branch is not open to scrutiny, it can grow considerably.

In the mines we always knew that there were men working with us who were in fact employees of the management. We knew this and nobody seemed to care. If a man could pick up an extra $10 or $20 doing this kind of work then it was all the better for him. Nobody was particularly worried about it. Those miners who were communists admitted that they were, and quite often when they said they were communists they did not have the faintest idea what communism meant. In this regard I have known one or two cases of people who, after having been in Canada for 20 or 30 years, went back to their homelands and then moved heaven and earth to try to get back to Canada because they found they were more rebellious under the regime in their home country than they were under the regime in this country. They were really malcontents rather than people having any particular political philosophy.

I think some change of attitude should take place with regard to the security branch. It is all right for the branch to grow and do its work under cover, but I think the minister should occasionally make a report as to the dangers, because communism is a very different form of politics from any to which we are accustomed. As I understand the communist philosophy, the object is to establish an international organization that will control the world on an international basis. This is completely foreign to any other political philosophy of which I am aware. For this reason I think the minister and the department could assist the Canadian people considerably if they would stop creating a bogey as to this matter and really present the facts as they are. As long as people are kept in the dark it will be very difficult to find out what is going on, and this will lead to abuses and placing more emphasis on the situation than it really deserves.

I agree that the minister has a responsibility in this regard in that he has to exercise considerable discretion, but I think he will agree with me that the people who gather this information must be highly trained and skilled and be completely versed in the political aspect of their duties. I suggest that more education along this line is required than many of these men now have. It may be that this information should not be assessed by the R.C.M.P., as the minister says, and that in the security field the function of the R.C.M.P. is to gather facts and not to pass judgment on those facts. That responsibility rests elsewhere, primarily with the government.

This is the crux of the whole matter, Mr. Chairman. If the information obtained is not factual, if it is the pipe dream of some constable who thinks he has discovered a real hot spy ring because somebody has erected an abnormally high radio antenna, the facts will then be presented in such a manner as to convey an altogether wrong impression to people in the government. It is for this reason that I think more discretion should be exercised. Frankly, I think more information should be given as to what the threat is in Canada, how to fight it properly and in what manner the general public can be of assistance. The electors of Canada can solve the problem and eliminate whatever threat the communist party may pose in a political sense and so far as the rights that Canadians now enjoy are concerned. It seems to me that as long as communism is legal we are going to have to admit that not everyone who says he supports the communist party is a dangerous person, but may be simply supporting a particular political party.

There is some difference between these people and those who are operating in what we would call the spying field, obtaining information for the use of other countries. I suggest, as a result of my limited experience in this field, that most of the people who talk about communism have not the faintest notion what it is. Communism has been a bogey that has been thrown out. I am reminded of the story we used to have in primary school about crying wolf too often, and then nobody will listen.

Mr. Fulton: May I attempt to deal with some of the things that have been said, because if they go unanswered the impression may be created that there is no answer. The hon. member, if he reflects and will follow me, I believe will agree that he has indulged in so many exaggerations on the one hand, and inconsistencies on the other, that it is difficult to know what accusations he is trying to make.

The hon. member started out by saying there is no communist threat in Canada; that this was all nonsense; that we were really making too much out of this security and intelligence work. A little later he was saying that there is a communist threat and that the greatest credit should be given to the unions and to his own party for their work in finding out the communists and throwing them out of their movement.

It is difficult to know, therefore, what point of view the hon. member presents. If communists are persons whom we should ignore; if we should do nothing about checking on them, then I find it difficult to understand why he gives so much credit to the unions and his own party when they find communists within their ranks and throw them out. I happen to agree with the unions, and with the point of view of his party, when

they say communists should not be allowed to infiltrate. I hope, therefore, that this last position of the hon. member is his true position; that he will agree that communism is a threat, and that Canada is entitled, indeed has an obligation, to protect herself against that threat and find out the extent and effectiveness of the threat.

Now, let me emphasize that in respect of security and intelligence, Canada runs no espionage service. Canada runs only a counterintelligence service. The work of the security and intelligence branch in Canada is exclusively confined to counter-intelligence. I doubt if any reasonable Canadian would deny that Canada is entitled to protect herself against espionage and, therefore, is entitled to take such proper measures as can be taken to determine the extent of the threat of espionage and of subversive movements within our midst.

In case there should be any doubt as to whether these communists are a threat, let me refer my hon. friend and the committee to the recent case in the United Kingdom. Canadian passports came to light in that case, and it took our highly competent, highly equipped and well staffed laboratory three days of intensive study to determine whether or not they were forgeries. I am advised that the proper expression would be that the whole documents were counterfeit. I do not want to give any misinformation here, and what I wish to say is that the Canadian passports had been so skilfully counterfeited that unless they were submitted to the crime detection laboratory for examination, no one could detect that they were counterfeit.

I could cite a number of other cases, but I should like to emphasize that these passports were in the possession of persons who were convicted of espionage in circumstances which establish that there was a highly organized and, up to that time, successful espionage ring. These and other circumstances known to us, some of which have been made public and some of which should not be made public, are sufficient proof if proof were wanted that there is an organized subversive effort going on in Canada, which is part of an international plan of espionage.

As I say, I give full credit to organizations such as the hon. member's own party with respect to their detection and ejection of communists from their movement. I have given the same credit to the unions. I would say that this portion of his remarks simply establishes the necessity for the security and intelligence work which is being carried out. The hon. member did, unfortunately, indulge in some exaggeration which created a completely wrong impression. Let us take, for instance, the suggestion he made that in a town like Timmins or Kirkland Lake the Royal Canadian Mounted Police investigated every case where an aerial was put up. This is what my hon. friend said, and he criticized us because he said we were doing such ridiculous things, going around making inquiries of the neighbours and at the store where the aerial was purchased. The reason we laughed was that the hon. member was talking nonsense.

Let me discuss what may happen. I would doubt very much whether such investigations were made in the course of security and intelligence work. I do not deny that there may have been some. Certainly I admit that such investigations are made from time to time. However, it must be remembered that we are responsible for investigations carried out on behalf of the Department of Transport under their act and regulations. These regulations state that a person must have a licence before he can operate a transmitting station. If we see an unusually high aerial being erected, this may well be used for the purpose of transmission. It is not related at all to security and intelligence, but a routine inquiry might have been made under the responsibility we have to ensure that there are no unlicensed transmitting sets being installed and operated in Canada.

The danger of an unbalanced view being taken of these things does not rest, by any means, upon the administration alone. I suggest that my hon. friend has clearly illustrated that there is an unbalanced and unduly suspicious mind in other quarters, as well as undue prejudice against the activities of the Royal Canadian Mounted Police, particularly the security and intelligence branch. It is true there are some people, you know, who epitomize that well known expression of seeing a communist under every bed. This is, of course, stupid and exaggerated. There are, on the other hand, people who see a Royal Canadian Mounted policeman under every bed, and I suggest this is equally stupid and exaggerated thinking.

My hon. friend has suggested that the minister and the department are trying to create an overweight monster. I can assure my hon. friend, speaking personally, that my efforts are all the other way. Sometimes I have not been completely successful, and I have taken steps to deal with it. Certainly I have no desire to create or to be any overweight monster, and I have exerted every effort to ensure that security or intelligence work would not get out of hand. As I said earlier, we will not be able to carry out this or any other branch of police work without occasionally making mistakes. I think I am entitled to ask, however, that mistakes or alleged mistakes be drawn to our attention first, so

we can investigate them to ascertain whether there is anything that should be done to improve our methods.

I am sure the hon. member will agree, if he considers and analyses what he has said, that there have been inconsistencies in his complaints because of the credit he gives to those who take steps to eject communists from their own organizations, and he will agree that in fact there is a communist threat. He will agree that the government of Canada, through its security forces, have as much, indeed greater, responsibility than his own party and the labour unions to find out where the communists are, what they are doing and prevent them from doing harm, to the extent that that is possible.

Mr. Peters: With respect to the difference of opinion concerning the subjects dealt with in my remarks, let me say that it was not my intention in the first portion of my comments to indicate that there was a threat. I was relating my remarks to what the minister said yesterday. When asked how many communists there are in Canada the minister said, using Tim Buck's own figure, there are 3,000. If we multiplied that number by one hundred there would be no political problem—

Mr. Broome: The hon. member must be crazy.

Mr. Peters: Well, if there were 300,000 communists how would that affect federal elections in Canada? I appreciate the minister's position. I feel that he made an honest assessment of the situation. My remarks related to the figure of 3,000 communists to which he referred. I do not think that is any threat in a political sense. I do not feel that the communists are going to form the government of Canada tomorrow or in the immediate future. With respect to antennae, I did not say that every time one went up—

Mr. Fulton: Unfortunately my hon. friend did say that. That is why I felt it necessary to correct him.

Mr. Peters: I did not intend to say that, and if I did I should correct that statement. The hon. member for Timmins brought a case to my attention. He lives next door to a fellow who put up a fairly high antenna and an investigation was made. In a community the size of Timmins there would be only a limited number of retail outlets selling long and short wave equipment. It would not have been difficult to inquire from the purchase source about the type of equipment bought, and an investigation would not have been necessary. I have no quarrel with the minister's remarks.

Mr. Fulton: I wish to deal with one other matter, Mr. Chairman, because I feel the record should be set straight. I refer to the incident at the airport in Ottawa. I am advised that because of the point at which this vehicle was parked it was necessary to make an effort to move it. The vehicle could not be permitted to remain there because it was obstructing traffic. I am also advised that our member spoke politely to the lady in question, and upon being informed that she was ill he quickly withdrew and the vehicle was moved. I am also informed that the husband of the lady in question has indicated that he is perfectly satisfied with the approach, attitude and conduct of our member.

Mr. Peters: I raised it because of what was stated in a newspaper article. I had an almost identical experience myself.

Mr. Fulton: My point is that if my hon. friend had made inquiries of me or the commissioner he would have received a full explanation. It is well known that newspapers sometimes publish things they do not themselves check because they make good news at the time. Newspapers are interested in circulation, and reporters are busy and do not always have time to check the stories before they publish them. I do not wish to suggest that members of parliament are not also busy, but one might expect that they would be a little more inclined to check stories before repeating them.

Mr. Kindt: Mr. Chairman, I should like to bring this discussion back down to the level of the common, ordinary man and speak about something that is of vital interest in my riding. I see that the hour for the luncheon recess is approaching. Like other hon. members of the committee I have been sitting here for hours listening to wrangling about communism and other irrelevant matters at a time when we should have been discussing estimates pertaining to the R.C.M.P. and the functions they perform.

I compliment the R.C.M.P. on the splendid work they are doing. My remarks are intended to be constructive, and I offer them for the purpose of assisting and helping the R.C.M.P. I represent the Macleod riding in western Canada which is the cradle of the cattle ranching industry and especially all along the foothills area of the Rockies. The deployment of R.C.M.P. personnel in small nuclei in communities such as Fort Macleod, Claresholm, High River and others is a pattern which may fit in with the requirements of other parts of the country, but it does not meet the requirements of this area in terms of the proper administration of police work.

Mr. Pickersgill: Would the hon. gentleman permit a question?

Mr. Kindt: I will when I am through. My time is just about up.

Mr. Pickersgill: Oh, oh.

Mr. Kindt: I suggest, sir, that we call it one o'clock. When we resume and I have completed my remarks I shall be pleased to answer any questions the hon. member for Bonavista-Twillingate might wish to raise.

Mr. Pickersgill: I was just going to ask, Mr. Chairman, whether the hon. member was bringing the discussion down to the level of the bull.

Mr. Kindt: No, I was bringing it down to the level of the tail end of a codfish and applying it to the hon. member for Bonavista-Twillingate.

Mr. Spencer: Mr. Chairman, before this item carries—

Mr. Kindt: Mr. Chairman, I called it one o'clock.

The Chairman: It is not one o'clock.

Mr. Pickersgill: It is not one o'clock yet.

Mr. Kindt: I wish to continue my remarks when we resume.

Mr. Pickersgill: Oh, no; not more of the same.

The Chairman: I see that it is one o'clock now.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Kindt: Mr. Chairman, in resuming my remarks which were under way just before the lunch hour I shall only say a few additional words. As I have mentioned, these remarks are made in the spirit of being helpful.

Before the luncheon adjournment I had been talking about police protection in the area which I represent. I had mentioned—and if I did not, I intended to do so—that there are police detachments at Fort Macleod, Claresholm and High River. I live in the area south of High River and northwest of Nanton. This area is out in the country.

The people of this area have been asking me for the past two years why there is not adequate police protection in the area. The distance between Claresholm and High River is about 50 miles, and if police protection is required, say at Connemara or Nanton, the police detachment, which is some 30 miles or more away at Claresholm, must be notified.

To give an illustration of the point I am attempting to make, at Connemara thieves broke into the United Grain Growers elevator about a month and a half ago. The theft took place during the night when the agent was not on duty, and when he returned to duty the next morning he found that the place had been broken into. He phoned the police detachment at Claresholm, but because of the pressure of other duties I suppose, or for some other reason, they did not get there until three o'clock in the afternoon. I could illustrate this point by mentioning other situations. All I am trying to say is that I think if the deployment of the men of the police force was examined, a better coverage of police protection could be provided in a given area without employing additional personnel.

I am asking the Department of Justice and the police force to re-examine this matter. In this particular area, as I mentioned this morning, there is a long stretch of foothill country running from away west and southwest of High River up as far as Banff, and then in the other direction clear down to the United States boundary line. In that area there is a large cattle ranching industry. The cattle ranchers who are living in the area are the most law-abiding citizens in Canada, but the odd thief comes around and butchers an animal.

What I wish to say is that if we had a little better coverage and if the police force that is now in that area were re-examined from the point of view of deployment, I think the people would be more satisfied because they would be given better police protection.

There are a few criticisms of this deployment that I might just as well mention. Some people say they never see a policeman out in the country; they are always going up and down the roads, two in a car. I have brought this to the attention of the Minister of Justice previously and nothing has happened. These people are criticizing the deployment of police personnel in relation to the amount of coverage which they would normally expect the police force to give.

It is quite possible that in terms of training and so on, it is necessary at times for two policemen to ride in a car, but as a general, day after day practice, it has opened the door to a certain amount of criticism by local people. For this reason I should like the department to re-examine this particular aspect of the work of the police force.

There is another problem which I have raised before. At Waterton lakes there is a very large tourist trade in the summertime. People visit this area from the United States and other parts of Canada; in fact, they come in from all parts of the continent and the

world. I think it would be one of the finest advertisements for Canada if the police there were to wear scarlet uniforms.

I also suggest that the town police of Fort Macleod, where the old fort is situated, should be required to wear scarlet uniforms. This police force is paid for by the town of Fort Macleod and they police the town. The old fort has been resurrected there and people visit it by the thousands during the summertime. It is a replica of the original fort which the Royal Northwest Mounted Police established in 1874. I think that if any place in western Canada is appropriate for the wearing of scarlet uniforms by the police, it is the museum and fort at Fort Macleod.

Many tourists visit the fort. They do not see the scarlet uniform, and of course it is always a subject for questioning. One of the arguments used by those who oppose this suggestion is, "Well, it is the summertime; it is uncomfortable to wear the scarlet uniform. It is costly. You would not expect them to wear it on duty". They now call it a dress suit. Let me say that the traditional uniform has a particular place in the memory of the people of western Canada. The Royal Northwest Mounted Police policed that country for years and wore this same uniform so it is a bit late for anyone to begin arguing that it is uncomfortable to wear in the summer. Another argument against it is that it is warm. Well, it is not particularly warm at Waterton lakes, and even at Fort Macleod it is only warm for a few hours during the heat of the day. The scarlet uniform is worn by officers of the R.C.M.P. outside the parliament buildings. Advantage is being taken of it there for the benefit of the tourist trade. I am not asking for anything new. I am asking for something which the people out there have asked me to ask for, and I should like the minister to give this request his earnest and affirmative consideration.

I want to pay a compliment to the police officers operating in my area. The quality of the personnel who have been selected to work in that part of the country is very high. I think they are out to do a good job. Perhaps some of the weaknesses of the R.C.M.P. are the responsibility of the upper echelon. I would ask them not to be so resistant to the suggestions which are made, and to re-examine some of the things they are doing with a view to improving the effectiveness of the force in different parts of the dominion and particularly in the constituency which I represent.

Mr. Brunsden: Would the hon. member permit a question? Is part of Waterton lakes in his constituency?

Mr. Kindt: Yes, the Waterton lakes west of the fifth meridian are in my constituency. I might add that the hon. member for Lethbridge has the townsites and I have the fishing area. He has the problems and I have the pleasure.

Mr. Winch: There is one matter which I should like to raise and upon which I should like to hear a comment by the minister. I am asking the commissioner of the R.C.M. Police, through the Minister of Justice, if he can give us any information on R.C.M.P. planning as a result of the experience gained during Tocsin 61. On this civil defence exercise two backbenchers, one from the Liberal party, and myself, were privileged to be present. I am speaking only in relation to the R.C.M.P. phase of that exercise. With the exception of the room where the cabinet or the privy council met, the member who represented the Liberal party and myself were allowed to move everywhere we wished and to ask all the questions we wished. I found it most interesting, especially as far as the R.C.M. Police are concerned.

I am certain that the commissioner will remember that in the course of this realistic simulation of the bombing of Canada, he received, in his underground shelter during the course of that exercise, a message from the commissioner of the Ontario provincial police saying that half his men had become casualties and calling for assistance from the R.C.M.P. But the situation was that the R.C.M.P. had themselves lost two thirds of their number through casualties. The commissioner will remember that I was at his desk at that time. I give this as an indication of the situation which developed during this exercise, and on the basis of this situation I ask the minister to tell us what plans are being prepared to carry on the work and the responsibility of the R.C.M.P. should such a situation become a reality.

I admit this is a strange way in which to introduce this question, but the commissioner was there, together with his two assistants, and so was I. The exercise was designed to be a realistic study of survival possibilities and the situation which I have described is the one with which the commissioner found himself faced at his table at that underground point at Petawawa when the message came to him.

Mr. Broome: Before the minister answers that question I should like to ask another one. Can he give us any information about the use by the R.C.M.P. of writs of assistance? Can he tell us whether their use is restricted to certain divisions of the R.C.M.P. or whether all officers carry such documents

with them. I recall, several years ago, reading an editorial which appeared in a British Columbia newspaper regarding an incident where an R.C.M.P. officer suspecting, after finding a stolen car, that the person who stole it was in a certain house, forced his way into that house and checked everyone in it.

I am concerned about these writs of assistance. I think bureaucracy can look after itself, but ordinary citizens need protection against the arbitrary use of such powers and that is why I am asking this question, although, of course, we all know that the police do need power in order to carry out their responsibilities. I think that the use of such instruments and powers should be very closely watched by those individuals who are in charge of the R.C.M. Police and the other forces which use these instruments and powers. I have the greatest respect and admiration for the R.C.M. Police and think that it is a magnificent body doing wonderful work. However, it is composed of individuals who are human and fallible, and unfortunate incidents do occur.

Finally, the last question I wish to ask is this. Where forcible entry is made and damage is done, and when no conviction is obtained, what recourse do individuals have to recover the cost of damages which have been incurred?

Mr. Bigg: Mr. Chairman, as the last surviving ex-member of the R.C.M.P. in this house I should like to say a word or two about the force. We very often hear that the mounted police force is not the outfit it used to be. I do not think it is. I think it gets better year by year. Since I retired after 23 years service, some three years ago I have seen many changes made for the betterment of the force. I should like to refer in particular to the present commissioner, who is certainly one of the finest members ever produced by the force. I say that advisedly because he is a man who has come up through the ranks. His success in this regard is an indication to each recruit who joins the mounted police force that the highest positions are open to him if he combines his ambition with the necessary toil.

I recently had the privilege of witnessing a passing out parade at Rockcliffe. The excellent condition and the look of high morale on the faces of those individuals, particularly at this time when so much emphasis is being placed on physical fitness in this country, should be an inspiration to any young Canadian entertaining the idea of joining this force. I think the condition of those young men, who have completed their training, should be an inspiration to all the young people of this country who seek a high degree of physical fitness, and I suggest the high standard of the force should be emulated by all training establishments and schools across this country. I think the force generally, and those individuals in charge of it from the minister down to the fine N.C.O.'s, should be commended for the excellent work that is being done.

An efficient force of this kind operated and controlled by the government cannot be expected to maintain this excellent work without money. I know from experience that those in charge of this force must have adequate financial resources in order to implement the projects which they have very carefully thought out, and I know they have pared their expenses to the bone before asking for the appropriation. I know that those who make up the estimates give meticulous care to make sure that the taxpayers' money will not be wasted and, when they ask for expenditures, they are not subject to Parkinson's law but are asking for money which is absolutely essential. When the minister submits his full request for appropriation for the Royal Canadian Mounted Police I should like to appeal to all members of this committee to give unanimous support to the request for an appropriation to underwrite the costs of this important and well-carried out work. This department gives the taxpayer 100 cents for his dollar.

Mr. Spencer: Mr. Chairman, I shall be very brief. I should again like to bring a matter to the minister's attention, which perhaps has been brought to his attention on numerous previous occasions, regarding the posting of officers of the mounted police force to various ports of entry to this country. My concern is, of course, in regard to the port of Windsor. However, I think the matter is of some concern to other hon. members of this committee.

As all hon. members will appreciate, the mounted police force is a world renowned organization and is particularly symbolic of Canada. When individuals hear, read or see a mounted policeman their thoughts are immediately directed toward this country. I believe that fact is emphasized by a reference which appears in the latest report of the Department of Northern Affairs and National Resources, to which I should like to briefly refer. The following statement appears at page 88 of that report, and reads as follows:

A popular and successful promotion program was undertaken in co-operation with the Department of External Affairs at the request of the Boy Scouts of America Association. The association sponsored a special educational program during March under the theme "Canada, Land of the Mountie", and the travel bureau contributed by providing 400,000 copies of its folder, Canada—Vacations Unlimited.

I think that emphasizes the fact that in our advertising abroad, in an effort to increase tourists and visitors, Canada is depicted as the land of the Royal Canadian Mounted Police.

In so far as the posting of officers to the port of Windsor is concerned, I should like very briefly to indicate the great number of people who enter Canada at Windsor. I think it is beyond contradiction to say that Windsor is, in point of numbers at least, the most important point of entry to Canada. I have figures in this regard covering the first five months of this year.

Canada customs report that there were 1,035,159 automobiles which crossed the border into Windsor during this five-month period. That is the greatest number of automobiles to enter Canada at this port during that period in the past six years. In so far as individuals are concerned, a consolidation of the monthly reports indicates that 3,952,256 —nearly four million—entered Canada at Windsor during the period January to May of this year. This is the largest number of passengers entering Canada at one point during the past six years.

I should also like to remind the hon. members of this committee of the pleasure boat traffic in the area. This traffic, which was reported for the first time this year in the May report, has increased startlingly. There were 709 permits issued for craft arriving as compared with 484 a year ago. This represents an increase of 46 per cent. There were 2,511 passengers on these pleasure craft, which represents an increase of 817 persons, or 42 per cent.

I know that on a previous occasion the minister referred to the report of the Royal Canadian Mounted Police for the period ending March 31, 1958, where an explanation is given of the reluctance, shall I say, to accede to the request which has been made on previous occasions, and to which I now intend to refer. I have read the explanation but to me it is not convincing. I was motivated to some extent in bringing this matter before the minister and the committee again by the revelation made by the hon. member for Brantford as to the additional uses to which the mounted police are being put. To me that indicates that there have been increases in the establishment of the force and that the time has arrived when not only consideration should be given to this matter but the posting of these officers at the principal, important ports of entry should now be put into effect.

With over four million people entering Canada in a five-month period at the port of Windsor where they are subjected to customs and immigration inspection, it is only to be expected that some incidents will arise possibly requiring the intervention of a police officer. Therefore I am not requesting the posting of these men simply for show purposes but also for their utilitarian value. I think they might forestall some of these incidents and they would be useful at these ports not only for customs and immigration purposes but in order to satisfy the expectations of the millions of visitors who come to Canada hoping to see representatives of this police force.

We have a detachment of the force at Windsor which I believe is primarily engaged in undercover activities, shall I say, with respect to commercial smuggling and the narcotic problem. The officers are available and I would hope that the minister would review the situation and, having in mind the growing importance of this suggestion, see his way clear to accede to this request.

Mr. Brunsden: Mr. Chairman, the Royal Canadian Mounted Police were the original law enforcement body in western Canada. As one among a number of hon. members who knew the prairies in the earlier days, let me say that I appreciate fully the part that the force played. Reference has been made to the situation with regard to customs examination and also the wearing of scarlet uniforms, but originally the role of the force was to bring law and order to western Canada.

I should like to say to the minister, and through him to the commissioner, that in our part of the country we have the highest regard for the force and for its leadership. It is very easy to talk about scarlet uniforms or about entry into Canada through the customs ports. I suggest sincerely that these matters are not really germane to the role of the force. I do not believe the R.C.M.P. should be relegated to the role of undercover men. I believe the force should be preserved for their own particular role and that role in my opinion is the one they filled originally when the force was created late in the last century, to preserve law and order, which they have done in a magnificent way.

Mr. Fulton: I will deal with the questions that have been raised since I replied just before lunch. The hon. member for Macleod drew to the attention of the committee the fact that he has requested of us on a number of occasions that we make some changes in the points at which men are stationed. I must point out to him that the question of the organization and location of detachments is under constant review at headquarters. It is also under constant review at the headquarters in each province and, of course, where we operate as the provincial police

force under contract it is under constant review by the attorney general of the province. Under these latter circumstances the primary responsibility in determining where detachments will be located and how they will be manned is that of the attorney general of the province.

It is just not possible for us to comply with every request that is made. From the police point of view such a request is looked at first having in mind efficiency of administration and policing. It is also a matter on which we are bound to consult with the attorney general where we are operating as the provincial force under contract as in Alberta. I can only suggest that probably in this case the proper place to start is with the attorney general of the province to get his view and/or recommendation on the change.

With regard to the wearing of the scarlet tunic by members of the detachment in Macleod, I must point out that they are doing the work of a municipal force under contract with the municipality. They are there as a municipal police force to do police work and not to be in their red tunics as a tourist or historic attraction. I am advised that we have had no request from the municipality of Macleod, with whom, as I say, we have a contract, for a change in the uniform or for our men to wear scarlet tunics in the summer or at any other time. On ceremonial occasions they will, of course, appear in their scarlet tunics, but on all other occasions and during all other times they are there because they are doing the work of a municipal police force under contract, and will be wearing their working uniform.

The situation on parliament hill is quite different. Here they are not doing the work of a straight police detachment. They are in no way similar to the detachment stationed at Macleod under contract. While I have to give this answer now and do not hesitate to give it, I hope it will not be taken as meaning that we are inflexible. Should the situation change at any time or should other considerations be laid before us, we will consider every request in that light but they must be considered first from the point of view of the efficient discharge of the function which the police are there to discharge.

The hon. member for Vancouver East asked me about the record as revealed by exercise Tocsin in 1961. He drew to our attention that for exercise purposes it was reported that two thirds of the members of the force were wiped out or rendered ineffective. The hon. member must realize, of course, that for exercise purposes Tocsin was designed to produce the maximum damage in Canada because it was desired to exercise all regional headquarters as well as the central government headquarters. I am not saying that under no circumstances would there be attacks as heavy and effective as this was represented to be for exercise purposes, but I am simply saying that for the purpose of the exercise the narrative assumed very heavy and very effective attacks on practically every part of Canada. Under these circumstances there is no question but that the casualties would have been of the order which operationally the commissioner assumed as a result of the reports that came in.

The only answer we have and the only answer we can see—and we are planning on this basis now bearing this possibility in mind—is the establishment of auxiliaries and reserves in the larger centres. Then, in the event of damage from hostilities we would have a force in reserve that could quickly be sent in to take the place of the casualties. We cannot maintain these auxiliaries and reserves as an actual part of the strength of the force in advance of hostilities but arrangements must be made in advance so that we can call them up immediately to take the place of the casualties and to undertake some of the extra work which will fall upon the force in any event in time of war.

The hon. member for Vancouver South asked me about the number of men who would be in possession of writs of assistance. The answer to that is, a very limited number of senior personnel are in possession of writs of assistance and these personnel are confined to the drug squads and the personnel enforcing the Customs and Excise Act. A writ of assistance would not be used in connection with a search for a stolen motor car unless it was suspected the car had been used in connection with a drug or customs and excise offence. I can only tell the hon. member, therefore, that in so far as a search for a stolen vehicle is concerned, there must have been some error in the report which came to him. I should like to know the details, however, in case something did go wrong or something was used in a manner in which it should not have been used. If the hon. member would give me the details he has, then I could satisfy him as to whether or not his report is correct and satisfy myself as to action which should be taken if a mistake has been made.

I should point out also that there are a certain number of search warrants placed in the hands of our personnel by the attorneys general of the provinces in which we act as a provincial police force. However, in so far as writs of assistance are concerned, they are confined to senior personnel and even

then they are limited to the personnel doing work in connection with narcotics and customs and excise offences.

If damage is done in the course of the execution of a writ or a search, the policy is that where the damage done in the exercise of a writ under a federal statute is minor, it is paid for on the spot. If the damage is major, it is referred to the Department of Justice for submission to the treasury board for payment of the damage or at least that portion of it for which we could be said to be responsible. If damage is done in the course of the execution of a writ when we are acting as a provincial police force, then the policy regarding payment for the damage is decided by the provincial attorney general.

I am very appreciative of the remarks of the hon. member for Athabasca, recognizing that he had service in this force and recognizing the authority with which he speaks. Every effort will be made to continue to maintain the high standard of recruitment, performance and public relations which has come to be the hallmark of the Royal Canadian Mounted Police.

The hon. member for Essex West renewed a request for the stationing of a member of the force at the port of entry at Windsor. He did refer to the fact that the figure of the mounted policeman in his scarlet tunic has become an established and accepted national symbol. In my opinion it is extremely significant that the figure of a policeman should occupy this place of affection in the public mind in what is certainly not a police state. This is a mark not only of the respect in which the force is held but of the recognition by the public that in the Royal Canadian Mounted Police we have a force with respect to whom there is no danger of their attempting to become the master of the public instead of their servants.

From one point of view, therefore, the temptation is always on those administering the force, and on the minister responsible, to do what we can to put men at strategic points in the scarlet tunic. However, we have always to remember what I said a moment ago. This force will not be respected if it does not approach every problem from the point of view of the efficient discharge of the duties for which it is responsible; that is their role, and not the mere "cashing in", as it were, on the traditions of the force and the respect in which the force is held.

At Windsor, we have a detachment of 17 uniformed members and two civil servants. We also have a 50-foot boat of the marine division with a crew of four. These men, of course, are engaged entirely upon federal work, primarily investigations under the Customs Act and the Immigration Act. I suppose that Windsor, being a city made up of normal Canadians, there is a certain amount of income tax work as well. In so far as the marine division is concerned, and indeed the regular members of the force, they have also the enforcement of the small boat regulations. I am advised that we have never been requested by the customs or immigration departments to have members stationed at the actual port of entry. The responsibility at ports of entry, of course, is principally that of the customs and excise branch and the immigration service. They do all the port of entry work and we, in turn, make all the investigations which they request of us and which may arise out of the work they do. I do suggest for consideration of hon. members this thought, that whether or not we were to have men in the red tunic or just in ordinary working dress of the police, would it in fact be wise to have a policeman stationed at your port of entry? I cannot think of any other country, the United States or elsewhere—I may be wrong—where a person going through the port of entry is met by a police officer. It is always the customs officer or the immigration officer.

One of my colleagues reminds me that there may be some countries where one sees police at the borders, but these are not the countries operating under our system of government. I do raise the question of whether it would be wise for us to station a police officer in a port of entry. My own view would be that there are many considerations which argue against it. As long as you have police, as we have at Windsor and other ports of entry, who are available close at hand to make investigations or undertake enforcement work should the work of a police officer be necessary, I think that is all we should do. We should not embark on a policy of actually stationing them in the vicinity, or rather in the building through which immigrants are passing.

I thank the hon. member for Medicine Hat and all hon. members for the indication of their support for these estimates.

Mr. Winch: There is one further question I should like to ask the Minister of Justice. This is a subject which has concerned a great many members of the House of Commons. Could the Minister of Justice explain the jurisdiction and responsibility of the Royal Canadian Mounted Police on parliament hill? I raise this question because of an incident which occurred. I realize that inside the House of Commons the responsibility is that of our own security police. We never see the mounted police inside the House of Commons building itself, except during visits by President Kennedy or other distinguished guests. However, we do find

the Royal Canadian Mounted Police on the grounds of parliament hill. Beyond the grounds we take it that the responsibility is that of the Ottawa police itself.

The reason I raised the matter is this. There has filtered through to a great many members of the House of Commons news of an incident of not so many days ago where an employee in the House of Commons had his car parked within the House of Commons area. After we adjourned at 10:30 p.m. at night, on going down to enter his car, he found somebody trying to break into it. He chased the man but could not catch him. However, he had a good description of him. He naturally came back to the R.C.M.P. in the grounds and, according to the information that I know has been given to a great many members in this house, he was told, "Get in touch with the Ontario police".

The incident happened inside the House of Commons grounds. So although within a few minutes of the time of the incident he could describe the man who had escaped and who had been trying to get into his car, he was told by the R.C.M.P. "That is a matter for the Ontario police and the Ottawa municipal police". As a result of that occurrence which is known to a great many members, I ask this question. Just what is the jurisdiction, authority and responsibility of the R.C.M.P. as distinguished from that of our security police who are most magnificent and who are doing a wonderful job in the House of Commons inside the building, the R.C.M.P. in the grounds and the Ottawa and municipal police outside the gates? From discussions I have had about this matter I am certain that we would appreciate any information we can get upon this point.

Mr. Fulton: It sometimes puzzles me a great deal indeed that matters of this sort are reserved for the estimates and then one is expected to discuss the matter in detail without ever having heard of the case. As I have tried to indicate, I would greatly appreciate it if, at any time an hon. member has a ground for complaint or a ground for being disturbed or concerned, he would bring the matter to my attention either directly or through my office or through my department or take it up with the commissioner. He would find us fully prepared to believe that our men are human and can make mistakes and anxious to rectify those mistakes or any situation which gave rise to those mistakes.

But I am unable to give a full answer on this particular matter because I have not heard of it previously. If it was a matter of such great concern to members or to the staff or personnel of the house, I regret that it has not been taken up with one of the persons who has the prime responsibility in the matter such as myself. However, that situation does not alter the fact that, having now heard about it, I shall most certainly look into it. I shall be grateful if the hon. member will give me the particulars such as the date and so on. If the situation as described does in fact exist, I would say that one of the members of the force—inadvertently, I hope—has made an error in his approach. I think that we should under circumstances such as were outlined, and at all times, be prepared in the force to give every assistance within our power, including taking details and reporting to the superiors in the force itself and establishing ourselves any liaison that may be necessary with other police forces. I can only express regret if that was not done in the situation described by my hon. friend.

With regard to the situation generally I would say this. On parliament hill, on government of Canada property, the R.C.M.P. are responsible for the enforcement of the Government Property Traffic Act and of course, here as everywhere else, for the enforcement of all other federal statutes. The Government Property Traffic Act is the authority under which the parking regulations on parliament hill are enacted, although these regulations are worked out in conjunction with the Speakers of the two houses. The authority of the Royal Canadian Mounted Police, however, extends only to the outside precincts such as the driveways and parliament hill outside the parliament buildings themselves. Inside the authority rests with the protective staff who operate directly under Mr. Speaker.

I understand that the Ontario provincial police take the position that, in the case of any crime committed under the Criminal Code, even on parliament hill, they reserve the right or the residual authority under the constitutional position that the responsibility for the enforcement of the Criminal Code within the province rests with the attorney general. I do not think that any real point of difficulty has ever arisen. Certainly if a man were detected in the commission of a crime we would not take the absurd position that we have to send out for the Ontario provincial police, nor would they expect us to do so. We would act immediately and then turn over the offender or the information to the Ontario provincial police or the Ottawa police. This is why, if the circumstances are as they have been outlined, I regret that attitude was not taken. I think we would be expected to take the particulars at once and hand them over to the Ontario provincial police for their assistance so that co-operatively we might work together in the apprehension of any offender.

That is, however, the general situation. But with regard to the commission of crimes, even in this area—I refer to crimes under the Criminal Code—the Ontario provincial police say they have the right and that they prefer that, having done everything we are required to do at the moment, we turn the information over to them for the ultimate enforcement of the law.

Mr. Winch: Is it correct that you have one room in the east block to which the R.C.M.P. officer can take somebody he picks up on the hill? Have you one room in the east block with bars?

Mr. Fulton: We have a member stationed at the east block inside the south entrance. He is on duty during the daylight hours. I do not believe we have any room in that building.

Mr. Winch: Is that a jail?

Mr. Fulton: No. We have no jail on parliament hill unless, of course, my hon. friend regards this chamber as a jail.

Mr. Winch: No. I asked that question because I saw a man picked up. I do not know why he was picked up. He was taken away by the police and I think he was put in one room in the east block. Is there one room in the east block where you put anybody who is picked up?

Mr. Fulton: I have never heard of one. This is perhaps another example of the situation I have mentioned. When my hon. friend hears of these extraordinary and unusual circumstances I wish he would bring them to my attention at the time. Then I should be able to give him an answer. I know of no room. The commissioner here knows of no room. I have been in and out of that building a score of times and I have seen no room. I have seen a corporal on duty there. They have a little hallway that they use but there is no jail on parliament hill.

Item agreed to.

The Deputy Chairman: This completes the estimates of the Department of Justice. The committee will now proceed to consideration of the estimates of the Department of Fisheries, vote No. 134. This item will be found on page 29 of the blue book, and the details on page 209.

DEPARTMENT OF FISHERIES

134. Industrial development service, $806,750.

Mr. Robichaud: I have just one question to ask the minister. In view of the situation of the lobster fishermen in district No. 7 this spring, where fishing only started in some cases around June 1 and where a full month was lost, would the minister advise the committee whether he has received any requests either for an extension of the present season beyond July 1 or for a month's extra fishing later in the fall?

Mr. MacLean (Queens): Mr. Chairman, there have been numerous requests directly from fishermen, and some have been conveyed to me by hon. members. Perhaps I may make a brief statement on the general situation.

There have been requests brought to my attention for an extension in district No. 4. These requests were made not only by fishermen but by the hon. member for Queens-Lunenburg and the hon. member for Shelburne-Yarmouth-Clare. The situation was very carefully reviewed and it was found that in this district, which has had an open season for quite a long period of time, the catch was about the average of the last few years. Therefore the request was denied.

The hon. members from Halifax and Antigonish-Guysborough conveyed requests to me from fishermen in that area, and there have been many other direct requests for an extension of the lobster fishing season in district No. 5, which would normally close on June 20. I am recommending that the season in this district be extended to June 30.

With regard to district No. 7B and district No. 9, the season in district No. 7B has already been extended five days, to July 5. It is too early yet to determine whether or not we should further extend the season. Requests have been received for its extension, but it is too early yet to make a determination because this will be dependent on two conditions; one is extent of the catch during the remainder of this month, and the other is what the water temperatures will be and in what condition the lobsters themselves will be when July 5, or whatever date is applicable, arrives. Dependent on those two conditions, near the closing date we will make a determination as to whether or not it will be possible, if necessary, to extend the season.

We have received a few requests, from individuals only as far as I know, that instead of extending the seasons in these districts at this time of year they should be closed at the normal time and a short season opened in the fall. This refers to districts where the season is not normally open in the fall.

This does not seem to have general support. I would not be inclined to recommend the opening of a fall season in these districts, because it is my understanding that this was tried on one occasion in the past in similar circumstances—this was quite a few years ago—and as a result, or at least in part as a result, the catches for the following years

in the districts were not good. Therefore on balance I think the suggestion of a fall season would be of no general benefit to the fishermen concerned.

Mr. Robichaud: Mr. Chairman, the minister has mentioned that there has already been an extension for district 7B until July 5. Will the minister give some consideration to extending the season in this district to July 8, if the water temperature is appropriate and the quality of the lobster is still good, because it will give the fishermen the full benefit of a week in July; otherwise they would have to stop in the middle of the week.

Mr. MacLean (Queens): It is too early to make a determination in this matter, but certainly as these requests come in they will be given very careful and close consideration.

Mr. Muir (Cape Breton North and Victoria): Mr. Chairman, I wonder whether the minister would also give the assurance that he will give consideration to district 6B in Cape Breton. I have talked over this matter with the minister several times. I hope he will give this district consideration along the lines he has mentioned, because of the lateness of the fishermen getting away due to the ice conditions.

Mr. MacLean (Queens): I am sorry, Mr. Chairman, that I neglected to mention district No. 6B. The situation there is also under close observation. We have received requests from that area, some directly and some of which were brought to my attention by the hon. member who has just spoken and the hon. member for Inverness-Richmond.

Item agreed to.

135. Field services administration, $1,060,400.

Mr. Broome: Mr. Chairman, I should like to call the attention of the minister to conditions in the waters just outside the port of Vancouver. Just today I received a letter which says, among other things, that the debris in Howe sound covers an area of acres and acres; that one has to pick one's way through this debris and in spite of doing this hulls are dented and scratched, propellers are ruined and cooling systems are plugged.

In the Vancouver press there has appeared a news story that scows were unloading sawdust in the waters outside the port of Vancouver because sawdust burners were no longer used and this was supposedly a good way of getting rid of this debris. I think the regional office in Vancouver should get busy and tighten up on these regulations. We have put teeth in the Fisheries Act and this sort of thing has got to be stopped. It is the function of this department to stop it.

This sort of condition about which you read in the newspapers and about which people write to you is, I think, shameful, not only in regard to spoiling perhaps the finest boating ground in North America, but it also affects the matter of conservation. These matters were dealt with by the minister when he presented the amendments to the Fisheries Act and this house voted to give the department power to clear up situations of this kind. I think conditions are getting worse out there and the department has got to take action, and drastic action. I would like some report as to what the department is going to do.

Mr. MacLean (Queens): In as far as any responsibility of this department is concerned, I will have this matter brought to the attention of my officials to make sure that everything that should be done is being done. However, I should like to point out that I think in this case, althought I am not sure of the details, the responsibility probably lies with the Department of Transport and I will bring this matter to the attention of that department.

Mr. Peters: Mr. Chairman, is there any development work being done to repopulate and increase the fishing potentiality in the interprovincial waters of lake Timiskaming?

Mr. MacLean (Queens): This responsibility in the case of the lake referred to lies with the government of Ontario. However, I will be glad to see that the hon. member's observation is passed on to the proper authority.

Mr. Peters: In this case half the lake belongs to the province of Ontario. I have raised this matter because the responsibility of Ontario is limited. There must be co-operation with the province of Quebec in any type of development that might take place.

Mr. MacLean (Queens): Mr. Chairman, the same remarks apply to the province of Quebec. The federal government does not have direct responsibility in the waters of Ontario or Quebec for the type of matter about which the hon. member speaks. It is a matter of liaison between those two governments.

Mr. Legere: Mr. Chairman, I should like to say a few words on this item dealing with conservation and development. I have attempted to look at this problem objectively and I have sought advice from people connected with the fishing industry as primary producers, buyers, processors and exporters. Today we live in a technical world. Science has advanced by leaps and bounds, and in

this advance the fishing industry has been swept along. New and better methods have been devised to catch fish of all species. Where once the location of dense concentrations of fish was a matter of chance, the science of electronics today minimizes this element and pinpoints with 100 per cent proficiency the concentration of fish, so much so that mother nature is waging a losing battle in order to maintain a proper balance.

Lobster, the basis of that great Nova Scotia industry, has not fared any better in its attempt for survival. Assuredly the lobster remains the prey of its natural enemy. This has been its battle down through the ages. Seagulls continue to delight in the appetizing lobster egg that floats for seven days on the surface of the ocean where it drifts aimlessly. The codfish and his colleagues devour their share of these eggs. It has never been determined what percentage of eggs laid by the female lobster do develop into mature lobsters. Even when the surviving floating eggs sink to the bottom and become baby lobsters, fish of all species delight in swallowing them whole. So, as may be seen, the fight for survival goes on.

But this fight is made more difficult because man has jumped into the fray and, over the period of years, devised ingenious methods of trapping lobsters. Before the birth of electronic devices and with the assistance of the Department of Fisheries regulations for protection, it appeared that the lobster population was holding its own in count, in size, and quality. But now depth sounders, fishscopes—and what have we not in electronic devices—have turned the tide of battle in favour of the fishermen.

Perusal of fisheries statistics reveals, with weather conditions similar in nature in various years, that the catch remains almost at a constant level. But the same statistics fail to take into account that more fishermen have turned to lobster fishing and that each individual fisherman must use an increased number of traps in order to maintain his catch average. This necessarily results in a smaller take-home pay cheque and it also means a depletion of lobster grounds heretofore never fished by the fishermen. Boats wander farther out to sea in search of lobsters and this successfully, because electronics permit them to find shoals never before fished. Years long gone by it was a common occurrence for offshore fishermen to land 50 to 60 pounds of oversized lobster, that is, lobsters over five inches in carapace measurement and ranging from five to 11 pounds. Today this is of rare occurrence. And in this process of depleting the stock of the oversized lobsters, one can readily understand and appreciate how this necessarily curtails productivity. It has been determined that an oversized female lobster bears as many as 100,000 eggs.

Different and varied proposals have been advanced in order to lend mother nature a helping hand in halting this depletion of lobster population. Season dates have been jockeyed around to the point where it now appears that nothing further can be done to satisfy nature's requirements and, in the meantime, safeguard the fishermen's best interest. Lobster hatcheries have been advocated, but past experience shows them not to have been too successful. I am of the firm belief that we should let mother nature perform her time-honoured duties and that we should curtail man's illegal encroachments. Patrol service should be stepped up. The consumption of undersized lobsters today is alarming and although man realizes fully that market lobsters are wholly dependent on the preservation of the baby population it seems that the temptation for this forbidden fruit is too great. A more adequate program of protection seems here the only solution. This would greatly assist mother nature in her preservation schedule. But in order to lend the greatest possible assistance to mother nature, I would urge the Minister of Fisheries to take a long and searching look at the feasibility of henceforth returning to the Atlantic waters lobsters over five inches in carapace measurement. I would also strongly urge that all female lobsters bearing eggs be purchased by the federal government to become its property, and be sufficiently marked so as to permit the fisherman to return them with certainty to the water and make it more difficult for him to offer them for sale. A conservation effort of this kind would not be costly and it would be of greater value than all the hatchery schemes which might be evolved. From the very start it would prevent the too great depletion of the lobster population presently being brought about by man's ambitions, yet of his necessity.

I was amazed the other day to hear a statement in the House of Commons that the sale of fish is declining. What amazed me most was that the onus for the decline was being placed on the shoulders of the Department of Fisheries. I cannot go along with this assertion for the simple reason that I believe the responsibility for increasing the sale of fish in Canada must be shared by the primary producer, the buyer, the processor, the wholesaler, the retailer and the one who prepares the fish. In the case of the primary producer there is still room for improvement. These are facts which I can bear out from my personal observation and I am sure hon. members who live close to the sea will agree with me if they have gone down to the

wharves and watched the boats coming in with their fish. I am sure many of them will have detected, though, fortunately, it is only in a minority of cases, the uncleanness of the fish which are aboard certain boats. In one case I noticed, a tub was filled with water to wash the fish, the fish were dressed in that tub, washed in the same water and finally left there until the boat reached shore to sell that fish. Assuredly this practice does not lend itself to the production of the best tasting fish products.

The buyers of fish products also have problems. If the primary producer does not practice care in dealing with the product, he is not able to offer the cleanest and best fish possible. I have noticed, as I am sure many other hon. members from ridings with fishing industries have, that fish is often left to lie on wharves where flies can get at them, and where the sun glares down. I have known of instances where fish have been allowed to sit in the back of trucks for a whole day before being processed at night.

Mr. Pugh: That does not happen in British Columbia.

Mr. Legere: I suggest the processors and wholesalers must depend a great deal on primary producers in order to offer for sale the best product available. If they do not receive the best fish under the best possible conditions, they can not in turn sell the product.

I should also like to state that no matter how well the fish is finally prepared for sale, how sanitary the conditions under which it has been stored and processed, if the cook is not able to cook it properly, the efforts of those involved in bringing this fish to market are lost. In this nation, which should be a leader in the processing and cooking of fish, we have fallen down miserably, and I, therefore, cannot place this blame upon the Department of Fisheries. I am aware of the very noble efforts of the Department of Fisheries directed toward teaching fishermen to use the most efficient methods possible to handle their product. I am also aware of the efforts of the Department of Fisheries in setting up test kitchens to encourage the elegant art of fish cuisine but I am sure hon. members will not have to search far to find an example of ill-prepared food.

Mr. Broome: Mr. Chairman, a few moments ago I asked the minister a question. In reply he informed me that the pollution of water by sawdust and debris in Howe sound came within the jurisdiction of the Department of Transport. In checking the Fisheries Act, which has just recently been before this house, I find that the Department of Fisheries is given power in regard to obstruction or pollution of waters frequented by fish. Returning to my original point, I should like to state that the director of the department at Vancouver should take more effective action than has been taken to date to clean up this pollution of the waters around the city of Vancouver. I do not think the responsibility in this regard falls on the Department of Transport, but rests entirely upon the shoulders of the officials of the Department of Fisheries. I should like the minister to explain why he stated that this subject is under the jurisdiction of the Department of Transport.

Mr. MacLean (Queens): Mr. Chairman, perhaps I did not make myself sufficiently clear when I replied to the hon. member. What I did intend to imply was that I would look into the matter, as far as it is my responsibility to do so. I suggested that the Department of Fisheries had a responsibility in respect of pollution of waters which is deleterious to fish. I did not intend to suggest that it was not the Department of Fisheries' responsibility in that respect, and that as far as it is a responsibility of the department, everything possible will be done to correct the situation. I did say, however, that the Department of Transport also had a certain responsibility in regard to pollution of navigable waters, and that would include Howe sound. I will certainly collaborate with my colleague to see that the matter is looked into and corrected as far as possible.

Mr. Carter: Mr. Chairman, before this item carries I should like to say a word or two about salmon fishing regulations. We all agree that conservation is not only wise but absolutely essential, particularly in regard to the salmon industry. However, when regulations are adopted for the conservation of our resources we should see that they are not applied in such a way as to discriminate between one fisherman and another, particularly in the same area.

I have received a number of complaints from individuals who live in my riding regarding the method of applying these salmon fishing regulations. There are two regulations in respect of which I have received complaints. Firstly, individuals have complained about an arbitrary line which is drawn across the bay from a point on one side to a point on the other side because inside that line fishermen are compelled to take up their nets over the week end, while fishermen fishing outside the line are not obliged to do so. Their nets are left to fish over the week end. The result of this situation is that in one settlement a fisherman who has laid claim to berths which lie

on one side of the line has to take up his nets over the week end while another person from the same settlement who has laid claim to a berth on the other side of the line is allowed to leave his nets to fish over the week end. I understand this arbitrary line was drawn in such a way because the water on one side was calm, and there was no hardship involved in taking up the nets, while the water on the other side is rough to the point that fishermen very seldom are able to comply with that regulation. I should like to point out to the minister that even in the places where the water is relatively calm it does not necessarily follow that fishermen can comply with the regulations because, in certain areas, such as Hermitage bay, there are very strong tidal currents which carry the nets well down underneath the surface where fishermen cannot untie them and take them up.

Fishermen also complain about having to tie up the nets because they chafe over the week ends, and collect all types of floating debris, with the result that after being tied up for two or three days they must be taken in and cleaned. Consequently the fishing season is shortened because of this situation.

Many fishermen have suggested that these regulations do not represent the most effective method of conserving the salmon fisheries, but result only in the fact that a smaller number of fishermen get a greater number of fish. The reduction in the total catch is not very significant.

The other complaint I have received is about the size of the mesh of the nets. Only a few days ago I realized that the present salmon regulations are practically the same as were put in force by the Newfoundland government before Newfoundland became part of Canada. I believe the history goes back even further than that. What the people complain about is that an arbitrary point has been chosen along the coast-line and east of that point the fishermen can use five-inch mesh nets and therefore catch larger salmon while west of that point they are compelled to use 4½-inch mesh nets and as a result they catch smaller fish.

The trouble is that these regulations have never been strictly enforced. I think they were perhaps developed in the old days of responsible government by somebody who had not thought the problem out too carefully and once it was realized how silly the regulations were the authorities never bothered to enforce them. If the arbitrary point were a headland perhaps there might be some justification for it but to pick an arbitrary point at the end of an arm and say that the fish on one side of that point are big fish and the fish on the other side are small fish just does not make sense.

Because these regulations have never been enforced the people west of that point have always used five-inch mesh nets. The commission of government never enforced the regulations strictly and the fishermen continued to use the five-inch mesh nets which they have learned from experience are the only ones that will fish well in that area. Now that the regulation is being strictly enforced possibly for the first time, I believe, these people do not have the smaller size mesh nets and cannot afford to scrap the ones they have. That raises a problem and I would therefore ask the minister to give consideration to the position in which these fishermen find themselves so that something may be worked out in order that they will be able to prosecute the salmon fishery.

The point they complain about is this. While they are compelled to set nets with a 4½-inch mesh, any person can set a cod net or a pollock net of larger size and catch salmon in it or they can set cod traps, as many of them do, and still catch salmon. There is no regulation compelling them to limit the mesh of their cod or pollock nets or cod traps to 4½ inches. They know from experience that as many fish are caught in this way as are caught in salmon nets.

Therefore the total effect of the regulation is practically nil so far as the conservation of salmon is concerned which is their primary objective. As I said at the beginning, we are not against conservation but we certainly would like the minister to take a look at the regulations and try to have them applied in a way that will not discriminate between one fisherman and another, particularly fishermen in the same area.

Mr. MacLean (Queens): Mr. Chairman, first I wish to say that I neglected to say the last time I was on my feet that I will certainly take under consideration the observations made by the hon. member for Shelburne-Yarmouth-Clare. With regard to the points raised by the hon. member for Burin-Burgeo, I wish to assure him that the salmon regulations for Newfoundland are under an intensive review by the department at the present time. As he indicated, these regulations were taken over holus-bolus under the Fisheries Act and are regulations that were designed and brought into effect at various times over the years in a piecemeal way. We are reviewing them at the present time to try to make them as reasonable as possible.

With regard to the question of an arbitrary line on one side of which salmon nets have to be lifted on the week end, that is also included in what I have just said, but I want to point out that the purpose of the week-end lift in theory anyway is to allow the

escape of salmon for purposes of reproduction and so that the salmon migrating on the week ends will reach their destination successfully. There are many features about this matter which perhaps do not meet the objective and, as I said, this question is also being reviewed. If the regulations are having the result that the hon. member has outlined, this does not make sense, of course. I have no doubt that may be the case at least in part and I assure him that the matter is being carefully reviewed at the present time.

Mr. Batten: Mr. Chairman, I should like to say a brief word regarding sport salmon fishing in Newfoundland and conservation and the regulations applied thereto. As everybody knows, sport salmon fishing is a very great tourist attraction in Newfoundland, and it does appear to me as well as to many others that over the last few years sufficient protection has not been given to the industry with the result that the industry is not being conserved in the way it should be.

I know it is impossible for the department to place a river guardian at every bend of every river but I believe it is necessary to increase the protection now being given with regard to the enforcement of the salmon regulations, particularly on the west coast of Newfoundland. I suggest to the minister that a survey be made of the protection now being provided with a view to improving the service and maintaining a protection service on every river that will stop some of the illegal fishing now being carried on.

Mr. MacLean (Queens): Mr. Chairman, we have also realized the necessity of having greater protection on our fishing streams generally in the maritimes and especially in Newfoundland. We are making an effort to have an increase in next year's estimates for this purpose so that a greater degree of protection can be given on these various streams.

The whole question of the conservation of the Atlantic salmon is a complicated one because in some cases there is a division of interest between the sport fishermen on the one hand and the commercial fishermen on the other and in addition the salmon have no regard for provincial boundaries. Many of the fish that migrate to Quebec, New Brunswick and Nova Scotia pass by Newfoundland and for that reason there has been established a committee of the senior officials of the fisheries departments of the Atlantic provinces and our own officials to try to correlate the regulations in all these areas so that the proper degree of conservation will be achieved with the result, we hope, that not only will the Atlantic salmon population be maintained but will even be increased both for sport fishing and for commercial fishing.

[Mr. MacLean (Queens).]

Item agreed to.

142. Newfoundland bait service, $534,700.

Mr. Carter: I just have one question on this item, Mr. Chairman. Some time ago I received a letter from the fishermen of Burgeo stating that the price of bait at the government depot had been raised by half a cent a pound. My question to the minister is, is this a general increase in the price of bait or is this a special case? If so, was there some special reason for it?

Mr. MacLean (Queens): I am sorry, I am not aware of the rise in the price. I shall have to look into the matter. I do not see any reason why there should be a rise in one particular area. I am certain there has not been a general increase, so there must have been some particular reason for this but I have not the information at the moment.

Mr. Carter: The general price has been 2½ cents a pound and it has risen to 3 cents in this particular case. So far as they know, the other fishermen were still getting it for 2½ cents a pound, and they wondered why there had been an increase.

Mr. MacLean (Queens): I am sorry, Mr. Chairman, but I have not an answer for the hon. member at the moment.

While I am on my feet, I should point out that the supplementary estimate related to this item is to provide for repairs for the *Arctica* which is used in the Newfoundland bait service.

In so far as the other supplementary estimates that are being called are concerned, they apply almost entirely to lapses in items for last year. They include such things as a residence for a fisheries officer at the Magdalen Islands, the provision for the building of the *Cape Freels*, a protection vessel for Newfoundland. It so happens that, partly as the result of a strike in the shipyard, some of last year's vote lapsed before the end of last year. I just wanted to make this general explanation.

Mr. Batten: Would the minister tell us how many bait units are to be supplied to Newfoundland in the coming year and whether or not he has been able, up to this time, to decide on the location of these units?

Mr. MacLean (Queens): The number is eight. The ones that are provided for in this year's estimates have not been allocated as yet.

Mr. Batten: There are some areas in Newfoundland in which no bait unit has been established, but there are private firms operating in the areas that are willing to buy bait and provide it to the fishermen without profit on the actual transaction. My question to the minister is this: Is it true that the department will not sell bait to firms of this type at the same price as which bait is provided to one of the department's depots?

Mr. MacLean (Queens): It depends on the supply of bait. I should like to point out, too, that commercial firms in this category are entitled to the bait assistance subsidy which is used more extensively in the maritimes than it is in Newfoundland, although it is being used in Newfoundland. There is an application in at the moment, but I have forgotten from what place, for one of these subsidies to be paid under the circumstances to which the hon. member refers.

Item agreed to.

148. Destruction of dogfish and other predators, $150,000.

Mr. Smith (Lincoln): My remarks, Mr. Chairman, will be directed to great lakes fishing. I should like to ask the minister what progress is being made in the control of the lamprey eel. The lamprey eel came into the great lakes about 20 years ago and has multiplied tremendously. It has been a big factor in the destruction of lake trout in Georgian bay and also in lake Erie.

I should like the minister to explain what progress is being made in controlling this cannibal fish, and at the same time perhaps he could comment on the smelts. This is also a salt water fish which came into the lakes a few years ago. While it has some commercial value, the fishermen are becoming quite concerned about it because it is spreading so rapidly they are afraid it will eliminate some of the better class of fish from the great lakes.

Mr. MacLean (Queens): At an earlier date in my estimates, Mr. Chairman, I did make a statement regarding the progress in lamprey control in the great lakes. I can say that it is very encouraging. The scientists have been able to discover a specific poison for the lamprey which kills the lamprey but does not injure other forms of life. This is being used extensively at the present time. It is a little early yet to assess properly the success we are meeting with this program. However, by next year we should be able to say categorically or nearly so whether or not this is going to be successful, as we hope it will. Then, there is the general question of restoring the balance of life in the lakes after the lamprey are controlled. I think that is all I need to say at this moment.

I now have the information with regard to the price of bait at Burgeo. I find that we do not have a bait depot at Burgeo, so the price referred to must be the price charged by a private firm.

Mr. Batten: With regard to the question asked by the hon. member for Burin-Burgeo, would this particular firm be entitled to a rebate on the bait assistance?

Mr. MacLean (Queens): It is not a question of a rebate, it is a question of a grant which is earned in a period of 10 years if certain services, up to the standards set by the department, are provided by the firm concerned. This grant is not reflected directly in the price of the bait sold.

Mr. Peters: I, too, wanted to inquire about the progress in the control of the lamprey eel in the great lakes area. I was very interested in it. A few years ago, there was evidence that this lamprey eel was continuing to spread into other areas and that was the reason for my interest. Four or five years ago, I was told that the method for exterminating them was electric shock. Barriers had been established throughout the lake Superior area as well as lake Huron. Statements were made that there would be a much better method for destroying them shortly, but they were under control.

I notice there has been no increase in the amount of money authorized for this purpose. It would seem to me that $150,000 is not a large sum of money to be spent controlling a fish that has such a devastating effect. It spreads very rapidly. It eliminates all the fish with which it comes in contact. It seems to me that we should not wait for a year and a half in order to assess the situation. It seems to me that we should devote more money to getting rid of it now. It will be easier to do it now than it will be a couple of years from now.

Mr. MacLean (Queens): I believe the hon. member may be labouring under a misunderstanding. The vote on which this discussion started is item 148 and it does not really apply to the destruction of lamprey. The money provided for that purpose is in item 150. It is a much greater amount than the $150,000 referred to. The chemical destruction of lamprey is being carried on at a high rate. Finances are not a limiting factor at the moment. All of the lampricide that can feasibly be used at the present time is being used this year in a very heavy program that is going on both in Canada and in the United States as far as the destruction of lamprey

in the lakes are concerned, it is a total of $424,000. That is the Canadian share of this item making a total, with the United States share, of $1,300,000.

As I said earlier, it is a little bit too early to be definite about the success of this program but it looks to be very encouraging indeed. The electric barriers to which the hon. member referred are still being used but not primarily to control the lamprey. They are being used as a counting device to determine the success of the poisoning process used in the streams for the destruction of lamprey. Poisoning has a great advantage. When the eggs are laid in these streams, the larva takes about five years to develop before the young lamprey migrate back to the lakes. With the lampricide method you wipe out five-year stocks in one fell swoop whereas in the other method you can only control the mature lamprey or each year's crop of small lamprey coming down. This looks very encouraging. However, I think I should not say more at the moment.

Mr. Peters: I am appreciative of the statement the minister has made. Can he explain how the system is working out, how the bait is laid down or the process that is being used in relation to the spreading of this lampricide? What I am curious about is this. Does it leave any opportunity for co-operation and assistance of the municipalities which showed a great deal of interest in the control that originally was implemented through the electric barrier method?

Mr. MacLean (Queens): We are receiving co-operation from all levels of government as we require it. The program is going ahead well. It has not been inhibited in any way by any lack of co-operation on the part of anybody. As far as the problem of restoring the balance of fish life in the lakes is concerned I might say this. Concurrently new types of gear are being developed for the catching of smelts in the great lakes in greater volume than was possible by earlier methods.

Mr. Noble: I should like to ask the Minister of Fisheries whether his department has used any influence on the great lakes fishery commission with respect to the suggestion I have made over the past couple of years, namely to do something about stopping these lamprey from coming in from the ocean. It seems to me that we are spending a great deal of money on lampricide year after year and that nothing has been done about the source of the infestation. I suggest that some sort of electrical barrier be put somewhere on the St. Lawrence river to stop these predators from getting into the great lakes system.

[Mr. MacLean (Queens).]

Mr. MacLean (Queens): I might say that the international great lakes fishery commission has examined all these possibilities. The problem now is, as it were, to control the predator on their front, the area to which they migrate farthest. There is such a great infestation in the lakes now that it would be locking the stable door after the steed has escaped. But this is something that is being closely watched. If we succeed in cleaning out the lakes we will, of course, have this problem raised by the hon. member for Grey North looked into.

Item agreed to.

Fisheries research board of Canada—

150. Operation and maintenance including an amount of $55,000 for contributions towards fisheries research and for scholarships, and authority to make recoverable advances of amounts not exceeding in the aggregate the amount of the share of the international great lakes fishery commission of the cost of work on lamprey control and lamprey research, $4,653,075.

Mr. Batten: I wonder whether the minister has any brief report to make with respect to research on the herring schools in the north Atlantic.

Mr. MacLean (Queens): This work is carried on chiefly by the research board station in St. Andrews and in St. John's. I have not any concise report to make at the present time, but the work is being done along several levels with regard to this problem. The oceanographic level is being studied to determine the effect of water temperature change on the migration of herring. Considerable money has been spent and research done on the locating of herring schools in their migration. Then on a different level again work is being done in co-operation with the industry on better methods of the actual catching of herring. But I think the chief problem to which the hon. member refers is the difficulty, under certain circumstances, of locating bodies of herring, or finding where they are. We are still working on this problem. There are several approaches to it. The matter is not being neglected. We are also doing work at the present time on directing the migration of herring into certain areas by what are known as air bubble curtains. This has to do with the actual catching of herring. It is a method that has been developed in the United States. We have full information on what has been done there and further research is being done in this country.

Item agreed to.

The Chairman: This completes the estimates of the Department of Fisheries.

DEPARTMENT OF FORESTRY

152. Departmental administration, $1,090,452.

The Chairman: This item will be found on page 31 of the blue book, the details on page 225.

Hon. H. J. Flemming (Minister of Forestry): Mr. Chairman, I want to thank the committee in advance for the indulgence that they will apply, I am sure, to the new minister and to the new department. I appreciate very much the many courtesies which have been extended to me since I entered this house last autumn.

It is a unique privilege to be charged with the responsibility for presenting, for the first time, estimates for the newly established Department of Forestry. Hon. members will be familiar with the report of the committee on mines, forests and waters which was tabled in July, 1959, and which reflected a truly remarkable study of the significance of forestry in the national economy.

Recommendations of that committee, hon. members will remember, were implemented by the government with promptness, and it is remarkable that the bill establishing the new department was adopted by this house without a single dissenting vote. It seems to me that this unanimity is a most important fact which should never be forgotten because it demonstrates the recognition by all hon. members, regardless of party, of the importance of the forest resource to the present and future well-being of all Canadian citizens.

Before proceeding with a discussion of the estimates of the department, I should like to recall, and to associate myself with, a statement made by the Prime Minister when he introduced the Department of Forestry bill, to the effect that the establishment of the new department would in no way affect the rights of the provinces to administer their publicly owned forests as they saw fit. This important principle is being scrupulously recognized in all operations of the new department.

The Department of Forestry was created by transfer of staffs of the forestry branch of the Department of Northern Affairs and National Resources and the forest biology division of the research branch of the Department of Agriculture. In this way it has acquired, at the beginning, experienced and highly trained personnel, the larger number of whom are engaged in research relating to forest management or to the utilization of forest products. Through the closer association thus provided, the research work conducted by the government concerning the whole field of forestry will be more easily co-ordinated and consequently more effective. Although recruiting of staff for certain units is still in process, the structure of the new department has been fully planned, and it is my hope that all the presently vacant posts will soon be filled.

The branch directors were formerly heads of divisions in their respective departments and are men of demonstrated ability and lengthy experience in the government service. Most of the new positions are being filled through competitions within the civil service, although a few appointments from outside the service may be necessary.

The department consists of an administration branch, three research branches, and an economics division which reports directly to the deputy minister. Its objectives are to promote, by means appropriate to this government, improved management and protection of the forest resources of Canada, more effective utilization of wood including reduction of avoidable waste, and improvement of the competitive position of Canada's forest industries.

These objectives will be attained chiefly through the performance of the following functions. First and foremost there will be a continuance and expansion of comprehensive programs of research relating to forestry and to the use of the products of the forest. Economic studies of the forest resource and the industries depending upon it, and co-operation with the Department of Trade and Commerce in matters relating to the improvement of external trade in forest products, will receive special attention. Additional efforts will be made to inform the public regarding the importance of our forests and forest industries, and to encourage public interest in their welfare.

The estimates before the committee provide for continuation of financial assistance to the provinces which is extended to help them expedite their own activities in specified fields of forest management. In addition, the Department of Forestry will provide forest surveys and technical advice and assistance to other agencies of the federal government which are responsible for the administration of forest lands. Finally, this department is responsible for co-operation with international organizations concerned with forestry and in which Canada maintains membership.

Estimates for the Department of Forestry for the fiscal year 1961-62 provide for a total amount of $15½ million, representing an increase of $4½ million over the amounts provided for the former forestry branch and the former forest biology division for the fiscal year 1960-61.

However, it seems proper to point out that most of this increase is attributable to an item of $4,170,000 for financial assistance to the provinces in the construction of forest

access roads. The increase also includes certain amounts which would have been requested on behalf of the former organizations had they remained in their previous departments. The increase directly attributable to the establishment of the new department amounts to a little more than half a million dollars and provides for necessary administrative staff and moderate expansion of certain activities, chiefly in the fields of forest economics and public information.

Mr. Chairman, I now propose to describe briefly the fields of activity of the major units of the department. The administration branch is responsible for all purely administrative matters, including personnel, purchasing, financial services, and property and building management. In addition, it includes units concerned with information and technical services, administration of federal-provincial agreements, and the provision of forest management services to other agencies of government.

Briefly, this branch is responsible for most of the non-research functions of the department. It provides administrative services to the head office of the department and to the three research branches. This arrangement has been adopted in an effort to relieve the directors of the research branches of as much purely administrative detail as may be possible, and to allow them to concentrate their attention on their heavy and complex responsibilities in the direction of research programs which are of great importance to our economic future.

Estimates for this branch are included in vote 152 under the heading "Departmental administration", which also includes provision for the offices of the minister and deputy minister. The total amount requested for the current fiscal year is approximately $1.1 million, which includes an increase of $520,549 compared with similar services provided by the parent departments during the previous fiscal year. Relatively small numbers of administrative personnel were available in the units transferred from the parent departments, and it has been necessary to provide for a reasonable expansion of administrative staff in order to enable the new department to function independently.

Votes 153 to 155 provide a total of $6.8 million to cover the federal responsibilities under agreements with the provinces, whereby financial assistance is given for the continuation of forest inventories, reforestation, acquisition of equipment and other capital assets for forest fire protection and the construction of forest access roads. This represents an increase of $3½ million as compared to the previous year.

[Mr. Flemming (Royal).]

Hon. members will note that an item of $500,000, which was provided to cover Canada's share of the cost of combating the spruce budworm in New Brunswick, does not appear in the main estimates for 1961-62. It was hoped that the outbreak of this scourge was dying out to a point where spraying programs would not longer be necessary. Unfortunately this hope was not realized, and surveys of budworm population last autumn made it necessary to ask for authority to make a further contribution to this activity through supplementary estimates.

The forest research branch is responsible for investigations in all aspects of forestry, excepting forest entomology and forest pathology. Its fields of study include silviculture, ecology, tree physiology, forest mensuration, tree breeding, forest fire protection, and forest survey methods. It maintains seven district offices, and five forest experiment stations. A forest research laboratory is maintained at the Petawawa forest experimental station, and additional laboratory facilities are being developed at other locations. Appropriations for this branch, under votes 156 and 157, total $2.3 million, an increase of $260,000 as compared with the previous year.

The forest entomology and pathology branch conducts research and forest insect and disease surveys throughout Canada, and provides technical advisory services related to insect and disease programs to the provinces, the forest industries, private owners, and other agencies concerned with forest woodlots and shade trees. Eleven regional laboratories and numerous field stations are maintained in suitable locations. The chemical control section is established in Ottawa. Estimates for this branch, under votes 158 and 159, total just over $4 million, representing an increase of nearly $653,000 as compared with the previous year. I should point out, however, that some $264,000 of this increase is being requested in connection with the continuation of a building program previously approved when this organization was in the Department of Agriculture, and a considerable part of the remainder arises from provisions for replacing certain services formerly provided by the department. Hon. members will be glad to know that arrangements are being made with the Department of Agriculture whereby the forest entomology and pathology branch will continue to enjoy the services of several research institutes of the Department of Agriculture which are essential to its work. Thus unnecessary duplications will be avoided.

The forest products research branch maintains forest products laboratories at Ottawa

and Vancouver. It is responsible for all aspects of research relating to improved utilization of the products of the forest, except research relating to paper pulp and paper, which is conducted by the pulp and paper research institute of Canada. It studies include problems relating to timber mechanics and engineering, plywood, wood preservation, wood chemistry and physics, paints and other coatings, design of containers and improvement of saw milling techniques. Special efforts are made to discover means for the reduction of unnecessary wastage of material. A liaison service is being developed to take the results of research to the operators of smaller saw mills and woodworking plants, and to keep the laboratories informed of their problems. This branch is represented on many governmental and non-governmental committees and provides technical advice to government agencies such as the Central Mortgage and Housing Corporation, the building research division of the national research council, and the Canadian Standards Association. Appropriations for this branch, under votes 160 and 161, total nearly $1.2 million, an increase of $135,595 over the previous year.

The economics division will advise the department regarding economic implications of present and proposed policies; keep the economic position of Canada's forest industries under continual review; keep in touch with forestry and industrial developments in other countries, and conduct economic studies of production in Canada. It will co-operate closely with the Department of Trade and Commerce and with international forestry organizations.

The research programs undertaken by all units of the department are established in consultation with the provinces, the forest industries, the university forest schools, and other interested bodies. An endeavour is made to insure that research programs will make the maximum contribution which the facilities available to the department permit to the improvement of forest management and the use of wood throughout Canada. Various committees are established for this purpose and great care is taken to avoid undesirable duplication of work. Numerous projects are carried on in direct co-operation with outside agencies, and I hope that means will be found for taking fuller advantage of the research potentialities of our university forest schools.

In the final analysis, new knowledge gained through research will be a major contribution to Canadian forestry and is essential to progress. The new knowledge obtained by my department is made available to provincial forest administrators and to our forest based industries, and it is their function to put that knowledge to practical use. The best available estimates of future expansion of world markets for wood suggest that there will be ever-increasing demands for the products of our forests if these products can be made available at acceptable cost. The need for producing useful results from research as rapidly as possible is, therefore, urgent.

In conclusion of these remarks I should like to say to the committee that I have no reason to be anything but optimistic concerning the future of the forest products industry. I am sure all members will agree that this is a subject in which every province of Canada has a tremendous interest. In connection with our activities, I seek from all members, regardless of where they may be sitting in this committee, the utmost in co-operation so that we may bring to our forest resources the progress and the advance of which I think they are capable.

(Translation):

Mr. Racine: Mr. Chairman, at the outset of my remarks, I would be remiss in failing to congratulate the minister not only on his appointment to the new Department of Forestry, but also on the presentation of his first estimates.

As the minister mentioned, I think it is useful, in analysing the policy of the new department, to refer to the recommendations of the committee on mines, forests and waters. In a report tabled in the house on July 4, 1959 the committee recommended:

> Your committee strongly recommends consideration of steps which would widen the scope of the forestry branch, increasing its status in such a way that a deputy minister would be in direct charge. The fact that such a status, comparable to that of a department does not exist now reflects a lack of appreciation of the importance of the forest industries to Canada, in the past, now, and in the future. Other departments of government are considered essential to serve industries or aspects of our national economy which are of much lesser economic consequence.

Then, on page 668 of the *Journals* of the house, we find this recommendation:

> Your committee recommends that the entomological and plant pathology research relating to trees and forests, now under the Department of Agriculture, be transferred to and co-ordinated directly with the recommended and expanded forestry department.

And now, Mr. Chairman, referring to page 669 of the report of the standing committee on mines, forests and waters, and particularly to paragraph 70, here is what we find:

Your committee feels that Canada cannot afford to ignore a potential so great for lumber and pulp sales as is offered in the Orient and, therefore, it recommends that these markets be approached on an open-minded basis. Study should be made of our changing share of traditional markets in the U.K. and the U.S.A. A marketing section should be created within the proposed department of forestry to aid the Department of Trade and Commerce in the merchandising of our wood products.

We can say that the first recommendation has been followed, but we do not think that the mere fact of setting up the department is enough to give adequate recognition to the importance of the forestry industry.

The second suggestion has also been adopted. With regard to the third, however, the department in the past year has added absolutely nothing to what was done previously, and apparently has totally ignored the recommendation of the committee as well as the great potential markets offered in the Orient.

We are of the opinion that the department should not only co-ordinate certain activities of departments like agriculture and northern affairs and national resources, but that, in addition to research, it should set up, as suggested, a marketing service within the department.

Such a service could assist the Department of Trade and Commerce in the marketing of our wood products.

Mr. Chairman, everybody recognizes the importance of the forest industry to Canada. It could not be otherwise considering that 68 per cent of the land area of the ten provinces consists of forest land. In this regard, it must be kept in mind that this is almost four times as great as the area devoted to agriculture. Here is what the Prime Minister (Mr. Diefenbaker) stated on June 28, 1960, as reported on page 5485 of *Hansard*:

I think I might commence by placing before the committee in summary form a few pertinent facts regarding the importance of the forest industry to Canada. More than 40 per cent of the land area of the 10 provinces consists of productive forest land. This area, by way of comparison, is almost four times as great as the area devoted to agriculture, which in capsule form reveals the extent of our forest resources. The pulp and paper industry is Canada's largest manufacturing industry; the lumber industry still stands high on the list. These industries are distributed throughout the country from coast to coast, and in addition to producing products of great value they are among the major sources of employment. External trade in wood, wood products and paper yields a balance in Canada's favour far larger than that contributed by any of the other major commodity groups recognized in national statistics form. Furthermore, a very large proportion of that favourable balance becomes available in United States funds.

[Mr. Racine.]

Further on, the Prime Minister had this to say:

I might point out that in September, 1959, the food and agriculture organization brought out a report dealing with paper and paper products which stated in summary form that while world demand for paper and paper products in 1955 amounted to 56 million metric tons, in 1965 it will amount to 88 million metric tons and by 1975 to 134 million metric tons.

If Canada presently supplies 16 per cent of the world market, I feel it is appropriate that we should intensify research work so as to meet the demand, but it is also very important that the forestry department ensures that we keep that market, and that is where a marketing service would be just as useful within the department as a research service.

We do not wish to minimize the importance of the pulp and paper industry, but we feel that the lumber and related industries are also quite important; yet, to our knowledge, the new department has not done much in that respect.

The department should not just administer the division it has inherited from the Department of Agriculture, that is the forest biology division, because it was not of great consequence within that department. Research in the field of forest biology should be stepped up. And the same remark applies to the former division of the Department of Northern Affairs and National Resources.

Mr. Avila Bedard, the former Quebec deputy minister of land and forests, reports that the following was written at the beginning of the eighteenth century by Intendant Dupuy:

Wood should be considered as the resource of Canada which will replace fur-trading. Wheat and wood, he added, will be the two great trading products of the country. It is therefore one resource substituted to another by Providence and there should be use and not abuse of it.

Times have changed since the eighteenth century when forests were burned by settlers clearing land. Today the emphasis is on conservation.

We know from history also that forest depletion was mainly the result of forest fires, insects and fungi, as well as of the normal action of nature's forces.

Nowadays, thanks to scientific developments, such plagues can be curbed.

Mr. Bedard also reports that in 1886 a German, Otto Hann, foresaw all the possibilities. He wrote:

It occurs to me that Canada will know how to make use of its vast forest resources for making paper to satisfy not only its continental, but also its international needs.

We have since covered a good deal of ground to arrive at a radical change. Things have changed greatly from the economic point of view since the beginning of the colony. How right was the man who wrote that, for our country has now become the first exporter of this commodity.

The paper industry ranks first among our great manufacturing industries.

The two earliest censuses, those of 1850-51 and of 1860-61, indicate that there were then five or six paper mills in the province of Quebec.

Both parts of Canada had at that time 16 paper mills whose production had a value of $372,000.

The Canada Year Book reveals that, in 1957, our exports reached $715,490,000, and it is expected our production should double within about 15 years.

Lumber and other forest products are also of great importance in that industry.

Mr. Marie Albert Bourget, in a book entitled *La Forêt*, one of a collection on our environment, points out that local needs, as well as the needs, even limited, of the mother country, could not but make for the early establishment of saw mills.

And he mentions that as early as 1668, Mr. Hazeur established two saw mills at La Malbaie and that about 50 years later, in 1720, the country had about 28 such mills and that in 1732, 10 new constructions showed that it was possible to find a source of wealth there.

Here again, we have come a long way: the figures for 1957 show that the export value of boards and beams amounted to $281,681,000.

From an economic point of view, forest products continue to make a most important contribution toward a reduction of our trade deficits.

On the domestic level, the forest industry paid salaries and wages amounting to $1,117 million in 1958.

The same year, forest operations gave jobs to 67,327 people, and those figures have been compiled on a man-year basis and exclude men engaged in transportation activities.

If we consider that the pulp and paper industry gave employment to 64,084 people, the lumber industry to 47,763, the wood products industry to 73,159, and the paper products industry to 28,851, we can appreciate the economic contribution of that important market.

That source of employment and wealth we have in our forests has a great social value for our country.

Our forest resources must be used to meet the needs of our population, and with its welfare in mind and it is up to this new department to co-operate closely with the provinces and the various research and conservation organizations, so as to set up an economic and social policy and search for the most efficient formulas to reach that end.

The solution depends in the first place on the kind of resources to be developed.

Now, here in this country, there are no problems as far as that is concerned, providing there is reforestation and intelligent development.

From the point of view of conservation and reforestation, we have in Canada an organization concerned with action in the field of forestry and whose objective it is to obtain public co-operation in the wise use of our renewable resources.

I am thinking of the Canadian Forestry Association, which was founded about the year 1900, under the patronage of Sir Wilfrid Laurier, and which organized the first conference on conservation.

In 1959, it became a federation of provincial forestry associations. It has to its credit the organization of three national conferences on resources, in 1906, 1954 and 1958.

That organization comprises the following groups throughout Canada: Canadian Forestry Association of B.C.; L'Association Forestière du Québec with its ten regional groups; Ontario Forestry Association; Manitoba Forestry Association; Alberta Forestry Association; Saskatchewan Forestry Association; Canadian Forestry Association of New Brunswick; Canadian Forestry Association of Nova Scotia.

The association has a membership of 35,000 adults and 18,500 young people. Since their registration, the junior forest wardens have brought in 39,500 boys and the Quebec 4-H clubs 56,000 boys and girls.

These youth organizations have many activities, including fire warden clubs, summer camps, annual contests, forestry schools, conservation, etc.

Among the public at large, the association has been a great protector of the forest through its educational activities, using various media such as the press, radio broadcasts, movies and the distribution of literature.

In addition, forest fire prevention campaigns are organized each year.

Since 1954, tree farms have been included in the program, and so far, the association had to its credit, as of December 31, 1960,

820 such farms with a total area of 515,000 privately owned acres.

To this well-rounded program, the Canadian Forestry Association has added studies on sylviculture and reforestation.

This is a very brief summary of the work done by the federation of provincial forestry associations, whose sole purpose is to educate the people on the problems of forestry, which it considers as crucial.

We now have in Ottawa a forestry department. It was set up with a great flourish of publicity, but perhaps it is important to raise the matter of the co-operation it can offer to the members of the federation, to find out whether it is just a ghost department or whether it really intends to do something worthwhile.

In March of this year, a brief was submitted to the minister, specifically requesting an increase in the $20,000 subsidy now being granted by the department.

When you look at the efforts put forth and the results obtained by the federation, it seems to me that this request for $100,000 was reasonable. However, it apparently did not get the consideration it deserved from the new department or indeed from the minister who, I must admit, has great experience in this field. It is not that the federation did not have a good case, but the government seems hard to convince. I would not like to accuse the minister of refusing to raise this subsidy because he saw no political advantage in such a course, though I must say this is a specialty of the government.

However, here are the arguments put forward when this brief was submitted, and I think they are most realistic and convincing. It is stated in the first place, and I quote:

(Text):

1. Investing in the associations is much cheaper for the government than trying to do his job itself.
2. The job of conservation education we are doing is a "long term preventive unemployment medicine", as Canada's future hangs on the wise use of resources.
3. C.F.A. can tell the public about the activities and the importance of the Department of Forestry in a way this latter could not; so, the value of C.F.A. for the public relations of the Department of Forestry could be very high.
4. The Department of Forestry Act states that public education is a right and proper field for the new department to engage in.
5. The expansion of the access roads in the forest requires parallel education of travelling public.
6. Forest protection against fire starts with prevention and prevention is a matter of information and education.
7. Boy scouts are receiving an annual grant from the federal government; so are the agricultural youth clubs. Forestry youth clubs, which are—not to say more—as active as the others, have never been helped.
8. All meetings dealing with natural resources and forestry, and it will certainly be the same with the resources for tomorrow conference, recommend more public information and education regarding the conservation of the forests; it is exactly the work of C.F.A.
9. By providing a nationally integrated conservation program, the federation of provincial forestry associations presents a ready-forged medium of communication which, we feel, deserves the fullest support from government at all levels.

(Translation):

It seems to me that the arguments put forward were rather convincing, but the minister took no heed of them to date.

It is indeed to the credit of the government to have set up this department, but, up to now, it has accomplished nothing more than was done before by the Department of Agriculture and the Department of Northern Affairs and National Resources.

The Canadian Forestry Association pointed out to the minister that its request was based on clause VI of Bill C-82 of the Forestry Department Act, and stated moreover, that it had the support of all ministers of lands and forests in the eight provinces which have forestry associations.

Moreover, the provinces were willing to remit the amount due to each association, through their departments of lands and forests, or directly through the national federation.

In the case of the required amount, which was $100,000—of which $25,000 were for the federation itself, while the balance was equal to the amount now subscribed by provincial governments for their provincial forestry associations—the federal government would only have contributed on a 50-50 basis in that field, as it does in many others.

We know that the present federal grant to the federation is $20,000. Of course, with the creation of the new forestry department the federation expected a more generous contribution from the federal government for such important education work with regard to our natural and forest resources. It was an excellent opportunity for the new minister, when speaking, on March 10, at the annual assembly, to show that his department had not been set up solely in order to give a post to a former premier who had been defeated in his own province but who had moreover, as a Conservative feather in his cap, the advantage of having moved the choice of the present Prime Minister rather than the Minister of Finance or the Minister of Justice at the Conservative convention in Ottawa.

This department, like all others, seems to have fallen asleep and to care but little about what is happening.

I do not want to be unfair to the minister who has the personal ability to do much more and the necessary knowledge to do well in his department, which, however, seems to have been steeped in the same uneasiness as all departments under this government.

This niggardly refusal to accede to the request of the only Canadian association concerned with forest conservation in Canada is an additional proof of this government's anarchy.

As I said, the minister has all my admiration.

(Text):

Mr. Broome: Will the hon. member permit a question? In his summation of the request of the Canadian Forestry Association, will he make quite clear the contribution now being made by the provinces which, incidentally, are the only recipients of revenue from this natural resource while at the same time they contribute only 15 per cent of the total amount required to run this association?

(Translation):

Mr. Racine: Mr. Chairman, I have no intention of discussing the contributions made by each of Canada's ten provinces.

I am sure that my hon. friend is more interested in what the government of British Columbia is doing in this respect. It may be that that province contributes only 15 per cent.

As I was saying, I personally trust the minister. However one thing I should like to say is that the Prime Minister should consider him as qualified as we do on this side of the house, and that he should not be used any more as a mere messenger between Ottawa and New Brunswick, and as a propagandist for the government.

This department was organized with a view to co-ordinating research work to promote production and forest resources conservation in Canada; unfortunately, we find that nothing has been done to that effect, that all that used to be done previously—and not only would it be advisable but it would even be more important that the government should do away with the routine followed by certain sectors of the departments of northern affairs and of agriculture, and that a real desire to look after our forests be shown.

In addition to marketing, as I said in my opening remarks and as the committee suggested, the department should be aware that it can do much more. It should be recognized that the training of people in forestry should be positive and well controlled. Methods should vary as between cities and rural areas, and as between lumbermen and industry.

We on this side of the house are often accused of criticizing and not making any suggestions. By contrast to that and as we usually do, I should like to draw the minister's attention to certain suggestions which could be given greater consideration by his department. Most of the suggestions I wish to make could be considered and applied in co-operation with the provinces, because I am one of many who still believe that the rights of the provinces concerning forestry must come first.

Everyone knows that the provinces own almost all of our forest resources in Canada, and so they must remain the only administrators of those riches. It is with pleasure that I heard the minister restate that policy again today. However, what I have to suggest could be realized on the basis of co-operation as in the case of access roads because never, never, and on that I perfectly agree with the minister, should this department open the door to interference with purely provincial matters.

I feel that there is nothing wrong with the promotion of continued co-operation between federal and provincial governments and a recent Ottawa meeting of the ministers of forestry of Ontario, New Brunswick and Quebec shows that they are ready to co-operate. The minister himself having given us an indication to that effect, I believe that we have there proof of a real desire to co-operate without the slightest infringement upon the rights of the provinces.

Here are a few suggestions which the Department of Forestry might consider and thus help all the provinces.

First of all, it could help increase real model forests across the country like they have in the United States.

Second, it could co-operate with experimental farms where there is already a wood lot in order that it be developed and used as an outdoor laboratory. I refer especially to the Lennoxville experimental farm near Sherbrooke.

Third, it should increase research on the use of our hard woods.

Fourth, it should increase research on the use of our soft woods.

I was very pleased indeed this week to receive a pamphlet from the Department of Forestry, entitled "Properties and utilization

of Canadian poplars". I might tell you, Mr. Chairman, that it is a most interesting pamphlet and I wish to commend the officials who prepared it. If I may be allowed to express a wish—may it be distributed all over Canada and also be sent to different manufacturers.

Fifth, the department could increase its grants to forestry associations, as requested by the Canadian Forestry Association.

Sixth, the department could give more help in order to promote reforestation of waste lands. A bill along this line has been introduced in the house by the Minister of Agriculture. I wonder why this question of reforestation has not been left to the Department of Forestry instead of being handled by the Department of Agriculture.

Seventh, the department could help in setting up and maintaining nurseries.

Eighth, the department could set up an exhibition of forestry products from every province, and send it all over Canada and abroad. On this point, I should like to quote the following article which was published in the 1961 issue of the magazine entitled *Timber*:

(Text):

Early in January, 1962, while Canada slumbers under a blanket of snow, a Canadian "army" will move eastward to West Africa, where snow and frost are unknown to most of the inhabitants. Although sponsored by the Canadian government, this army will go in peace. The soldiers are Canadian manufacturers and merchants, their ammunition consisting of nothing other than a briefcase containing advertising material describing the products they wish to sell. Their aim is to sell the Africans only such goods as will foster their development and aid their economic progress.

(Translation):

The department should bear the cost of the exhibition and organize an increasingly greater number of events in different countries, in order to promote and expand our exports of forest products. Our domestic trade should also be promoted by familiarizing Canadians with products made in Canada.

It could also—and this is my ninth suggestion—patronize a special fire prevention week each year in co-operation with the provinces.

Tenth, it could also immediately increase grants to the provinces, so that the forestry inventory can be drawn up as soon as possible. Knowing exactly what the resources and the industrial potential of our forests are, the opportunities in both fields could be determined. I know that the Department of Forestry is co-operating in the inventory of provincial forests, and I wonder if it would not be appropriate to increase these grants.

Eleventh, it could promote reforestation and development by setting up long term forestry credit facilities. I believe that this suggestion is by far the most important, for it would prompt many farmers operating on marginal lands to undertake reforestation and the development on those lands.

Twelfth, the department should study the qualities of some varieties of trees which are not being used at present, so as to give the industries now using hardwood a chance of maintaining their operations with varieties which have been left aside, for it appears that hardwood lots are being depleted.

Many other suggestions could be made, but I believe it would be a step forward if the department would take under immediate consideration those I have just mentioned.

However, as I say, in order not to be misunderstood, these steps should be applied so as not to encroach upon the rights of the provinces who have exclusive jurisdiction in the administration of their own forests. I see that the minister is smiling; he understands why I stress co-operation between his department and the provinces. He knows I want no interference in provincial jurisdiction. If it has been possible to co-operate in the access roads program, then I believe a similar procedure could be followed to apply the recommendations I have just made.

In the May 1961 issue of the magazine *Timber*, reference is made to a speech given by the Minister of Forestry on the occasion of the sixtieth anniversary of the Canadian Forestry Association. I should like to quote part of the article which is entitled:

(Text):

Flemming addresses C.F.A. annual meeting.

(Translation):

And the article reports, among other things, the following words of the minister:

(Text):

1. Continue and increase the current programs of research relating to forestry and the utilization of forest products.

2. Maintain and increase the information branch of the forestry department.

3. Provide economic studies of forest resources and forest industries.

4. Aid provincial agencies, or individuals, in specific forestry programs.

5. Provide forest surveys, technical advice and other assistance to any federal agency dealing with forest lands.

6. Co-operate with international organizations (such as U.N. agencies) concerned with forestry, and in which Canada has membership.

(Translation):

Mr. Chairman, it is strange to find these words being repeated so often—

The Chairman: I am sorry to interrupt the hon. member, but his time is up.

(Text):

I must inform the hon. member that his time has expired.

Some hon. Members: Carry on.

The Chairman: Does the committee agree to allow the hon. member to carry on with his remarks?

Some hon. Members: Agreed.

(Translation):

Mr. Clermont: Mr. Chairman, would the committee agree to have the hon. member for Beauce—

Mr. Racine: Mr. Chairman, I thank the committee for its patience and I will try to conclude as briefly as possible.

As I was saying, it is strange indeed to come so often across the words "continue" and "maintain". The forestry department has not been set up, I believe, solely to maintain without any change what already existed in the Departments of Agriculture and Northern Affairs and National Resources, because we should then be justified in saying that if that were the intention of the minister —I do not think it was—the new department was unnecessary.

The booklet entitled "Canadian Forestry Statistics", and more particularly table 16 on page 18, provides the following indications. I quote the figures on exports of wood products.

1954	$326,026,741
1955	386,297,929
1956	328,098,874
1957	282,690,031
1958	293,600,203
1959	323,716,841

The average for the three years from 1954 to 1956 inclusive is $347 million, while that for the years 1957 to 1959 inclusive is $300 million, that is, an annual decrease of $47 million. That is why I believe the setting up of a sales service in the department is most important.

The forest industry itself is doing everything possible. The magazine also pointed out the various continuing steps taken by industry in this regard, and I quote the article:

(Text):

New Canadian hardwood grade for the U.K. market

Strenuous efforts are being made to boost shipments of Canadian hardwoods to Britain this year and to build up a larger future trade more comparable with pre-war business. First shots in this campaign were fired last year when the Canadian lumber trade mission visited the U.K., and now there has been a follow-up by a visit from two hardwood specialists—Mr. Robert Staniforth, director and general manager of Staniforth Lumber and Veneer, Ltd., and a director of the C.L.A.; and Mr. Jack Barrier, chief inspector for the N.H.L.A.

They have made a brief springtime visit to Britain with the aim of selling the U.K. trade on a new utility grade of Canadian hardwoods for the furniture and pallet industries at economic prices. The Canadian shipment of 750,000 cu. ft. of hardwoods last year to Britain is not enough—they want to get back to the figure of 1940—6,600,000 cu. ft.

(Translation):

Mr. Chairman, I am wondering whether we should not see there another indication of the usefulness and the contribution of the Department of Forestry particularly through support to our trade commissioners promoting a Canadian product everywhere in the world. It seems to me that the statistics are self-explanatory and that they show the urgency of the problem.

As for the situation of supply, I quote page 203 of the report of the royal commission on Canada's economic prospects. It reads:

Does Canada possess the forests capable of meeting the projected increases in output of wood products? The requirements of wood to meet the various projected productions of forest products have been estimated for us.

Based on these estimates, to meet the 1980 requirements of the wood-using industries, the annual cut of wood will have to be 58 per cent larger than it was in 1954. These estimates include sizeable allowance for increased use of mill leftovers—waste material—in the production of pulp and paper. We are told that at the projected level of lumber, plywood and veneer output, as much as 6 million to 8 million cords of usable material would result as waste.

Mr. Chairman, I feel that the supply situation must be correlated with the possibilities of sales and exports, if stability is to be maintained in that most important industry. To verify that point let us refer once again to the report on Canada's economic prospects, particularly page 193 in connection with only one section of that industry. I quote:

We shall begin with the lumber or saw mill industry, one of Canada's oldest manufacturing operations but still one of its largest. In output, sawmilling still ranks within the leading ten manufacturing industries; in employment it rivals the pulp and paper industry. It is an industry made up of more than 8,000 mills, many of which are very small, but some of which are extremely large.

Research within the department must not only be maintained but accelerated, and the central government, through this new department, should accelerate research and offer its co-operation to the provinces, while respecting their sovereign rights, in order that an inventory be made and that the development of our forests and protection against

forest fires, insect, cryptogamic disease be carried out; that reforestation methods to increase output be discovered; that better utilization of forest products be achieved and that a study of market requirements be made to find ways of selling the products; that the system of forest concessions which is too uncertain at present and therefore paralyses the progress of forestry be stabilized; that the financial structure of our industry be adjusted; that research be made into forest economics, technology and science; and finally that higher specialized education in forestry be developed to give the government the administrators it needs, and to provide industry with good technicians to help it maintain its position.

I would not want my remarks to be misinterpreted; neither would I want to minimize the work carried out by departmental officials. But I condemn the government for its lack of action. It seems to me that since it was established, the department has not accomplished what the forest industry had the right to expect.

I have here a pamphlet issued by the laboratories of Canadian forest products entitled:

(Text):

Comparison of taper sawing and through-and-through sawing.

(Translation):

This document is most interesting and important for every saw mill in our country and it is well made, because it might help small saw mills which cannot afford to retain the services of experts. I should like the department to tell us how many of those pamphlets were distributed and whether they are available in both official languages.

On the other hand, I have here three other pamphlets published by the laboratory. The first one is entitled:

(Text):

Some effects of Mill type on the sawing of small logs.

(Translation):

The second one is called:

(Text):

Strengthening ring-connectored timbers with steel strapping.

(Translation):

And the third one:

(Text):

Wear, play and heat distortion in veneer lathes.

(Translation):

Those pamphlets are most interesting and the department is to be commended for having re-issued them. I hope they were distributed in all provinces.

[Mr. Racine.]

I hope the Prime Minister will have as much confidence in the Minister of Forestry as we have, and that he will provide him and his officials, whom I want to congratulate, with the means to accomplish things that will show that the head of the government had good grounds for creating the new department, which has not been proved so far.

Private enterprise deserves also our congratulations, as well as the different forestry organizations for their unfailing co-operation.

Briefly, I want not only to congratulate the minister for what he has done in the past, but to ask him to do much more in the future.

Moreover, I trust that all the hopes raised by his appointment will be fulfilled, and that those who have entertained such hopes will soon have clear evidence of the capital importance he wants to give to the question of our forests.

(Text):

Mr. Winch: Mr. Chairman, I rise on a point of order and, I think, privilege. It was our understanding, following the statement made by the house leader, that on Saturday we would spend the hour between five and six o'clock on private and public bills, to recover time that had been lost previously. We have not spent this hour on those matters.

I also understand it was suggested by the house leader that if we did not do that, we would adjourn at five o'clock. I rise on a point of order because it was our understanding that between five and six o'clock on Saturday private and public bills would be dealt with, and that procedure has not been followed.

Mr. Churchill: Mr. Chairman, the hon. member is inaccurate in his statement. I threw out the suggestion the other night that on Thursday between five and six o'clock, or alternatively on Friday between five and six o'clock, we might deal with private and public bills.

Mr. Winch: On Saturday.

Mr. Churchill: Yes, on Thursday or Saturday. This was to be in exchange for the hour missed on Tuesday.

Mr. Winch: Was it agreed to by all parties?

Mr. Churchill: It was not agreed to by all parties. The second suggestion that I threw out was that if we finished justice, fisheries and forestry early today, I would be quite prepared to move the adjournment of the house. I thought perhaps hon. members would finish by 4.30. However, that has not happened, so we are continuing.

Mr. McIlraith: That is right.

Mr. Herridge: Mr. Chairman, I have had so many phone calls lately and committee meetings—

Mr. Brunsden: And letters.

Mr. Herridge: —and correspondence—

Mr. Brunsden: Yes.

Mr. Herridge: —and visitors—

Mr. Brunsden: Yes.

Mr. Herridge: —that I have had very little time to do much reading or get together a few notes in anticipation of the estimates of this important department. However, I do want to say that the members of this group, naturally, having urged the necessity and the need for a Department of Forestry for many years, are very pleased that this department has been formed. In forming this department the government has recognized the importance of the management of our forests, the needs of the industry so far as the department is concerned and, on that account, the necessity for a department whose sole responsibility is to devote its attention to these matters.

Before proceeding I wish to compliment the minister on his appointment as the first Minister of Forestry for Canada. I wish him every success in all he undertakes with respect to the activities of his department. I think it will provide a great opportunity for plenty of work because there are a great many things which require to be done and which have not been done in the past. The minister will have an opportunity to do these things because of the establishment of this department, provided, Mr. Chairman, that in the years to come we see the estimate for the Department of Forestry is considerably greater than $15,464,427. I do not think it would be fair, possibly, on the first estimates of this department to expect too much, but when we consider the importance of the forest industry to the economy of Canada I think it is quite right for hon. members of this house to expect to see that importance recognized in the years ahead by a greatly increased estimate for this department.

Mr. Chairman, as I said before, I am going to speak quite briefly on this subject. The forests of our country, their management and the forest industry are very seriously affected by the policies of both federal and provincial governments. It is one of those spheres where there is a great deal of overlapping in a number of aspects. Therefore the first essential, if this department is going to be a success and if the management of our forests is going to be along the proper lines and our industry is going to prosper, is that there should be co-operation between federal and provincial governments to this end. I do urge that every effort be made on the part of the minister to promote this co-operation, particularly in view of the opportunities provided him as minister of this new department.

I think a second essential is a national policy for the conservation, development and utilization of our renewable natural resources, of which the forest resources are a very major portion. I trust that as a result of the resources for tomorrow conference we will see a step forward in that direction. For years we have urged as a second necessity the need for a national policy to this end. If the department has the funds, if we have the required federal-provincial co-operation, and if we have agreement on principles and policies with respect to the conservation, utilization and development of our natural resources, we are on the right road to steer a steady and permanent course for the greater development of this industry.

I listened with interest to the minister's speech, which naturally on this occasion dealt with the organization of his department. I was glad the minister informed the committee of this organization and certain aspects of it. The minister told us that the heads of branches in this department are, as we anticipated, experienced personnel who have had service in this field. The minister also said that the recruits to the department would be obtained through civil service examinations, and so on.

Then the minister mentioned a matter that is interesting to me. I refer to the co-ordination within the department, particularly with regard to the various branches that have to do with forest management, forest development, forest research, forest products research and research into diseases, pests, and so on. The minister then mentioned his plans for co-ordination with other departments, particularly, I presume, with the Department of Agriculture and the Department of Mines and Technical Surveys. He then mentioned it is the intention of his department to co-operate with various international organizations which are concerned with the international aspects of the development of the forest industry. I think that is a very important segment of the department's activities which can be developed to a greater extent in the years ahead. It is very closely related to the scientific development and utilization of forest products and also to our marketing abroad.

I was interested recently to read an article in *Saturday Night*. The only reading I do is usually in bed after eleven o'clock in order to try to get some sleep when I have been particularly annoyed by a speech made by someone on the benches opposite. This is an interesting article and very thoughtfully

written by Mr. Robson Black. It expresses a changed relationship between the forest industry and the rest of our economy as well as a changing situation inside the industry itself. The article appeared in the issue of April 2, and it reads in part:

The fortune-tellers who once spelled out Canada's destiny appraised the nation's timberlands as a diminishing and expendable asset in the balance sheets of the future. They did not foresee that a perishable resource can do something better than to perish; it can add and multiply.

That shift in emphasis only occurred because of the change which has come about in the attitude to our forest resources taken by governments and, fortunately, in recent years by industry itself. The writer goes on to say:

The most dramatic proof that Canada has emerged from forest exploitation to "resource management" is the decision of the pulp and paper industry to double production by 1980.

That would have been unheard of 20 years ago.

Such doubling entails an extraction of an additional 15 million cords of wood annually, more than twice as much as is now required. To attain that level of raw material will impose a systematic harvesting of the increment of the tree growth without impairing the total "capital stock". This may seem a curious sequel to early tales of Canadian saw mills "pursuing" the forest from township to township in an ever-widening swath of spoliation. Unfortunately it is from such storied accounts that so many Canadians rate their woodlands as a fugitive possession.

Unfortunately there are many people who still have that conception and who have not realized that a change in direction has taken place. I remember as a boy seeing timber thoughtlessly destroyed, though on a much smaller scale than has happened in the history of eastern Canada. But the assurance that our forests will be managed throughout the years is to be found in a statement such as I have read indicating that planning is taking place for tremendously increased production, because this is where self-interest will guide the activities of these companies engaged in the industry. The tremendous and increasing investment in the industry in plant and equipment will make the wise management of our forests necessary as a means of protecting the investment itself, otherwise the investment would not be made. The article goes on to say:

No other industry is so suited to Canada's natural advantages of great forests, abundant water and power supplies, in the utilization of which pulp and paper manufacture has made its own way without subsidies, price floors, guarantees or other forms of public assistance.

I think that is to the credit of the lumber industry, the pulp and paper industry and all segments of the forest industry. Then I read, further, in this article on the subject of the general situation in the forest industry and the pulp and paper industry:

[Mr. Herridge.]

Legislation and tax structures now encircling forest industry offer little encouragement to those seeking to practice constructive management on their timberlands.

I can assure hon. members that I have personal knowledge of this. I could speak with great feeling on this question.

They effectively erase whatever rewards an operator might expect from paying conservation costs on a public-owned estate. New forest regulations must be drafted, the tenure of licensed woodlands made secure and, in general, the long-outmoded concepts of government partnership with forest industry will have to be re-stated in enlightened terms. Lacking a prompt and liberal re-orientation on the part of the government landlord, the industrial tenant will be in no position to contribute his full quota to national advancement.

That was written, particularly, I think with respect to the type of timber management leases in operation in Ontario and, on a larger scale, in British Columbia. But even those who own their land and timber are suffering from the same disability and this is something to which both federal and provincial governments should give a great deal of attention.

The pulp and paper industry also faces a hazard of federal political policy that may constrict its competitive position in world trade.

The first hazard is related to uncoordinated and unscientific taxation policies. The next has to do with political policy which may constrict Canada's competitive position in world trade. The writer asks:

To what degree should Canada's economic program be shaped by the needs of her primary natural resources industries? Should protective tariffs and other restraints on imports seek to proliferate secondary enterprises, thereby raising production costs for the export industries and reducing the power of foreign markets to buy Canadian products?

I think there is a good thought there. While we want to promote the development of secondary industry, if we do so by means of protective policies and things of that sort we shall be affecting the greatest sources of our revenue, which are the lands, forests and mines of this country. The writer goes on to refer to Swedish public policy—and there is a lot to be learned from Sweden both in regard to government economics and forest management. He says:

Swedish public policy and advanced technical skills have succeeded in keeping the country's timberlands matched to the needs of 190 pulp or paper mills and 4,000 saw mills. Quite true, secondary industries also have multiplied and greatly prospered but without artificial stimulation. The Swedish government has adhered to a tariff protection scale never higher than 9 per cent, the lowest in the world except for Denmark. The national policy of minimum tariffs is, in effect, an ultimatum to secondary industry to "keep on its toes ", to compete for domestic and export trade through maximum technical efficiency in manufacturing processes and vigorous pursuit of home and foreign buyers.

In conclusion, this writer says:

> It is well to decide what Canadian product is most durably founded upon an ascending international demand and is best prepared to bring increase and enrichment to the Canadian people and new security to the nation's most vital natural resource. We must turn to our pulp and paper industry for the answer.

And also, I would say, we must turn to the other basic primary industries of this country upon which we depend so much for our prosperity. The minister dealt with a number of other questions. I wish to emphasize before concluding that I believe there is great scope for increased and improved public relations as one of the functions of the department in order that the Canadian people may better understand what this forest heritage means to them as far as prosperity, economic development and recreation are concerned.

I believe special consideration should be given to the taxation policies of both federal and provincial governments. Do you know, Mr. Chairman, the policies in this respect both federal and provincial are hit and miss in this regard? The large companies in Canada engaged in the forest industry get exemptions in respect of investments in road developments and other developments but the smaller operators do not enjoy the same advantages because of certain technicalities in the Income Tax Act. This is something which the minister will be well advised to consider, namely the position of the small operator under that act as compared with the position of the large operator. In some cases, of course, small operators lose advantages because of ignorance of the provisions and lack of advice from appropriate persons. In British Columbia, at the present time, the government of that province is actually taxing the owner of private land on his capital in standing timber. Not only does he pay land tax and a royalty when his timber is cut but he must pay a tax on his standing timber, too. That is just the same as taxing a man on his capital in the bank, or his capital invested in bonds, or on any other personal asset, rather than taxing him on the revenue, the interest, the income or the profit.

The last item I wish to mention, which I think is of tremendous importance, is the research which is required in respect of marketing. There are new opportunities opening up through the changing of conditions throughout the world. We in British Columbia believe that Asia is going to be one of the great markets in the future for the forest industry of British Columbia. I suggest that this department, in addition to its research into forest management, the protection of forests from insects and fire, forestry inventory activities, and the roads to resources program, as well as the very necessary research into forest products, should undertake a program of research in respect to marketing possibilities in addition to that which now takes place through the Department of Trade and Commerce.

Mr. Chairman, I have spoken quite briefly in discussing the few items which came to my mind as I sat here. Once again I should like to say to the minister, as one who has spent most of his life among trees, sawdust and horses, that I wish him well in all he undertakes in the management of this department, and look forward in the years ahead to a much larger appropriation and a great extension in his activities.

Mr. Horner (Jasper-Edson): Mr. Chairman, perhaps the committee will indulge me for a few moments during which time I wish to speak in regard to the estimates of the Department of Forestry. I should first of all like to congratulate the minister on his appointment as the first minister of the Department of Forestry, and suggest that he has a mighty big job on his hands to some extent occasioned by a difficulty in respect to federal-provincial co-operation.

We have heard a great deal this afternoon from the hon. member for Beauce about provincial rights. I suggest to him that, first and foremost, each time a province accepts a right it must also accept a responsibility. My remarks this afternoon will have reference to that subject.

In Alberta at this moment the forest areas are suffering from the most serious forest fire situation which has existed for some time. There are over 105,000 acres of forest land either burning, or burnt off. There have been 367 fires in the Edson area alone, with 30,000 acres of forest land burnt off or now burning. This is a very serious situation. I asked the Minister of National Defence on Tuesday last whether he had received a request for the assistance of the armed service. His reply was that he had not received such a request. I suggest this is the type of problem in regard to which there must exist federal-provincial co-operation. It appears that because of an unnatural pride on the part of some in regard to provincial rights the people of northwestern Alberta are facing a serious handicap which they should not have to face. At this moment, in all the towns of that area other industries are suffering serious hardships because of the fact that all available manpower is out on the fire lines. It seems reasonable to me to suggest that a co-ordinating council at

the federal level should be established to coordinate fire fighting activities in all provinces of Canada, so as to make available all the firefighting equipment possible, and to establish a system to facilitate the successful use of air force and army personnel to fight these very serious outbreaks of fires which are now taking place.

I should like to point out that there appears to be some delay particularly in respect of Alberta in making requests for help. This might well be the result of political reasoning more than because individuals do not wish more to be done in regard to this serious situation.

Before I conclude, Mr. Chairman, I should like again to make the suggestion I made to the minister shortly after his appointment. The forestry laboratories located at Kananaskis should be moved to the centre of the forest industry in Alberta, which I suggest is the Hinton-Edson area. I make this suggestion to him again because I feel that the centre of the timber industry in Alberta, being in that area, would lend itself to closer cooperation between the department's research facilities and the commercial operators so that the gap which it is felt has developed, between the research done by the department and the research it is felt should be done, might be lessened or perhaps eliminated.

I feel that the amount of money which the federal government is paying on a shared basis with the provinces, particularly in regard to forest inventories, reforestation and forest protection, should be considered seriously with a view to making sure that the provinces not only accept their rights but accept their responsibilities.

Mr. Herridge: Mr. Chairman, may I call it six o'clock.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. McIlraith: I wonder whether the house leader could indicate if the business for Monday and Tuesday is as was indicated at the conclusion of the sitting last night, and whether he is in a position to indicate what estimates will be taken up next week?

Mr. Churchill: Mr. Speaker, the legislative items which I indicated would be taken for Monday and Tuesday will retain their order, except for one matter which has appeared in *Votes and Proceedings* today. That is the motion in the name of the Prime Minister for the appointment of a special committee to consider and recommend changes which should be made to the War Measures Act. That will be the first item of business for Monday, which will be followed by the bill in respect to the Canada Shipping Act, and the other items that I outlined on Friday. In so far as the estimates are concerned, those of the Department of Public Works will be called next week. I do not think I shall go any further than that because of changes and adjustments that have been made during the last three weeks to accommodate individuals on both sides of the house.

At six o'clock the house adjourned, without question put, pursuant to special order.

[The following items were passed in committee of supply]:

ROYAL CANADIAN MOUNTED POLICE

Headquarters administration and national police services—

378. Operation and maintenance, $7,904,906.

379. Construction or acquisition of buildings, works, land and equipment, $85,088.

Land, air and training divisions—

380. Operation and maintenance, $41,915,086.

381. Construction or acquisition of buildings, works, land and equipment, $4,051,062.

Marine services—

382. Operation and maintenance, $1,886,590.

383. Construction or acquisition of buildings, works, land and equipment, $103,976.

384. Grant to the Canadian association of chiefs of police, $500.

385. Grant to the Royal Canadian Mounted Police veterans' association, $500.

Pensions and other benefits—

386. Pensions to families of members of the mounted police who have lost their lives while on duty, as detailed in the estimates, $14,022.

Land, air and training divisions—

578. Operation and maintenance—further amount required, $202,627.

Marine services—

579. Construction or acquisition of buildings works, land and equipment—further amount required, $10,888.

Pensions and other benefits—

580. Pensions to families of members of the mounted police who have lost their lives while on duty, as detailed in the estimates—further amount required, $1,872.

Loans, investments and advances—

Justice—

Penitentiaries—

600. To increase to $1,000,000 the amount that may be charged at any time to the revolving fund established by vote 628 of the Appropriation Act No. 2, 1955, and extended by vote 657 of the Appropriation Act No. 5, 1958, for the purpose of acquiring and managing any stores or materials required for penitentiary use; additional amount required, $400,000.

DEPARTMENT OF FISHERIES

134. Industrial development service, $806,750.

135. Field services administration, $1,060,400.

Conservation and development service—

136. Operation and maintenance, $6,495,000.

137. Construction or acquisition of buildings, works, land and equipment, $2,258,200.

138. Inspection and consumer service, $2,438,950.

139. Fishermen's indemnity plan administration, $278,000.

Special—

140. Canadian share of expenses of the international commissions detailed in the estimates, $930,000.

141. Acquisition of land and construction of a research field station for the international Pacific salmon fisheries commission, $110,000.

142. Newfoundland bait service, $534,700.

143. Educational work in fisheries techniques and co-operative producing and selling among fishermen, $115,000.

144. Fisheries Prices Support Act administration, $66,000.

145. Payment subject to such terms and conditions as the governor in council prescribes, of assistance to producers of salted fish on products designated by the governor in council, in the amount of 50 per cent of the laid down cost of salt purchased for their production, including authority to charge administrative costs to the vote in these estimates which provides for administration of the Fisheries Prices Support Act, $600,000.

146. Assistance in the construction of vessels of the dragger or long-liner type, subject to such terms and conditions as may be approved by the governor in council, $350,000.

147. Assistance in the construction of bait freezing and storage facilities, subject to the regulations established by the governor in council, $30,000.

148. Destruction of dogfish and other predators, $150,000.

Fisheries research board of Canada—

149. Headquarters administration, $221,850.

150. Operation and maintenance including an amount of $55,000 for contributions towards fisheries research and for scholarships, and authority to make recoverable advances of amounts not exceeding in the aggregate the amount of the share of the international great lakes fishery commission of the cost of work on lamprey control and lamprey research, $4,653,075.

151. Construction or acquisition of buildings, works, land and equipment, $1,469,700.

Conservation and development service—

521. Construction or acquisition of buildings, works, land and equipment—further amount required, $263,866.

522. Inspection and consumer service—further amount required, $155,000.

Special—

523. Canadian share of expenses of the international commissions detailed in the estimates—further amount required, $200,000.

524. Newfoundland bait service—further amount required, $30,000.

525. Assistance in the construction of vessels of the dragger or long liner type—further amount required, $150,000.

Fisheries research board of Canada—

526. Construction or acquisition of buildings, works, land and equipment—further amount required, $124,300.

HOUSE OF COMMONS

Monday, June 12, 1961

The house met at 11 a.m.

NEW MEMBERS

Mr. Speaker: I have the honour to inform the house that the Clerk of the house has received from the chief electoral officer certificates of election and return of two members, namely Mrs. Margaret Mary Macdonald, for the electoral district of Kings, and George Louis Chatterton, for the electoral district of Esquimalt-Saanich.

HOUSE OF COMMONS

TABLING OF LETTER OF THANKS FROM PRESIDENT OF UNITED STATES

Mr. Speaker: By leave of the house I should like to table a letter of thanks received from the President of the United States just before I left for the recent visit of parliamentarians to Washington. I think perhaps hon. members would like to hear the expression of appreciation.

Some hon. Members: Agreed.

Mr. Speaker: The letter reads as follows:

Dear Mr. Speaker:

The high point of my recent visit to Ottawa was the opportunity so generously accorded me to address the distinguished members of the Canadian parliament in the chamber of the House of Commons. Such an opportunity comes to few men and I am most grateful for it. I think the occasion was highly symbolic—and as such should be well noted throughout the world—of the splendid relationship enjoyed between your country and mine. In addition to registering my thanks for being invited to speak before parliament, I must add that I thoroughly enjoyed the experience.

Please accept my great appreciation for the very great consideration shown to my wife and myself during our visit to Ottawa. I note that you will be coming to Washington soon with other Canadian members of the United States-Canadian parliamentary group, and I hope to have the chance to thank you personally for your friendliness during my visit to Ottawa.

Sincerely,
John F. Kennedy.

VETERANS AFFAIRS

Seventh report of standing committee on veterans affairs—Mr. Montgomery.

NATIONAL DEFENCE

CANADA-UNITED STATES—ANNOUNCEMENT RESPECTING AIR DEFENCE AND PRODUCTION SHARING

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, for some time representatives of the Canadian and United States governments have been working on an agreement relating to the defence of Canada, more particularly to air defence and to the Canada-United States production sharing program. The objective of such an agreement was to reflect the desire of both governments to ensure more effective use of the productive capacities, skills and resources of each country and at the same time to demonstrate our mutual determination to improve the defensive strength of NATO and particularly of NORAD under it.

An agreement has now been concluded which contains three major terms, all of which are closely interrelated.

(1) By the terms of the Pine Tree line agreement of 1951, and a further agreement of 1955, responsibility for the Pine Tree line was divided between the two governments. Canada will assume responsibilities hitherto resting on the United States under these agreements for manning, operation, maintenance and financing 16 stations of this line. The take-over of these stations will begin immediately and will be carried out as fast as possible having regard to the R.C.A.F.'s capacity to assume these additional responsibilities, and will be so phased as to maintain the efficiency and effectiveness of the line.

(2) In consideration of the financial and other benefits which will accrue to the United States as a result of Canada's assumption of additional responsibilities under the Pine Tree agreements, Canada will be furnished with 66 F-101B interceptor aircraft and appropriate support equipment. These aircraft, title to which will be vested in Canada, will be armed with conventional weapons and will serve to re-equip R.C.A.F. squadrons allocated to NORAD and will be operated in accordance with NORAD plans. As aircraft are already in existence, being the latest of that series off the production line, deliveries will commence immediately

and will be phased in accordance with the R.C.A.F.'s ability to absorb them.

The cost of spare parts, flight simulators and related equipment for these aircraft will be shared on the basis of the United States paying two thirds and Canada paying one third. The cost of the armament to be obtained for the aircraft will be shared on the same basis.

(3) The United States agrees to the procurement in Canada of a number of F-104G aircraft, associated support equipment and initial spares to the total value of $200 million, of which the United States share will be $150 million and the Canadian share $50 million.

Mr. Speaker, I shall be asking leave at the conclusion of my remarks to table copies of the exchange of notes and the memorandum of understanding. So that the acting leader of the opposition and the acting leader of the C.C.F. party will have these notes and documents available now, I am sending them copies.

The aircraft procured will enable Canada and the United States to make a significant contribution to the collective strength of NATO under their respective mutual aid and defence assistance programs. The deliveries of these aircraft are to begin in mid-1963 following the completion of production of the aircraft of this type ordered for the first Canadian air division in Europe. It is anticipated that deliveries will be made at the approximate rate of 48 aircraft per year and will continue until the said sum of $200 million has been expended.

Mr. Speaker, this agreement, representing as it does an important and constructive development in Canada's defence relations with the United States, is futher evidence of the determination of both countries to maintain the operational effectiveness of the North American air defence system. It will make a significant contribution to the security of North America and to the European area of NATO as well.

I would stress that the approach of both governments has not been based on narrow self-interest but reflects a genuine effort to find a way for each to co-operate with the other, to the benefit not only of both but of mutual allies as well. The letter which we have just heard read from the President of the United States is the epitome of the relationship which is embodied in the agreement entered into.

The agreement is therefore more than just a bilateral agreement. It expresses the desire to make common use of those resources which each possesses and which can be made available for the benefit of each other and our partners in NATO in the pursuit of peace, and makes possible a more substantial contribution toward the security of the west than could be made by either government acting alone.

Despite past indications and the widely accepted views of military staffs in the western world, and statements of Russian leaders too to the effect that the U.S.S.R. was completely replacing bomber aircraft with missiles, it has not done so and is continuing to maintain a large and effective fleet of bombers. Indeed, the experience of all the nations in the western world has been that widespread changes have had to be made in plans, and various armaments have had to be discarded as events have altered decisions previously made and as the U.S.S.R. has changed or has departed from anticipated courses of action.

The Canadian government has done much to support disarmament, but recent world events re-emphasize that the U.S.S.R. is obviously not of that mind. In the days ahead we shall continue the representations which have been made in the past. Indeed, the Secretary of State for External Affairs will leave tomorrow for Geneva. At the same time we must realize that there is no survival in adopting the attitude that if Canada does not maintain her most effective defences her people will thereby escape havoc and destruction should war come. Canada, in common with the other nations of the free world, must therefore continue to maintain its defences.

Now I ask leave to table the exchange of notes and the memorandum of understanding in both languages.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, the announcement the Prime Minister has just made is an important one, and I am sure it will be welcomed by the country at large. The Prime Minister has divided his announcement into three parts. He has referred first to the assumption by Canada of the Pine Tree line and the 16 stations, in consideration for which Canada will get the 66 Voodoo fighters for certain purposes. Third, the United States agrees to procure from Canada 200 F-104G aircraft to the value of roughly $200 million.

In so far as the general purport of the Prime Minister's statement is concerned, I say at once that we on this side of the house welcome it. However, there are certain aspects on which I should like to comment briefly. I feel that so far as the F-101 jet fighter, the Voodoo, is concerned, we on this side are glad to see this replacement. We think it is a worth-while replacement; we should have this

aircraft in order to allow the R.C.A.F. to control and maintain sovereignty over Canadian skies.

In so far as the cost is concerned, that is another matter. If we add into the deal the cost of the operation and maintenance of the Pine Tree line, this amount will be but a down payment on the triangular deal.

In so far as the deal itself is concerned, I cannot refrain from making this comment; that if the government had put as much effort into selling the Avro Arrow, which was the most advanced interceptor in the western world, we might have been successful in achieving this agreement much earlier. It is unfortunate that the effort was put into selling the United States plane, even though it is extremely helpful that a substantial part will be purchased from Canadair of Montreal and the Orenda engines from Toronto and Malton as well. It seems to us if that had been done and much more effort had been put into trying to sell the Canadian plane, our research and development in Canada should not have suffered.

The original deal, sir, included, I believe, a triangular exchange of the CL-44, which is built by Canadair in Montreal, for the F-101. It seems to us on this side of the house that deal would have been more advantageous than the one which has been announced. We regret that because of this long procrastination on the part of the government it has taken now many, many months, running into several years—

Mr. Speaker: Order. I have not restricted the hon. member's comments which, to some extent, approach a debate. However, I think if he proceeds, using words such as "procrastination", he will definitely be entering a debate.

Mr. Diefenbaker: There must be a reply, too.

Mr. Speaker: I would ask the hon. member to confine his remarks to relevant comment, but to make such reservation of approval as he sees fit, reserving his right to debate the matter later.

Mr. Chevrier: I say to Your Honour that in the course of my remarks I have tried to be as objective as possible. I have stated we are supporting and approving the deal. I have stated also, sir, in accordance with the rights of the opposition, that there are certain shortcomings in the deal. If I have used any—

Mr. Speaker: Order. The hon. member is entitled to comment, of course, but the distinction I ask him to preserve is between factual disagreements with the policy announced and to refrain from the accusation charged which is implicit in the use of a word such as "procrastination". If the hon. member can walk that narrow path he will be in accordance with our better practice.

Mr. Chevrier: Mr. Speaker, I shall keep away from the use of that very bad word. Perhaps I may use the word "delay" and say there has been, it seems to us, a great deal of delay.

Mr. Diefenbaker: Mr. Speaker, I have no objection to the hon. gentleman saying these things, but I am going to ask for the right to reply.

Mr. Chevrier: If I understand—

Mr. Speaker: Order. I do not wish to establish a new practice. In this house we have followed a course permitting the government to make factual statements in respect of policy or administrative action, as in this case, as well as allowing comment from the opposition without thereby entering into a debate. This practice is not easy to apply or to follow. When it is clear that a statement is for the information of this house and is presented here rather than having hon. members of this house receive the information elsewhere, the right of comment is very limited, and if the comment goes beyond that limitation or tends to enter into the realm of the making of assertions of a controversial character which no hon. member could expect to leave unchallenged, then the problem is presented that the government inevitably seeks the right to comment on that sort of statement.

It has not been the practice to permit the minister to reply. I have indicated that where, in the course of comments from the opposition a statement has been misinterpreted it is an inherent right of the minister as it would be of any member whose statement had been misinterpreted to seek to correct the misinterpretation by an explanation. But I would not like to see the practice develop, unless by consent of the house, of replying in kind to remarks which have been improperly permitted to go on the record. Therefore I trust that the hon. member for Laurier will not put the Prime Minister, who made the statement, in the position of having either to leave the accusation stand or ask to initiate a new practice.

Mr. Chevrier: Mr. Speaker, I would have thought that my comments were fair, and I ask permission to complete the remarks which I intended to make. They are these. While we are glad to know that the government has taken belated action in respect of this deal, which is four years old, we are sorry that the exchange could not have been more beneficial to Canada.

In so far as the financial aspects and implications of the deal are concerned, namely their effect on the treasury and the economy of the country, I think we shall have to look carefully at the deal itself, and perhaps when the estimates of the Department of National Defence are up for consideration we shall then have an opportunity to deal more extensively with the matter.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as the representative of a group which has a great respect for our parliamentary institutions I shall do the best I can to properly walk the tight rope of parliamentary procedure and propriety at this time.

I thank the Prime Minister for sending over this correspondence and memorandum of understanding. Of course he will understand that we have only a few minutes to glance at it. The announcement he has just made is very important, involved and complicated; therefore I am sure the house will understand that we shall require time to study it fully and appreciate all its implications. We shall take that time, Mr. Speaker, and deal with the matter fully on the defence estimates.

However, I do want to say—and may I say I am speaking personally now, without consultation with my colleagues—that this has wider implications. In view of the cancellation of the contract with the Avro people, a British firm, to their great cost and inconvenience, and in view of our present relations with Great Britain and concern over the common market and so on, I think this has broader implications than are confined just to this straight matter of the announcement and the issue at stake. I trust that members of our group will deal with those general and broader aspects on the appropriate estimates.

Mr. Diefenbaker: The hon. member for Laurier mentioned that I had said there would be 200 F-104G's involved in the deal. That I did not mention. I do not wish to enter into a debate, but the statement made in comparing this deal with the Avro matter cannot pass unchallenged. There has been no delay or procrastination.

Some hon. Members: Order.

Mr. Diefenbaker: No one would buy the Avro. That is the reason it was not sold. We endeavoured everywhere to sell it but the cost was prohibitive.

Hon. Paul Martin (Essex East): Mr. Speaker, on a point of order. After listening to what Your Honour had to say about the practice that you did not wish to see develop, does Your Honour not think the situation might well and effectively be dealt with if the government would follow the practice of its predecessor and give the Leader of the Opposition and the leaders of the other parties some indication, at least some reasonable length of time before the house opens, as to what the government proposes to discuss? Of course, to present an invalued proposed agreement half way through a statement by the Prime Minister is an affront to this house.

Mr. Speaker: The hon. member is asking me a question. I am not here to answer questions of that kind. The hon. gentleman has not raised a valid point of order.

The practice is that new information is brought to the house in this way. It is brought by way of information rather than by way of discussion. I think on both sides the normal practice has been exceeded. Perhaps it would be advantageous for the committee on procedure to have a look at this practice, which is one which creates problems for the Chair from time to time.

If the statement is purely factual—and in this case there was, in addition to the statement, some discussion—then I should think that opposition members should limit their remarks to purely factual statements. When statements of opinion are added, on both sides, it is very difficult to restrict discussion. I hope that hon. members on both sides will consider that matter, and I hope the committee on procedure will also consider the problem that arises.

BILLS OF EXCHANGE ACT

AMENDMENT OF REGULATIONS RESPECTING SALE OF MORTGAGES

Mr. Arnold Peters (Timiskaming) moved for leave to introduce Bill No. C-106, to amend the Bills of Exchange Act (Instalment Purchases).

Some hon. Members: Explain.

Mr. Peters: Mr. Speaker, the purpose of this bill is to establish a difference in the controls that are used as between the selling of straight mortgages and the selling of chattel mortgages. What we have done in this bill is to apply to the Bills of Exchange Act the regulations that now apply under the Patent Act. Those regulations have worked effectively in Canada and have been copied in other countries throughout the world. The application of these regulations to the Bills of Exchange Act will have the similar effect of providing protection and eliminating abuses under this act.

Motion agreed to and bill read the first time.

WAR MEASURES ACT

ESTABLISHMENT OF SPECIAL COMMITTEE TO CONSIDER AND RECOMMEND CHANGES

On the order: Government notices of motion:

June 9—The Prime Minister—The following proposed motion:—

That a special committee be appointed to consider and recommend changes that may be desirable in the War Measures Act;

That the committee consist of fifteen members to be designated by the house;

That the committee be empowered to sit during the sittings of the house;

That the committee have power to send for persons and papers;

That the committee have power to print such papers and evidence from day to day as it may deem advisable and that standing order 66 be suspended in relation to the printing thereof; and

That the committee be empowered to report from time to time.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands transferred to and ordered for consideration under government orders later this day.

Mr. Churchill: Next sitting of the house.

MOTION FOR PAPERS

C.N.R. PROPERTY RENTAL

Motion No. 144—**Mr. Pigeon:**

For a copy of the contract, correspondence, and other documents exchanged between the Canadian National authorities and the Meunerie Coopérative de Joliette (Joliette Co-operative Flour Mill), following the acquisition by, or rental to, the Meunerie Coopérative de Joliette, of the Canadian National property.

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I wonder whether my hon. friend would agree to let this motion stand.

Mr. Pigeon: I agree.

Motion stands.

TRADE

EUROPEAN COMMON MARKET—MEETING OF COMMONWEALTH PRIME MINISTERS

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Prime Minister and ask whether the hon. gentleman has anything to report on his proposal to the British government that a meeting of the commonwealth prime ministers be held to discuss Britain's entry into the common market?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I have nothing to report at this time. I will possibly make a statement tomorrow.

Mr. Chevrier: When?

Mr. Diefenbaker: Tomorrow.

REPORTED STATEMENT BY ONTARIO CABINET MEMBER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce based on a statement reported to have been made by Hon. J. Wilfrid Spooner, minister of lands and forests of the province of Ontario. I wish to quote the statement because it causes some eyebrow raising, to say the least. The statement reads in part:

Canada needs more salesmen in Europe, lands and forests minister J. Wilfrid Spooner said yesterday following a tour of the United Kingdom, France, Switzerland, West Germany, the Soviet union, Sweden and Finland.

He said Canada's trade representatives should intensify their activities. In his view, these officials are highly qualified but are hampered by a shortage of staff and inadequate facilities.

Would the minister inform the house whether, in his opinion, his department has the number of trade representatives with adequate facilities necessary to satisfactorily promote the sale of Canadian products abroad?

Hon. George H. Hees (Minister of Trade and Commerce): Yes, Mr. Speaker. I thank the hon. member for giving me notice of his intention to ask the question. I have checked into the matter, and I understand that Mr. Spooner was referring to the commercial representatives of commercial companies which he felt were in greater need in the markets in which he had been travelling.

With regard to our own trade commissioners, permit me to say that we have 120 commissioners presently stationed abroad in 62 posts in 48 countries. Their offices are located in the principal commercial centres of the world. The record indicates that these men are well trained, enthusiastic and effective. The annual report of my department for the year 1960 records that their joint efforts influenced more than $100 million worth of new export business for Canada in that year.

May I also remind the house of the effective trade promotion work that these officers have carried out in consequence of the export trade promotion conference held in Ottawa last December. I regularly receive letters of commendation from Canadian businessmen who indicate that they are getting the trade promotional assistance from the trade commissioner service of which they stand in need.

The service recruits new officers annually. Seven young men are in the last weeks of

their training now and will be going to their first posts by early autumn. Twelve new recruits are about to report for training. With these young men we will be able to strengthen posts which need additional officers; equally, we will be able to open new posts where this is warranted. In the last 18 months we have been able to open four new posts at Canberra, Moscow, Lagos and Philadelphia. I believe that the record of new business influences, the approbation of Canadian exporters, and the international reputation of the Canadian trade commissioner service indicate that it is meeting its responsibilities.

With regard to greater efforts being made abroad by the sales representatives of commercial firms in Canada, I agree with Mr. Spooner that there are tremendous additional sales opportunities for many of our products in the markets of the world. I believe that, and I have urged continually upon Canadian firms which produce goods for which there is a market abroad that they intensify their selling efforts in these potential markets.

EXTERNAL AFFAIRS

LAOS—INQUIRY AS TO CURRENT SITUATION

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Secretary of State for External Affairs a question arising in part out of the Prime Minister's statement of a few moments ago. When the Prime Minister referred to disarmament and the difficulties attending that problem, he indicated that the Secretary of State for External Affairs was going to leave tomorrow for Europe. Will the Secretary of State for External Affairs say whether he is leaving for the purpose of attending unexpected disarmament discussions, or for the purpose of attending the conference in Geneva dealing with the situation in Laos? In the latter event, will the Secretary of State for External Affairs give the house a report as to the Laotian situation as he now sees it?

Hon. Howard C. Green (Secretary of State for External Affairs): Mr. Speaker, I expect to be attending the conference at Geneva dealing with the situation in Laos. As a result of the discussions between the United Kingdom and the Soviet co-chairmen yesterday this conference resumed its work this morning. The co-chairmen at the same time reiterated their appeal of April 24 to the parties in Laos to co-operate with the international supervisory commission in effecting control over the cease fire. As yet there has been no reaction by the parties in Laos to the commission's letter of June 8 expressing serious concern at the violation of the cease fire and announcing its intention to visit a number of trouble spots and to report to the co-chairmen. A preliminary report setting out the commission's proposal to the parties has already been forwarded to the co-chairmen.

In the meantime, I believe that the princes heading the three principal parties in Laos have arranged to meet tomorrow at Zurich for talks about the political questions connected with the settlement of the Laotian question.

If as a result of these various developments the cease fire is made more effective, the conference may then be expected to turn to the detailed consideration of the proposals which have been put before us relating to the international aspects of the Laotian problem. Canada, of course, is very much concerned about this problem of long term arrangements, and we shall be making our representations from time to time.

THE BUDGET

INQUIRY AS TO PROBABLE DATE OF PRESENTATION

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): I should like to address a question to the Minister of Finance. Now that another week in June has gone by, has the minister yet set a date for the budget?

Hon. Donald M. Fleming (Minister of Finance): No, Mr. Speaker. It will not be possible to bring in the budget this week, but I hope soon to be in a position to announce the date to the house.

NATIONAL DEFENCE

LAKEHEAD—INQUIRY AS TO ESTABLISHMENT OF ARTILLERY UNIT

On the orders of the day:

Mr. Hubert Badanai (Fort William): I wish to direct a question to the Minister of National Defence. Has the minister received an offer from the Canadian lakehead exhibition to the effect that they would welcome the establishment of an artillery unit within the grounds of the exhibition? Can the minister inform the house whether such a unit is now being contemplated?

Hon. D. S. Harkness (Minister of National Defence): I do not recall receiving any such communication from Fort William, Mr. Speaker, and I have no knowledge that the creation of such a unit is under consideration, although that may well be the case. I would have to inquire into that matter and give an answer later as far as the latter part of the question is concerned.

CANADA SHIPPING ACT

Hon. Leon Balcer (Minister of Transport) moved that the house go into committee to consider Bill No. C-98, to amend the Canada Shipping Act.

Motion agreed to and the house went into committee, Mr. Chown in the chair.

On clause 1—"*Builder's mortgage*".

Mr. Chevrier: Will the minister make a statement in connection with the further discussion of this bill?

Mr. Balcer: I made quite a lengthy presentation on second reading of this bill. The bill was sent to the committee on railways, canals and telegraph lines, where many experts appeared as witnesses. I had four or five of my officials who with myself answered many questions. Also a representative of the pilots appeared as a witness and was questioned, as well as a representative of the guild, Mr. Langlois, who appeared also as a witness. In the committee an extensive study was made of the bill clause by clause, so at the present time I do not intend to add to what I said earlier.

Mr. Chevrier: There are many objectionable features to this bill which were brought to the attention of the minister during the sittings of the committee on railways, canals and telegraph lines, and I should like to deal with them now. They have to do with exemption from payment of pilotage dues of United States vessels moving in the pilotage district from Montreal to Cornwall-St. Regis, giving the United States vessels a privilege which they do not possess under the treaties signed between Canada and the United States over the years. There is the question of sovereignty involved in this matter, wherein I believe Canada is ceding to United States vessels sovereignty in purely Canadian waters, and there is also involved a question of safety in navigation.

In order to put the matter in perspective I think I should say there are seven groups of pilots established on the Seaway. There are four groups, totalling 200, whose territories cover purely Canadian waters. There are the groups in the Quebec district which involves an area from Quebec to tide water; in the Montreal district, which involves an area from Montreal to Quebec; in the harbour of Montreal; and fourth, in the Cornwall district, which is the pilotage district established last November by the Department of Transport and which extends from Montreal to Cornwall-St. Regis.

Then there are three other groups totalling 92 men whose territories cover international waters. They are the three districts known as international pilotage districts: district No. 1, Cornwall to Kingston; district No. 2, Welland canal and waters connecting lakes Erie and Huron; and district No. 3, waters connecting lakes Huron and Superior.

Beginning May 1 of this year the so-called great lakes pilotage regulations which have been worked out over two years of negotiation between Canada and the United States, came into effect. I refer here to the act which was passed last year and which is known as chapter 40 of the Statutes of Canada 8 and 9 Elizabeth II, 1960, which established part VIA of the Canada Shipping Act and set up what is known as great lakes pilotage.

What is rather astounding to me is that this was done after an agreement had been entered into between the Minister of Transport acting on behalf of Canada and the secretary of commerce of the United States. This agreement was signed by the present Minister of Transport on May 1, 1961 and by the secretary of commerce of the United States on April 28, 1961. It is strange that in this agreement, which covers the whole field in the great lakes, no mention whatsoever is made of the exemption from payment of pilotage dues in the area from Montreal to Cornwall-St. Regis.

In order to bring the matter, as I think it should be brought, to the attention of the committee, it is necessary to point out that what is being sought here is this. Perhaps I should just put on the record again what is demanded by the government through the Department of Transport, namely that ships registered in Canada or the United States whose operations are upon the great lakes, or between ports in the great lakes and the St. Lawrence river, or whose operations are primarily as described in subparagraph 1 and which make occasional voyages to ports in the maritime provinces of Canada while operating in any pilotage district on the St. Lawrence river above the pilotage district of Montreal, shall be exempt from the payment of pilotage dues.

As was stated in the committee, this has the same meaning and effect as the exemption from compulsory pilotage. Therefore this means that United States ships travelling in the Montreal-Cornwall-St. Regis district will be exempt from the payment of pilotage dues. In other words, it will not be necessary for them to have a Canadian pilot on board. They may, if they wish, take one on, but there is no obligation so to do, and the masters and mates of those vessels may, if they so desire, take the ship right through.

I say, first of all, that this is an infringement upon the sovereign rights of Canada in these international waters. In so stating I should like to make brief reference to the

manner in which this whole subject was dealt with by treaty. I refer to the evidence given by Dr. Skelton, former deputy minister of external affairs, before a committee of the other place dealing with the development and improvement of the St. Lawrence river. This evidence can be found in the proceedings of a special committee of the other place in 1928. Dr. Skelton was giving evidence before that committee, and he dealt with the various treaties covering this matter. I refer to page 70 of those proceedings and I quote Dr. Skelton's words:

> Coming then to the treaties dealing with the St. Lawrence, we begin, of course, with the treaty of 1783, ending the war of American independence. It was there provided, you will recall, that the boundary between the United States and Canada was to run along the 45th parallel—

That is the 45th parallel of latitude:

> —until it struck the St. Lawrence and was to follow the middle of the river St. Lawrence up to lake Ontario.

There was some dispute about the line, which I need not go into now. Then Dr. Skelton went on:

> Now, the next treaty point to which I need refer is the Ashburton-Webster treaty of 1842 . . . Article 7 of the Ashburton-Webster treaty reads as follows:
> "It is further agreed, that the channels in the river St. Lawrence on both sides of the Long Sault islands and of Barnhart island, the channels in the river Detroit, on both sides of the island Bois Blanc, and between that island and both the Canadian and American shores, and all the several channels and passages between the various islands lying near the junction of the river St. Clair with the lake of that name, shall be equally free and open to the ships, vessels and boats of both parties."

Dr. Skelton went on to deal with the treaty of Washington which was passed in 1871, article 26 of which reads as follows:

> The navigation of the river St. Lawrence, ascending and descending from the 45th parallel of north latitude, where it ceases to form the boundary between the two countries, from, to, and into the sea, shall forever remain free and open for the purposes of commerce to the citizens of the United States, subject to any laws and regulations of Great Britain or of the dominion of Canada, not inconsistent with such privilege of free navigation.

Then Dr. Skelton said:

> That is from Cornwall to St. Regis. The second paragraph of the same article provides:

I will not read it because it deals with rivers other than the St. Lawrence. Until the treaty of 1871 there was never any question of conferring on United States citizens any rights below the Cornwall-St. Regis line. Then we come to the boundary waters treaty of 1909, the preliminary article of which reads as follows:

> For the purposes of this treaty boundary waters are defined as the waters from main shore to main shore of the lakes and rivers and connecting waterways, or the portions thereof, along which the international boundary between the United States and the Dominion of Canada passes, including all bays, arms and inlets thereof, but not including tributary waters which in their natural channels would flow into such lakes, rivers and waterways, or waters flowing from such lakes, rivers, and waterways, or the waters of rivers flowing across the boundary.

Then Dr. Skelton added this significant statement:

> Now, there may be boundary waters to which article 1 specifically applies. Boundary waters roughly include part of the St. John river, the Ste. Croix river, the St. Lawrence river from Cornwall to lake Ontario—

That is above, but not below. He was asked this significant question by Hon. Mr. Reid:

> But would not include from Cornwall to the sea?
> Dr. Skelton: It would not, senator.

So I say all the rights which have been given by treaty to United States vessels and United States citizens have to do with international sections of the river, that is from the Cornwall-St. Regis line, the international boundary line, up to the head of the great lakes; but the area from the Cornwall-St. Regis line down to the gulf has been considered through the years to be purely Canadian waters.

What is being done here is to enact a bill by way of an amendment to a section which has the effect of a treaty giving rights to United States vessels which they do not possess today. What we are doing, sir, is abandoning to the United States our right to insist that their ships be piloted by Canadian pilots in an important and costly section of the St. Lawrence river. Furthermore, we are abandoning our right to determine the qualifications necessary for such pilots in this section of the river. We thereby concede to the United States a status equal to that of the owners and operators of our own vessels. We therefore lose our legitimate right of control of navigation in these waters, and we do all this without treaty. There is therefore no give and take.

The minister stated during the sittings of the committee that as far as he was concerned nothing would be done below Montreal, and we replied that we think this is a step in that direction. It is all right for the minister to give his assurance that this will not be done, and I am sure that in making that statement the minister was sincere. However, we know that conditions change, that circumstances alter, and a minister may move from one department to another. A statement such as that has no value with respect to legislation; it has no effect and no legislative force at all.

There is therefore being enacted here legislation which we fear will be a step toward exempting the other districts from the payment of pilotage dues. What is very difficult

to understand is why Canadian ships should be included in this when they are exempt already by an amendment to the Canada Shipping Act. The committee will probably have realized that under one of the sections of the Canada Shipping Act, namely section 346 (e), steamships registered in any part of Her Majesty's dominions are exempt from the payment of pilotage dues. It is difficult to understand why we should create a redundancy by including them in this bill.

There is also the question of safety of navigation. I think it should be brought to the attention of the committee that the waters from the Cornwall-St. Regis area down to Montreal are dangerous waters; they are considered as treacherous in some areas. In fact I believe the water drops close to 100 feet from that point down to the port of Montreal. Very costly navigation facilities have been constructed in this area. There are the St. Lambert lock and the Ste. Catherine lock on the south shore, the two locks at Beauharnois, the channels between these locations and the stretch from the upper Beauharnois to the international boundary line. Why the government has seen fit to exempt this area and put it in the same class as the international pilotage area is difficult to understand, particularly when last year it introduced legislation in this house which covered those international waters in the great lakes area. It seems that after this was done negotiations were entered into between Canada and the United States, in which Canada probably gave the United States to understand that it would grant this exemption in a purely Canadian section of the river.

It has been clearly stated in the committee that this is a serious infringement of the rights of the pilots, let alone the sovereign rights of Canada. In any event, from the point of view of safety there is also the consideration that pilots who normally operate for six to eight hours will, because of this, have to work longer hours. Hence it seems to those of us who sit on this side that there is an injustice being done to the Canadian pilots.

I shall not repeat here what was said by Mr. Lalonde appearing on behalf of the pilots and by Mr. Langlois appearing on behalf of the guild, but it is worth while to remind the minister of the definitions which were given in the former act, chapter 40, referred to earlier, where the great lakes pilotage area was described. It is clear that the description ends at the Cornwall-St. Regis dividing line.

Then the minister indicated, in the committee, I believe, that the Cornwall-Montreal district would remain as it is, and that ships whose captains were desirous of taking on pilots could do so. This would mean that the Canadian government would have to maintain a pool of pilots, presumably, in the Cornwall area at the city of Cornwall; because if United States vessels are going to have the option of taking on pilots, pilots must be provided and a pool established. I presume the logical place for that would be the city of Cornwall. However, there would be no obligation upon the captains of United States vessels to use these pilots, and they might well decide to sail right through without using the services of the pilots.

The objection we see to the part of the bill with which I am now dealing is twofold. First, it is giving to United States vessels rights which they do not now possess by treaty. All the rights and privileges of United States citizens in the international waters of the St. Lawrence have heretofore been granted by treaty, and it is difficult to understand why in a section which is purely Canadian an attempt is being made to give an exemption which does not exist in the rest of the waters of the St. Lawrence. The next point to which we draw attention is the fact that in this area the waters are swift and treacherous. We object to the provision now being made. We think it should be made compulsory to take on pilots, and that this exemption should not be granted.

These are the remarks which I have intended to make, and I hope they will be received by the minister in the manner in which I feel they should.

Mr. Smith (Simcoe North): I wish to direct my remarks to the point which has been covered by the hon. member for Laurier. We cannot take a narrow or parochial view of this amendment. The St. Lawrence seaway is one, from Fort William and Port Arthur in the west to Montreal in the east, and from the United States ports of Duluth and Chicago in the American west to Montreal in the east. There is no practical possibility of devising an artificial boundary or terminal for the seaway at Cornwall or St. Regis. The economic end of the seaway is Montreal, and that, too, is where the United States contribution to the works of the seaway stopped.

We have heard the hon. member for Laurier demand on many occasions that an economic survey of the effect of the seaway be made. I represent a riding on Georgian bay, part of the great lakes system which was probably more affected in its economic life by the seaway than any other part. Many of us, and many other people interested in shipping, wish that the survey which the hon. member now requests had been made when he was in a position of administrative responsibility and could have had it carried out himself.

In order to straighten out a few of the facts I think a timetable of the negotiations which preceded this amendment might be useful to the committee. We shall begin in the summer of 1960, a year ago. Negotiations for the joint pilotage of all the confined waters of the seaway between ourselves and the United States began in September, 1960. The pilots between Kingston and Montreal made certain demands on the government—we should be clear as to this—prior to November, 1960. There was no compulsory pilotage, nor was there compulsory payment of pilotage dues between Kingston and Montreal in either section of that area.

In September, 1960, the pilots in that area made certain demands or requests of the Minister of Transport. As a result of these requests the area from Kingston to Montreal was made a compulsory pilotage dues area. I think the exact date was November 17, 1960. At that time the pilots were told that United States shipping would likely be exempted in this particular section. The pilots told us in the committee that they did not agree, and I can understand that they did not agree. However, they were certainly warned in November, 1960 of what was going to happen.

Following the order in council and the negotiations, a press release was issued by the pilots in Montreal. The United States representatives negotiating the agreement took up this press release and brought it to the attention of representatives of the Department of Transport who were negotiating with them. They said that if we wanted to get an over-all agreement with the United States we would have to exempt United States vessels from the payment of compulsory pilotage dues in this area, St. Regis to Montreal. I think that is an understandable demand on the part of the United States. After all, it has contributed many millions of dollars to the improvement of the seaway works in that particular area of the seaway.

I should like to again emphasize the fact that Montreal is the eastern terminal of the seaway. Much has been made of the fact that this particular area was not included in the agreement, nor in the definition of the great lakes basin. As I understand it, the reason for that is quite clear. The area from St. Regis to Montreal involves only Canadian waters, just as the waters of lake Michigan are completely United States waters and are not covered by the agreement. However, the United States has exempted our ships from compulsory pilotage regulations in respect of the waters of lake Michigan.

As a final note regarding the sequence of events which preceded this amendment, I should like to say that agreement with the United States in respect of pilotage was concluded in May of this year, and provides equal pilotage rates in those sections of the waters which are bordered by the two countries.

A great deal has been said during this debate regarding sovereignty. It has been suggested that if we give up something by treaty we give up some of our sovereignty, because in order to recover that which we had lost a breach of that treaty would be incurred. I suggest we have not given up any of our sovereignty in this way because in respect of Canadian waters we have done this by act of parliament rather than by treaty. Surely there is no derogation of our sovereignty in the passing of a law which can be repealed by a future parliament. I suggested this involves much less in the way of derogation of our Canadian sovereignty than would be involved had it been done by treaty.

In regard to this subject, the hon. member for Laurier has suggested that we have established a precedent and that the United States will be asking next for free pilotage from Montreal to the open waters at the mouth of the St. Lawrence river. I suggest we have not established a precedent of that kind at all. The United States has contributed nothing to the building of the seaway works beyond Montreal and has no right to do so. However, we are dealing with portions of the St. Lawrence seaway development above St. Regis, toward which the United States has directed millions of dollars.

Mr. Chevrier: May I ask the hon. member a question? Did I understand him to say that the United States is spending millions of dollars toward this development?

Mr. Smith (Simcoe North): I said "has", using the past tense.

Mr. Chevrier: The United States has not spent one cent toward the development of this section of the seaway. Surely my hon. friend should know that.

Mr. Smith (Simcoe North): They did not?

Mr. Chevrier: The United States has spent money in the section from Cornwall to St. Regis upstream, not downstream.

Mr. Smith (Simcoe North): That is what I said. The hon. member misunderstood me, or perhaps I did not make myself sufficiently clear.

Regarding the question of sovereignty, it seems to me that one obvious area where we may have lost sovereignty resulted from the location of the eastern end of the western part of the works entering lake Ontario. It might very well have been located in the channel north of Wolfe island, and would

then have been entirely in Canadian waters, rather than south of Wolf island so that it is more logical to locate our pilot stations on the United States side.

I suggest that the issue in respect of safety is not a clear issue at all. The available statistics do not clearly establish the value of pilotage. A great many people fall into the common error of thinking that because a ship had an accident when there was not a pilot aboard, the accident occurred because of that fact. Surely that cannot be a valid understanding, because the corollary would be that if a pilot was aboard at a time the ship had an accident, regardless of the reason, the responsibility would be entirely his. In this regard I suggest that the department should keep statistics in such fashion as to indicate clearly whether these accidents resulted because of the fact that a pilot was or was not aboard.

It is true that these confined areas of the seaway are hazardous. However, I suggest the hazards are much less than before as a result of the great changes which have been made in recent years. Many Canadian captains as well as United States captains have had much experience in operating through the seaway. I suggest those captains have had much more experience in this regard than the captains of ocean going vessels. It must be remembered that great lakes masters, whether Canadian or American, because of their activities have much more experience in handling ships along this seaway than captains of sea-going vessels who are more interested in navigation. For that reason there are many more competent pilots among our Canadian and American masters than among the masters of those sea-going vessels. While much larger ships, such as the 735-foot bulk carriers, are now using the seaway, it must be remembered that those ships are equipped with many safety devices and are handled with greater ease than many of the older ships. I suggest the matter of safety, for that reason, is again inconclusive. I also suggest that if safety is a prime requirement, then compulsory pilotage is the answer.

It has been equated that the imposition of pilotage dues in effect makes pilotage compulsory. In the final analysis of the situation I suggest that is not true at all. However, if safety is a prime consideration there ought to be compulsory pilotage. In this regard, pilots have stated that the imposition of compulsory pilotage will not affect their earnings, and that they have been given the assurance it will not. We have been informed by pilots appearing before the standing committee that prior to November of 1960, when there were no restrictions at all, no ship, either Canadian or United States, attempted to go through this section of the seaway without a pilot. I suggest it will be some considerable time before any will make such an attempt.

When considering the effect of this amendment on the operation of the whole seaway and the great lakes system, I suggest it is a good one. Many bogeys have been raised which on examination are found to be invalid, and I do not think we should be embarrassed because of this amendment being made after our agreement with the United States.

Mr. Balcer: Mr. Chairman, the hon. member for Laurier raised many points this morning which had been raised earlier during our consideration in the committee, as well as during meetings of the standing committee on railways, canals and telegraph lines. I feel that many of his questions have been extremely well answered by the hon. member for Simcoe North, and that he has dealt with the most important of them. However, I feel it is my duty as minister to bring forward certain suggestions for the consideration of this committee so as to clarify the situation so there will be no misunderstanding regarding the policy of the government.

We are very fortunate in Canada in having extremely well qualified pilots. They are parts of very old corporations; they have ancient traditions. I should not like to leave the impression that we are in any way putting a strain on the very good relations that the Department of Transport, my officials and myself have always had with the members of the pilotage trade. However, I think I should take this opportunity to make sure that the committee has the actual facts as events happened prior to the decision of the government to bring forth this amendment.

As the hon. member for Simcoe North explained, there was a certain difficulty with the pilots last November. We had some very long sessions with them in which we discussed the general policy of the department on the matter of pilotage on the St. Lawrence, and also more particularly the formation of a new district for the Kingston-Cornwall-Montreal area. At that time the pilots made quite a point of this. They requested from the department, myself and the shipping authorities in Canada the imposition of compulsory dues for all ships except Canadian ships going from Cornwall to Montreal and from Montreal to Cornwall.

Well, that would have been quite a step, because by this move we would have recognized a new pilotage district, and we would be imposing compulsory dues in a pilotage district for the first time. Prior to that time all ships in that particular district had been

exempt, Canadian ships, commonwealth ships, British ships, foreign ships and United States ships. We wanted the pilots in that area to be put in the same position as other pilots on the St. Lawrence. We conceded that, but I remember very well—and I was the spokesman for the government—that I told the pilots myself that we were going to impose compulsory dues but at the first opportunity we would exempt United States ships by law, by an amendment to the Canada Shipping Act, because in all fairness we thought it would have been unfair and unnecessary to impose compulsory dues on United States ships.

The pilots themselves recognized the soundness of my argument. At that time, in November, I said to them, "Well, so that we do not upset the apple cart, and owing to the fact that it is pretty late in the season and we cannot have an amendment to the Canada Shipping Act except very late in the next session, will you exempt the Americans yourselves?" I simply said, "Is it satisfactory to you that as far as United States ships are concerned, you agree not to charge them anything until the end of the year?" The pilots, who were extremely pleased to see that we were imposing compulsory dues on foreign ships apart from United States ships, were agreeable to that. They agreed not to impose dues on United States ships. I remember very well they also said, "Of course we are not in favour of the exemption of any ships, so we will probably have to put in a sort of objection to that but it will be pro forma." That is pretty well the situation.

The hon. member for Laurier talked about sovereignty. I should like to remind the committee that there is absolutely nothing in this amendment to the shipping act which says that a United States pilot will do any pilotage in any Canadian waters. Of course, if any ship requires a pilot from the Canadian border and from St. Regis-Cornwall to Montreal and lower down the river, the law is there, the shipping act is there always to make sure that the pilot will be a Canadian. The only thing we are doing is exempting the Americans as we exempt commonwealth ships in those areas.

As far as safety is concerned, I think it is even more important and more logical to exempt United States ships than commonwealth ships for this reason. The United States ships are lakers and, of course, the United States laker captains have had experience in these waters; they have been plying in these waters all their lives and are in a much better position to man their own ships than others. They know exactly how their ships react in various currents, winds, and so forth. United States captains are certainly more qualified than the captains of commonwealth or British ships who come in those waters only once or twice a season.

So far as the safety factor is concerned, my hon. friend from Simcoe North puts forward a very good argument when he says that the new seaway, with better aids to navigation, better lighthouses, wider canals and so forth, is certainly a safer area for ships than it was before. My hon. friend from Laurier will admit the inference that it should be safer for a ship to go through those waters than it was before. Of course the traffic may be heavier than it was before, but I do not think the fact that we have this seaway has increased the danger; on the contrary, I think it has decreased the danger in those waters.

I think this is about all I have to say at the present time, but I want to repeat that in what we are doing there is nothing extraordinary at all. United States ships have never paid any dues in those waters. The only reason they were included in the act, and that we must have a special amendment, is that it was too late last November to exempt them by legislation. We told the pilots at that time —they agreed among themselves and they were extremely pleased to see it—that we were imposing compulsory dues on foreign vessels.

I think it is a good thing to have compulsory dues on foreign vessels, because it pretty well forces them to take on pilots. Foreign ships are a real danger in these waters, because their officers and crews have not the experience and they are really the ones who can cause damage. I think safe navigation in the seaway, our relations with our United States friends, and the guarantee of progressive shipping operations in this area all will be secured by this amendment to the act. Therefore I strongly recommend to the committee the adoption of clause 15.

Mr. Chevrier: Some statements have been made both by the hon. member for Simcoe North and by the minister which should be discussed at greater length, if not challenged entirely. The hon. member for Simcoe North regretted that a parochial view was being taken of this matter. I am sure the hon. member does not understand the situation, otherwise he would not have used that expression. Surely the pilots who operate in the whole of the seaway are not taking a parochial view, and they have opposed this legislation. They have not opposed it because of a parochial attitude; they have opposed it because they think these are matters which have been disposed of in the past by treaty, and which should not be regulated by amendment to the Canada Shipping Act in this fashion.

Then the Canadian Labour Congress has put itself on record as being opposed to this amendment, and has given reasons for that opposition. I will not take the time of the committee to put on *Hansard* the telegram which was sent by the Canadian Labour Congress, but for those who want to read it I may say it can be found on page 173 of the minutes of proceedings and evidence, No. 6, of the standing committee on railways, canals and telegraph lines. The labour congress certainly did not think they were taking a parochial view when they were dealing with this matter.

The hon. member for Simcoe North was inaccurate in a number of the statements he made. I am sure he will not feel that I want to be disrespectful to him in any way, because I want to deal with the matter as objectively as I can. In the first place, he said that the hon. member for Laurier had been advocating an economic survey of the seaway for a long time, and that if that had been done when that hon. member was in office, perhaps we would have better information available to us now. I have advocated such a survey for years now since I have been in this house, and I have given the reasons why it was not done when I was the president of the St. Lawrence seaway authority. It was not done then because our job was to build the facilities for the seaway and not to seek the establishment of an economic survey, although I had asked certain economists to begin the work because I thought it would be a good thing for Canada, and they had embarked upon it but had not completed it. It was for this reason that I made recommendations to the committee on railways, canals and telegraph lines some years ago, and that recommendation was adopted but not a thing was done.

It seems strange to me, and I bring this to the attention of the hon. member for Simcoe North, that when the hon. member for Laurier suggests a matter which is approved unanimously, the government does not move. However, when it is some other member who suggests that, for instance, the board of directors of the Canadian National Railways be increased from seven to 12, the government accepts the suggestion right away with hardly any discussion in the committee. I shall leave it to the committee and to the hon. member for Simcoe North to decide for themselves whether political considerations motivate the government. However, let it be known to this committee that a recommendation for an economic survey was passed unanimously. It should have been acted upon, because it would have been a good thing for all these sections of the seaway today if that survey had been made.

Now, the hon. member for Simcoe North seems to be under a misapprehension as to the extent to which United States funds have been used in the construction of this section of the seaway. There was absolutely no United States money spent in the area of Cornwall-St. Regis and down to Montreal. Canadian funds only were used to construct the facilities, which were entirely in Canadian territory.

Then there was some question, both by the minister and by the hon. member for Simcoe North, of the seaway beginning at Montreal and going up to the head of the lakes. It was stated that it was logical, therefore, to exempt the pilots in this area. Well, I ask the minister and the hon. member, what is the definition of the seaway? According to one of the treaties between our two countries signed in the early days, the seaway begins below Quebec and goes up to the head of the lakes. Certainly in the report of an investigation made by engineers of Canada and the United States into the possibility of joint power and navigation development, the seaway is described as extending from below Quebec right up to the head of the lakes.

This is the fear of the pilots, that once you make any exemption for this fifth pilotage district, Montreal, Cornwall and St. Regis, the next step might very well be Montreal and Quebec, including Les Escoumains or down to Havre St. Pierre or wherever the new dividing line is likely to be. The objection raised by the pilots is that in the pilotage section of the Canada Shipping Act, which was enacted last year, you have already defined what you understand by the district to which this will apply. Certainly it ends at the international line, Cornwall-St. Regis. All the assurances and saving statements made by the minister, as the minister knows, from a legislative standpoint have no value whatever. There is no assurance that another step might not be taken at a later time.

Then the question of safety came up, and it was raised by both the minister and the hon. member. Safety is a prime consideration, but I ask this question. Who is to determine whether or not this is a safe pilotage area? I think the pilots certainly have as much experience of it as the officers of the department, if not far more. I say this with respect, because I have the greatest confidence in the officers of the Department of Transport.

I believe the minister was in error when he made a statement to the effect that United States vessels have been plying these waters all the time. This is not a fact, because I know the area. The United States vessels that have gone through these waters have used Canadian pilots, and that is why Canadian pilots have been stationed at Cornwall for

years and years. I could name many of them. I can think now of Captain Ouellette, who plied from Prescott down to Montreal the greater part of his life. I knew him when I was a child, and people used to marvel at the way he would take a ship through the rapids down to Montreal. I can think of Mike Corkey, captain on the C.S.L. boats, who resided there many years. There were many masters. The United States vessels did not use their own captains. Few of them went through the old 14-foot canal system.

It is not accurate or correct to say, as has been stated here, that new aids to navigation have been established. This is not so. The aids to navigation extending from Cornwall-St. Regis to the international boundary line and down to the entrance to the new Beauharnois canal are, for the most part, exactly the same as they were in the old canal. It is true that the canal is much deeper. It is true that the canal has been widened, and while it is the intention to modernize the aids to navigation they are still, for the most part, exactly the same as they were in the old canal system.

Here is the position. Whereas you had smaller ships carrying loads of 2,000 tons and having a draft of 12 to 14 feet operating in the old canal, now you have ships of 725 or 750 feet in length carrying loads of 25,000 tons which require greater care on the part of those who are operating them than ever before. Once you get into the canal, as was said by the hon. member for Simcoe North, it may well be that because of more modern equipment found on these ships you can manoeuvre through the canals at any rate more easily than was possible previously. But that does not apply to all the ships. There is still a large number of ships that are of the 14-foot calibre. I think the traffic report of the St. Lawrence seaway authority indicates that at least 25 per cent of the ships which moved up and down the seaway in the season of 1960 were of that variety.

Mr. Smith (Simcoe North): The number is less and less every year.

Mr. Chevrier: That is quite true. In time, of course, vessels with draft under 25 feet will disappear entirely. How long it will take I do not know. According to the experts it may well be 10 years or more. I remember having heard an expert say it would take 25 years—this was before the seaway was built —before the 25-foot vessels would disappear entirely. As I say, last year about 25 per cent of the traffic was carried by these small vessels. As time goes on they will disappear; none the less it is not so much with regard to the small ships as with regard to the larger ships that one must be careful.

[Mr. Chevrier.]

We had one sad experience I mentioned in committee; that of a United States pilot or captain, I have forgotten which, taking a ship through these dangerous waters, finding himself in serious difficulty, and blocking the passage for a substantial length of time. I therefore do not think it is fair or accurate to say that the safety of navigation will not be affected by this measure. I believe it will be affected, and the pilots say it will be affected. Surely those who have had experience all the way up and down this great river and these lakes should be given greater consideration than they have been given in this legislation.

Mr. Smith (Simcoe North): Will the hon. member permit a question?

Mr. Chevrier: Yes.

Mr. Smith (Simcoe North): Under the agreement with the United States for the construction of a seaway was it not a condition that Canada make certain expenditures in the area from St. Regis to Montreal in addition to what the Americans were spending on the other sections in Montreal?

Mr. Chevrier: The only agreement there was between Canada and the United States is contained in the legislation which was passed by congress and the House of Commons, and in it there is no mention of that matter. I do not know what my hon. friend has in mind, but there certainly was no agreement as to the expenditure. There was United States legislation directing the United States corporation to build all the navigational facilities on the United States side of the line at a cost of $105 million, I think it was then, and there was Canadian legislation directing our authority either to build in Canada or to enter into an agreement with the United States for an understanding as to construction in the international section.

Finally what was arrived at was this. The United States decided to build a canal and two locks at Barnhart island on the United States side, and we decided to build a canal and one lock at Iroquois, Ontario, opposite Rockway Point, New York, but there was never any agreement as to the division of costs. The United States decided to build those facilities at a cost of $105 million then; I think they finally cost somewhat more than that. Our costs also increased over the estimate announced in those years.

I was just about to conclude by saying that I do not want to make this a contentious matter. I want to deal with it as objectively as possible. That is what I have tried to do this morning, as well as in the committee. However, I think it is a serious thing, first,

to deal in an act of parliament such as this, with a matter which has always been dealt with by treaty; and second, not to give greater consideration to the safety aspect in that part of the St. Lawrence which it seems to me is one of dangerous waters.

Mr. Balcer: I also want to deal with this matter objectively, and I just want to answer shortly two or three points that have been raised by the hon. member for Laurier. The hon. member said that one of the big worries of the pilots is that this is a kind of first encroachment, and that it might have a tendency to produce the result of United States ships asking for exemption in the pilotage districts below Montreal. Mr. Chairman, United States ships have been exempt at all times right up to last November, and it has not produced any real pressure or nothing has been done with regard to exempting them from pilotage dues below Montreal. What we are doing at the present time actually is leaving the status quo as far as the United States is concerned. My hon. friend said that the ships are now larger and so on. I want to repeat that what we are doing is nothing new. United States ships have always been exempted. Of course many of them use pilots, and they are using pilots at the present time. However, when they do so they use Canadian pilots.

The hon. member for Laurier said I was making a comparison, as far as safety is concerned, between the pilots and the United States captains. That is not what I had in mind. As far as safety is concerned, what I am saying is that I do not think it is logical to exempt commonwealth ships and British ships, when their captains certainly cannot have had the same experience in these canals, these lakes and these waters as a United States laker captain who has been working all his life on ships plying these waters, although maybe not as a captain. I know of a United States captain who is in charge of a big laker and who has spent practically all of his life in lake waters. He therefore has had tremendous experience in these waters. When you are discussing safety, I think it would be illogical to allow a commonwealth ship to go up without being forced to take on a pilot and to refuse the same thing to the United States ships. I am also told that at the present time United States ships are using pilots and that they are Canadian pilots. We felt that this is a matter that should be left to them. They may develop some captains who are extremely used to these waters, and in some circumstances they might not feel that they need a pilot for one reason or another.

The other point raised by my hon. friend as far as safety is concerned is that we should not exempt United States ships because the situation is not the same at the present time; that ships are getting bigger and so on. May I say that the situation is exactly the same for Canadian ships. These huge long lakers going from lake Ontario to Montreal at the present time are new. They started on this route since the seaway was built. Our Canadian captains on our Canadian ships are faced with the same problem as that faced by United States captains on United States ships. There is no question of not exempting Canadian ships. So far as safety is concerned, I think we must not exaggerate this point. I am quite sure that the captain of a huge laker, when taking his ship down these waters and through these canals, will continue to take on our very good Canadian pilots if he is in any doubt about the safety of his ship.

Mr. Chevrier: Mr. Chairman, may I ask the minister a question. Is it the intention of the department to establish a pool of pilots at Cornwall?

Mr. Balcer: There is a pool of Canadian pilots there at the present time.

Mr. Chevrier: How many pilots are there?

Mr. Balcer: There used to be 24, but now I think it is about 20 or 21.

Clause 1 agreed to.

The Deputy Chairman: Shall clause 2 carry?

Mr. Chevrier: Not too fast, Mr. Chairman; I cannot follow you.

Clauses 2 to 8 inclusive agreed to.

On clause 9.

Mr. Winch: Mr. Chairman, this is a clause in this very important bill that we from British Columbia would certainly like the minister to comment upon. Coming from the west coast of British Columbia I must say that I was quite amazed to see one of the changes being made to this section. I can assure hon. members that it is of serious import to marine employees in British Columbia; they are very, very much concerned about its application.

I realize that a brief may have been presented to the standing committee on railways, canals and telegraph lines by Mr. R. G. Greaves, president of the national association of marine engineers of Canada, but as I am not a member of that standing committee I do not know just what consideration was given to this section or what consideration has been given by the minister to the brief on behalf of this association.

I do want to emphasize the seriousness with which clause 9 (2) (l) (iii) is viewed in British Columbia, in particular by all tug boat employees. Very briefly I should like to point out that this particular phase of the clause makes a major change with regard to whether or not there is to be an engineer continuously on duty on tug boats having a certain nominal horsepower.

I am not going to go very deeply into this question of nominal horsepower, because it is something which I have not been able to fully understand. If it is electrical horsepower, I know it; if it is brake horsepower, I know it; but nominal horsepower is something rather nebulous. I understand these words were used at the end of the last century, although the expression was not included in our own act until 25 or 26 years ago. Nominal horsepower, as I have been able to understand it, is horsepower which is based on the area of a piston, but it does not have any relationship whatsoever in these modern times, to the stroke or the speed of the piston. Therefore nominal horsepower actually, in this day and age, does not bear any relationship to brake horsepower.

However, if my information is correct the majority of tug boats in British Columbia are going to be most seriously affected by a change being made to section 9, in that it will enable tug boat owners to comply with the act and will yet result, according to the national association of marine engineers, in a lay-off of between 50 and 100 engineers.

There is not only the factor of the laying-off of between 50 and 100 engineers who are employed on tug boats off the coast of British Columbia to be considered. There is also the most important question of safety.

I just cannot understand how this recommendation could come from anybody who knows the coast line of British Columbia. We have literally hundreds of dangerous channels. During particular periods of the year we have very, very severe rain and fog conditions. In addition, there has been a radical change in the tug boat industry, not only with regard to the greater power and efficiency of the motors themselves but also in their speed and in the loads they tow. It is not so long ago that the large log booms were towed at approximately one and one half to two knots per hour, but now we have the new log barges carrying between 3,000 and 4,000 tons of logs being towed at between seven and eight knots per hour.

In view of the increased power—that is, the brake horsepower—in tug boats today, this matter of safety is mighty important. Many of these tug boats have been re-engined in the last two or three years.

The Deputy Chairman: Perhaps we may call it one o'clock.

Mr. Winch: Yes, Mr. Chairman; may I call it one o'clock?

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Winch: When the committee adjourned at one o'clock I was discussing a certain phase of clause 9 which is of serious import to those engaged on coastal work in tow boats in British Columbia, and which seriously concerns that industry as far as the safety of its employees is concerned.

In the few minutes during which I spoke I made mention of the fact that in this clause we still have the legislation aligned with an antiquated term, namely "nominal horsepower". I made some mention of that, and I pointed out the difference between nominal horsepower and brake horsepower. I should like to return to this question of nominal horsepower and relate it to the point I had taken up at one o'clock, namely the safety of tow boat operations in British Columbia.

I do not think the advance made in the efficiency and power of the engines used in tow boats has generally been recognized. I am advised, and it was confirmed by my reading during the lunch hour, that the actual change in the relation between nominal horsepower and brake horsepower has been fantastic. I have discovered that an engine as fitted to a tow boat in 1935, a four cylinder diesel engine with a nominal horsepower rating of just over 10, was capable of developing 240 brake horsepower. Today a modern engine such as the Werkespor diesel of four cylinders, rated at 8.6 nominal horsepower, is capable of developing 800 brake horsepower. Thus a modern engine whose nominal horsepower is rated at less than an engine turned out in 1935 can develop 800 brake horsepower as compared with 240 horsepower, and the remarkable increase in the power of modern tow boats at once becomes apparent. Yet because of an insistence for some reason or another in clause 9 that the power of a propelling engine should be measured in terms of nominal horsepower, proper consideration is not given to the work of the engineers, the responsibility of the engineers, and the increasing necessity for paying attention to safety.

It is my understanding that at the present time in British Columbia there are approximately 160 tow boats which require two engineers or, as I believe the proper term has

it, a continuous watch. If this provision of clause 9 which I am now discussing comes into effect it is my understanding that not more than 30 tow boats on the British Columbia coast will require a continuous watch involving two engineers. Irrespective of the increased efficiency and brake horsepower of diesel motors on tow boats, one of the basic reasons for the practical development of this greater power lies in automation, or the automatic control of these engines. The majority of those instruments and gauges operate on electricity. I should like all hon. members to realize that fact. I am aware of the situation, as I am an electrician by trade although perhaps a member of parliament by profession. I appreciate what can happen to automatic electrical equipment as the result of salt brine in the air and oily conditions in engine rooms, as well as because of disturbances through the vibrations caused by choppy water. Many of the new engines have automatic electrical gauges which require close examination and attention to make sure they are working properly. The checking of these instruments must be done by highly skilled individuals who understand their workings.

With the adoption of clause 9 of this bill between 50 and 100 engineers are going to be employed on a 12 hours on and 12 hours off basis in British Columbia. This will have the result that an engineer will be in the engine room for a 12 hours period, and during his 12 hours off duty the deckhand, the master or the mate will have to check the gauges. How will an inexperienced deckhand, or even a master or mate, be able to tell at a glance what is happening in the engine room below? I suggest they will not know because they are not trained to tell whether these highly automatic and delicate instruments are working properly.

That is my first point regarding safety. My second point has to do with the greatly increased efficiency and power of these engines which, as I pointed out earlier, on some occasions enable tow boats to travel from one and a half knots per hour to approximately eight knots per hour in British Columbia waters. I suggest the dangers involved are terrific. If this clause, particularly that portion regarding the nominal horsepower ratings is adopted, a situation will develop where the vast majority of tow boats operating off British Columbia will do so without engineers being on duty for at least 50 per cent of the time. Surely it cannot be expected that masters, mates or deckhands of these tow boats, who have other responsibilities, will know what these gauges and instruments indicate, particularly when their duties keep them in other parts of the ship than the engine room.

I should like to point out that the coast line of British Columbia is very tricky and dangerous from the point of navigation. I have had the privilege of living on the British Columbia coast for some 50 years. I have travelled along the coast on innumerable occasions from the Fraser river on the south to the Nass river on the north, by C.P.R. and C.N.R. steamship and by Union Steamship as well as by fishing boat, and know the situation which exists there. There are hundreds upon hundreds of passengers carried along this coast, to say nothing of the passengers carried on the inland waters which are plied mainly by tow boats twisting and turning up the river.

I do not intend to be derogatory to British Columbia in any way when I say there is quite a bit of fog, rain and stormy weather there, but that is the fact. As a result of this situation the masters and mates of these vessels must focus their attention, particularly during storms, on the navigation aspect rather than the operation of the engine. I think it is well known that in past years these masters have depended on echo sound to know where they were in these channels. They did this by blowing their whistle and counting the seconds until the echo was heard. In order to do this successfully one must give careful concentration. I understand that many ships today are equipped with radar, but even with that equipment the master and mate must direct their attention to those instruments and not the instruments in the wheel house which show the condition of the engine. However, the adoption of this clause will mean that the masters and mates, and in certain cases even the deckhands, will have to divide their attention between their normal duties and those of the engineer who is not there.

It is my understanding that the law requires that there must be a deckhand, who very often is a young boy, on watch on deck as well as the master or mate in the wheelhouse. I suggest that regulation has been adopted for a purpose, and because of the requirement under this clause that the deckhand, master or mate must check these engine room instruments, that purpose will be lost, to say nothing of the fact that these individuals are not trained in the reading and understanding of the instruments.

When considering the whole situation which will develop as a result of the adoption of clause 9, particularly in view of the conditions which exist off the coast of British Columbia, one can only conclude that the provisions of this clause are the result of thoughtless recommendation, not only from the point of view of diminished employment but also having regard to safety.

I sincerely ask the Minister of Transport to acquiesce to my suggestion that this clause be not pursued at this session, but that it be postponed until further detailed consideration has been given to it. I suggest to the minister that the officials of his department should consult fully with representatives of the national association of marine engineers of Canada. I regret very much that representatives of that association, who are vitally concerned with this subject not only from the point of view of employment but in regard to safety as well, did not have the opportunity of appearing before the standing committee which considered this bill. I do not understand why they were not invited to attend, because I know that representatives of that national association have had correspondence with officials of the minister's department for over a year. In spite of that fact they were not advised in any way by the officials of the department as to when this bill was to be considered by that standing committee of this house.

This is most unfortunate, because to my knowledge they are definitely reasonable and sensible men. I feel certain they could have contributed a good deal, and could have explained far better than I can why they are so concerned over this part of clause 9, as regards both safety and employment. In view of all the circumstances, I cannot understand why the minister would insist on this clause going through.

As I have said, this is a most serious matter to the tow boat industry in British Columbia. This committee should not be interested in the additional profits which the tow boat owners would get by laying off from 50 to 100 engineers. Our interest should be a recognition of the increased efficiency, power and automatic controls of the new diesel engines. It should be a recognition of the fact that a 24-hour watch in the engine room is required. There is a requirement for engineers who not only know their engines but also the equipment and special controls, and who have the time to check them constantly so that the salt brine, the oil and the rocking disturbance on a tow boat off the coast of British Columbia do not throw their gauges and instruments out of kilter. There should be somebody on duty 24 hours a day who knows exactly what is taking place in the engine room.

I think the association is making a most reasonable and responsible request, and I hope it will be agreed to by the minister who is in charge of piloting this bill through the committee.

Mr. Chevrier: May I just say a word on the remarks of the hon. member for Vancouver East. I was particularly interested in what he said because certain representations have been made to me along the lines of the subject matter on which the hon. member spoke. I learned that there has been a great deal of correspondence between the national association of marine engineers of Canada and the minister over quite a period of time dealing with the matter brought up by the hon. member for Vancouver East.

When I was approached in connection with it I asked why it was that representations were not made to the committee, and was told they did not know the committee was sitting. I can readily understand why that would be, since they live at the other end of the country in Vancouver and when the committee sat very little notice was given. I am anxious to know what answer the minister will be giving to this representation, and I hope he will find it possible to give it careful if not sympathetic consideration now.

Mr. Granger: Mr. Chairman, earlier in the discussion of this bill—and I am thinking particularly now of paragraph (c) of subclause 2 of clause 9—I expressed some concern over the application of the rule insisting on having engineers on fishing boats which were powered with engines of more than 10 nominal horsepower. First I should explain that although I recognize the need for properly qualified engineers on the larger boats which go to sea, at the same time with respect to the inshore fishing fleet consisting of small boats operating in coastal waters, which are manned by crews composed of fishermen, frequently a combination of a father and son or brothers and others, it would be very difficult, in fact it would be impossible, for those boats to have certified engineers.

However, I am glad to be informed that nominal horsepower in its relationship to brake horsepower is so varied as to be almost without relationship, if I may use that phrase. For instance, I am told that a diesel engine rated a 165 brake horsepower at 2,000 revolutions per minute, with a bore of 4.25 inches, and six cylinders would have a nominal horsepower of 1.8. I am given to understand that the nominal horsepower formula is the diameter of the cylinder squared times the number of cylinders divided by 60. A high speed engine develops its horsepower through speed rather than size, and its nominal horsepower would be lower than that of a heavy duty engine with comparatively large cylinders and low r.p.m.'s. The latter would develop its horsepower at a slower speed, and its nominal horsepower would be greater. In either case it is very unlikely that a small inshore fishing boat would have more than 10 nominal horsepower.

I was also happy to be informed that engineers for fishing boats would be rated at

least in part according to their practical experience. The only request I have to make in that connection is that some statement be made to clarify this for the public, and I have in mind in particular the fishermen in my district. I ask that this be clarified so there will be no misunderstanding of what nominal horsepower really means and what the requirements will be for engineers for fishing boats.

Mr. Balcer: Mr. Chairman, we have just had a very interesting although not too technical observation on this matter but I do not want to get too involved in a discussion of the different types of horsepower. All I want to say is that so far as we are concerned in the department we must have fixed horsepower ratings on which to base the requirements of the act.

Brake horsepower, of course, can be influenced by revolutions and cylinder pressure, both of which can be varied at the will of the operator of an engine, and is quite unsuitable as a criterion for this reason. If we adopted brake horsepower as the criterion of measurement we could have two engines of the same size rated at different brake horsepower, because it can be varied by different revolutions. Nominal horsepower might not be so correctly indicative of the actual horsepower, but it is based on cylinder diameter and the number of cylinders, which are non-variable factors. I am just stating this to explain why we have gone by the nominal horsepower rather than the brake horsepower.

However, Mr. Chairman, at the request of the owners the department sent to the west coast an experienced marine engineer who has been aboard the tugs themselves. These tugs are now propelled by modern diesel engines, and they are fitted with a full set of automatic devices by means of which the man on the bridge can keep himself advised of what is going on in the engine room. Furthermore, the tendency toward breakdowns has been considerably reduced. Indeed, the machinery is now constructed in such a way that when repairs are necessary they can be carried out only at a site where full repair or replacement facilities exist. The report we have received from this very experienced engineer inspector leads us to believe that there is less and less necessity for an engineer to be on the watch at all times.

This is the information upon which we have acted. However, Mr. Chairman, I must say that I was impressed by the arguments advanced by the hon. member for Vancouver East. I would not like the engineers to feel that we were pushing something on them when they had no chance to study the matter and no opportunity to appear before the committee. Of course it can be stated that this should be a matter for collective bargaining between the owners and the engineers, and I imagine that in the near future it will be. However, I hesitate to ask the committee to pass this clause. According to the hon. member the engineers had not been properly advised of the study of this matter by the committee. As hon. members know, these committee sittings are more or less last minute decisions, and it is always very difficult to give advance notice to the various people who express a desire to appear before a committee.

On the other hand, these engineers are on the west coast, rather a long distance from Ottawa. I certainly would not like it to be said that I pressed these new regulations upon the engineers, especially since they are closely related to their employment. I do not know how many engineers might be laid off if these new regulations were enacted, so I intend to ask the committee to postpone action on this clause. At the same time, however, I should like to give notice to the engineers and to the house that the next time the Canada Shipping Act is brought forward for amendment, a similar amendment will be introduced. We must make sure at that time that the engineers come before the committee and express their views. I would therefore ask the committee to drop paragraph 3 of clause 9.

The Deputy Chairman: Perhaps the Minister of Veterans Affairs would compose an amendment to cover this change, and put it in writing.

Mr. Churchill: Very well.

Mr. Winch: While this is being done, may I express my appreciation of the attitude of the minister, Mr. Chairman, in meeting the request of the marine engineers. I appreciate it, and I know that they will appreciate it a great deal. May I ask the minister whether it is clause 9 (3) (c) that we must delete, or whether it is 9 (2) (c)?

Mr. Balcer: It is only subclause 3.

Mr. Churchill: I move:

That subclause 3 of clause 9 of the bill be deleted.

The Deputy Chairman: Shall the amendment carry?

Amendment agreed to.

The Deputy Chairman: Shall clause 9 as amended carry?

Clause as amended agreed to.

Clauses 10 to 14 inclusive agreed to.

On clause 15—*Penalty.*

Mr. Chevrier: Mr. Chairman, during the noon adjournment I had a short conversation with the hon. member for Greenwood. He said he was extremely interested in the discussion which took place during the earlier part of the morning because of the pilots who used to shoot the rapids when he lived near Kingston. I too have some very vivid recollections of this, and I wonder if I may be allowed to put on *Hansard* the experience of two Canadian men, Mr. T. R. Glover and Mr. D. D. Calvin, two Kingston men, so we will learn how they shot the rapids at Lachine, in the days of the drams years ago.

Presently, the long dram undulated over the first smooth rounded waves of the rapids, a moment more and we had fairly entered. As the dram hit the first big waves of the sharper descent the steersmen hauled in their oars and ran back to escape the water as it boiled over the bow of the dram, whose whole fabric bent and strained to conform to the long waves of the rapids—we dashed down the main "pitch" in what seemed no more than a few seconds. There was a curious illusion that the great barely submerged rocks were rushing upstream as we passed them; the heavy timber bumped and thudded underfoot, the water spurted up in great jets as the sides of two pieces of it struck flat together.

For those who have shot the rapids that is a most interesting and, I believe, accurate description. I raise the matter on this clause so the minister will realize what work of importance the pilots have to do in any section of the river but more particularly in this one, for the reasons I gave this morning. It strikes me that they must be highly qualified people in order to carry through these difficult waters ships of the kind, length and draft mentioned earlier.

I wonder whether the minister would not give consideration to treating this clause in the same way as he dealt with clause No. 9. I am sure that the pilots and those who sit on this side of the house would be very grateful to him if this clause were withdrawn for the time being, until a definite arrangement on it is made with the United States.

Mr. Balcer: I think there is a wide difference between the two clauses. With respect to clause 9 a major aspect of employment arose. My impression is that the employment of a number of engineers on the west coast was at stake, and also that these engineers or their association did not have an opportunity to express their views before the committee. With regard to clause 15, as far as the pilots in the Cornwall district are concerned no question of employment or of salary arises. Also, I think the pilots themselves or their representatives appeared before the committee and had all the opportunity in the world to express their views, to be questioned and to give their opinions on the whole matter. I therefore think there is a great difference between the two clauses. I really believe that clause 15 will not hurt the pilots. It is not unfair to anybody. I believe it will not hurt anyone either now or in the future.

[The Deputy Chairman.]

Mr. Chevrier: The pilots, of course, do not agree with that statement. As the minister knows, they made representations against it and they made their position quite clear. However, I am not going to pursue the matter other than to ask one or two questions, if I may do so. Can the minister tell me why this section was not included in chapter 40 of last year's statutes which introduced a new section, namely the pilotage section, as an amendment to the Canada Shipping Act? Why was it not introduced at that time?

Mr. Balcer: The amendment last year dealt purely with great lakes waters. The Cornwall-Montreal district is one that deals only with strictly Canadian waters. That is the reason it was not included.

Mr. Chevrier: Is Canada getting anything in exchange for this concession to United States vessels?

Mr. Balcer: Quite lengthy discussions have taken place between our officials and United States officials. As is well known, as to pilotage in the great lakes, the St. Lawrence river and practically everywhere else in the world, very complicated and very technical matters are always involved. My officials and the United States officials carried on lengthy discussions and both sides tried to act in a most fair way.

We obtained some extremely advantageous results as far as we were concerned. One that comes to my mind is with regard to the lake Michigan area, which was not restricted. These are purely United States waters. I could say that this is an example of give and take or of the consideration that the United States has given to us. Also they have been very co-operative in determining the number of United States pilots who are going to be brought into the picture. They could have asked that on the great lakes half of the piloting be done by United States pilots and half by Canadian pilots. Instead of doing that they accepted a gradual increase in the proportion over a period of five years. They did that instead of asking for it immediately. I think those are fairly important considerations on top of all the others I mentioned this morning.

Mr. Chevrier: One of the considerations the minister has just mentioned is that compulsory pilotage will be exempted for Canadian vessels on lake Michigan, which is purely a United States lake. My question is

this. Has the United States congress enacted legislation similar to that which the Canadian parliament is now considering?

Mr. Balcer: In the agreement on pilotage between the two countries the lake Michigan area was expressly exempted, or rather the exemption was withdrawn in favour of Canadians and it was expressed in that agreement. I am also informed that it is provided for in the United States legislation.

Mr. Chevrier: I have the great lakes pilotage agreement, and in it there seems to be no reference to lake Michigan.

Mr. Balcer: I am informed that lake Michigan is designated in the agreement. I have not the agreement at hand, but I am informed by my officials that lake Michigan is mentioned in it, that the waters of lake Michigan are considered as designated waters and that Canadian pilots may operate in the designated waters.

Mr. Chevrier: Can the minister point to the legislation passed by congress which exempts Canadian ships from pilotage dues on lake Michigan?

Mr. Balcer: I do not think we can find an exactly parallel example that would fit the picture. What the present amendment consists of is an exemption from pilotage dues. As to the agreement and the pilotage legislation in the United States, it deals with pilotage. There is nothing in the agreement which forces Canadian ships to take pilots on board in lake Michigan, which is a designated water. I have the text of the agreement here, and it says:

Registered vessels—

Mr. Chevrier: From what page is the minister reading?

Mr. Balcer: Pages 1 and 2 of the agreement:

Registered vessels of the United States and foreign vessels navigating United States waters of the great lakes which are not designated by the president by proclamation are required by the act to have on board a United States registered pilot or a Canadian registered pilot or other officer qualified for the waters concerned who will be available to direct the navigation of the vessel in such undesignated waters at the discretion of and subject to the customary authority of the master.

The secretary of commerce of the United States is responsible for carrying out those provisions of the act relating to the registration of United States pilots—

And so on.

Mr. Chevrier: Reading that very quickly, Mr. Chairman, I am not so sure that it covers the position as enunciated by the minister.

Mr. Smith (Simcoe North): I think if you read it slowly, it will.

Mr. Chevrier: Why was it that the equivalent of section 15 was not introduced into this agreement? In other words, why should it be necessary for Canada to implement this agreement by way of legislation, whereas the United States, if the minister is correct—and I have some doubt that he is—implements it by the agreement to which he has referred? What is good for the United States surely ought to be good enough for Canada.

Mr. Balcer: As I said earlier, Mr. Chairman, it is not exactly the same situation. Navigation on lake Michigan is very different to navigation from Cornwall to Montreal. Everybody who is at all familiar with navigation on the great lakes will appreciate the difference.

The agreement that was arrived at between our two countries on the matter of pilotage in the great lakes area was extremely advantageous as far as Canada was concerned. All these pilotage districts are well defined, and consideration was given at all times to the status of our pilots. It was a very satisfactory agreement. As I said earlier, the United States could have asked for parity in the number of pilots right off the bat and it would have created extreme hardship for our pilots, because with regard to these pilotage districts the committee will realize that if suddenly, in a place where we had 20 pilots, we had to cut that number in half it would mean that ten pilots would be unemployed.

The United States saw our point of view and agreed to this agreement between the two countries, which agreement is quite advantageous to Canada. I think it is fair, and it does not create unemployment for or jeopardize the jobs of Canadian pilots. At the same time it does not impose on United States ships the obligation to pay money that they have never had to pay since confederation or since there has been navigation in these waters. Actually the pilots of Canada are much better off than they were prior to November, 1960, and at the same time we have not created complications and unnecessary hardship for United States shipping, which would have been unfair in the circumstances.

Mr. Chevrier: Would the minister say why the effect or the wording of section 15 was not put into the agreement, rather than being made an amendment to the Canada Shipping Act?

Mr. Balcer: Mr. Chairman, in November, 1960 we explained very clearly to the pilots that we would have to do this. They were not taken by surprise. We told them at the time we would have to do it. With regard

to the reason for adopting this procedure, I will be in a position to tell the committee this in just a moment.

Mr. Chevrier: Mr. Chairman, while the minister is considering the matter I should like to say that the United States is getting certain advantages by way of agreement. Is the minister ready to deal with the point?

Mr. Balcer: Yes, Mr. Chairman. Of course the only way we can withdraw exemption from payment of pilotage dues is through an amendment to the Canada Shipping Act. There is no other way as far as we are concerned. That is the reason we did it by amendment to the statute. That is also why in November, 1960 I told the pilots we were going to do this and obtained their voluntary agreement to this exemption of United States ships.

Mr. Chevrier: Mr. Chairman, the minister says he told the pilots. The pilots accept that, but they reply that they were certainly led to believe all along that this would not be implemented by way of legislation; that the position would remain from the month of November until such time as the agreement had been negotiated between Canada and the United States. I refer to the agreement which was mentioned during the committee hearings.

After the agreement was negotiated it was announced by the minister, and they had no opportunity to make any further representations. The point I am trying to make now is that if it is proper for Canada to exempt from pilotage dues by way of legislation, surely the United States should do the same. After all, this matter is just as important to one country as to the other. Instead, if the minister is correct, Canadian vessels are exempted from the payment of pilotage dues on lake Michigan by way of an agreement.

Mr. Balcer: Mr. Chairman, as I said earlier the United States does not have legislation parallel to this, because as far as lake Michigan is concerned their legislation covers exemption from pilotage and it is not an exemption from pilotage dues. That is the difference. As far as Canadian ships are concerned, they were exempted from compulsory pilotage on lake Michigan by legislation. As I said, it is not exactly the same thing because their legislation is not parallel with that in Canada. On the St. Lawrence we have compulsory pilotage dues, and as far as lake Michigan is concerned they talk about compulsory pilotage, period.

My hon. friend has said the pilots did not have a chance to express their views and make representations. I do not agree with that at all. We have met with the pilots many times; we have received briefs from them; they have appeared before the committee, and I can assure my hon. friend and the committee that they had every opportunity to express their views and give us their opinion of this legislation. As I said earlier, not only were they advised that this amendment would be forthcoming when the bill was introduced in the house, but it was explained to them very clearly in November, 1960 that we intended to do this. That is when we requested the voluntary exemption of the United States ships and that is what they have been doing since the end of navigation last year.

Mr. Chevrier: One has only to look at the minutes of the committee meeting to see what the position really is. If hon. members turn to volume No. 6 of the minutes of evidence of that committee they will find that the position is entirely different to that which the minister has suggested. One would think, from what the minister has said, that the pilots were delighted by this clause but, in fact, they are, of course, opposed to it. Anyway, I am not satisfied with the minister's explanation and that is why I propose to move, seconded by Mr. Granger:

That clause 15 be deleted.

The Deputy Chairman: Is the committee ready for the question?

Amendment negatived: Yeas, 9; nays, 36.

Mr. Chevrier: During the course of the proceedings in committee it was established that section 346(e) of the act already exempts Canadian ships and it was clearly stated that it was a redundancy to try to exempt Canadian ships once again by virtue of the wording in this clause. Hence, I desire to move seconded by Mr. Granger:

That the words "Canada or" in line 26 be deleted so that line 26 of clause 15 (ee) would read "ships registered in the United States".

Mr. Balcer: It is true that this matter was brought up in the committee. At that time the suggestion was turned down, but my officials have made a thorough study of this point and the government would be agreeable to making this change. I agree with the hon. gentleman that the words "Canada or" are not necessary and that they should be deleted.

Amendment agreed to: Yeas, 46; nays, nil.

Mr. Chevrier: The minister has been more sympathetic to the second amendment and I wonder whether he would give consideration to the following suggestion. In the course of the committee hearings he indicated that this clause would affect the Cornwall district only, that is to say, Montreal-Cornwall-St. Regis. I wonder whether he could give the

same favourable consideration to this amendment which I propose to move now:

That all the words after "in" in line 34 be deleted and the following substituted therefor: "while operating in the Montreal-Cornwall-St. Regis pilotage district".

The effect of this would be to leave the operation of the pilots upstream covered by the amendment which was brought in last year under chapter 40 when there was established a pilotage section in the great lakes as an amendment to the Canada Shipping Act. It would seem to me that there might be a redundancy there, too. Since the minister felt that this affected one district only, I wonder whether he would not consider accepting this amendment to the Canada Shipping Act thereby limiting it to the Cornwall district alone.

Mr. Balcer: I am not objecting to this for the mere sake of objecting, but I am informed that there is a legal technicality here which would make it difficult for the government to agree with the hon. member. Apparently there is a difference as far as the Cornwall pilotage district and the St. Lawrence river district are concerned. The districts below Montreal have all been established by act of parliament while what is called the Cornwall pilotage district has been incorporated by order in council. I am advised that if we were to accept this amendment it might lead to the creation of some legal difficulties due to the fact that these pilotage districts have not been incorporated in the same way. For example, the name might be changed, or the boundaries might be changed and that could create difficulties in the future.

Mr. Chevrier: Does not this wording now cover everything right up to the head of the great lakes?

Mr. Smith (Simcoe North): I should like to ask the hon. member for Laurier a question. How would his amendment work if instead of defining the present seaway limit of the exemption by a geographical line we were to define it by a pilotage area or district and then that district were extended far to the east? Would the hon. member want the exemption to extend, possibly, well east of Montreal island if the area of the district were changed?

Mr. Chevrier: I think I can answer that very quickly by repeating what the minister has said. There is a difference between this pilotage district, in that it was established by an order in council whereas the others were established by act of parliament.

Mr. Smith (Simcoe North): It is still safer to establish them by geographical limit.

The Deputy Chairman: Is the committee ready for the question?

Mr. Chevrier: No, I am waiting for an answer from the minister.

Mr. Balcer: I am advised that this is purely a form of drafting. The other part of the old district from Cornwall to Kingston is part of the great lakes pilotage area, which is why it is worded this way rather than as the hon. member suggests. For that reason I must—

Mr. Chevrier: Accept the amendment?

Mr. Balcer: —vote against the amendment.

Amendment negatived: Yeas, 12; nays, 35.

Clause as amended agreed to.

Clauses 16 to 28 inclusive agreed to.

On clause 29—*Regulations.*

Mr. McMillan: Mr. Chairman, in regard to clause 29 I understand that the governor in council is given the authority to make regulations to prevent the pollution of the air by products of combustion from ships. It also provides a penalty for violation of the regulations. I am interested in the pollution of water as well as the pollution of air by ships.

In the Niagara district the cities of Welland and St. Catharines, as well as two towns, buy water for domestic purposes from the St. Lawrence seaway authority, that is, from the canal. The water is filtered and chlorinated. The Welland canal is a confined waterway. The flow of water is controlled and is, therefore, not nearly equal to the flow that would attain from a river of equivalent width and depth. Ships discharge raw sewage directly into the canal, as they do in the great lakes. Very often this discharge of sewage takes place in the canal at some docks which are very close to the intakes of domestic water supply. Very often the ships are there for a number of days loading and unloading. In view of this situation I wonder whether the minister would give some consideration to a provision preventing the discharge of sewage into our great lakes and canals, and particularly in those confined areas from which domestic water supplies are obtained, as well as in those areas in close proximity to bathing and swimming areas. If we are going to clean up our international joint waterway, I think we should do something to prevent the ships making use of this waterway by discharging raw sewage directly into it.

Mr. Chairman, I should like to move an amendment ot this clause. I move, seconded by the hon. member for Niagara Falls, that

the clause be amended by inserting a new section, paragraph (b), as follows:

For regulating and preventing the pollution of the water by sewage, oil or any other chemical compound,

The present paragraph (b) would then become paragraph (c).

The Deputy Chairman: Is the committee ready for the question

Mr. Balcer: Mr. Chairman, my department is extremely sympathetic toward the arguments presented by the hon. member. I should like to remind hon. members of this committee that this government has already made an effort in an attempt to prevent pollution of our waters. It has offered special grants and advantages to municipalities to help them combat water pollution. Section 495 of the act also deals with pollution of water by oil. We should like to prevent pollution of our air by products of combustion from ships, and I am in agreement with the hon. member in his suggestion that we should attempt to prevent ships from polluting our waters by the discharge of garbage, oil, sewage and the like. This matter is already under consideration by my department in conjunction with the Department of National Health and Welfare. I would ask the committee to await further legislation on this matter either at the next session of parliament as an amendment to the Canada Shipping Act, or by way of some other legislation, because if we are to police the enforcement of such a regulation that would emanate from my hon. friend's amendment it might present some difficulties. We should like to have a chance to look at this. My officials would like to study the problem more closely with the officials of the Department of National Health and Welfare in order to come up with something that will be sensible and at the same time really effective. This is why I ask the committee not to agree to this amendment at this time but to give us a chance to study more fully all the implications of this subject so that it could be policed in a proper way and really enforced in an efficient manner.

Mr. McMillan: I am not asking for legislation; I am just asking the governor in council to be empowered to make regulations when and if they wish to use them.

The Deputy Chairman: Is the committee ready for the question?

Amendment negatived: Yeas, 12; nays, 34.

The Deputy Chairman: Shall clause 29 carry?

[Mr. McMillan.]

Mr. Balcer: Just before it carries I want to draw the attention of the committee to Bill No. C-86, to amend the Fisheries Act. Clause 4 of this bill states:

The governor in council may by order deem any substance to be a deleterious substance for the purposes of subsection (2).

Subclause (5) reads:

Every person who violates any provision of this section is guilty of an offence and is liable upon summary conviction,

(a) for the first offence, to a fine of not less than one hundred dollars and not more than one thousand dollars or to imprisonment for a term of not less than one month and not more than six months, or to both such fine and imprisonment; and

(b) for a second and each subsequent offence, to a fine of not less than three hundred dollars and not more than two thousand dollars or to imprisonment for a term of not less than two months and not more than twelve months, or to both such fine and imprisonment.

In the long run this clause will probably have exactly the same effect as the amendment which my hon. friend wanted us to include in our legislation. If we have legislation and regulations under one department it would be extremely complicated if two or three departments were trying to police such legislation or regulations at the same time. I think the new bill to amend the Fisheries Act, particularly this clause, will have the effect of preventing pollution of our navigable waters by raw sewage or garbage.

Clause agreed to.

Clause 30 agreed to.

On clause 31—*Observance of regulations.*

Mr. Herridge: Mr. Chairman, clause 31 says that every owner, master and person having the conduct of a vessel or raft shall obey the collision regulations, and so on. Does the term "raft" apply also to rafts of logs and things of that sort being towed or free of power, say floating? Do masters of the vessels towing logs have to comply with this clause? If so, what is done to make certain that the statute is obeyed with respect to minor and inland waters?

Mr. Balcer: This clause applies to those rafts whether they are towed or not. I am sure it is the intention to cover rafts which carry logs. As far as the meaning of the clause and the way it is applied are concerned, it makes the owner, master or person having the conduct of such vessel or raft liable for damages. This is the way in which this clause can have some teeth, if I understand the hon. member's question correctly.

Mr. Herridge: What lights are required by law on a boom of logs being towed by a tug at night?

Mr. Balcer: We would have to have a look at the regulations. We have not that information with us, Mr. Chairman.

Clause agreed to.

Clauses 32 and 33 agreed to.

On clause 34—*Extension of limitation of liability.*

Mr. Browne (Vancouver-Kingsway): This clause deals with the extension of the limitation of liability. It was drawn to my attention that there appeared to be some doubt whether it applied to the man who was master and also owner of a vessel. I believe the officials were going to give it some consideration. Are they now in a position to give us the information? Can the minister let us know what has happened in that regard?

Mr. Balcer: Yes. When this clause was considered in the standing committee a question was raised, as my hon. friend says, whether or not limitation would apply to the liability of the master or member who is also the owner. My officers have expressed the view that the wording was such as to achieve this purpose. However, they undertook to discuss the matter further with the drafting officers of the Department of Justice. After such consultation they have now suggested a change in wording so that lines 44 and 45 would read as follows:

> Actual fault or privity and to any person acting in the capacity of master or member of the crew of a ship and to any servant of the owner or of any person—

I believe that if the clause were so worded it would be clear that there is a limit to the liability of any person arising out of an act or an omission of a person in his capacity as master or member, regardless of the fault or privity. For this purpose, I would ask my colleague, the Minister of National Health and Welfare, to move the appropriate amendment.

Mr. Monteith (Perth): I so move, Mr. Chairman.

The Deputy Chairman: Shall the amendment carry?

Some hon. Members: Carried.

Amendment agreed to.

Clause as amended agreed to.

Clauses 35 to 39 inclusive agreed to.

On clause 40—*Application of penalties.*

Mr. Herridge: This is a rather interesting clause from my point of view. It reads, in part:

> Where a fine is imposed under this act for which no specific application is provided, the court, justice of the peace or magistrate imposing the fine may direct that the whole or any portion of it may
>
> (a) be applied in compensating any person for any wrong or damage that may have been sustained by the act or default in respect of which the fine is imposed;

My point is this: When a person whose craft was injured in a collision with an unlighted boom or barge, and the accident was the responsibility of the owner of this barge or boom, makes a charge to the magistrate, it is possible that the case will come before a local justice of the peace without very much knowledge of the circumstances. This seems to be the only place where a person can lay a charge against a person for a violation of the law and then collect the fine. As I see it the amount of the fine could be paid to the person who is laying the charge.

Now, this could influence the magistrate or justice of the peace in either one of two directions. First, because of his lack of knowledge of the circumstances he may levy an improper fine in lieu of damages or he may impose a fine having in mind the fact that this person ought to be compensated, and may lessen or increase the fine as a result of his opinion. The minister could perhaps explain why this section is included in this act.

Mr. Balcer: This clause has been there for years and years, and I am informed that it has never been used. Actually, if the hon. member reads the clause itself, he will find that a person does not even have to lay the charge himself to collect the money. I am informed that although this clause has been in the act for years, it has never been applied to the knowledge of my officials.

Mr. Herridge: I am very glad I raised the question because I know of persons whose small craft have suffered damages from other craft, but they were so poor they did not feel they could take action. I shall now make sure that they all know the law.

Clause agreed to.

Claude 41 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the said bill be read a third time? Now?

Mr. Chevrier: Next sitting of the house.

DRUGS

PROVISION FOR CONTROL OF DISTRIBUTION AND SALE OF NARCOTICS

The house resumed, from Wednesday, June 7, consideration in committee of Bill No.

C-100, to provide for the control of narcotic drugs—Mr. Monteith (Perth)—Mr. Chown in the chair.

On clause 1—*Short title.*

Mr. Winch: At the time this matter was last under discussion, the Minister of Justice gave an explanation as to why the government could not accept or take any action on my recommendation concerning voluntary commitment. I believe the Minister of National Health and Welfare intends to say something about this matter, and for that reason I should like to take a couple of minutes of the committee's time before he speaks.

I was quite intrigued by the main argument that was used by the Minister of Justice in opposing the proposal relating to voluntary commitment for the treatment of narcotic addicts. He used, as an example, the mental health laws. He cited the fact that if one were mentally ill one had to be committed for treatment by law. I thought that in putting forth that argument he killed his own line of reasoning. I do not know what the legislative provisions are across Canada relating to mental health, but I do know the provisions in British Columbia. Up until a few years ago if one were mentally ill, the only way the individual could be handled was to have him committed to the mental institution by law. He was either committed by the order of a magistrate and one doctor who was obliged to sign the committal papers or he was committed by the signature of two doctors. However, that is not the situation now. If a person is suffering from a mental disability he is not obliged, automatically and axiomatically, to go through the process of being committed to the institution as an insane person. He can have a voluntary commitment, a commitment whereby the person knows that he requires treatment just the same as the person who has a certain condition in the way of disease or broken bones knows he must have treatment.

In British Columbia—and I am just using this province as an example because I know so well the situation and the legislation—instead of having to go under the impact of the law and be committed as an insane person, on examination by a doctor who feels that person requires some treatment for a mental disorder the person can, on the examination and recognition of the doctor, voluntarily sign himself or herself into the Crease clinic, just the same as at a general hospital for an acute disease or disability. He signs himself into a specific clinic of psychological medicine. It is all in the same area as the mental hospital but it is an entirely different building. On a doctor's recommendation, as I say, he voluntarily commits himself.

If, when I was speaking of voluntary commitment the Minister of Justice or the Minister of National Health and Welfare was under the impression that I thought he could just walk in and say, "I am a narcotic addict and I want treatment", let me say at once that I did not mean that at all. What I meant was this. If a person is a narcotic addict and wants to get that monkey off his back, to use an expression which I used the other day and which is common in the terminology of an addict; and if he sees a doctor and the doctor examines him and says that he is an addict, then the question I ask is this. Instead of the situation being as it will be without change in this present bill No. C-100, namely that of having to be actually under the Criminal Code or under this act picked up, committed and sentenced, why can there not be something whereby we can have a voluntary commitment as a narcotic addict, as we now have it in British Columbia and I believe in many of the other provinces, a commitment on a voluntary basis without going through that stigma, shall I say, of a commitment basically and actually under the law?

I just want to emphasize, as I tried to do the other day, that to many people a great deal depends upon a psychological attitude and approach. I feel most strongly that, where we have those who want to help themselves to be cured, there should be in our law some means whereby they can do it, or some provision that will differentiate between them and those whom the law is obliged to pick up and to compel to go through treatment. I feel quite strongly about this matter. I feel quite certain that I am correct about the psychological viewpoint of that type of person. When the minister speaks on this matter I hope he will tell us whether or not, on review, it is possible to cover that aspect which I feel to be of such great importance.

Mr. Monteith (Perth): I wonder whether I might say a few words at this time.

Mr. Martin (Essex East): I should like to deal with this matter, if I may.

Mr. Monteith (Perth): That is perfectly all right.

Mr. Martin (Essex East): I thank the minister.

The Deputy Chairman: I recognize the hon. member for Essex East.

Mr. Martin (Essex East): I regret that I was not able to be here when this bill was introduced. I should like to say a few words on this bill which I, along with other members in this committee, strongly support. It surprised me a little bit that the initiative in this

matter seemed to have been taken by the Minister of Justice. By saying that I am not implying that the Minister of National Health and Welfare has not shown great interest in this matter. However, it always puzzled me why, in a matter of this sort involving essentially matters having to do with the Department of National Health and Welfare, the Minister of Justice should have emerged as the spokesman for the administration. The first public intimation that was given of this measure was when the Minister of Justice was in British Columbia about two years ago. There, at a press conference, he announced the government's intention to proceed with legislation of this kind. At the time I suggested to the minister that I hoped this was a matter about which he had carefully consulted the Minister of National Health and Welfare because it was a matter that concerned the Department of National Health and Welfare in a large degree, although not entirely. I am therefore glad that the Minister of National Health and Welfare is here today to assume the functions that were so clandestinely and later so demonstrably taken away from him by the Minister of Justice.

Mr. Monteith (Perth): Don't overdo it.

Mr. Martin (Essex East): I think this bill marks a progressive step forward. The Minister of National Health and Welfare will have had the opportunity of having a great deal of background material in the department on this matter. He will have had the valuable experience of his officials, particularly the deputy minister and the solicitor of the department. In the bill there are some features that cause me to ask some questions and also to make one or two observations.

The idea of detention, as is provided in clause 15 of the bill, is I think an important and desirable step. However, if we are going to make fully effective the policy that is revealed in this bill I think we shall have to appreciate the fact that certain things not covered in the bill will have to be done. I am sure both ministers have had an opportunity, either directly or vicariously, of learning of the work that is being done in this field in Lexington, Kentucky by the government of the United States. I myself had the opportunity of visiting that institution with officials of the department, of ascertaining the extent of the success of the experiment there and also of learning of some of the inadequacies not of the care provided but of some of the follow-up practices which are not as effective as they might be.

It cannot be said that the detention, imposed or voluntary, of a drug addict in an institution such as that in Lexington is necessarily 100 per cent effective. One of the reasons is the inadequate follow-up system that is or at least was practised in that institution. Under this bill it is not contemplated that one found guilty of trafficking in drugs shall necessarily spend his full life in an institution. If that was contemplated by the use of the word "indeterminate" there would be cause for further interrogation.

It would be interesting to learn from the Minister of National Health and Welfare what system will be used to follow up cases of drug addicts detained under the provisions of this act following judicial determination. The problem in this country is not as great as it is in the United States, because we have relatively fewer addicts. I think we have some 3,000 drug addicts in Canada.

If we are going to do an effective job in providing for treatment and rehabilitation while these people are detained, knowing the number of cases where drug addicts resort to their former practice after having abandoned it while being detained, we will want to establish an effective follow-up system.

The provincial governments have a responsibility in this matter and indeed they can play a very great part. After all, the health services of the federal government are limited in so far as treatment facilities are concerned. Under the provinces are to be found the most effective and efficient methods of providing for the health care of the people of our country. A policy of decentralization in that regard is the pattern of our country. I am sure no one wishes to disturb that.

It would be interesting to know what the prospects are for provincial co-operation, particularly from the provinces where the largest numbers of drug addicts are to be found. For instance, is the province of British Columbia prepared to co-operate in some way? If it did co-operate it could meet the point which the hon. member for Vancouver East has just raised.

With regard to voluntary commitment, I must say that in principle I fully share the hon. member's concern and his objective, as I think do most hon. members. The proposal is that individuals who have been found guilty of drug trafficking and who are placed in detention will serve the punishment provided for under the act but at the same time, it is presumed, because of the general statement made by the minister, they will be given curative attention; they will receive the rehabilitation processes that have been devised for users of drugs.

This will be a form of care which will cost some money, but wholly justifiable. We do not want unnecessary duplication if we can avoid doing so. It seems to me that, depending upon the type of institution, it would

be wise for the provinces to co-operate fully, rather than to set up a series of institutions to serve a limited population.

If an individual suffering from drug addiction who had not committed a crime wishes to take advantage of this treatment, it seems to me there ought to be means provided to bring that about. I think one of the difficulties is the constitutional difficulty. In so far as this parliament is concerned there may be difficulty, under this act, in making it legislatively possible for an individual to receive treatment in such an institution. I doubt that the parliament of Canada would have the power—and perhaps the Minister of Justice will give us his views about this—to provide that an individual who had not committed a crime and who was not being charged with a crime in connection with trafficking should be placed in an institution, pursuant to a federal act.

Mr. Drysdale: Does not clause 19 cover that?

Mr. Martin (Essex East): I do not think clause 19 covers the point. It covers the objective, but it does not cover the point the hon. member for Vancouver East has in mind. However, there is no reason why an arrangement, in accordance with the provisions of clause 19, could not be provided so as to enable individuals who are suffering from drug addiction and who had not been convicted of trafficking to receive the benefit of the desired treatment. It seems to me this would depend on the kind of co-operation the provinces are prepared to provide. In any event, I think this would meet the hon. member's objective.

I agree with the hon. member that individuals in this country who are suffering from drug addiction should be given the opportunity, as a result of voluntary effort backed up by the proper medical certification, to enter institutions and receive the kind of rehabilitation treatment which is now proposed.

The institution at Lexington which I mentioned a moment ago is essentially a jail; it is a penitentiary; it has bars; it has all the physical properties that one usually attaches to the more modern jail as compared with places which have not been influenced very much by prison reform. There are departments in the institution where there is proper segregation of those who might be regarded as dangerous from those who are not. In any event, those are details that could be worked out.

If it is not possible to work out an arrangement with the provinces along those lines, it would be hoped that the federal government would be prepared, perhaps under the national health program if it were necessary, to share with the provinces, as was proposed in 1956 in the case of British Columbia, the cost of treating drug addicts who have not been charged with trafficking in drugs pursuant to the narcotic and drug control act. I hope that when the minister replies he will give the hon. member for Vancouver East and other hon. members some encouragement with regard to the drug addict who is not charged with trafficking.

When we come to the various clauses of the bill we will have further observations to make. I make this observation now, however. It is unusual to find in a bill of this kind no explanation of the various clauses and no indication as to where an amendment is being made to the existing act, even though the existing act is being repealed entirely. It would have been helpful—

Mr. Monteith (Perth): That is the reason.

Mr. Martin (Essex East): Yes, that is the reason, but often times when there is the repeal of an act an explanation is given of the differences between the two acts. In any event, there are no explanatory notes at all in this bill. When we come to the various clauses we will indicate how valuable this might have been.

I am sure there is wide approval of the general purposes of this bill. The bill will go a long way in the treatment of drug addicts, I am sure, even though the experiment of their treatment in institutions is not as yet a fully established fact. If we have the kind of follow-up system that is necessary, this could be an important reform and an important step forward.

The government has our full support in the initiative it has taken, but I would simply point out that if this follow-up is not pursued, much of the good will be lost, as I am sure the minister's officials would confirm. I have seen records of individuals in the institution at Lexington who had left the institution after a period of two years fully cured and fully relieved of the terrible disability under which they suffered. I have known other cases where as a result of a failure to follow this thing through, people have left the institution, gone out into the community and then reverted to their former habits of addiction.

The hon. member himself drew an analogy in terms of people receiving treatment for mental illness. As we all know, in the case of mental illness today the process of cure and rehabilitation does not end when a patient is discharged from an institution. Many people, after a period of confinement, are allowed to live outside where social workers and others follow their cases through and

give the help and guidance which are necessary. There are other cases where the patient never enters a mental institution; all the necessary treatment is carried on outside. Supervision of this kind is necessary, in my opinion, in order to make this act effective and if the minister can give us some information in this regard I am sure the committee will be interested.

It may be that the minister has in mind that the necessary supervision must be left to the provincial authorities. I can understand that, and it may be the best arrangement because of the difficulty of trying to supervise from the centre. Perhaps the ministers have the idea that the supervision will take place from the central institution provided under this act. In any event, these are points which engage our interest and which justify our understandable curiosity with regard to a measure which, I believe, deserves our full support.

Mr. Monteith (Perth): Before clause 1 carries I should like to make a further statement. In reply to the hon. member for Essex East, I hope he does not think that the remarks he made at the beginning of his observations will prevent the Minister of Justice and myself from playing golf together or any such thing. We do not want to get angry at each other. Maybe the hon. gentleman has been carried away by his feelings to an undue extent, because he must have boycotted the speech made by the Minister of Justice on second reading in which my colleague set out in some detail the answers to some of the questions the hon. member has been asking.

In the bill, under the definition clause, "minister" means, with respect to part I, the Minister of National Health and Welfare and with respect to part II, the Minister of Justice. Clause 15, as the hon. member will see, is the first clause in part II and it is only logical, I think, that treatment, after this stage has been reached, should come under the Minister of Justice because he has responsibility for handling the institutions; the parole board comes under the Department of Justice, and so on. I know that if there are any further questions about this part of the bill the Minister of Justice will be glad to answer them.

I should like now to say a few words about the discussion we were having on Wednesday last when the house rose. At that time we were discussing the question of facilities for the reception on a voluntary basis of narcotic addicts who desired treatment and who did not come within the provisions of this bill. My colleague the Minister of Justice clearly explained the purpose of the control measures provided by this measure in connection with treatment. He also pointed out that the treatment of non-criminal addicts would be a matter entirely within the scope of provincial legislative authority.

It is understood, of course, that if a province enacts complementary legislation, a narcotic addict could voluntarily subject himself to committal procedure and thus secure the benefit of treatment. I gather, however, that what hon. members may have had in mind is some form of treatment program on a wholly voluntary basis that would not involve a formal committal procedure.

When he spoke a few minutes ago I believe the hon. member for Vancouver East corrected the impression which had been drawn from his earlier remarks in this respect. But I should like to go on and assure the committee of my support for and co-operation in any treatment program that may be provided under responsible and experienced auspices. This would, of course, include, to the extent necessary, medical supervision. We would be very glad to give consideration to any proposals which might be advanced in this regard, and would certainly contribute the benefit of our knowledge and experience to the furtherance of their success.

However, I would point out that there are certain difficulties which appear to be inherent in what may be described as a voluntary treatment program. I refer here to the necessity for the right of legal control of the individual undergoing treatment. It is the view of my department that desirable as it may be that an individual should be encouraged to seek treatment, if treatment is to be effective there must be a legal right to continue it for such period as is necessary. In other words, while voluntary application for treatment is an important factor as indicating a necessary motivation by the individual, there must be some means of ensuring that treatment does not wholly depend on the continuation of such motivation. Some provision must be made to the end that treatment can be carried on even though the addict himself feels he has reached the point where he no longer needs it.

While there has not hitherto been available in Canada any intensive or comprehensive treatment program for narcotic addicts, treatment has been available on a limited basis through a number of facilities. In many instances, these facilities have been privately operated. I am advised, however, that it has been the experience of those concerned with such institutions that although a person should be encouraged to accept voluntary commitment, there must be some form of

legal procedure which would prevent him from discontinuing treatment whenever he wished.

I think the reasons for this are self-evident and I am sure hon. members would agree there is nothing unfair or prejudicial to an individual in requiring him to submit to treatment for whatever period of time competent authorities may feel is required.

While the expression "voluntary treatment" suggests a proper and humane approach to the problem, experience strongly suggests that the motivation of the individual addict sometimes needs critical examination. In some instances, this may stem merely from a desire to reduce a habit that has become too costly to support. Here there is clearly a necessity for legal control.

In other cases, the addict's motivation, though satisfactory in the first instance, may tend to disappear once withdrawal has been accomplished. Cessation of treatment at that point would not likely lead to continued abstinence from drugs and, therefore, no useful purpose would be served if he could discontinue at will.

These conclusions, I might add, are in accordance with views expressed by competent authorities at a conference held in the city of Vancouver in 1952 at which were represented various levels of interest in the problem of addiction in the community. They are also in line with the thinking of authorities in charge of the narcotic treatment hospital at Lexington, Kentucky, to which the hon. member for Essex East referred a moment ago, as well as of New York state authorities who are presently undertaking treatment programs on an experimental basis. As late as last Friday afternoon, as expressed during discussions that my officials had with New York state authorities, it was still their point of view that they must have legal control.

I can assure the committee that my department has been actively concerned with all aspects of treatment as it is currently being considered in various parts of the United States and in this country. In addition to maintaining direct liaison with authorities in various areas where experimentation in treatment is being carried out, our officials also work through the mental health advisory committee which is assisted by a special subcommittee on drug addiction.

A year ago, this subcommittee set up a working party under the chairmanship of Dr. Halliday who was referred to in this debate as the head of the British Columbia narcotic addiction foundation. This working party is charged with the task of examining and reporting on treatment and other health aspects of addiction and, to my mind, points up the active and continuing interest being shown in this problem.

We would not be optimistic of the success of a program that was based solely on the voluntary desire of an addict and that was not accompanied by some right of custodial control. Moreover, we feel that the measures contemplated by this bill in leading to committal under provincial legislation for the purpose of treatment, do not depart substantially from those which would be necessary in any proper treatment program. It is our view that regardless of whether treatment is carried out in the institutions which are now being proposed or in institutions unrelated to those covered by this bill, the factor of compulsory detention and supervision would seem to be equally a requisite.

It goes without saying that any province would be free to institute a special treatment program separate and apart from that which this measure proposes. It could also count on our wholehearted co-operation in contributing whatever knowledge and experience that might be pertinent in making such a program successful.

Mr. Martin (Essex East): Mr. Chairman, perhaps the minister would permit me to ask a question at this point. If the provinces set up institutions of that kind, is the minister prepared to say now whether he could offer financial assistance under the national health program?

Mr. Monteith (Perth): Yes, Mr. Chairman, I was just about to refer to that subject.

In certain circumstances, it might even be possible for the dominion government to provide some financial assistance under the health grants program. Any project in this regard would, of course, have to be submitted through the province to receive consideration. I must say that if we were asked to provide assistance to a purely voluntary program, we would feel obliged to draw attention to the aspects of control and supervision to which I have made reference. This would not, however, preclude our helping to the greatest extent possible in any experimental project on a voluntary basis. Certainly, there is need for more research and experimentation than up to now has been carried out.

In this connection, I would like to conclude by quoting from a recent paper published in the New York state "Journal of Medicine". It is written by Dr. Larimore, deputy commissioner of the New York state department of health and Dr. Brill of the New York state department of mental hygiene, and covers their investigation of the so-called British treatment system with particular reference to

the need for further research. Speaking of the situation in the United Kingdom, the authors had this to say:

> There is general scepticism about the effectiveness of existing methods of treatment, as well as a general dissatisfaction with the long term results which are generally described as marked by a very large proportion of recidivism or relapse—
>
> Placing the patient in a hospital for withdrawal is certainly sound. Beyond that, in the treatment of the underlying condition, it must be recognized that neither we nor the British have at the present time a satisfactory treatment method for narcotic addiction.
>
> Nevertheless there are a number of important reasons to believe that addiction is treatable and that better methods should be sought since "spontaneous cures" do occur, especially with increasing maturity, and it is a well known fact that older narcotic addicts are far fewer in number than young ones.
>
> Further, some cases respond even to present treatment methods. However, the development of more successful treatment must await the results of research—
>
> In both the United Kingdom and the United States, there is strong agreement as to the need for much basic research to be done in this field. Because of recent advancements in chemical and other technologies and in the theory of psychiatric drugs, there is better reason than ever before to expect constructive results from research.

I would just like to emphasize, in respect to the remarks of the hon. member for Vancouver East about treatment centres, that we certainly feel the provinces can do this at any time they wish without conditions being attached. It is our view that this is a separate discipline. Over the years we have received requests, as has the Minister of Justice, from individuals and organizations for help in regard to treatment along the lines we have advanced.

Mr. Chairman, I should like personally to congratulate the Minister of Justice for proposing this new concept of assisting and curing, if possible, narcotic addicts. I should also like to pay tribute to the late Mr. E. P. Winch, the father of the hon. member for Vancouver East. It was evident from a review of old files only last week that this gentleman while a member of the legislative assembly for British Columbia, was perhaps the first to suggest the establishment of treatment centres and that he urged consideration in this regard many, many times.

I feel that is all I need to say at the moment Mr. Chairman.

Mr. Winch: Mr. Chairman, before making any comment in regard to the statement which the minister has just made, may I express my great appreciation of his kind remarks in relation to the studies and work that were undertaken by my late father some 25 years ago, when he was a member of the British Columbia legislature.

Some hon. Members: Hear, hear.

Mr. Winch: It is because of the work which he did in that field, as well as in others, that I know I can safely say that irrespective of politics, he is revered by all who knew him in British Columbia.

I have listened with a great deal of interest to what the minister has had to say this afternoon. The viewpoint which he has put forward places emphasis on the remarks made the other day by the Minister of Justice, but I must say he has not convinced me as yet. I am quite certain there are not insurmountable obstacles in the way of achieving what I have suggested.

In regard to his remarks about separate provincial institutions being established for the treatment of addicts on a voluntary basis, I should like to think them over before I come to any decision. I feel quite honestly that, in view of the expenditures which the taxpayer must make through the federal treasury in order to handle this problem in providing the expert professional care which is required, and the building of the institutions, I am not certain whether there is any clear foundation for duplication in this field.

Mr. Broome: Would the hon. member permit a question?

Mr. Winch: Perhaps the hon. member will allow me to continue for a moment or two, following which I shall answer his questions if I am able to.

I believe we must pay special attention to this question so as to avoid duplication. I am not yet convinced that a plan could not be worked out, but I do wish to emphasize immediately I completely agree that even if a method of voluntary commitment is worked out on some basis, whether federally, provincially or jointly, before a person goes into any institution for treatment of a corrective nature for narcotic addiction it can only be done on a legal basis under which the person is accepted under certain controls, regulations, discipline, timing and care. I do not know of anything in the constitution or in law under which that can be done as part and parcel of the availability of the opportunity to take curative treatment in an institution by a person who volunteers to go in. Therefore I say, sir, I do not think this is an insurmountable obstacle in any way, although it has been raised by the minister.

One could speak for a long time on this and be repetitive; therefore I am not going to comment any more on it. I do not think I can add anything to what I said the other day or to what I said today.

With your permission, Mr. Chairman, I should like to raise just one other matter before I sit down because I think I can only raise it in the discussion of clause 1. I regret

that I cannot be here this evening. I know this is my responsibility but I do feel that since I have been at the United Nations I owe the courtesy of my attendance at the dinner tonight in honour of the president of the United Nations. Therefore I hope you will not mind, sir, if I change the subject at this time.

I think a great many of us in the committee, and particularly members from British Columbia, would appreciate it very much if the Minister of Justice could give us a clearer picture of the basis of his thinking on the establishment of narcotic treatment centres. We would appreciate it if he could give us as fully as possible his view of the basis upon which they are to be established. I do not have to reiterate to him my interest in this matter and my desires. If I am wrong I should like to be told so, but I should like to know why in the announcement made by the minister through the provincial member for Chilliwack there is to be a $5 million institution built at Matsqui. It is not the location at Matsqui that I am interested in, it is the institution itself and that is what I should like the minister to comment on. Statements are being made by those interested in this matter in British Columbia. Editorials of a somewhat critical nature are being written. I am not going to comment on whether they are right or wrong. That is what I want the minister to discuss. The Minister of Justice, together with the Minister of National Health and Welfare, are now breaking new ground on this question of narcotic addiction and how it should be approached. Undoubtedly mistakes will be made. We shall never get anywhere if we are afraid of making mistakes. I am certain that the two ministers and all of us are prepared to learn by mistakes and we are prepared to make some. We realize that this is a new field of endeavour and that a great many troubles will have to be faced. But why, in the breaking of this new ground, has it been decided to erect a $5 million institution—if this figure is correct and I presume it is because it was given out by the member for that area—on the information and authority of the Minister of Justice? Is there a good reason why this policy is being followed? Is there a better reason to move perhaps—and this may sound amazing coming from me—a little bit slower, to feel our way, to see how it works? Then if you need a larger institution you have the experience upon which to move.

I believe that some of the questions being asked in the editorials are good. I hope that the Minister of Justice has not, all of a sudden perhaps, been overcome a little by the magnitude of the great task which he and the Minister of National Health and Welfare are undertaking. I hope that some of his officials—and I have one particularly in mind who I know likes to do things on a grand scale—have not influenced the minister too much in this direction. I can see that the minister knows the individual in his department to whom I am referring. I do hope that he will give us a policy statement and as detailed a picture as possible on how they decided on the magnitude of this particular institution which has already been announced, and why the thing was handled in that way instead of perhaps, as I said before, feeling the way before such a terrific expenditure is made on one institution.

Mr. Broome: May I ask the hon. member a question now with regard to the point he made on duplication of facilities and the fact that he thought this would be perhaps wasteful of the taxpayer's dollar if it was not carried out all the way by the federal government. Would he not agree that we in British Columbia already have facilities which can take care of voluntary committals and which as we know do have psychiatric and skilled medical staff to handle the particular problem of drug addicts? We already have means of voluntary committals at the Crease clinic at Essondale.

Mr. Winch: No, I am afraid not. I believe the hon. member when he spoke made reference to the narcotic foundation. The narcotic foundation in British Columbia is doing a wonderful job and should have received much more support than it has received up to now.

The hon. member referred to the Crease clinic. I say that this is not the answer because although there can be voluntary committal to the Crease clinic for certain disorders after consultation with a doctor, a person can only stay a certain length of time in the Crease clinic. Unless they have changed the regulations since I was a member of the legislature the period is three months. That is what it was when the act was passed. As the hon. member knows, I was leader of the opposition at that time. It is only a temporary stay for curative purposes if you can be handled. It is only of a temporary nature. I can assure the hon. member from my knowledge of narcotic addicts that you do not in the majority of cases bring about a cure, especially anything of a lasting nature, in a matter of three months. A longer period of time than that is required. As a general rule I believe it is well over one year. I believe, if I heard correctly a little while ago, the hon. member for Essex East said the treatment had to be conducted for a period of from one year to three years and then the doctors are not always completely

sure. So I say that the Crease clinic very definitely is not the answer. I doubt very much if they receive very many in that institution with a narcotic drug problem.

Mr. Drysdale: I should like to supplement the remarks made by the hon. member for Vancouver East. I am concerned particularly with the treatment centres, and the provisions to which the hon. member for Vancouver East has already alluded, particularly as they relate to the narcotic addiction foundation of British Columbia. At the moment this is the only community based centre offering treatment and rehabilitation services for narcotic addicts, including those who are discharged from federal or provincial correctional institutions. This organization is the only one with any practical experience in this particular field. I think we would do well to listen to suggestions made by this organization with regard to treatment centres.

I have received correspondence from the director of this foundation with regard to this particular bill. The letter is dated June 6, and reads in part as follows:

> Reference is made to "treatment centres", and one hopes that the federal government will soon begin the construction of such a centre in this area. I would draw your attention again to our belief that such an institution should be located close to the metropolitan area, the further away it is the less effective will be the personal communication and the liaison necessary between the institutional and community (rehabilitation and after care) services, and it is the latter, or rather the absence of the latter, that has been the major cause of breakdown in various treatment programs.

The point with which I am concerned is the fact that the treatment centre is going to be established at Matsqui, about 50 miles away from the centre of Vancouver. Second, we already have this narcotic addiction foundation, and I am still not too clear despite the discussion last day, as to how it fits into the over-all picture. I do not believe it fits in with clause 19 of this bill because then it would be considered as part of a penitentiary. In view of the objectives of the foundation, which I should like to put on the record, I think it is important to consider how the foundation is going to be placed in the picture.

In the fifth annual report, 1960-61, the president, Mr. Carson, set out the following objectives:

> As a community-based agency, the narcotic addiction foundation is in an ideal position to carry out the following functions:
>
> (a) to accept, on a voluntary basis, any or all narcotic addicts who request help;
>
> (b) to work closely with the probation officers (as and when appointed) in the after care and rehabilitation program of the federal government;
>
> (c) to act as a training centre for physicians, social workers, nurses, volunteer groups, and others directly concerned with the rehabilitation of the addict in the community;
>
> (d) to carry out an educational program among such groups as: professional personnel; educators; adolescent and young people's groups; employers; service clubs, etc;
>
> (e) to initiate or co-ordinate research into such aspects of drug addiction as the following:
>
> (i) the natural history of addiction;
>
> (ii) the epidemiology of addiction;
>
> (iii) the effectiveness of a voluntary treatment program, and if there is a group of addicts that will respond to such an attempt;
>
> (iv) the relationship between narcotic and other forms of addiction;
>
> (v) the relationship between narcotic addiction and other social disorders.
>
> To achieve these objectives, the foundation will need to become an increasingly independent organization, feeling free to draw on financial and other resources from all levels of government and from the community we are attempting to serve.

The point that interests me particularly is how this foundation is going to fit into the new legislation. Second, this is the only organization of which I know with any direct experience in the treatment of addicts, and it is located in downtown Vancouver. It is a voluntary treatment centre which is treating, I think, approximately eight in-patients as well as a considerable number of out-patients.

Mr. Fulton: Perhaps I should answer the questions asked by the hon. member for Vancouver East and referred to by the hon. member for Burnaby-Richmond, because I would not want some of the things that have been said about this new centre to go unanswered. I do recall that at the very end of the debate on Wednesday of last week I had reached some of the comments that had already been made out on the west coast. I said that to me it seemed to be a pretty peremptory dismissal of a far-reaching new proposal to say, as the party of my friend in British Columbia did, that it was altogether quite wrong and a proven failure. In so far as I have not even seen the plans for this building as yet because they have not been completed, I am quite sure that Mr. Barrett, a C.C.F. member of the legislature in British Columbia, has not seen the plans or had any discussions about the proposal.

I notice there is a doctor in Vancouver who is reported to be an expert in the field, and who has also condemned the institution in a telephone call from Montreal to a British Columbia newspaper. Dr. Tyhurst has not telephoned me as yet, so I do not know the real basis of his objection. I do want to make it clear that in devising this plan, in devising the details of the custody for treatment program, the officials of my department have had lengthy discussions with officials of the Department of National Health and Welfare. This department is constantly in touch with capable and thoughtful people in this field, as well as having capable and thoughtful officials in their own service. In addition, the

officials of my department, particularly the commissioner of penitentiaries and other members of the correctional planning committee, who first began the study of the development of the federal institutional program to treat narcotic addicts rather than merely incarcerate them, themselves had discussions in the course of their study with senior correctional officers in California, where we are informed they are now developing a plan much along the same lines as we have here envisaged. They also had discussions with officials, psychiatrists and psychologists and other persons in Vancouver interested in the problem, including members of the university staff. I understand that Dr. Tyhurst is head of the University of British Columbia department of psychiatry. Apparently Dr. Tyhurst was not one of those with whom the committee consulted in Vancouver two years ago, but other representatives of the university were consulted.

I am not in a position at the moment to give a blueprint of this institution because we have not drawn up the plans as yet. We are consulting architects now and of course we will lay down, in consultation with the Department of National Health and Welfare, the general design and purpose of the institution and ask the architects to produce the plan of a building which will carry those purposes into effect.

In so far as the location at Matsqui is concerned, may I say that I have learned it is only some 50 minutes from the centre of downtown Vancouver. This could hardly be said to be remote. The route of the new trans-Canada highway, according to our information, is going to pass Matsqui. I am told that a journey of 45 minutes, at the maximum, from downtown Vancouver will take one to the institution. There are many people in our cities today who spend far more than 45 minutes struggling to and from work. I do not believe we are really putting obstacles in the way of any professional person who desires to come there to assist us or in the way of the members of the narcotic foundation if they want to get in touch with the treatment centre at Matsqui. We feel, however, that we must have the institution physically removed from downtown Vancouver, if for no other reason than that we do want to have some element of control over the persons who pass by and who may thus introduce narcotics into the institution.

You cannot have an institution of this kind located in downtown Vancouver with the kind of drug trafficking and organized trafficking that we know exists, and expect to successfully keep narcotics from being smuggled into the institution. I would not guarantee that we can completely prevent it at Matsqui, but we will have a better chance of controlling things around the periphery so people will not have a chance of caching narcotics, then picking up the caches and getting them inside, than if it were in a huge city.

As to the criticism that it is going to be too big—that is, that it is too big and will have too many inmates—may I say that it has never been our intention simply to have an institution in which some 400 narcotic addicts are all treated on an identical pattern. The institution might well be capable—and this we have in mind—of operating on the basis of separate clinical units with perhaps 80 patients or 100 patients or inmates in each unit. Just because it is going to be physically capable of housing perhaps 400 or more people, it does not mean that we have decided that every one of those inmates is going to receive absolutely equal treatment. In planning the institution we have in mind that it should be so designed that it can be capable of being operated in smaller units, although all contained in the same general area.

I think I should just say that one purpose at least which it will achieve is the segregation of all the criminal drug addicts in British Columbia from the non-criminal addicts. Not until we have done that can we really start treatment programs on, to some extent, an experimental basis and it will have to be on an experimental basis because no compulsory treatment program has ever before been designed or attempted in Canada. The first requisite therefore is segregation. Then we can test out the treatment program and develop it as we along. That is absolutely impossible to do under the present circumstances.

We intend to proceed on an experimental basis. We intend to consult extensively and continuously with the experts in this field; I refer to the medical and psychiatric experts. We are not going to go blindly ahead on the assumption that we can draw up a blueprint of treatment without consultation; of course we are not going to do that. May I point out that this building will not possibly be ready for complete operation within a matter of two years. It has only just been decided where the location is to be. There is plenty of time for consultation and for us to learn and to acquire the additional benefit of the views of others over and above those with whom, as I have pointed out and emphasized, our officials have already discussed the matter.

Mr. Martin (Essex East): May I ask a question?

Mr. Fulton: May I just finish this one sentence? I appreciate the reasonable approach of the hon. member for Vancouver East. He expressed concern. He asked for

reassurance. I hope I have given it to him. I also hope that he will urge on those who are interested in this field that they should not at this great distance, when the bare outlines of the plan have just been announced, make these very sweeping statements which are calculated to prejudice the operation even before it starts. Let us at least have the opportunity of discussion and exchange of views. We can probably learn and profit by suggestions and we are quite prepared to do so.

Mr. Martin (Essex East): I presume that the largest and most vigorous drug addict population in Canada at the moment is in Vancouver, although I do not know what the statistics are.

Mr. Fulton: That is correct.

Mr. Martin (Essex East): The minister says that is correct. That fact was undoubtedly in the minister's mind when a location in British Columbia was selected for the new institution. However, having in mind the vacillation or the movement of the drug addict population and the fact that Montreal has been a centre and that Toronto has been a centre, I wonder whether the minister has given adequate consideration to the location. Might it not have been better to locate it in between the extremities of our country?

Mr. Fulton: I think one of the answers to that question is this. It must be recognized that there are in Vancouver experts or researchers in this field to an extent to which they are not found at the moment in other cities. Our thought was that we might well ultimately have an institution in British Columbia, one in Ontario to serve the Toronto district need and one in Quebec, probably near Montreal, to serve that area where there is also a concentration of addicts. But by far the greatest concentration is in Vancouver. It so far outweighs the others that it was perfectly clear that the first institution should be established to service that area.

Mr. Winch: Actual addicts do not move a great deal.

Mr. Drysdale: Since the key to the program is the after care and rehabilitation of narcotic addicts and as it is estimated that about 60 per cent of those in Vancouver were born and raised in Vancouver and they would have to return from the treatment centre some 50 miles or 60 miles outside of Vancouver, I was wondering how the rehabilitation will be conducted. Will there also be another centre in Vancouver to which they will go for after care treatment or will the treatment be finished at Matsqui and then they will just return to Vancouver from there?

Mr. Fulton: No. It is not envisaged that they would be kept in the institution at Matsqui for the whole time until they are pronounced fit subjects to be released from institutional custody and then turned out and sent back to Vancouver with no acclimatization as it were. As the program of rehabilitation is developed there may well be hostels in Vancouver or in much closer to Vancouver and the parole board, on the advice of the medical and psychiatric experts will supervise the move of inmates from the institution into the hostel or from the hostel into employment if we can find it for them. This would be the objective while they are still in the hostel, working in the daytime at useful occupations. Then gradually they will be released from the hostel and live their own lives in their own homes although under the supervision of the national parole board. That is the sort of program we have in mind, although I do not want to be taken as giving a blueprint of it at this moment.

Clause agreed to.

Clause 2 agreed to.

On clause 3—*Possession of narcotics.*

Mr. Roberge: Clause 3 deals with possession. I want to refer the minister to his remarks on Wednesday last as found at page 5980 of *Hansard*, where he said there would not be a minimum punishment. The other act provided for a minimum punishment. If procedure was by way of indictment it was a minimum of six months plus a fine of $200, and at the discretion of the court, whipping. If it was by summary conviction, the minimum punishment was still six months and the minimum fine was also $200. In his remarks the other day, as found on this same page, the minister said the government thought it would be better to leave the discretion to the court as to a minimum. If we are to break this trend with regard to the possession of narcotics I would think, speaking personally, that there should be a minimum. Will the minister enlarge on his remarks on that topic? The same statement, of course, will apply to the other clauses except the clause on importing and exporting.

Mr. Monteith (Perth): I understand that in the Senate committee report, it was indicated that the general feeling of the committee was that there should be no minimum but that the maximum, of course, should be much more severe than it had been. These are the

steps that have been taken in this new legislation with the exception of the case of importation or export and in this instance there is actually a minimum sentence. Otherwise, however, it was felt advisable not to have a minimum sentence but to increase the maximum.

Clause 3 agreed to.

On clause 4—*Trafficking in narcotics. Possession for purpose of trafficking. Offence.*

Mr. Drysdale: Mr. Chairman, I wish to make one or two remarks on this particular clause, primarily on the question of the punishment of life imprisonment. During discussion on the recent amendments to the Criminal Code I think it was fairly clearly pointed out to the house that we were retaining the death penalty in some instances because it was a deterrent to the crime of murder.

In 1960 I introduced a bill amending the Opium and Narcotic Drug Act. At that time I tried to distinguish between a user and a non-user of narcotics for the purpose of trafficking and suggested there should be a sentence of death or imprisonment for life imposed for this offence.

The thing that concerns me particularly about the clause now before us is that the Minister of National Health and Welfare, in his earlier remarks when referring to the Senate committee, said as reported at page 5980 of *Hansard* for June 7:

> The report of the Senate committee recommended that trafficking, regardless of its purpose, should be made a costly and hazardous undertaking in terms of a penalty. While the Senate committee did recommend that there be mandatory minimums for second or subsequent offences for trafficking, it was the view of the enforcement authorities that a more effective deterrent would lie in the increase of the maximum penalty and that the courts should be empowered to impose within the framework of a lengthy maximum what might be an appropriate penalty for trafficking.

The minister went on to say:

> The sentence which may be imposed has been raised to life imprisonment. In this way parliament will have indicated clearly the seriousness with which it regards trafficking offences and the courts can, therefore, take cognizance of this in fixing appropriate penalties.

The Miniser of Justice is reported at page 5986 of *Hansard* as having made the following statement:

> The law relating to the suppression of trafficking, then, should be sufficient in terms of punishment reasonably to deter the would-be trafficker from engaging in that form of activity and, if it does not do so, it should be adequate to protect society against him when he persists.

I was very impressed by the statements made by the hon. member for Vancouver East, who has been noted in this house as an abolitionist. At page 5994 of *Hansard* he is reported as having said:

[Mr. Monteith (Perth).]

> There is also the clause that deals with trafficking. I am discussing it only in principle. A person can have no sympathy for one who breaks the law, no sympathy at all for one who commits homicide and, of course, no sympathy for one who traffics in narcotics. I think about the lowest depths that any man or woman can sink to is to be a trafficker in narcotics. A murderer kills and that is it. But one who traffics in drugs, who brings a person to addiction, to that insatiable craziness, makes an absolute hourly and daily hell for life for the addict. I, therefore, have no sympathy for him, and I agree that for the trafficker there should be a penalty of up to life.

I would point out that the hon. member said quite clearly, following up his philosophy, that there should be a penalty of up to life, but I felt—and I am putting my own interpretation on his words—that he came very close to advocating the death sentence for this offence.

Mr. Winch: No. That will be the day.

Mr. Drysdale: The point that concerns me is this. A survey was recently made by the narcotic addiction foundation. They sent out questionnaires to over 330 young people in Vancouver. I understand the questionnaire was not limited to particular areas where narcotics are a problem. The findings of this survey are quite interesting. For example, 19.5 per cent of the 18 year olds said they had an opportunity to use heroin, and some 50 per cent of those in the 15-18 years of age category said they had an opportunity to use heroin while they were drinking.

In the last two years the narcotic addiction foundation has treated some 285 patients. Of that number 45 per cent of the males and 48 per cent of the females were drug addicts by the age of 20 years. I am concerned that these very, very young people are exposed to the dangers of drugs. I feel that a trafficker who is either a user or a non-user himself—and I think it is more serious in the case of the non-user—should be subject to the maximum deterrent.

Logically, since we said in connection with the amendments to the Criminal Code that capital punishment was a deterrent to somebody who wanted to commit a robbery, for example, or to various types of murder, it seems to me that we have here the most obvious case for the maximum deterrent. I say this because in the case of a trafficker, especially in the case of a trafficker who is a non-user, the prime incentive is the monetary return that he gets. I think in these circumstances we are justified in imposing the maximum deterrent, which is the sentence of death.

Accordingly I would move, seconded by the hon. member for Vancouver-Kingsway:

> That clause 4 (3) be amended by adding after the word "life" in line six, the words "or sentenced to death".

Mr. Winch: Mr. Chairman, I could not help but note with interest the fact that the mover of this amendment quoted some of the remarks I made the other day. I want the hon. member and this committee to know that I meant every word I said. There is no question whatsoever in my mind that one of the most heinous crimes which can be committed is the illicit trafficking of narcotic drugs.

I agree with the hon. member that the worst of these traffickers is the non-user, because he is motivated wholly and solely by the profit motive. That was the reason why during my remarks last week I added to the words used by the Minister of Justice "demand and supply", the words "and profit". I pointed out that I thought if we could by this bill directly, or in co-operation with the provinces, wipe out the profit motive we would take a major step forward in wiping out the entire narcotics problem.

However, I think the hon. member and the committee know that I still stand in complete opposition to the death penalty. I think it is inhuman, unchristian, unnecessary and is no deterrent. I know, from speaking to many people who have been serving terms of life imprisonment that a life sentence is a pretty horrible thing to contemplate. These people are under regimentation every hour of their lives and are denied meeting with society.

In speaking to the amendment directly, if my memory is correct there is only one country in the world which has the death penalty for drug trafficking, and that is Iran. In the not too distant past Iran was one of the greatest producers of narcotic drugs for illicit trafficking. Iran also had one of the largest percentages of population in the world of people who were addicts. I am speaking from memory, but I believe that only about three years ago they had in the neighbourhood of 325,000 known addicts in Iran. That is why in 1959 Iran took a major step forward and opened up treatment clinics for drug addicts. In two years 65,000 addicts have been treated in these clinics. But they also provided the death penalty as the ultimate punishment for any key person who was engaged in the growing or illicit trafficking of narcotics.

I had the opportunity of speaking to two of the cabinet ministers from Iran this year at the United Nations. They have been able to make great steps forward, but they have found they can get results without having to resort to the death penalty. I am sorry that after the progressive thoughts which have been expressed by the hon. member he should be so reactionary and retrogressive as to move this amendment.

Mr. Browne (Vancouver-Kingsway): We have had a good deal of discussion in the house on capital punishment in the last year or so. I do not think the argument put forward by the hon. member for Vancouver East should carry too much weight in this debate, because the house did not accept his views on capital punishment before, and he has added nothing to them at this time.

Mr. Winch: It has gone a long way, though.

Mr. Browne (Vancouver-Kingsway): I am one of those who held strong views in favour of the retention of the death penalty. However, after listening to a number of other members express the view that for certain kinds of murder capital punishment is no deterrent I felt I could support the government measure brought forward exempting certain crimes from the death penalty.

Nevertheless, the hon. member for Vancouver East has agreed that the trafficker in narcotics is at least as bad as the worst type of murderer, and the other members of this house believe that the worst type of murderer should be sentenced to death. Thus I think he has put forward a fair argument for saying that a trafficker in narcotics should be sentenced to death. The hon. member does not believe a trafficker should be sentenced to death, because he does not believe murderers should be sentenced to death; but the rest of the house believes they should be sentenced to death.

I think the hon. member was wrong in saying there was only one country which prescribed the death penalty—

Mr. Winch: I said there was only one to my knowledge.

Mr. Browne (Vancouver-Kingsway): I noticed an article in the *Globe and Mail* of November 19, 1960 entitled "Dope Pushers Face Death". It read:

> Bangkok. Nov. 16 (Reuters)—Heroin and morphine manufacturers and peddlers face the death sentence or life imprisonment under a bill approved by the Thai cabinet today.

This seems to be a growing problem. A murderer does, of course, cause the death of a person but a trafficker in narcotics may ruin the lives of several people, perhaps of hundreds. Having accepted the view that capital punishment is a unique deterrent and that it should be retained in Canada I suggest there is no more suitable course for the house to take than to apply it to those who traffic in narcotics and I wholeheartedly support the amendment put forward by the hon. member for Burnaby-Richmond. I hope it will be accepted by the committee.

Mr. Fulton: I feel I should say now that the government, while appreciating fully the

sentiments of the hon. members who have spoken in support of this amendment, is unable to accept it. This is not because we disagree with them as to the despicable nature of the crime of trafficking in narcotics, particularly when engaged in for motives of profit and not, for instance, to support a craving arising from personal addiction. The trafficker who is not himself an addict and who puts this substance into circulation deserves condemnation in language stronger than one could devise to describe him.

The fact of the matter is that we have decided, and recommended to the house, and the house has approved, that generally speaking the grounds for capital punishment should be restricted rather than enlarged. I know that it is still a potential penalty for those guilty of treason or piracy but broadly speaking capital punishment is now restricted to those who kill as a result of planning and deliberation. We think it would be completely inconsistent with that principle to enlarge the types of crimes to which capital punishment is now applicable so as to include trafficking in narcotics.

May I remind the committee that not very long ago the penalty for trafficking, for whatever purpose, was seven years. It is only about six years ago that the maximum penalty was increased to 14 years which it presently is under the Opium and Narcotic Drug Act. We are now providing for a maximum penalty of life imprisonment which represents a substantial and real increase in the severity of the penalty. I would ask hon. members to remind themselves that a person convicted and sentenced for trafficking on a second or any subsequent offence will be liable to an indeterminate sentence and in these circumstances he would be released only on the certificate of the parole board and would be under supervision of the parole board for life. In these ways we think, first, we have provided a sufficient increase in the maximum penalty to indicate to the courts, the country as a whole and the traffickers themselves the detestation in which this crime is held and to provide the courts with sufficient means of ordering detention in the case of these offences. If this does not work the first time, an offender will be subject to an indeterminate sentence which would have the effect of his being under supervision for life even if he should be released from prison.

On these general grounds, therefore, I am unable to accept the amendment. There is a particular ground, too, with respect to the drafting. It will be observed that clause 4 now provides that every person who violates subsection (1) or (2) is guilty of an indictable offence and is liable to imprisonment for life. This relates to all traffickers, whether the trafficking results from personal addiction or whether it falls into the still viler class of trafficking for profit. The penalty can be exacted with respect to both kinds of traffickers. Therefore, the effect of the amendment would be to make all traffickers liable to the death penalty. I appreciate that this is a technical matter, and that it could probably be dealt with. Nevertheless, the effect of the amendment would be as I have indicated—a person who is forced into drug trafficking because he himself is addicted and has no other means of sustaining his drug habit would be liable to the effect of the amendment. Thus, though I appreciate and to some extent accept the sentiments of the mover of the motion I am unable to go all the way with him and accept his amendment.

Mr. Drysdale: I think the minister has confirmed the interpretation which I myself was placing on this amendment, because he has said it was an alternative to life imprisonment. I think that is what should be hanging over the heads of these people who are drug traffickers—the possibility that they may be executed. The minister has clearly drawn to the attention of the committee that this was exactly what I was trying to do. Also, the trafficker who is not a user himself is purely in the business for the sake of the financial reward and I can see no value in attempting the rehabilitation of an individual of this type. He goes into it consciously. I would suggest such an individual causes more hardship and misery than a murderer who kills one person, because in the trafficking of narcotics, as we have seen in the city of Vancouver, he can ruin the lives of approximately 3,000 individuals.

I feel the state should not be obliged to pay approximately $2,000 per year to maintain a person who has been sentenced to life imprisonment for the crime of trafficking. I do not think the state should be required or prepared to go to that expense, as those individuals are involved in this business solely with the motive of profit. I think that has been borne out by the fact that the Mafia decided, after its Appalachian conference, because sentences had been increased and enforcement was becoming stronger, to get out of the business. That is exactly the result which I hope will come from the inclusion of the death penalty. There may never be a case where it has to be carried out but, if we consider it as a deterrent under the Criminal Code in respect of those amendments put forth regarding the crime of murder, surely it

will be more of a deterrent to those individuals in the field of trafficking with the sole motive of making a profit.

(Translation):

Mr. Caron: Mr. Chairman, when the amendments to the Criminal Code dealing with capital punishment were under consideration, I mentioned that traffickers, those who promote the sale of narcotics—not the drug addicts, but the traffickers—should also be liable to the death penalty.

An amendment is being introduced today and, in my opinion, a distinction is in order. There are actually two types of drug traffickers: first, those who are drug addicts themselves and who sell drugs for the leader of a drug ring; and then those who are not addicted but who peddle drugs here and there.

Narcotics are being sold in universities, in colleges, in a word, in all spheres of society.

It has been said that capital punishment applies only to a criminal convicted of capital murder. According to me, the worst murderer is the person who is responsible for drug addiction, who sells drugs to people who will develop the habit which, in time, may become compulsive and possibly make criminals out of the addicts. In fact they are victims. It is the trafficker who is the true culprit, the real murderer. He is the one who prepares murderers through his activities.

That is why, Mr. Chairman, I strongly support the proposal made by the hon. member for Burnaby-Richmond (Mr. Drysdale). Indeed, in spite of all the amendments to the law and of the R.C.M.P.'s work throughout the country, the latter cannot always get to the brains of drug traffic rings.

The worst individual is not the one who, having become an addict himself, must peddle drugs to satisfy his own needs, but the individual who has set up vast traffic rings. The latter is fully conscious of what he does. His only concern is to make big profits for himself. In my opinion, that is the worst kind of criminals we have in Canada and capital punishment should be their penalty.

For those reasons, I am in favour of the amendment.

Mr. Paul: Mr. Chairman, I listened with great attention to what the mover of the amendment had to say and to the answer given by the Minister of Justice (Mr. Fulton).

As the hon. member for Hull (Mr. Caron) has just stated, we have before us a bill dealing with what may be the foulest crime society has to cope with.

Many lawyers can see for themselves the pernicious effects narcotics have on an individual.

All means possible should be taken to protect society against traffickers. For the protection of society, capital punishment is imposed on those who commit capital murder. They have to die to pay their debt to society. But who could tell all the murders committed not by the victims of traffickers but by the traffickers themselves, who are, as far as we are concerned, members of the underworld.

These traffickers unfortunately operate on a great scale in many places and especially in Montreal as far as the province of Quebec is concerned.

Youth must be protected. All possible means must be taken to avoid the social disturbances caused by drug users. We must do everything to curb this social evil.

That is why I congratulate the hon. member for Burnaby-Richmond (Mr. Drysdale) for his amendment. Nothing must be neglected to give the fullest effect to the legislation we are considering now.

I think all hon. members have the same object in mind: to check this plague and make sure that the penalties will be as severe as can be for those who go about spreading social death around them. By spreading death, I mean that their victims become poor human trash. That is why they are not entitled to any consideration from society since they do not have any for anybody, their only concern being to satisfy their greed.

For those reasons, I will vote for the amendment proposed by the member for Burnaby-Richmond.

(Text):

Mr. Payne: Mr. Chairman, I rise to give my unqualified support to the amendment presented by the hon. member for Burnaby-Richmond. I feel very strongly that there is too much soft soap handed around, and too much questionable sympathy given to those individuals who perpetuate some of the most insidious crimes known to humanity. I feel that if, by the inclusion of the death penalty for those individuals who are convicted of trafficking in narcotics—not necessarily because they are addicted to the use of narcotics—we will in any way be providing a further deterrent, it is an obligation on all members of this house to do so.

The Deputy Chairman: Is the committee ready for the question?

Mr. Macdonnell: Mr. Chairman, I find myself in a difficult position and should like to ask for further information. I fully intended to vote against this amendment but have not been able to resist the feeling, after listening to the last two or three speakers, that the matter is not as simple as I thought. I should like to ask one or two questions of the Minister of Justice who can perhaps clarify the situation a little further.

Much has been said in the last few minutes about the situation growing worse, and that the penalties provided at this time are not sufficient. Part of the answer given by the Minister of Justice indicated that he felt the additional penalties might help take care of the situation. I should like him to comment further in that regard. Perhaps the minister has given the answer to this question while I was absent, but I should like to ask him if any comparisons can be made with other jurisdictions or places where the death penalty has been imposed for this crime and, if so, could he make some reference to the results?

I feel there is great responsibility involved in voting for the addition of the death penalty, yet I cannot take lightly what has been said by the mover of the amendment and other hon. members who have spoken subsequently. I do not think it is fair to ask the Minister of Justice to speak again on this but I would be glad if he would.

Mr. Fulton: Part of the question has been answered already in that there are I think two countries we know of, and possibly a third, which provide the death penalty. One is Iran where they have, according to my information, 1,400,000 addicts as against our 3,100 known criminal addicts. The other is Thailand. The death penalty was introduced there much too recently for us to have any information. I am told that the third one is possibly nationalist China. These are the only countries where the death penalty is, according to our information and our present supposition, provided for the offence of trafficking. I remind the hon. member who probably came in after I had spoken earlier that six years ago the maximum penalty was seven years. At that time it was raised to 14 years. We are now raising it to life imprisonment so that a trafficker can be put away for life. If by any chance he should be released and then recommit his offence he is automatically subject to an indeterminate sentence and to supervision for the rest of his natural life. Therefore it cannot be said the penalty being provided is other than very severe.

[Mr. Payne.]

Let me emphasize again that as the amendment is drawn it makes no distinction between the trafficker who traffics to support his own craving for drugs and those who are traffickers for profit. Therefore even the trafficker who was forced into trafficking because of his own craving for the drug would be liable to the death penalty. We are not able to accept the amendment.

Mr. Deschatelets: I should like to ask a further supplementary question of the minister pursuant to the point raised by the hon. member for Greenwood. Do we have any statistics showing that some of the murders which have been committed in Canada during the past years have been committed under the influence of a narcotic?

Mr. Fulton: We have no statistics on that point.

Mr. Martin (Essex East): Is it not a fact that we have some statistics on the matter but they do not reveal any real influence along alarming lines such as those that would agitate the hon. member for Greenwood?

Amendment negatived: Yeas, 7; nays, 44.

The Deputy Chairman: Will the hon. member for Richmond-Wolfe advise the committee which way he voted? He was not seen by the Clerk Assistant.

(Translation):

Mr. Dubois: Mr. Chairman, I voted for the amendment.

(Text):

Clause agreed to.

Clauses 5 to 7, inclusive, agreed to.

On clause 8—*Procedure in prosecution for trafficking.*

Mr. Martin (Essex East): This will relieve the Minister of Justice, I know. I do not propose to repeat the argument of the other night when we alleged that the bill dealing with controlled drugs in one or two of its provisions was a violation of the bill of rights. I simply want to record that what we said about that bill in reference to denying the presumption of innocence principle applies to this clause and to the subclause immediately above. Although there is no point in trying to persuade an unwilling minister who will not agree with me, I simply want to put on the record the fact that here again is another violation of the bill of rights, and also a violation by the minister of section 3 of the bill of rights.

Mr. Fulton: Of course the hon. member likes to put things on the record whether they are accurate or not. He is again putting a second inaccuracy on the record in what he has just said. In addition, he implies that he

was right in his assertion with respect to the earlier bill which he was not.

There is a clear distinction between his case there and his case here in that under this bill possession is an offence and in order to traffic in the drug, you obviously must have it in possession. Therefore it might be said that the one offence is included in the other.

Mr. Martin (Essex East): I admit the statement of fact but I do not agree with the deduction.

Mr. Fulton: On two grounds my friend is incorrect this time.

Clause agreed to.

Clause 9 agreed to.

On clause 10—*Search and seizure.*

Mr. Winch: I have time to ask a question. As I said, I cannot be here tonight. Is the minister in a position to say a word on the point I raised last week? If a home is wrecked by officers going in to search and the person is completely innocent, if he is in legal possession of narcotics, what is the position? The home is wrecked. Has he any claim at all for assistance from the crown?

Mr. Fulton: I was asked a similar question in the committee the other day on my estimates. Our policy is where it is the federal police carrying out the enforcement of a federal statute if the premises of the innocent person are injured or damaged in the course of executing a warrant, and if the damage is minor we make restitution at once; if the damage should be major, then the matter is referred to the minister or to the deputy minister of justice for a submission to treasury board with regard to restitution. That is the policy with respect to an innocent person.

Clause agreed to.

Clauses 11 to 21, inclusive, agreed to.

Schedule agreed to.

Preamble agreed to.

Title agreed to.

Mr. Winch: You talk about co-operation now.

Bill reported, read the third time and passed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 7.30 p.m.

Penitentiaries Act

PENITENTIARIES

REPEAL AND SUBSTITUTION OF ACT

Hon. E. D. Fulton (Minister of Justice) moved the second reading of Bill No. C-105, respecting penitentiaries.

He said: Mr. Speaker, it may be of interest to the house to know the first act of the parliament of Canada in relation to the subject matter of penitentiaries was passed in 1868. From time to time thereafter statutes were enacted by parliament in relation to this subject matter, but it was not until 1883 that all the relevant legislation was gathered together and enacted by parliament as an act to amend and consolidate the laws relating to penitentiaries.

Since 1883 the Penitentiary Act has been amended from time to time in one respect or another but at no time until now has parliament been presented with a bill that would revise completely the Penitentiary Act and put it in a form and give it a substance consistent with an enlightened approach to the problem of penitentiary operations. Evidence of this is to be found in the fact that, of the 82 sections in the present Penitentiary Act, more than 50 repeat almost word for word the corresponding section that was enacted by parliament in the statute of 1883 to which I have referred.

Hon. members will recall that the Fauteux committee, in its report of 1956 concerning the principles and procedures followed in the remission service of the Department of Justice, went into a considerable number of further fields than those encompassed by its terms of reference and embraced, indeed, the whole of the penitentiary system. They pointed out that there are certain features which, in the opinion of the committee, should be emphasized in the development of the Canadian correctional system. The Fauteux committee enumerated those features as follows:

(a) a high degree of integration between all parts of the correctional system;

(b) a well developed and extensive system of adult probation;

(c) a concentration of effort on treatment by way of training, rather than the mere imposition of punishment; this is especially so in the case of special classes of offenders, particularly youthful offenders and persistent offenders;

(d) specialization of institutions and specialization of methods of treatment, with a concentration of professional staff in the areas where it is most needed;

(e) the development of small, open, minimum security institutions;

(f) a planned policy of recruitment and training of professional staff; and

(g) a willingness to make full-scale experiments in all phases of the correctional system.

Mr. Speaker, the house will recall that on Friday or Saturday of last week I outlined

to the committee of supply the progress made by the government in implementing the recommendations of the Fauteux committee report as expanded by the correctional planning committee which we appointed at the end of 1958. I indicated at that time that much progress had been made in modernizing the Canadian correctional system and that, in introducing the present bill, I would be introducing a measure to give form and substance and legislative authority, if you like, to the reorganization that has been going on in the penitentiaries branch as a result of the implementation of these plans.

The purpose of the present bill is to provide the legislative authority necessary in order to develop, in the Canadian federal correctional system, those features that relate particularly to the operation of the penitentiaries. The principal changes, therefore, under the new act that hon. members will find, in comparing it with the present Penitentiary Act, are as follows:

1. It will permit a reorganization of the headquarters of the service in Ottawa along functional lines and will permit the establishment of regional penitentiary directors. This headquarters reorganization and regional development is essential if the headquarters of the service in Ottawa is not to be bogged down by a mass of details concerning the day to day operation of individual institutions.

2. This bill will bring all officers and employees of the service under one central authority for the purposes of appointment, promotion and transfer. I outlined, during the consideration of the estimates, the new approach to this staff problem, and the new career opportunities which would open up. Prior to 1933 penitentiary officers were appointed under and were subject to the Civil Service Act. Since 1933 the headquarters staff in Ottawa has been appointed by the civil service commission; wardens, deputy wardens and other administrative or executive officers in the institutions have been appointed by the governor in council on the recommendation of the commissioner approved by the minister; and all other employees in penitentiaries, such as guards, trade instructors and other subordinate officers have been appointed by the commissioner upon the recommendation of the warden of the penitentiary concerned.

This is a very unsatisfactory arrangement because it does not permit transfers and promotions of officers between headquarters and the field. If we have a penitentiary officer who is, in our opinion, eminently suitable for a position at headquarters, it is necessary for him to enter a civil service competition and, of course, there is no assurance that he will win it. If he does win the competition, he must then resign his position on the penitentiary staff in order to accept the new position under the Civil Service Act.

It is essential that all officers and employees should come under one jurisdiction and that the penitentiary service should be organized in a way that will permit, first:

The development of a career service, in which promotions are made on the basis of career planning and specialized training: for example, the headquarters staff should, as far as possible, have had experience in institutional work and the benefit of specialized correctional training.

Second, it is also necessary that the service should be organized in a way that will permit a code of discipline applicable to penitentiary service officers, especially in the field, comparable to that of the R.C.M. Police.

Third, it is necessary to provide for the speedy appointment of institutional staff members, having regard to the responsibility of the penitentiary service to see to the safe custody of inmates committed to the penitentiary by the courts. The method of appointment of employees established by this clause will give much greater flexibility to our system of career planning for officers.

The next feature that hon. members will observe in comparing this bill with the present act is that the bill authorizes the Minister of Justice, with the approval of the governor in council, to enter into an agreement with the government of any province for the confinement in federal institutions of persons who are sentenced under the criminal law to less than two years. In the absence of such authority persons sentenced to less than two years could not be detained in a federal institution.

The house will recall that in 1958 we had a dominion-provincial conference related to prospective changes being made in Canada's correctional system. This conference was called for the purpose of discussing with the responsible provincial ministers the problems that arise in connection with the implementation of the Fauteux committee's recommendations and other recommendations that we had developed as a result of our consideration of that report. At that time it was stated as a matter of policy by the federal government that we were prepared to accept the Fauteux committee's recommendation that the federal system should assume the responsibility for persons sentenced in Canada to terms of more than six months. I think that recommendation was "sentenced to terms of more than one year".

We outlined the problems that would confront us in accepting this proposal and the planning which would be necessary if we were to put it into effect. I refer to planning related to the improvement of our own federal

system in order to bring it to a point where it was of such a standard that we could say that it was as good as or better than any existing provincial system and that therefore it would be logical and proper for us to accept this additional responsibility; and also planning that would be necessary in order to enlarge the facilities of the federal system so that we might be physically able to take over that extra responsibility.

At that time I indicated to the provinces that if they agreed that this approach was correct, we would base our penitentiary planning on the first assumption and would press on with the necessary reorganization as rapidly as possible; but that in view of the tremendous physical problems with which we were confronted under the responsibility that we then had, it would in fact be several years before we could expect to be in a position to take over the increased responsibility consequent upon the inclusion in our institution of prisoners sentenced to the shorter term. I said, however, that although it might be a matter of years, as it will be, before we would be in a position to implement this recommendation in full, nevertheless, in individual cases where a particular province or particular provinces might find that they had a situation in which they were confronted with the necessity of substantial expenditures on their own part in order to modernize perhaps their own prison system and where they were reluctant to undertake this large scale development to the provincial prison system, we might be prepared to enter into individual arrangements with them under which we would assume, by virtue of agreements then to be entered into, the responsibility for prisoners who would otherwise have been part of the provincial system.

This would have two results. First, it would save the province concerned large outlays on their system which they might find it difficult to make and which might in part at least be wasted because, within a matter of a year or two, we would be taking over their system. Second, it would have the result that, by our assumption of this responsibility under these individual agreements, we would be in a position in which we would be able to plan any development of the prison system in that province so that it would conform with our over-all plan for the ultimate over-all federal correctional system. I have reference now to this part of our understanding with the provinces, namely, our understanding that we will be prepared, in advance of the over-all acceptance of the additional responsibility, to enter into agreements with individual provinces to solve their problems.

I should emphasize that the purpose of this change to which I have just drawn attention in the new bill is not designed to implement in full the understanding reached at the dominion-provincial conference of 1958, but rather is merely an interim measure designed to provide authority under which this basic change in the law can be made on an over-all basis. Arrangements may nevertheless be made between the federal government and certain provincial governments whereby inmates who are now the responsibility of the provinces may be detained in federal institutions at provincial expense.

One major change to which I should draw attention will give effect in part to another understanding reached at the dominion-provincial conference of 1958. This was to the effect that no person under the age of 16 should be sentenced to a penal institution where adults are confined except where he is convicted of an offence mentioned in section 413 of the Criminal Code. This section includes such offences as murder, manslaughter, and rape. In order to give full effect to the recommendation to which I have referred, an amendment to the Criminal Code would be necessary. However, such an amendment to the Criminal Code could not reasonably be presented to this house for consideration until the necessary institutions, either federal or provincial, are available for the confinement of persons under the age of 21 years. What this bill does, however, is to provide that where facilities exist for the separate confinement of young offenders within a region of Canada no person who, being under the age of 16 years, and having been sentenced to penitentiary, shall within that region be confined in association with persons who are 21 years of age or more unless the commissioner otherwise directs in writing.

Then again, this bill changes the method whereby an inmate qualifies for remission of his sentence by reason of good conduct and industry while he is in the institution. The relevant factors to be considered in connection with remission of sentence and parole would seem to be the following. First, it should operate as an incentive to the inmate to apply himself towards his self-improvement while he is in the institution. Second, there should be a parole period of reasonable length for those who are granted parole so that they can obtain full benefit from it and be under supervision for a reasonable period. Third, there should be an incentive to the inmate to accept parole when it is offered to him rather than to serve out his sentence to completion. At the present time, by virtue of section 69 of the Penitentiary Act, an inmate earns remission at the rate of six days

a month until he has accumulated 72 days, whereupon he earns it at the rate of 10 days a month.

This bill is designed to achieve the purposes that should be served by a system of remission by dividing it into two types: statutory remission, amounting to one quarter of the sentence, which will be credited to the inmate as soon as he arrives in the institution and which will not only be subject to forfeiture for disciplinary offences committed while he is in custody but will also constitute part of his parole period, if he is granted parole; and second, earned remission, under which the inmate will be motivated to apply himself industriously to his work, in order that he may shorten his sentence by three days for each month in which he works industriously and provide an added incentive because, having earned this time off by reason of his industry, it will not be taken away from him by way of disciplinary procedure nor will it constitute part of his parole period.

Further, this bill also provides for the remission of forfeited statutory remission in proper cases. Some inmates have difficulty in adjusting to prison life at the beginning of their sentences and, as a result, have remission forfeited for disciplinary reasons. In time, however, many of these inmates become well adjusted and benefit from the prison program. It is desirable that, where such improvement has taken place, authority should exist for the return to the inmate of statutory remission that he may have lost early in the sentence by reason of his failure at that time to adjust to prison life.

Another feature of the bill is that it also authorizes the commissioner or the officer in charge of a penitentiary, in proper cases, to authorize an inmate to be absent from the institution, with or without escort as the case may be, for medical or humanitarian reasons or to assist in the inmate's rehabilitation. Under the law as it exists at the present time an inmate may not be absent from the institution, without escort, except under the authority of His Excellency the Governor General, acting on the advice of a minister of the crown. This is done as an exercise of the prerogative of mercy.

I am quite sure hon. members will appreciate that there are many, many situations in which it becomes cumbersome and administratively unwise to seek the authority of His Excellency the Governor General every time it appears desirable to allow an inmate, for a short period, to be absent from the penitentiary. Therefore it seems to us to be desirable that the authority to authorize such absences should to an appropriate degree be vested in the commissioner or the officer in charge of the institution in order that it can be exercised as a part of the over-all training program that has been designed for the inmate in the institution.

The eighth major change is that the bill authorizes the establishment of a committee to be called the advisory committee on penitentiary industry in order that the penitentiary administration may have the benefit of the best advice available in connection with the development of industrial training programs designed to fit inmates for employment in industry and free society when they leave the institution.

Finally, the bill provides for the enactment of regulations by the governor in council for the organization, training, discipline, efficiency, administration and good government of the service; for the custody, treatment, training, employment and discipline of inmates and, generally, for carrying into effect the purposes and provisions of this act. These are regulations which, under the present act, the commissioner himself could make subject only to the approval of the minister. The regulations so made will, of course, be subject to tabling in the House of Commons by virtue of the Regulations Act.

As will have been apparent to hon. members in the course of the discussion that attended the passage of the penitentiary service estimates last week, we have embarked upon a program of penitentiary development that is designed to provide for Canada, in the shortest possible time, a penal system that is at least the equal of any in the world. The science of correcting the offender is developing rapidly. This bill is designed to enable the Canadian penitentiary service to take full advantage of that science and to put it to full use on behalf of the people of Canada.

(Translation):

Mr. Gabriel Roberge (Megantic): Mr. Speaker, on behalf of the official opposition I wish to congratulate the Minister of Justice (Mr. Fulton) for the statement he just made. That statement in fact covers most of the provisions of the Penitentiary Act.

As the minister said, the last enactment of the Penitentiary Act of 1939 re-enacted most of the clauses of the 1883 act.

After 78 years, and particularly after more than 20 years, needless to say, there is room for some changes and streamlining in the existing statute.

Where there were 82 clauses then, there are now 32 in the proposed legislation. I read the old statutes, and it seems to me that a great many of the provisions they contained could easily be incorporated in the regulations edicted by the governor in council and the commissioner of penitentiaries.

In my opinion, it is not necessary that the text of an act provide all the details of its application. I think the principle followed in this case by the minister and the government is a sound one.

Of course, as the minister said, in view of the conclusions of the Fauteux committee, it was imperative to redraft the Penitentiary Act, in order to define the framework and methods of application of the new correctional system, as the minister did indicate last Friday, when his estimates were under consideration.

At that time, I said there was no use prolonging the consideration of those estimates. I realize tonight that there is no use prolonging either the consideration of the Penitentiary Act.

Besides, the minister repeated tonight certain remarks he made last Friday.

I think everyone agrees on the principle of this bill because it involves no major change of policy.

Its purpose is to provide legislation for the commission of penitentiaries and especially for the inmates, to facilitate the latter's rehabilitation.

I feel that the main purpose of this bill is to promote the rehabilitation of inmates by means of methods of committal, remission, temporary absence and statutory remission.

Last Friday, when I asked him a question concerning the federal-provincial agreements regarding inmates, the minister made a rather thorough report of the situation resulting from the negotiations with the provinces.

Under section 16 of the bill, if an agreement is reached, the minister may, with the general or special approval of the governor in council, negotiate with the provinces so as to bring about a more complete reorganization of the penitentiaries.

Even inmates who are committed for six months or more should be included in that federal system.

In my opinion, this is a sound principle, because under the present legislation, even though an inmate spends three or six months, a year or two in jail, he is not compelled to work nor to take certain courses; in a word, he does not learn anything that might contribute to his rehabilitation. But when he is detained in a federal penitentiary, he may take courses and it is easier for him to rehabilitate himself.

Those in the law practice know that very often instead of sending a young man of 18, 19, 20, and even 23 or 24 to a district jail, the judge sends him to a penitentiary, simply because he will be able to learn a trade there and thus prepare his rehabilitation within society.

To sum up, Mr. Chairman, we on this side of the house readily support the principle of this bill, even though we shall probably have some questions to raise when the measure will be considered in detail by the committee.

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I have only a few words to add. The hon. member for Megantic (Mr. Roberge) has summed up very well the position which we on this side of the house, intend to take with regard to this bill.

The principle of the bill is very clear. It deals with a program of reform with regard to our penal system, but as we are now discussing clause 1—

An hon. Member: On second reading.

Mr. Deschatelets: —on second reading, I would like, before we get to the committee stage, to say this to the minister: We now have a complete rehabilitation program as regards our penitentiaries.

Now, I hope that, in carrying out this program, we will not fail to modernize obsolete institutions such as the St. Vincent de Paul penitentiary, for instance.

In that regard, may I point out to the minister that, not very long ago, some trouble broke out in that penitentiary. I was informed that one of the causes that was rising was precisely the building of the Leclerc institute on penitentiary grounds. We should therefore keep in mind that when proceeding with such drastic reforms, which enable us to erect buildings like the Leclerc institute, where inmates find living conditions entirely different from those that exist in an old building, those who remain in an old building are quite understandably filled with resentment.

I hope that thanks to this program of reform and rehabilitation for inmates, it will be possible to proceed with the modernization of our older institutions, because the carrying out of such a program will perhaps take several years. We will, therefore, I trust, see to it that all inmates, even those remaining in the older institutions, benefit from those reforms with a view to their readjustment to civilian life when they are discharged.

(Text):

The Acting Speaker (Mr. Chown): Is the house ready for the question?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Chown in the chair.

On clause 5—*Directors.*

Mr. Roberge: This clause provides that the minister may appoint officers of the service to be known as directors of division and regional directors. In the estimates we considered last Friday I see that provision is made for the commissioner of penitentiaries, a deputy commissioner, a first associate commissioner and several associate commissioners. Are these positions or grades to be abolished and replaced by others?

Mr. Fulton: Yes, there will be under the authority of the new act simply the commissioner, the deputy commissioner and directors of divisions such as treatment and training, or services and supplies. Then there will be regional directors.

Clause agreed to.

On clause 6—*Other officers and employees.*

Mr. Roberge: The minister explained on second reading that under this bill not all the employees of the service would be subject to the Civil Service Act. Although I agree that in dealing with establishments of this kind it is better to have specially trained people organized, perhaps, on the lines of the R.C.M.P., will the minister explain how this will work out, bearing in mind that many employees are now subject to the act and that those who come in later will not be subject to the act?

Mr. Fulton: Those personnel in the headquarters who continue in the service will be protected by clause 10(1) of this bill. With respect to their superannuation rights, and so on, they will be protected by the normal provision made applicable in such cases. I should inform the committee that there are, I believe, only 110 officers out of a total of some 2,800 in the service who are subject to the Civil Service Act, so this is not a big change which we are making. We are taking only a small minority out from the Civil Service Act.

Clause agreed to.

On clause 8—*Tenure—Suspension.*

Mr. Roberge: In clause 8 subclause (1) it is provided that officers and employees of the service hold office during pleasure. Is there a reason why it is found necessary to make these positions tenable at pleasure instead of during good conduct?

Mr. Fulton: Yes, Mr. Chairman. This is normal in what we call a disciplined force where absolute standards of discipline are essential for the maintenance of the conduct and order of the penitentiaries themselves.

Mr. Deschatelets: On the same point, is there any contract of service with the employees who have been engaged?

Mr. Fulton: There is no contract of service in the ordinary sense. A man is appointed to a position at a certain salary authorized by treasury board and he will hold that position during pleasure, subject to being removed for any offence against the code of discipline and subject to promotion if he shows himself qualified for promotion.

Mr. Martin (Timmins): I should like to ask a question on the same lines with regard to all three subclauses. Is there any machinery of any kind or any agreed procedure for rectifying grievances felt by the employees? This seems to me to be a most autocratic way of dealing with the service. Those engaged in it are to hold office at pleasure. The commissioner may suspend them and so may the directors. Is there any procedure whereby an employee can appeal against such a decision if he feels he has been unjustly dealt with?

Mr. Fulton: Most of the procedures in this matter will be handled by regulations. The regulations of the penitentiary service will follow very closely the regulations under the new Civil Service Act. There will not be very much difference in that respect. Perhaps I should point out that paragraph 2 of clause 8 is virtually the same as the first part of section 30 of the present act, and paragraph 3 is the same as the second part of section 30 of the present act.

Mr. Deschatelets: Suppose that an employee is informed verbally by the commissioner that his services are no longer required. Is there a board to which he can appeal in the event he feels he is being unjustly treated?

Mr. Fulton: Mr. Chairman, the regulations will provide for that. At the present time the regulations provide that an employee may bring grievances to the commissioner. Under the regulations of the new act which will be similar in nature, there will also be provision for the regular procedures of airing grievances on the part of employees. That is not going to be unregulated at all. The conduct in respect of employees and their rights to conditions of service will be clearly laid out by regulations.

Mr. Roberge: Mr. Chairman, if my memory serves me correctly, when we studied the Royal Canadian Mounted Police Act there was machinery provided to grant the right of appeal to members of that force. There were some changes made by the committee

at that time with regard to the delay of appeals. In view of the fact that officers and employees of the penitentiary service are more or less a type of police officer except that they are required to assist in the rehabilitation and teaching of inmates, which will require special training, in the case of a suspension or removal, why is there no provision in this act for the right of appeal?

Mr. Fulton: If my hon. friend remembers the discussion in respect to the Royal Canadian Mounted Police Act, he will recall, by virtue of the act, the powers of the commissioner with respect to disciplining members of that force are considerably greater than the powers of the commissioner of penitentiaries in respect to disciplining members of the penitentiaries service. The commissioner of the R.C.M. Police has the disciplinary authority to reduce a member in rank and/or to impose penalties, financial and otherwise. There are no such regulations giving that power to the commissioner of penitentiaries. Because of the rather overriding powers of the commissioner of the R.C.M.P. it was felt necessary to write certain safeguards of procedure into the act regarding the method of dealing with these matters. That situation is not the same with regard to the penitentiaries service and, therefore, it was felt appropriate to leave the same questions to be covered by the regulations as will be the case under the Civil Service Act.

Mr. Roberge: In this case there is power to reduce pay, impose sentence or to dismiss an employee. I suggest it is worse to be dismissed than to lose pay for a certain period.

Mr. Fulton: All I can say to the hon. member is that the provisions herein contained will be closely parallel to whatever provision is provided under the regulations of the Civil Service Act. The probability is that there will be a right of appeal established by those regulations.

Mr. Fortin: Mr. Chairman, I am afraid the last answer given by the minister does not satisfy me. For instance, if an employee at Halifax is reported by the superior there, that report is sent to the commissioner who will decide what to do. If the employee wishes to appeal, the commissioner will simply tell him there is no provision in the act authorizing an appeal.

Mr. Fulton: If the matter is covered by the regulations, that answer will not be open to the commissioner.

Mr. Deschatelets: Mr. Chairman, may I say in respect of this clause that there will be two categories of employees in the penitentiary service. We will have the category of employees engaged after the passing of this act, and the category of employees already engaged in penitentiary service who will be coming under the civil service commission. All hon. members realize that under the civil service commission there are safeguards protecting the employee in case of dismissal. I suggest it is not a sound principle that we should have two categories of employees governed by two different sets of regulations.

Mr. Fulton: Those individuals who are presently in headquarters staff will continue, while they are occupying their present positions, to hold those positions under the Civil Service Act by virtue of section 10. When they will be promoted or transferred, the promotion or transfer will be made in accordance with the provisions of this act.

Clause agreed to.

On clause 9—*Authority where commissioner and deputy commissioner absent.*

Mr. Fortin: Mr. Chairman, perhaps my question should have been asked when we were dealing with clause 5, but as clause 9 also deals with the deputy commissioner, I should like to ask the minister whether he would give consideration to the appointment of a French speaking Canadian as either a commissioner or a deputy commissioner?

Mr. Fulton: Mr. Chairman, at this moment, two of the very senior personnel at headquarters are French speaking officers. I refer to one of the deputy commissioners who will, under the new act, become the director of medical services, and another who will be the director of staff training. Both those very senior appointments will be French Canadian.

Clause agreed to.

Clauses 10 to 15 inclusive agreed to.

On clause 16—*Agreement.*

Mr. Drysdale: Mr. Chairman; I am sorry to hold up the proceedings, but I wonder whether the minister could clarify this clause and its application to the New Westminster penitentiary and the Oakalla prison farm. With the adoption of the legislation in respect of treatment of narcotic addicts approximately one third of the inmates of the New Westminster penitentiary will be moved to the new centre. In the meantime, pending agreement with the provinces, the objective of this clause is to have the addicts transferred to New Westminster from the Oakalla prison farm, and then to the new treatment centres. I wondered whether there is an agreement with the province of British Columbia in this regard and, if so, is there any indication of the eventual abandonment of the Oakalla prison farm which is in the centre of residential Burnaby?

Mr. Fulton: Mr. Chairman, the narcotic drug addict who is sentenced to Oakalla prison farm at the present time would not be transferred automatically to the new drug treatment centres when it commences operations, only persons sentenced in the future. This clause is designed, as I said on second reading, to enable us to enter into individual agreements with certain provinces to provide for the assumption by us of responsibility for the custody of inmates who would otherwise be a provincial responsibility.

In advance of that time when we are able to bring about an over-all change and assume that responsibility recommended by the Fauteux committee, there are certain provinces, primarily the maritime provinces, which feel very desirous of seeing changes, shall I say, reforms, improvements, made in their present system because they, being humanitarian and progressive minded persons in charge there, recognize that perhaps there is left something to be desired in the present jail system. They recognize, however, that it would involve them in very heavy expense to bring their present system up to the standard that they themselves would like to see. Since therefore we have agreed with them in principle that just as soon as we can do it we shall take over the responsibility for a large number of their prisoners, they have said to us, "Will you help us to avoid the necessity of this substantial expenditure on facilities which when you do assume that responsibility we shall not require?" We have said, "Yes, in your case what we would be prepared to do is enter into an individual agreement, even in anticipation of the time when we can enter into the same agreement or arrangements all across Canada, to relieve you of the responsibility for at least some of your prisoners and take that responsibility ourselves so that you will not be faced with the responsibility of this very heavy and unrewarding capital expenditure." What we shall do under the authority of this clause we shall do in order to enter into such agreements to meet individual cases, where we will assume the responsibility for the custody and care of those prisoners; but because we are not yet doing it with all provinces we will require during the period to have a per capita payment from the provinces with which we enter into agreements. When we have legislation, as I expect we shall, under which we are responsible for the custody of such prisoners, then, of course, the necessity for a per capita payment from the provinces will cease.

Mr. Drysdale: I was trying to get one point clarified by the minister. Perhaps it is not within his knowledge, or it may be unfair to ask him this question at this particular time. I am quite concerned about the situation at Oakalla prison farm which is a provincial institution located in central Burnaby and extremely close to the Vancouver area. It is surrounded by residences. There is a continuing problem, despite the very close supervision, of occasional outbreaks by inmates of that prison. I wonder whether it is within the minister's knowledge if any agreement is being contemplated with the province of British Columbia at the present time to use this legislation in fact to bring about an emptying or a movement of Oakalla prison farm? I ask the question because the minister has indicated that eventually the addicts in New Westminster penitentiary, who I understand are approximately one quarter of the population, will be moved to the new treatment centres and the addicts who are in Oakalla will subsequently be moved. I thought perhaps the space in the penitentiary might be utilized temporarily by those who are occupying Oakalla at the present time with a view to an eventual abandonment of the institution. I was wondering whether that was within the minister's knowledge at this time?

Mr. Fulton: No, I would not be able to forecast any such developments. The arrangements to be made with British Columbia will of course depend, at the time when we can assume this over-all responsibility, on whether or not the facilities that British Columbia operates would be considered to be satisfactory to be taken over by us and whether British Columbia would be prepared to turn them over to us because they will have a residual responsibility for some prisoners under provincial jurisdiction. Whether they will want to turn over Oakalla prison farm to us I do not know, nor am I able to say at the present time whether in fact British Columbia will empty out Oakalla under the situation contemplated by the hon. member for Burnaby-Richmond. I suppose it is true that when we get the new drug treatment centre going out there we might have a transfer of a considerable number of our present inmates from the penitentiary in New Westminster. Then if this space were vacant and we entered into an agreement with all the provinces or, rather, passed legislation under which we assumed responsibility for large numbers of prisoners who are now the responsibility of the provinces, it is possible that we might transfer inmates from Oakalla to New Westminster or take those inmates now at Oakalla and transfer them to New Westminster; but this is quite some time in the future and I am unable to say whether or not that will actually happen.

We are not too happy with Westminster penitentiary. It is a very old fortress-like prison and we may well be looking around for new institutions ourselves. I am not able to say what our building program will be at that time, or how quickly we can take them over and what the move will be.

Clause agreed to.

Clauses 16 to 20, inclusive, agreed to.

On clause 21—*Not to associate with adults.*

Mr. Martin (Timmins): I do not know whether this is a fair question to ask the minister; possibly he can decide whether or not it is. I am thinking of a particular case with which the minister is familiar. I am wondering whether this particular clause would cover a situation of that kind?

Mr. Fulton: I am very sorry; I did not quite catch the hon. member's question.

Mr. Martin (Timmins): Clause 21 (2) has to do with inmates being transferred from federal jurisdiction to provincial jurisdiction. I was thinking of the case to which I drew the minister's attention not too long ago. I was wondering whether this particular clause would cover a situation of that kind?

Mr. Fulton: I do not think it would, Mr. Chairman, because if I recall the case correctly the lad in question was sentenced under the Juvenile Delinquents Act and from there he goes to an institution for juvenile delinquents. The provision in clause 21 is intended to cover the case of a person under the age of 16 years who may be sentenced under the provisions of the Criminal Code and would therefore be a federal responsibility. Here we are providing that generally speaking he shall not be confined to an institution with persons over the age of 21 years.

The position with regard to our right to transfer from provincial to federal institutions remains as I outlined it to my hon. friend in the letter which I wrote to him about the case.

Mr. Martin (Timmins): I was wondering about subclause (3) which reads:

> Where, in any region of Canada, a person under the age of 16 years is confined in an institution operated by the government of a province for the custody and training of persons under the age of 21 years and the warden, superintendent or other officer in charge of that institution is of the opinion that the person is unsuitable for training in that institution, he may, by warrant, approved in writing by the attorney general or other provincial minister of the crown, authorize the transfer of that person to any institution operated by the government of Canada within the region for the separate confinement of young offenders.

Mr. Fulton: It is true that if the attorney general of the province approved, the inmates might be transferred to a federal institution; but the reason why I said this did not cover the case my hon. friend had in mind is my recollection of that case is that I was asked if I could arrange for the transfer from one provincial institution to another provincial institution. I think the answer is that I have no authority over the provincial institution and I could not arrange that. It was a matter to be arranged between the attorneys general of the two provinces. It is true that clause 21 (3) provides that there may be a transfer from a provincial institution to an appropriate federal institution, but that was not the request that was made in this particular case.

Mr. Martin (Timmins): However, if such a transfer had been arranged, then subclause 1 would have applied. I believe, Mr. Chairman, that this clause provides machinery that was not available before in relation to cases of this kind, where a transfer might be considered to be best for the party concerned.

Mr. Fulton: The difficulty is that the boy in question is confined under a provincial warrant of committal which runs only in the province within which that warrant was issued. We could not receive him into a federal institution, and then transfer him into another province, because the warrant of committal would not run in that province. We could receive him in a federal institution under subclause 3, and keep him there, even though it might be in a different province. However, we could not then transfer him into a provincial institution in a different province.

Mr. Martin (Timmins): Having once been transferred under subclause 3 into a federal institution, then would not subclause 1 apply, which relates to facilities in federal institutions for young offenders?

Mr. Fulton: If we had an appropriate institution we could transfer him under subclause 1 to another federal institution, that is quite true. However, my hon. friend will see that the facilities referred to in clause 21(1) are federal facilities; that is inherent in the scheme of the act. All that are referred to here, therefore, are federal institutions.

As I explained, what was requested in the case under discussion now was that I might endeavour to arrange for a transfer from one institution in one province to an institution in another province. When somebody is committed to an institution under a warrant of committal in the first province, there is no way in which I can do that. It might be possible to have it done by agreement between

the attorneys general of the respective provinces. I cannot order it done, nor do I have any jurisdiction under which I could authorize it.

Mr. Martin (Timmins): In so far as this particular case about which we have spoken is concerned, or one similar to it, under subclause 3 of clause 21, there could be a transfer to federal jurisdiction. Having accomplished this transfer, then could not the balance of the transfer be made under subclause 2 by agreement between the federal authorities and another provincial government?

Mr. Fulton: If the hon. member will look at subclause 2, he will see that it refers to a situation where, in any region of Canada, a person under the age of 16 years is sentenced or committed to a penitentiary and, within that region, an institution is operated by the government of a province for the custody and training of any person under the age of 21 years, then, the commissioner may, by a warrant, authorize the transfer of that person to such institution and that person shall be dealt with accordingly. Here, you have the case of a person committed under the Criminal Code and, by virtue of the statute, under our authority. Then we may provide here, as we do, that we can transfer that person to a provincial institution within that region, but it is within that region.

The difficulty in the case to which my hon. friend refers is this: There would be a warrant of committal under the Juvenile Delinquents Act, and that warrant is authority only within that province. I do not see how we could take a person into custody, then transfer him into some other province where that warrant of committal does not run. We have no control over the committal or the institution to which that person has been committed. I believe that in order to cover the situation there would have to be an amendment to the Juvenile Delinquents Act to provide that the attorneys general of the provinces could make an arrangement for the transfer from an institution in one province to an institution in another.

Mr. Lambert: There is one question I should like to ask the minister. It deals not so much with young offenders under the age of 16 but with youthful offenders between the ages of 16 and 21. There is no federal institution in the province of Alberta, but there is a youthful offenders' institution at Bowden. I wonder whether there is any provision here for the transfer of a person beyond the age of 16, but who had been committed to a federal penitentiary—say he was 17 or 18—to a provincial institution such as the one at Bowden?

[Mr. Fulton.]

Mr. Fulton: The answer, Mr. Chairman, would be no.

Clause agreed to.

On clause 22—*One quarter remission.*

Mr. Deschatelets: This clause deals with remission for inmates sentenced to fixed terms. What about those who have been sentenced to indefinite terms? They are not covered here. I am referring to habitual criminals.

Mr. Drysdale: While the minister is considering his answer, perhaps he could at the same time deal with the situation with regard to life imprisonment. I believe that formerly that was considered to be 20 years, and there was a review after 10 years. We have been dealing with amendments to the Criminal Code and the narcotic act, both of which make provision for sentences of life imprisonment. I wonder if the minister could indicate what factors are taken into consideration, the minimum period and the normal period of a sentence of life imprisonment.

Mr. Fulton: With regard to the first question about indeterminate sentences may I say this. There can be no earned remission as provided by this statute. The case will be reviewed every year. At the present time it is every three years. I am sorry; I should have said that at the present time it is not less than every three years. We propose to change this under the new Criminal Code amendment to every year in the case of an indeterminate sentence to see whether the person is in fact qualified for release on parole; but even if released on parole, he is released for the balance of his life because his sentence is indeterminate.

I should also say that the commissioner advises me that it has been decided that the parole board with the penitentiaries commission will not fictitiously make entries but will make entries crediting this person with earned remission as though he were there for a determinate sentence so that the parole board, when it comes to assess his conduct and his progress, will have something to look at in assessing what would have been credited to him had he been there for a determinate period but it will have no value other than evidenciary value to the parole board to show what kind of inmate he is.

With regard to life sentences, there again the sentence is for life and again the point or the time at which he will be paroled will be in the determination of the parole board. They have passed regulations under which they have provided that where the sentence of life is the result of a commuted death sentence, then they will not consider the man

as being eligible for parole before a minimum of ten years; but where the life sentence is for other offences they have wider discretion to determine at what point the man should be considered from the point of view of eligibility for parole which is in the discretion of the parole board; and again, if paroled he is still subject to a term of life imprisonment and therefore he is subject to supervision by the parole board for the rest of his life.

Mr. Drysdale: Do prisoners initiate the study as to when the person is likely to be paroled or does the commissioner do that or is it automatic?

Mr. Fulton: The inmate may apply for it under the Parole Act or the penitentiary officials may make a report bringing him to the attention of the parole board.

Clause agreed to.

Clauses 23 to 28 inclusive agreed to.

On clause 29—*Regulations.*

Mr. Broome: I should like to say a few words on this clause. It has to do with the regulations with regard to the operation of the penitentiaries. I should like to call to the minister's attention the fact that some of the regulations have been, in my opinion, unduly restrictive. Some of them have been changed in the last year. I refer to a prisoner having one sheet of paper on which to write a letter. If a prisoner wanted to have more than one sheet, he was not allowed to have it. It is not too long ago that he was limited to one sheet. He was also limited to the number of letters that he could send out. Also with regard to visitations there was a restriction. For instance, a male prisoner was supposed to be visited by members of his family. I talked to the warden at the British Columbia penitentiary who told me that the prisoners said this: "Having regard to the life I have lived, how can I have anything in the way of decent relations with the people on the outside?" He has not any relatives who can come and visit him, so the women he had known when he was outside come in as aunts or relatives and so on.

I think it is not in the best interests of the service or of the prisoners to be unduly restrictive with regard to visitations or with regard to such small items as letter writing. However, these things bulk large in the views of the prisoners. I know that the regulations have been changed a bit. However, I do not know how far they have gone along the line of enlightened penology. They certainly were restrictive not too long ago.

At the same time I should like to say that I have visited, as I say, the British Columbia penitentiary and I have talked to the wardens. There have been two wardens there. I have also talked to other people in the penitentiary service. I think the minister has not really been given full credit for the tremendous job he has done in visiting all the penitentiaries across Canada and for the interest he has taken in penal reform. This interest of the minister is certainly appreciated by the staff. It has done much to bring about better conditions within the penitentiaries system. However, I would say this. Let us not have restrictions and regulations just for the sake of having them. Where reasonable, shall I say, advantages or reasonable conditions can be brought about, I think this should be done. I think the previous regulations in many ways have been unduly restrictive and in fact have been punitive without there being any reason for their being punitive.

Mr. Fulton: I think I must send the hon. member some copies of my speeches because I have taken exactly the same point of view as he has taken in the remarks I have made from time to time. I am sure he will be glad to know that those in the service, and myself as minister, have been discussing problems of this sort and how the regulations should be changed and brought in line with the new concept of correction and rehabilitation. This problem and the views of the senior personnel on it were discussed at a warden's conference at the staff college in Kingston last November and, as a result of the exchange of views which took place there, a change was made in the regulations effective last November. The visiting regulations have been substantially relaxed as have the regulations in regard to the writing of letters. An inmate may now write as many letters as he wishes to write subject only to one restriction, namely the warden's decision as to whether it is in his interests and in the interests of his rehabilitation that he write to an individual. But subject to that restriction on the individual basis of the desirability of his correspondence he may write to others with whom it is desirable for him to correspond as often as he likes, except that we will pay for only one letter a week. We have also increased the amount of money he can earn in prison so that the problem of writing letters and increased postage should not be great.

With regard to visiting, the restrictions have been lifted to the maximum extent possible. Indeed, it might be almost correct to say that the only restriction is the restriction imposed by the physical accommodation available. In our old maximum security institutions which are over-crowded, we just

do not have the space to permit visits without rationing the number of visits that an inmate may receive. It is not that we think it is bad for him. It is simply that in order that we may allow everybody to be visited we have to ration the number each may have. In our new institutions and minimum security institutions such as Williams Head there are, I think I can say without exaggerating, virtually unlimited rights of visiting on the part of inmates.

Clause agreed to.

Clauses 30 to 32 inclusive agreed to.

Title agreed to.

Bill reported.

The Acting Speaker (Mr. Chown): When shall the bill be read a third time? By leave, now?

Mr. Benidickson: By leave.

Mr. Fulton moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

FARM CREDIT ACT

AMENDMENT TO INCREASE CAPITAL OF FARM CREDIT CORPORATION

Hon. Alvin Hamilton (Minister of Agriculture) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Farm Credit Act to increase the capital of the farm credit corporation from $8 million to $12 million.

Mr. Badanai: Mr. Speaker, on this resolution—

The Acting Speaker (Mr. Chown): I would advise the hon. member that there is no debate on this motion.

Motion agreed to and the house went into committee, Mr. Chown in the chair.

The Deputy Chairman: House in committee of the whole on a certain proposed resolution to amend the Farm Credit Act. Shall the resolution carry?

Some hon. Members: Carried.

Mr. Hamilton (Qu'Appelle): Mr. Chairman—

Mr. Pickersgill: The minister is filibustering his own resolution.

Mr. Hamilton (Qu'Appelle): —I have the choice of speaking at some length on second reading or on the resolution. In view of the fact that the resolution calls for the expenditure of public money I think the reasons why we are asking the House of Commons to amend the section of the act that we have before us should be advanced at this time.

The purpose of this bill is to amend the Farm Credit Act by increasing the authorized capital of the farm credit corporation from $8 million to $12 million. Under the provision of section 13 of this act, this will have the effect of increasing by $100 million the amount which the corporation may borrow from the Minister of Finance. I believe the reasons behind this proposed increase are of sufficient general interest to justify some comment at this stage.

It will be recalled that when the Farm Credit Act was being debated in committee on July 13, 1959, as reported at page 5948 of *Hansard*, my predecessor found it necessary, in order to refute criticism that the proposed act did not meet the expressed needs of the Canadian agricultural community, to place on record the comment of a leading official of the Canadian Federation of Agriculture, to the effect that the new act embodied practically everything which the federation had proposed.

In view of some of the comments made during that debate there seemed then to be, and there may still exist, some question in some quarters whether the expectations of the government and of the Canadian farmers were going to be justified when the Farm Credit Act became operative. I believe that the bill now before us, if examined in the light of its real implications, will reveal whether those expectations have been realized. To understand those implications it is necessary to refer very briefly to the intent of the Farm Credit Act as conceived by the government at the time of its introduction in this house, and to the record of lending operations that followed its implementation.

It will be recalled that the legislation of 1959 had the effect of increasing the amount and broadening the basis of the security requirements of long term mortgage loans to Canadian farmers. The express object was:

—to assist Canadian agriculture to voluntarily reorganize itself into economic family farm units, each of sufficient size to be capable, under the management of the owner, of producing sufficient income to pay operating and maintenance costs, provide a good standard of living, and to repay the loan necessary to set up such a unit within an appropriate period.

While there was general agreement that increased credit facilities were required, there were many who questioned the adequacy of the government's proposals and their reception by the farming community. I would like to reassure these critics by outlining very briefly the circumstances which make the proposed amendment necessary.

It will be conceded that an objective appraisal of the reaction of the farming public to the new Farm Credit Act can be made only by examining the record of lending activity since the establishment of the farm credit corporation and comparing it to the record under the previous legislation. I may say at the outset that it is this record which necessitates the amendment we now have under consideration.

The Canadian farm loan board in 1929, the first year of its operations, loaned $2,630,377 to 1,270 farmers. During the first decade its annual average lending amounted to $3,862,725 and the average number of borrowers was 1,889. During the second decade the average annual lending dropped to $2,669,675 and the average number of borrowers was 1,196. In the third and final decade of its operations it averaged $10,358,134 in loans to an average of 2,378 farmers each year. The total amount of all its outstanding loans at the end of its last full year of operations amounted to $89,301,022.

Mr. Benidickson: Does that mean that amount was on the books at that time?

Mr. Hamilton (Qu'Appelle): Yes, that was the total amount of all its outstanding loans. The Farm Credit Act came into force in the fall of 1959 and on March 31 this year the farm credit corporation concluded its first full fiscal year of lending activity. During that year it approved 5,597 loans in the amount of $60,704,050. As of March 31, 1961, the total of its outstanding investment in farm loans had increased to $162,534,854.

While it is true that we are here comparing the long term averages with a rather brief period under the new legislation, it should be borne in mind that the trend in lending volume under the new farm credit corporation has been continuously upwards and may reach $75 million during the current season. These figures in themselves are conclusive evidence of the enthusiasm with which this legislation was greeted by the Canadian farmer, but they tell only part of the story.

The government's object was to try to ensure that the credit extended to farmers would not only allow them to adjust their operations and their living standards to modern conditions, but would also be within their capacity to repay. Our supporting evidence here is their repayment record. As at March 31, 1960, 90.9 per cent of all mortgage loans were in good standing. By March 31, 1961, this percentage had risen to 92.5 per cent despite the increase in the average amount of the individual loan and the correspondingly heavier repayment obligation.

This speaks well of the care exercised by the farm credit corporation in ensuring that its loans are sound and constructive and in line with the intent of the act, and it illustrates the soundness of the new and intensive program of pre-loan counselling service which its staff extends to all loan applicants.

The soundness of the new legislation and of the farmers' reaction to it is also confirmed by an analysis of the purposes for which loans are made. For example, in 1956-57 only 33.6 per cent was used to purchase land and effect improvements to land; in 1960-61 the proportion used for these purposes was 59.9 per cent, almost double. This means more emphasis on increased income. In 1956-57 54.1 per cent was used to pay existing land debts and other debts; in 1960-61 the percentage used for this purpose was only 34.7 per cent.

These figures taken together represent and confirm the government's expectation that the Canadian farmer, given access to adequate and well-administered credit, could be depended upon to put it to good and productive use, in line with the state objective of the legislation—"The progressive reorganization of agriculture into economic family farm units."

I should perhaps interject a word at this point about the cost of administering these improved services to farmers. The net administrative cost to the corporation, expressed as a percentage of the outstanding loan investment, amounted to .865 per cent during the fiscal year just ended, down from an average of 1.06 per cent during the previous four years.

The figures I quoted a moment ago illustrate the farmer's investment of this new long term credit in the creative and productive development of the farming unit. This does not mean that his short and intermediate term credit needs have been neglected. In the year ended December 31, 1960, he also took advantage of government guaranteed bank credit under the Farm Improvement Loans Act to the extent of $79,942,352 to purchase agricultural implements; $10,064,430 for farm buildings; $9,624,919 to purchase livestock; and $2,224,045 for other purposes related to the development of his farming enterprise, for a total of $101,855,746 up from a total of just over $69 million in 1957, $70 million in 1956, $69 million in 1957 and $62 million in 1959.

Working together and complementing each other, these two sources—each performing a separate function and serving a different need—make adequate credit available to establish an economic farm unit for every farmer who is able to establish that he has a sound proposition, the necessary managerial

ability, credit-worthiness and the minimum financial resources required. If he has $9,000 in cash or in land, stock and equipment and the other required qualifications, he can borrow up to $27,500 from these two sources, giving him a working capital of $36,500. Should he be a young and beginner farmer—where the early repayment of a farm improvement loan, along with an F.C.C. loan, would be more than he could reasonably handle—he may borrow the whole $27,500 as a "package-deal" loan under Part III of the Farm Credit Act, in which case he will actually pay interest only on his land debt while repaying the part of the debt secured by his stock and equipment. Under this latter arrangement he also has, during the early years of his enterprise, the advantage of a supervision service provided by the corporation. By the use of one or both of these pieces of legislation, full-time farmers who have acquired 25 per cent of the capital required for the setting up of an economic family farm unit can now be adequately serviced. Of these, the only applicant likely to be turned down is one who cannot establish to the satisfaction of the corporation, by his past record and by a sound operating plan, that he will be able to pay operating, maintenance and living costs and at the same time repay the loan requested, or one who already has an adequate economic unit or sufficient capital of his own to complete or acquire such a unit.

The Canadian farmer's response to these two pieces of credit legislation has been extremely gratifying to this government, illustrating as it does not only the soundness of its over-all agricultural policy, but justifying the confidence it has continued to place in the basic soundness of the agricultural industry itself. Wherever the natural conditions are such as to make commercial agriculture feasible and profitable under modern conditions, our farmers have shown us, I think, that they require only a little encouragement and co-operation from the government in order to work out their own salvation. Their response to the farm credit legislation, reflected in the expanding lending operations of the farm credit corporation and of the banks under the Farm Improvement Loans Act, speaks for itself.

To recapitulate the situation with respect to the capital requirements of the corporation: the lending authority of the Minister of Finance, in so far as the farm credit corporation is concerned, is limited by the corporation's present capital to a maximum of $200 million. The corporation to date has on loan from the Minister of Finance a total of $151,653,944, leaving only $48,346,056 to finance new farm loans for the current season. The greater part of this balance is already encumbered by loans in process, and it is anticipated that loan demand during the current fiscal year may reach $75 million. The proposed amendment would provide an additional $100 million to meet these credit needs.

Mr. Benidickson: I had intended, and I think most people on this side of the chamber had intended, to be very brief on the resolution stage, but we usually find that the Minister of Agriculture has something to sell and a great deal to say.

I am sure he has found since he has been in the Department of Agriculture that those who are employed in that department in the most useful way are engaged in trying to grow ten plants where one was formerly grown. But encouraged by the great number of public relations officers who have been added to the staff of the ministry of late, I am sure that the minister is determined always to use ten words where one word was used before. Thus some reply is necessary, I think, even with respect to legislation which normally would have the swift approval of this committee.

If hon. members would look at the resolution they will find it seems to be a very simple one. Some of us might think it involves only $4 million extra capital. It does not mean that, because while it says that the capital of the farm credit corporation is to be allowed to increase from $8 million to $12 million we must recollect, if we have not looked at the statute recently, that there is a multiplication factor here involving an increase of 25 times the capital of the corporation which means that what we are really doing in connection with this simple resolution is saying that the amount which will be available for lending will be increased, not by $4 million but by 25 times $4 million, which is $100 million.

As I have indicated, I had intended, had the minister not been somewhat verbose, to say with some alacrity that we have very little quarrel with that proposal. However, I now feel that while the resolution, on the face of it, appears to be simple it does involve an examination of the entire operation of the farm credit corporation. Let me say, first of all, that in so far as the financial operations of this corporation are concerned we are more than a year out of date. The last financial report available to us, as far as I know, is the public document provided by the corporation to parliament covering its first year of operation, under a new system, for the year ending March 31, 1960. I therefore suggest to the minister, inasmuch as under the new act we are for the first time embarking upon an element of subsidy and

bonuses in connection with farm loans, that he should provide to parliament when he speaks on the introduction of the bill and on second reading, an up to date statement concerning the salient factors of these operations covering the period between March 13, 1960 and March 31, 1961.

I thank the minister for the figures he has given us today in connection with gross lending and matters of that kind. The minister very properly took pride in connection with the very obvious growth in gross lending and I might say that we too are pleased to see this. On the other hand I thought the minister was not as objective as he might have been in this case because, if he will look at the first reports presented by this government in the year ending March 31, 1959 in respect to farm loans, he will find figures at page 4 indicating that it was not unusual to have prominent growth, year by year, in the dollar value of farm loan lendings either under the former legislation or under this new act.

To illustrate that fact, I should like to point out that from 1956 to 1957 farm loans increased from $8.2 million to $13.2 million, and from 1957 to 1958 they increased from $13.2 million to $19.3 million, and so on over the years. There has been a general increase which I believe has been comparable to the growth in the gross national product as well as to the dollar growth of our industries across Canada during the same period. There has been, to use the phrase of the minister, a continuously upward increase in loans that have been provided to farmers under the former statute and under the present one.

I have no desire to detract at all from the good growth which has developed under the statute introduced in 1959. However, inasmuch as the minister chose, when it was known to him that this legislation could go through very rapidly, to point to certain features of improvement that were provided in 1959, I felt obliged to inform this committee that this farm loan legislation was introduced in 1929, and that there never was anything but an advance in so far as the maximum amount of loan is concerned except during that period of Conservative administration from 1930 to 1935.

In 1929 when the original legislation was provided, the maximum loan was $10,000. That maximum was reduced in 1934, under the Bennett administration, to $7,500, and was further reduced in 1935 to $6,000. Fortunately the trend ever since, either under one administration or the other, has been upward. I should not have mentioned these matters had it not been for the rather lengthy outline given by the minister.

Many of the normal queries that have concerned members of parliament have fortunately been answered before we came to this stage of the debate through the publication of a most useful report put out by the farm credit corporation within the last month under the title "Farm Credit Corporation Lending Policy". I should like to compliment the minister and the administration, as well as the chairman of that corporation, in respect of this very useful publication.

Most of the correspondence I have received has involved matters which are referred to in this particular publication which, as I say, was released last month, and I commend it to the attention of all hon. members. As members of parliament, we are still laymen in this field, receiving inquiries which we find we are not able to answer. I think the chief reason is that the new application form almost requires the services of a Philadelphia lawyer to understand. To that suggestion perhaps the present administration will reply that since the new act came into force, and in view of the greatly enlarged amount of money which has to be paid by an applicant before his application will receive attention, in consequence, it is hoped that because his application fee is ten times greater than it was before he will receive from the officers of the crown more personal assistance in completing this very involved application form.

Another criticism which I regard as most important, in a secondary sense, is that criticism with respect to something which existed before, and which used to exercise members of the Conservative party when in opposition, namely, a reference to the appraisal which apparently must be based on land value, and not necessarily on income coming to the farmer from his operation.

Mr. Brunsden: Land productive value.

Mr. Benidickson: I received a letter from a woman who is in partnership with her husband in the operation of a not large chicken farm in my riding. She found that it was hopeless to apply for this farm loan, even after the amendment of 1959 because, while their income has not been bad, and while their business record has been splendid, to use her words "The main emphasis is on the land value". She therefore felt that, although in the northern Ontario area this enterprise might be regarded as most successful, the farm credit corporation loan was not available to them, and eventually they had to seek private funds for the expansion of their rather outstanding poultry endeavour. Their poultry operation is so spectacular that even chain stores in Winnipeg have found that buyers there look for the Davidson poultry label as an indication of quality. This

operation is a relatively small operation but, in spite of that, the quality of their product is noted throughout that locale, and as far away as Winnipeg.

In spite of that fact, and apparently because of the continued appraisal system based on land productive value, those people were disqualified from obtaining assistance which would have enabled them to expand. I do not wish to say anything more at this stage of the debate.

Mr. Brunsden: Mr. Chairman, would the hon. member permit a question. Could he tell us the area of this poultry enterprise in acreage?

Mr. Benidickson: Mr. Chairman, I should have to look at my correspondence in order to do that. I confess I have not read it within the last few days. At the time I received it I considered it in the usual way, without putting any pressure upon the corporation, but knowing that the individuals are perhaps the most progressive in my area of northern Ontario, I did commend their comments to the farm credit corporation. The application was rejected and they had to go to non-government sources for a loan. And yet these are not the type of people that we sometimes hear about when we debate agricultural matters in this house. We talk about the integrated farmer, the large poultry operation and so on. This is not that at all; it is a family operation. The application proved to be fruitless even under the amendments provided in 1959.

Before I resume my seat there is some other information I should like to get from the minister, either now or on second reading of the bill. It is a parallel situation with respect to farm lending between the federal government and the provincial government. Only this morning I am sure that other members read, as I did, a review of the legislative program of the province of Quebec. It was stated that in Quebec the farm credit legislation had been liberalized or enlarged during the past session. My recollection is that a very substantial subsidized farm loan program has existed in the province of Quebec for a great number of years. Farm credit was so largely subsidized that few farmers would apply either to the farm credit corporation or to the farm loan board which both come under federal jurisdiction, if it was possible for them to get consideration under the former Quebec legislation. When the minister makes his report, either now or on second reading of the bill, I should like him to comment on the effect, if any, of this legislation, and particularly part II of it, on the junior farmer loan program of the province of Ontario.

[Mr. Benidickson.]

I think it was in 1958 that the province of Manitoba introduced new legislation which offered loans to farmers. To what extent is there duplication? To what extent is an effort being made to co-ordinate our programs? In the third place, to what extent is any advance in the federal sphere reducing or eliminating the usefulness and efficacy of loans in the provinces to which I have referred?

Perhaps there are other provinces which have similar farm loan programs. I think it would be useful to have this information because, as I said at the beginning, while this looks like a simple amendment to the act, it does involve all the principles of the act which was introduced in 1959. Because of the multiplication factor, we are really dealing with $100 million, not the difference between $12 million and $8 million, which is referred to in the resolution.

Mr. Martin (Timmins): Mr. Chairman, if one looks at the statistics of the report of the minister with a jaundiced eye one might come to the conclusion that there are a great many more farmers in the hole now than ever before and a great many more are going further in the hole than ever before. Possibly one could go so far as to assume that farmers have at long last adopted the principle that you can borrow yourself into prosperity.

In this particular instance, Mr. Chairman, I certainly do not look at it with a jaundiced eye. I think this is something that has provided the farmers with a very badly needed service. I should like to compliment the minister and ask him to extend the benefits of the legislation even further.

There is one thing the minister said that I should like to underline. He pointed out that the administrative costs of this corporation, if I am not mistaken, amounted in the last year to .865 per cent, down from 1.6 per cent previously. I think this is something that we should really take a long look at, not only in this field but in many other fields as well. I recall that hon. members on the government side rose in their places in this house and objected to a bill to limit finance companies to charging 12 per cent because, to use their own words, they said that amount would not even meet the administration costs. When we compare that with the administrative cost of .865 per cent, of this crown corporation which is supplying the same service, surely it is something to give us all good reason to do some concentrated thinking.

Mr. Benidickson: Surely that is good socialism.

Mr. Brunsden: There are not any repossessions.

Mr. Martin (Timmins): I would say that this is a good honest deal for farmers. Certainly we in this group are heartily in favour of it. As I said at the beginning, I should like to congratulate the minister on extending this legislation further, and I look forward to the day when similar honest deals are made available to other economic units in our society.

Mr. Pugh: Mr. Chairman, I am quite sure that all of us are pleased with the time the minister took tonight to give a résumé of the farm credit corporation. It was high time that we in this house heard again of the many good things which have flowed from this act.

The hon. member for Kenora-Rainy River made some remarks and I should like to cover them a little later on.

First of all, I should like to cover my own constituency of Okanagan Boundary because the act has produced very definite and beneficial results there. All through the boundary country, the Similkameen and the Okanagan valley itself, we have had benefits from this act, which show that in its initial inception it was based right. It is the fulfilment of a need of the farmer; it is something that had to be done. As the hon. member for Timmins expressed it, he is completely in support of it and to use his exact words, it has provided the farmer with a very necessary service. I think we all agree with that.

One of the most important things that has come out of this act is the counselling by those who are administering the legislation. There is no question about it at all, the growth of money which is going into the purchase of agricultural land shows that this act deals with a situation which was becoming chronic in Canada. Many of the farmers' orchards were too small in size. In other words, they did not have the estimated requirements to make a decent living.

One of the things that comes to mind immediately is the fact that in many instances quite a large percentage of the loans made are in excess of that which was actually requested by the farmer or the orchardist. This came about through what I previously termed "counselling". In other words, a farmer or orchardist wishes to borrow money. He first takes his problem up with the farm credit corporation supervisor or appraiser and gets good solid advice. In other words, what has happened in many instances is this. The appraiser said, "Well, I do not believe that you will have an efficient organization which will put you in a better position if you have only so much. What you need to do is to consolidate all the way through, your debts and so forth, and put yourself on a firm financial basis". This was done throughout my area. I might say that originally the response to this act overloaded the facilities, but my understanding is that it is being run smoothly and efficiently now.

Certainly, great credit is due to those who came from the Veterans' Land Act administration to act as appraisers. They have done a fantastic job. Many of them spent long hours, to my own personal knowledge, in making these appraisals. They worked a great deal longer than many civil servants feel is appropriate. These chaps even used a great deal of their spare time to accommodate other people, and they certainly deserve a great deal of credit.

I should like now to say one or two words with regard to the remarks made by the hon. member for Kenora-Rainy River. There is no doubt in my mind that he intended to try to fool the people of Canada by saying that there is no difference between this new farm credit corporation and the old Canadian farm loan board. He cited a number of figures and said, "Look; what is happening here is normal growth." Then he used that magical phrase which is used by all finance department experts, he related this to the gross national product. He referred to the years 1957, 1958 and 1959, and indicated that the amount ran up to between $18 million and $19 million. He said, relating that to the gross national product, that it showed normal growth, and that the Conservative government has not gone any further.

I should like him to take a look at the figures for 1960-61 which show the amount has increased to $60 million, which is a tremendous jump from the previous $19 million. Goodness knows what it is going to be this year. If one can gain an indication from the further amount required under the act, there will be a large increase. Certainly, as a statistician, the hon. member is getting into the class of the hon. member for Essex East. I know that if he looks at the little book he has in front of him which contains figures produced by the department, he will get a great deal of satisfaction from realizing that this government has produced something that the previous government never even thought of. We are having good success with this act and the minister and those who work under him deserve commendation.

Mr. Granger: I just have one brief comment to make. I express my regret that the Canadian government will not do for Canadian fishermen what it is doing for the Canadian farmer, that is to provide direct loans through a federal agency to the fishermen, as this measure does for the farmers.

Mr. Brunsden: Mr. Chairman, very briefly let me say that the proof of the pudding is in the eating. Some figures came to my desk

the other day with regard to the percentage increase in the loans approved during the period from April 1 to May 15 this year as compared with the same period the year before. The increase is over 800 per cent. As I recall the figures, they were $1,450,000 for this year compared with $140,000 for last year. This is an indication, sir, that this policy is well accepted by Alberta farmers. While the legislation and the administration of it still have some bugs, and probably will have for some years I do feel, as one who at one time appraised for the Canadian farm loan board, that the raised limits are of a tremendous advantage.

The hon. member for Kenora-Rainy River dealt with a specific case, and I should like to call that a specialty case. It is all right to talk about a substantial loan on a small poultry farm, but there is no assurance whatever that the persons making the application, admirable though they may be, will be in that business two years from now. There must be full security in respect of the amount. This is what this act calls for, and this is what is required.

Perhaps the minister will accept one suggestion from me, and that is that the appraisal fee, which has been steeply upgraded, should be returnable in whole or in part in the event of the loan being declined. I do feel that, particularly in the case of younger men and their families, this involves a hardship. I wish he would give some consideration to some kind of an amendment.

Mr. Benidickson: I take it the minister is going to deal with some of these questions on second reading. I should have asked him, when speaking earlier, if he would, in connection with the résumé of operations between March 31, 1960 and March 31, 1961, report upon the borrowings of the corporation from the government and the rate of interest paid. I think it is obvious that this corporation has had to pay the government, under its tight money policy, as much as 5¾ per cent according to the last budget figures. In view of the fact we are dealing with $100 million additional, I think we should have a report for the most recent fiscal year.

Resolution reported and concurred in.

Mr. Hamilton (Qu'Appelle) thereupon moved for leave to introduce Bill No. C-107, to amend the Farm Credit Act.

Motion agreed to and bill read the first time.

[Mr. Brunsden.]

EXPORT CREDITS INSURANCE ACT

AMENDMENTS RESPECTING LIMITS OF LIABILITY UNDER SECTION 21

Hon. George H. Hees (Minister of Trade and Commerce) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Export Credits Insurance Act to provide that the two hundred million dollar limit of liability specified in section 21B of the act, now applicable to both contracts of insurance entered into by the corporation under section 21 and instruments guaranteed by the corporation under section 21A, be made applicable solely to contracts of insurance entered into under section 21; and further to provide a separate limit, in the amount of two hundred million dollars, on the liability of importers under outstanding instruments guaranteed by the corporation under section 21A.

Motion agreed to and the house went into committee, Mr. Chown in the chair.

Mr. Hees: The Export Credits Insurance Act at present provides a ceiling of $200 million for both export credits insurance under section 21 and export credit financing under section 21A.

Under section 21 in cases where the board of directors of the export credits insurance corporation is of the opinion that a proposed contract of insurance would impose upon the corporation a liability for a term or an amount in excess of that which the corporation would normally undertake, and if in the opinion of the Minister of Trade and Commerce it is in the national interest that the proposed contract of insurance to be entered into, the governor in council may authorize the corporation to issue the insurance policy.

Insurance policies in force today under section 21 total $125 million. As insurers of supplier credits, and in accordance with the Berne union understanding, the maximum period of credit that the corporation will insure is five years after delivery. This principle carries the government's approval.

Under section 21A the government has authority through the corporation to finance export sales of capital goods. It is intended that this financing would be provided only where credit terms extending beyond five years are required. Financing commitments under section 21A today total $58 million. Thus, $183 million is committed out of the $200 million available. This leaves only $17 million available for both additional insurance under section 21 and any long term financing under section 21A.

The bill proposes that $200 million available for both insurance under section 21 and financing under section 21A be allocated solely to insurance, and that an additional $200 million be provided for export financing.

Both export credits insurance and export credit financing are an important part of our drive to get Canadian manufacturers into the export markets of the world. The government for its part is doing everything possible to encourage exporters. We had the export trade promotion conference last December; we have held a number of trade conferences around the country since that time; in a splendid example of co-operation between the government and the banks, the nine Canadian chartered banks have established the Export Finance Corporation of Canada, Ltd., which will make financing readily available to capital goods exporters who have export credits insurance; and finally, in cases where longer terms of credit than five years are required and are justified, the government will provide the necessary financing under the Export Credits Insurance Act.

With these facilities in Canada we are offering Canadian exporters the equivalent of anything available to exporters in any other country. I am more than pleased to have to come to parliament to ask for an increase in the financing authority under section 21A of the Export Credits Insurance Act. This requirement shows that our potential is expanding and that exporters are being given every possible assistance to help them increase export sales, both by minimizing their losses with the protection of export credits insurance, and by helping them quote on large orders for capital equipment by providing financing possibilities.

Mr. McIlraith: I thank the minister for his explanation of this resolution. I think tonight the committee would understand it as a friendly remark if I referred to him as the honourable and somewhat breathless Minister of Trade and Commerce. I think I could make that reference in the sure and certain knowledge that it would be well understood in the sense in which it was uttered tonight.

Mr. Hees: I agree with that statement.

Mr. McIlraith: In 1959 when the provisions contained in section 21A and 21B of the act were added to the legislation the government retained the limit on the power to insure under special circumstances with the approval of the governor in council under section 21 and the added power to guarantee and discount paper under section 21A at $200 million, which was the amount that had formerly been the ceiling on insurance only under section 21. In other words, there was in effect a reduction of the amount of business authorized to be covered.

I recall on that occasion raising the point with the then minister of trade and commerce. Indeed, if hon. members will take the trouble to check *Hansard,* I think they would find that there was a bit of a hassle over a procedural point because on that occasion the legislation was not preceded by a resolution. In any event, I am glad to see that the authority for insuring under section 21 is being separated, as to the limit of the money available, from the authority to guarantee and discount paper under section 21A. Indeed, at the time section 21A was enacted in 1959, I had gone so far as to suggest that it might more properly be done under a separate corporation as is the case in the United States. However, the government did not see fit to follow that policy and I have no special criticism to offer of that fact. But it is clear that the authority under the two sections should be kept wholly separate and that the authority for the larger amount of guaranteed paper and the larger amount of insurance under section 21 should be granted.

I wonder whether the minister would mind putting in somewhat categorical form on the second reading of the bill based on this resolution the amount of insurance outstanding at the latest available date under section 13 of the act. The amount outstanding which he gave tonight was under section 21 of the act, that is insurance on contracts approved by the governor in council where it is the opinion of the government that the proposed contracts of insurance will impose upon the corporation a liability for a term or an amount in excess of that which the corporation would normally undertake in relation to any one for which authority was being sought. Then will he give the amount separately under 21A of the paper that has been guaranteed and the amount of any paper that has been purchased under the provisions of section 21A. If he could put those figures on the record at second reading it would be helpful.

I wish to raise briefly one other matter that I had asked the minister to consider when the 1959 legislation was before the house at the committee stage. I refer to the provision for tabling the orders in council passed under the act. The requirement is now contained in section 21B, subparagraph 4 which reads as follows:

> All orders in council made under sections 21 and 21A while parliament is in session shall be laid before parliament during such session and, if made while parliament is not in session, shall be laid before parliament at the next ensuing session.

That provision, as will be seen, merely requires the tabling of orders in council passed under the section of the act on the closing day of a session. Indeed on June 9 there was tabled a quite important order in council dated September 16, 1960. The tabling of it at that late date was in full compliance with the law as it exists, but it surely is not a satisfactory procedure. I would hope that the

minister would look at the possibility of making a slight amendment in that requirement so that it could be dealt with at the committee stage of the bill.

Mr. Benidickson: Mr. Chairman, in connection with the Export Credits Insurance Act I should like to ask the Minister of Trade and Commerce a question relating to the statement made on Saturday by the Minister of Agriculture referring to the sale of wheat to Poland.

First of all I would suggest to the minister that when announcements of this kind are made the minister should perhaps refer to bushels rather than tons. Most of us better understand figures in connection with the sale of wheat if they are given in bushels rather than tons.

We were not given details as to the utilization of the Export Credits Insurance Act. The phrase used was simply that the terms would be the same as those that applied to the previous sale. I think that was some years ago. My recollection is that it involved a 10 per cent cash payment and a 30 per cent payment for each of three years. Is that what is involved in the statement made by the Minister of Agriculture on Saturday last?

Mr. Hees: That is my recollection, Mr. Chairman, but I will be glad to check on it accurately and give the hon. member the answer when we come to second reading.

Mr. Benidickson: My second question to the Minister of Trade and Commerce relates to the sale of wheat to China. Will the Export Credits Insurance Act be involved in connection with the transactions that have taken place to date, or is the credit involved something that has been arranged by the wheat board itself through the banks or otherwise?

Mr. Hees: Mr. Chairman, I should like to give an accurate statement on these matters and I will give the facts to the hon. member on second reading.

Mr. Benidickson: That will be satisfactory.

Resolution reported and concurred in.

Mr. Hees thereupon moved for leave to introduce Bill No. C-108, to amend the Export Credits Insurance Act.

Motion agreed to and bill read the first time.

The Acting Speaker (Mr. Chown): When shall the said bill be read a second time?

Mr. Pickersgill: Next sitting.

Mr. McIlraith: Next sitting.

[Mr. McIlraith.]

FINANCIAL ADMINISTRATION ACT

AMENDMENTS RESPECTING PURCHASE AND SALE OF SECURITIES BY MINISTER, ETC.

Hon. Gordon Churchill (for the Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Financial Administration Act to permit the Minister of Finance to buy and to sell securities guaranteed by Canada as well as securities of Canada; to permit the governor in council to authorize the deletion from the accounts of debts due to Her Majesty not exceeding one thousand dollars and to also permit the treasury board to make regulations for the deletion from the accounts of small debts not exceeding one hundred dollars, rather than twenty-five dollars as at present; and to provide for further amendments in connection with the administration of the act.

Motion agreed to and the house went into committee, Mr. Chown in the chair.

The Deputy Chairman: Order. House in committee of the whole on a certain proposed resolution to amend the Financial Administration Act. Shall the resolution carry?

Some hon. Members: Carried.

Mr. Bell (Carleton): Mr. Chairman, I think the committee might wish to have a rather brief explanation of the purpose of this resolution.

Some hon. Members: No.

Mr. Bell (Carleton): The main purpose of the bill to be based upon this resolution is to place the crown in substantially the same position as a private person with respect to the assignment of a crown debt incurred under a contract, provided the assignment is made in accordance with certain specified procedure. There is included provision whereby the governor in council may authorize the assignment of other choses in action to be recognized where it is considered to be in the public interest.

There are additional amendments which are set out in the resolution; the first permitting the Minister of Finance to buy and to sell securities guaranteed by Canada as well as securities of Canada, and the second permitting the governor in council to authorize the deletion from the accounts of debts due to Her Majesty not exceeding $1,000. At present there is a ten year waiting period before such a debt may be deleted from the public accounts. Third, there is authorization to treasury board to make regulations for the deletion from the public accounts of small debts not exceeding $100, rather than $25 as at present; fourth, authorizing the comptroller of the treasury to make recovery of salary overpayments from any moneys payable by Her Majesty to the person to whom the

overpayment was made, and finally there are some further and incidental amendments in connection with the administration of the act.

Mr. Chairman, the proposed amendment concerning the assignment of crown debts is a completely new one and is being introduced to set out the classes of crown debts which may be assigned, the manner in which assignments are to be made and the procedure by which notice of the assignments is to be given to the crown.

As hon. members know, the position traditionally taken and maintained by the government in the past has been that the crown is not bound by the assignment of a debt owing by the crown to a subject. Over the years a practice was developed whereby banks and other persons engaged in business accepted from crown creditors powers of attorney and arranged their affairs, in many cases, apparently on the basis that such powers of attorney operated in the same way as assignments, although in fact they did not confer on the donee any rights as against the crown to be paid in the place of the crown creditor.

In 1954 a petition of right was brought against the crown by the bank of Nova Scotia in payment to it of debts owing by the crown to Roy Swail Limited. These crown debts had been assigned to the bank by a general assignment of book debts given by that company. The petition of right challenged the position traditionally taken by the crown and the action was vigorously defended and the legal and constitutional questions were argued at some length in the exchequer court.

On January 24, 1961, the president of the exchequer court handed down his judgment and this decision places the crown in the same position as a subject with respect to the assignment of a crown debt provided that the assignment was made in accordance with the laws of assignment of the province in which the assignment was made and that adequate notice of such assignment was given to the crown.

In this connection the president stated in part as follows:

> It may be conceded that the practice avoided the occurrence of administrative difficulties, but this fact does not justify the continuance of a practice that runs counter to long accepted principles . . . The reformation of the law should be concerned with the avoidance of the administrative difficulties.

I might mention to the committee that the judgment in this case has not as yet been reported in the law reports. The view of the government is that the assignment of crown debts arising under contracts should be recognized but because of the complexity and widespread scope of government operations it is felt that some administrative safeguards are necessary.

Consequently it is proposed to amend the Financial Administration Act to provide for the recognition of the assignment of crown debts arising under contracts, but because of the widespread operation of government business and the fact that the paying offices may be located in many parts of the country the notice of assignments must be given in a certain manner in order to make the assignment binding on the crown. It is also proposed to include in the legislation provision whereby the governor in council may authorize the recognition of assignments of other choses in action subject to the same rules and conditions.

As I have indicated, it is proposed to make other amendments to the Financial Administration Act. Some of these amendments change in substance the present legislation, while others are for the purpose of simplifying the language and clarifying the intention of the existing legislation.

It is proposed to amend section 17 of the act to enable the Minister of Finance to purchase, acquire, hold and sell "securities guaranteed by Canada". As that section now reads, the minister is precluded from dealing in such securities and there are occasions when it is considered to be in the public interest that the minister should be able to purchase securities guaranteed by Canada.

It is proposed to amend section 23 regarding the deletion from the accounts in whole or in part of any obligation or debt due to Her Majesty or any claim by Her Majesty. Under the present legislation it is necessary to wait for a period of five years before an uncollectable debt may be deleted from the accounts where the amount does not exceed $500 and for a period of ten years before a debt not exceeding $1,000 may be deleted from the accounts. In many cases it is clearly evident that a debt is uncollectable long before the expiration of the required waiting period. Under the section as it now reads it is necessary to maintain records with respect to these uncollectable items even though such records serve no useful purpose and increase the burden of administration. The proposed amendment will permit the deletion of uncollectable items without regard to the period during which the debt has been outstanding, but the monetary limit on the amounts which may be deleted on the authority of the governor in council to $1,000 will be retained.

I should mention, of course, that the provision relating to reports to parliament is also retained.

It is also proposed to amend the section to permit the treasury board to make regulations

for the deletion of small debts not exceeding $100 instead of $25 as at present.

Mr. Benidickson: What section is that?

Mr. Bell (Carleton): I think section 23(1) is the particular section to which I am now referring. There will be an amendment of that section.

There are other incidental amendments mainly for the purpose of clarity and simplification of language. At present, section 32 makes no reference to the "rendering of services" and the amendment will make it clear that a certificate is required for this purpose. Similarly the present section 35 makes no reference to "work performed" and the amendment will clearly authorize that payment may be made during the 30 day period following the end of the fiscal year for "work performed".

It is proposed to enact a new subsection to section 95 of the act. This new subsection will permit the comptroller to make recovery of overpayments of salary, wages, pay and pay and allowances from any moneys payable to the person to whom such overpayment is made without the necessity of complying with the procedural requirements of subsection (1) of section 95. This will result in greater administrative efficiency but will in no way impair the rights of the individual since recovery will only be made with respect to overpayments which it is clear the individual had no right to receive. The comptroller by section 36(3) of the act is presently empowered to recover any accountable advance or any portion thereof that is not repaid or accounted for out of any moneys payable by Her Majesty to the person to whom the advance was made. The proposed amendment will provide a quick and efficient means of recovering overpayments of salary, wages, pay and pay and allowances in the same manner.

The committee will see that these are all somewhat technical and detailed amendments which I believe it will be simpler to discuss when the bill is before the house.

Mr. Benidickson: I am sure the committee appreciates the explanation given by the parliamentary secretary to the Minister of Finance. I was surprised, having read only the resolution, which is all any of us could read before we reached this stage of the legislation, to find that the parliamentary secretary seemed to emphasize and concentrate upon the fact that we were to get a bill having something to do with a change relative to the assigning of debts, contracts, the forgiveness of debts and so on. I think parliament is entitled to a better explanation of government intentions in a resolution than we have been given in this one, the parliamentary secretary having told us what he did tonight. This resolution is not a new one and it therefore cannot involve any new idea on the part of the government—any idea it might not have had two months ago. It was given to us on May 29, and there is not a word in it with respect to assignment of debt.

It does refer to three things upon which I was prepared to speak. The parliamentary secretary referred to four points, and one of them, naturally, was something of which members of parliament would have no knowledge until he spoke, because there is no reference to it in this resolution. Of course, we shall wait for the bill.

The first of the three matters with which I am prepared to deal concerns the permission to be granted to the Minister of Finance to buy and sell securities guaranteed by Canada. I know of no securities in that category other than those of the Canadian National Railways. The parliamentary secretary has said it would not be possible for the minister to buy and sell those securities at the present time. He did not say why it has not been possible in the past, nor did he tell us why it is considered advantageous that he should be able to do so in the future. I hope that on second reading we shall have a little more information given us both as to the departmental view on this question of why it was not possible in the past and as to why it would be advantageous in the future.

With respect to what I call the second item, the permission which will be given to the cabinet to delete from the accounts debts not exceeding $1,000. I think this relates, as the parliamentary secretary said, to section 23 of the existing Financial Administration Act. I would expect, inasmuch as nothing has been said to the contrary, that there will be no change in subsection (2) of section 23, and if so I do not think that this proposal will encounter any objection from this side. I refer to what I presume to be the fact that while we are increasing the amount which may be deleted at the instance of the cabinet it would still be subject to a report in the public accounts for the year in question.

Mr. Bell (Carleton): That is correct.

Mr. Benidickson: That is being done. Well, we all realize that business is getting bigger in volume and I think it is sensible that the same type of operation should prevail there with a larger dollar amount.

The third item on my list is the amendment which will provide for the deletion from the accounts of debts not exceeding $100 in place of the former limit of $25. The

hon. gentleman said that this was contained in section 23. I just cannot find it for the moment—I may have an old consolidated copy of the Financial Administration Act. However, we can certainly find it between now and second reading.

Mr. Bell (Carleton): The section is 23 (1a). The present provision is for $25 and that is being increased to $100.

Mr. Benidickson: Well, for the moment I have been using the audit office guide compiled by the former auditor general and I may not have the latest amendments in that respect. Again I think there is no objection to this deletion of debts. I do feel, however, that the attention of the committee should be drawn to the fact that this matter of the assignment of debts was not referred to in the notice given us in regard to this resolution, although it appeared worthy of considerable comment in the speech made by the parliamentary secretary. I feel also that it is not too desirable, although not unusual, to add at the conclusion of a resolution of this kind the words, "to provide for further amendments in connection with the administration of the act", about which fortunately we had, as we do not always have, some detailed explanation. I do think that any administration should attempt to inform members of parliament, if possible, in greater detail in advance than has been done in this regard.

Resolution reported and concurred in.

Mr. Churchill (for the Minister of Finance) thereupon moved for leave to introduce Bill No. C-109, to amend the Financial Administration Act.

Motion agreed to and bill read the first time.

The Acting Speaker (Mr. Chown): When shall the said bill be read the second time?

Mr. Pickersgill: At the next sitting.

Business of the House

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, that completes the business for today. The committee has shown commendable activity in getting the business completed today. I am very grateful to hon. members for extending the time for a few minutes at six o'clock to complete the business in which we were then engaged. I think it would be quite reasonable to adjourn now. Before doing so, I should like to indicate the business for tomorrow.

We will first proceed with third reading of Bill No. C-98, to amend the Canada Shipping Act, followed by a motion in the name of the Prime Minister to set up a special committee to consider and recommend changes to the War Measures Act; to be followed by second reading of the bill to amend the Farm Credit Insurance Act. Having completed that business we will then proceed to second reading of the bill to amend the Financial Administration Act, followed by consideration in the committee of the whole of amendments to the War Veterans Allowance Act, which have been reported by the standing committee on veterans affairs, and will appear on the order paper tomorrow. Having completed all that business the last item will be second reading of the bill to amend the Export Credits Insurance Act.

Mr. Pickersgill: I wonder whether I could ask the minister if the government hopes to put more important and perhaps more controversial legislation on the order paper some time in the near future?

Mr. Churchill: Mr. Speaker, in view of that indication of a desire for more controversial legislation, we shall try to accommodate the hon. gentleman. If the house completes the business outlined for tomorrow I think we will be able to see our way clear to complete the business of this session by the end of this month.

On motion of Mr. Churchill the house adjourned at 10.17 p.m.

HOUSE OF COMMONS

Tuesday, June 13, 1961

The house met at 11 a.m.

NEW MEMBER

Mr. Speaker: I have the honour to inform the house that the Clerk of the house has received from the chief electoral officer the certificate of election and return of Edgar E. Fournier, Esquire, for the electoral district of Restigouche-Madawaska.

PRIVILEGE

MR. HOWARD—REFERENCE TO EDITORIAL IN TORONTO "GLOBE AND MAIL"

Mr. Frank Howard (Skeena): Mr. Speaker, I wonder whether I might rise on a question of privilege. I shall be very brief about it. My question is based upon an editorial in the Toronto *Globe and Mail* of June 12, 1961 wherein it states:

> Twenty-four Canadian parliamentarians attending an interparliamentary meeting in Washington last week agreed with their United States colleagues that nuclear weapons should be used if necessary to defend West Berlin.

While I feel it would be unwise and unethical to refer to the position taken by any other member of the interparliamentary group, each of whom will have to speak for himself if he so desires, I would point out that the editorial incorrectly reflects my opinions on this question. This is understandable because of the wording of the press release issued by the interparliamentary group and subsequent changes thereto.

PUBLIC ACCOUNTS

CONCURRENCE IN THIRD REPORT OF STANDING COMMITTEE

Mr. Alan Macnaughton (Mount Royal) presented the third report of the standing committee on public accounts, and moved that the report be concurred in.

Motion agreed to.

PUBLIC SERVICE

ANNOUNCEMENT OF APPOINTMENT OF DEPUTY POSTMASTER GENERAL

Right Hon. J. G. Diefenbaker (Prime Minister): In accordance with the regular practice I wish to announce the appointment of the deputy postmaster general, effective June 20. Mr. William Hugh Wilson is to fill the vacancy resulting from the forthcoming retirement of Mr. George A. Boyle, who has served for 45 years.

I should like to express appreciation on behalf of the government for the service Mr. Boyle has rendered. He has made many outstanding contributions to the development of Canada's postal service, particularly in the field of international postal affairs where he has represented Canada as vice-president of the executive and liaison committee of the universal postal union.

Mr. Wilson has been director of operations in the head office of the department since April, 1959. He entered the post office in 1929 as a temporary postal helper in Vancouver. He became postmaster in Vancouver in 1955, and in 1958 was named regional director of postal service for the Pacific region.

Mr. Wilson brings to the position of deputy postmaster general outstanding administrative skill and unusual ability to achieve results while maintaining the support of those who work for him. He has been responsible for numerous major innovations in postal techniques. As director of operations he has been responsible for all the aspects of the day to day operation of the postal service except matters of transportation.

Mr. Herridge: I simply wish to say—

Mr. Speaker: The hon. member for Laurier.

Hon. Lionel Chevrier (Laurier): I apologize to the hon. gentleman, but I was speaking to my deskmate the hon. member for Essex East.

I simply want to add a word to what the Prime Minister has said. We on this side of the house would like to commend the retiring deputy postmaster general, Mr. Boyle, for the long service he has rendered to Canada. It has been outstanding service over the many years he has served our country. We should also like to join the Prime Minister in wishing his successor, Mr. Wilson, a long and successful career.

Mr. H. W. Herridge (Kootenay West): I was interrupted by the hon. member for Laurier. We are very pleased to hear of the appointment of an experienced and competent member of the civil service from British Columbia to this post of deputy minister.

Inquiries of the Ministry

RAILWAYS, AIR LINES AND SHIPPING

REFERENCE OF ANNUAL REPORTS AND BUDGETS TO STANDING COMMITTEE

Hon. Leon Balcer (Minister of Transport): By leave of the house I move:

That the annual reports for 1960 of the Canadian National Railways and of the Canadian National Railways securities trust, the auditor's report to parliament in respect of the Canadian National Railways for the year ended December 31, 1960, tabled on March 28, 1961; the budget for 1961 of the Canadian National Railways tabled on April 19, 1961; the annual report of Trans-Canada Air Lines for 1960 tabled on March 14, 1961, the auditor's report to parliament in respect of Trans-Canada Air Lines for the year ended December 31, 1960, tabled on March 28, 1961, and the budget for 1961 of Trans-Canada Air Lines, tabled on January 16, 1961, be referred to the sessional committee on railways, air lines and shipping.

Motion agreed to.

TRADE

EUROPEAN COMMON MARKET—MISSION TO DISCUSS ENTRY BY U.K.

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Prime Minister and ask him whether he has anything to report in regard to the success he has had in organizing a meeting of the commonwealth prime ministers to discuss Britain's entry into the common market.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, if the house will allow me I should like to add to the remarks I made on June 9, 1961. At that time I stated that the government was convinced of the necessity for a proper balance being observed as between bilateral and collective consultation on this matter. I said at that time that I envisaged bilateral consultation both at the official and the ministerial levels, but that because of the potential consequences of United Kingdom membership in the common market I believed that the fullest consideration should be given to collective ministerial discussion and also, if necessary, to a meeting of prime ministers.

In the light of that statement there have been further exchanges with the United Kingdom government. As a result, arrangements are now being made for bilateral talks on a ministerial level to take place in Ottawa at a time to be arranged, probably in the second week of July, between the secretary of state for commonwealth relations, Right Hon. Duncan Sandys, and the Canadian ministers concerned—the Secretary of State for External Affairs, the Minister of Finance and the Minister of Trade and Commerce. I also hope on that occasion to see Mr. Sandys.

[Mr. Herridge.]

In agreeing to these arrangements it has been made clear that the Canadian government will regard talks with Mr. Sandys as exploratory in nature and as not constituting the basis for any binding decision or understanding as to Canada's attitude in this matter. I say this because, while I acknowledge the value of preparatory exploration of the issues between the United Kingdom and Canadian governments, I am equally convinced of the necessity for these matters to be discussed by representatives of the commonwealth association meeting together.

Collective discussions were held in London some three weeks ago among senior officials of commonwealth countries, and I should hope that following the conversations which Mr. Sandys will have here, and other United Kingdom ministers in other countries of the commonwealth, it will then be thought appropriate and advisable for collective ministerial discussions to take place. There will be occasion for this in the regular way when the economic ministers of the commonwealth assemble for their fall meeting.

There has been comment in the United Kingdom and Canadian press about my reference last Friday to the need for a meeting of commonwealth prime ministers in respect of this general subject. Some newspapers and commentators have assumed that what I called for was an immediate meeting of prime ministers. The reading of what I stated makes clear otherwise. I did not call for an immediate meeting of prime ministers; and also, in speaking of such a meeting, I said it should be held if necessary. What I wished to convey at that time, and I reiterate it now, is that I can envisage circumstances in which a meeting of prime ministers would be desirable and indeed necessary. It is not possible at this time to decide with certainty whether or not a meeting at prime ministerial level should take place. This is a matter which can only be decided in the light of developments and, in particular, on the outcome of the various bilateral and collective discussions and consultations which will take place.

I want once more, in answer to the question put by the hon. member, which is indicative of his interest in this matter, to emphasize the great importance to Canada, and indeed to the commonwealth association as a whole, of the United Kingdom's future relationship with the European economic community. The political and economic implications are so vast and complex that they deserve the most searching examination on the part of all countries concerned. It is this consideration, and of course in particular a concern for Canadian political and economic interests, which underlies the government's insistence on thorough and effective consultation.

Mr. Chevrier: Mr. Speaker, I presume that I should be allowed some latitude in view of the statement the Prime Minister has made.

Mr. Speaker: I believe the house will permit the hon. member to comment, in view of the fact that the statement goes beyond the question of the hon. member.

Mr. Chevrier: Mr. Speaker, I thank the hon. members of the house for this consideration.

The statement the Prime Minister has made prompts one to ask himself immediately what has become of the principle of consultation in so far as the commonwealth is concerned, because I am sure the Prime Minister will agree at once that in former conferences it was clearly laid down that there should be consultation among the commonwealth prime ministers. This question comes to mind at once.

Then there is the other question of whether or not—and I say this without wanting to be contentious in any way whatsoever—the Prime Minister has been repudiated by the Prime Minister of the United Kingdom in the suggestion he made for a collective conference of the various commonwealth prime ministers. As the Prime Minister knows, the prime ministers of Australia, New Zealand and also India have given indications that they would not be prepared to meet at this time on the basis mentioned by the Prime Minister.

Mr. Diefenbaker: That is a long way from repudiation.

Mr. Chevrier: I am sorry; I did not catch that.

Mr. Diefenbaker: That is a long way from repudiation.

Mr. Chevrier: Perhaps. I said I did not want to be contentious. If the Prime Minister does not like the word "repudiation" perhaps I could use the word "disagreement".

In view of what the Prime Minister said there comes to mind at once the whole question of what effect the common market will have upon our trade. In the face of tariff reductions in those countries what is Canada doing to protect its trade? What can we do to stop widening the gulf between the rich, prosperous and dynamic common market countries—

Mr. Speaker: Order. I think the hon. member for Laurier would agree with me that it would not be proper to extend the scope of his comment into matters not initially raised by this question nor dealt with by the Prime Minister in his answer. The hon. member for Laurier has raised one or two other questions which it would be appropriate to answer, and I would suggest that he allow the answers to be given rather than open up new subjects.

Mr. Chevrier: I should like to complete my remarks, if I may. I will discontinue the line which I had intended to pursue, but I go back to the statement made by the Prime Minister in which he said that "the government will regard the talks with Mr. Sandys as exploratory in nature" and that "collective discussions were held in London" and he felt that the same thing might well take place again. Well, of course, the matter that raises is this. What are the alternatives being proposed by the Canadian government? What alternatives are being advanced? Are we to be face to face again with another 15 per cent diversion of trade?

Mr. Speaker: Order. I think the hon. member should not get into the substance of what may be before the conference or before the ministers in bilateral discussions. What his question related to were the mechanics of dealing with the problem of possible adherence by the United Kingdom to the common market.

Mr. Chevrier: Well, the Prime Minister said he did not call for an immediate meeting. Of course the house must accept what the Prime Minister has said, but certainly that is not what the United Kingdom government understood the situation to be. From the comments that have appeared in the United Kingdom press, and Canadian press as well, the indication seems to be to the contrary.

However, in order to complete what I have to say I want to make this brief statement. Our view is that instead of trying to be obstructive the Canadian government would be better employed in seeking to associate Canada with the common market through the establishment of an Atlantic trading area rather than in preventing Britain from joining—

Mr. Speaker: Order. The hon. member is opening up a very broad subject which cannot be debated on routine proceedings. If the Prime Minister wishes to reply to any of the questions asked I think he might have the floor for that purpose.

[*Later:*]

Mr. Chevrier: Mr. Speaker, may I direct a question to the Prime Minister, reverting to the statement he made earlier on the commonwealth prime ministers' conference. May I ask the Prime Minister what alternatives Canada would advance at such a conference of commonwealth prime ministers?

Inquiries of the Ministry

Mr. Diefenbaker: Mr. Speaker, I seem to recall that over the years questions of this nature have been regarded as improper.

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Prime Minister if it is a fact that Mr. Jean Rey, a member of the economic European community commission, is to be in Ottawa tomorrow or this week for the purpose of carrying on talks with regard to the relationship between Canada and the common market? If that is a fact, will the Prime Minister relate that fact to the statement he made this morning?

Mr. Diefenbaker: Mr. Speaker, there is no relationship whatever between that fact and the statement I made this morning. The gentleman in question is coming and he will naturally discuss with appropriate ministers of the government the viewpoint of that commission.

STATEMENT ON EXCHANGE OF LEAD FOR SURPLUS U.S. GRAIN

On the orders of the day:

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, on Friday last, June 9, I undertook to take as notice the question raised by the hon. member for Assiniboia as to whether the reported transaction between the Consolidated Mining and Smelting Company of Canada and the United States authorities, involving the barter of Canadian lead for United States grain, would have any effect on Canada's own grain marketing policy.

I have now been informed that this transaction has been concluded and that it does not depart from the pattern of previous barter transactions entered into by the United States authorities in obtaining primary or strategic commodities under public law 480. From the government's standpoint this is a private business transaction concluded by a private Canadian firm and, as the hon. member is aware, the government does not interfere in private business transactions. Our only concern is that the sale of surplus grain thus acquired through barter will not displace normal commercial sales of grain. On this point we have been assured that this barter transaction will be subject to the same safeguards as those already established and agreed upon, and which have been applied in the past for the protection of our commercial marketing areas.

URANIUM—INQUIRY AS TO NEGOTIATIONS WITH UNITED KINGDOM

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I should like to address a question to the Minister of Trade and Commerce, and ask him whether he has a report to make to the house on the uranium contract negotiations.

Hon. George H. Hees (Minister of Trade and Commerce): No, Mr. Speaker. A meeting was held yesterday and very useful discussions took place. Further meetings are taking place today on the technical level, and other meetings will be held later.

FINANCE

BANK OF CANADA—REPORTED REQUEST FOR RESIGNATION OF GOVERNOR

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, may I ask the Minister of Finance a question. Is it a fact, as now reported by the Canadian Press, that the Minister of Finance has asked for the resignation of the governor of the Bank of Canada?

Hon. Donald M. Fleming (Minister of Finance): I have not seen the report, and I do not think I wish to make any comment on that matter until I have had an opportunity to examine the report.

Mr. Martin (Essex East): I should like to ask a supplementary question based on a Canadian Press report dated Ottawa, June 13, in which it is stated that "Governor James E. Coyne of the Bank of Canada said today that finance minister Fleming had requested his immediate resignation". In view of this report, will the minister tell the house whether this is a fact, so the house can exercise its rights under the Bank of Canada Act with regard to the governor of the Bank of Canada?

Mr. Fleming (Eglinton): Mr. Speaker, this is the first intimation I have had of the report. I wish to examine the report, and I wish to be assured as to the accuracy of the reference to Mr. Coyne having made this statement before saying anything in the house. There will, of course, be something said in the house at the proper time, but I think that reference should be carefully checked first.

Mr. Martin (Essex East): In view of the importance of this matter I can well understand the minister's desire—

Some hon. Members: Order.

Mr. Martin (Essex East): —to check the report, but I ask the minister—

Mr. Speaker: Order. I fail to see how any supplementary can arise out of the minister having taken the matter as notice and declining to answer the question today.

Mr. Martin (Essex East): Mr. Speaker, I can well appreciate your concern, but in view of what the minister has said will you permit me to put my question so you can then determine whether or not it is in order? In view of what the minister has now said, is it a fact that he has asked for the resignation of the governor of the bank?

Mr. Fleming (Eglinton): I refer the hon. member to the answer to the last question. It was quite clear.

Mr. Martin (Essex East): A statement later today.

AGRICULTURE

SASKATCHEWAN—R.C.A.F. ASSISTANCE IN COMBATING GRASSHOPPERS

On the orders of the day:

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I wish to address a question to the Minister of National Defence. I understand that the federal government has extended its assistance in the battle against grasshoppers and cutworms in Saskatchewan. Can the minister give the house further details regarding the R.C.A.F. airlift of insecticide?

Hon. D. S. Harkness (Minister of National Defence): Yes, Mr. Speaker. As I informed the house, following a request from the Saskatchewan minister of agriculture an airlift was undertaken by the R.C.A.F. over the week end to transport supplies of insecticide from Toronto to Regina. To begin with the amount was supposed to be approximately 30,000 pounds, but there were subsequent requests so that the operation has grown into a very considerable airlift.

In response to a further request from the Saskatchewan government two additional R.C.A.F. aircraft are leaving Toronto today with an additional 70,000 pounds of insecticide. This will bring the total airlift to over 330,000 pounds of insecticide and it involves 17 flights in all.

I think hon. members will be interested in a telegram which I received yesterday from Mr. Nollet, the minister of agriculture of Saskatchewan, which reads as follows:

> We very greatly appreciate the R.C.A.F. airlift authorized by you. This has been a real life saver in our unforeseen emergency shortage of chemical control supplies during a critical period of our grasshopper and cutworm campaigns. The timely response of the R.C.A.F. was outstanding. The good spirit and co-operation of the air crews was wonderful. The farmers of Saskatchewan will greatly appreciate the emergency assistance given. Would you kindly convey our appreciation to the personnel involved and my sincere thanks to you for the help given.

Inquiries of the Ministry

GRAIN

INQUIRY AS TO QUOTA POSITION

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): I should like to direct a question to the Minister of Agriculture. Can the minister bring members of the house up to date on the status of the Canadian wheat board quotas as they now apply to Saskatchewan, Manitoba and Alberta?

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, I think the house is aware of the tremendous urgency, so far as farmers of the west are concerned, with regard to the marketing of grain at this time. I have answered several similar questions in recent days, but for comparison purposes I can give the hon. member the figures for two weeks ago, May 29, and for yesterday, June 12. They are as follows:

Quota Distribution

	Number of stations, May 29, 1961	Number of stations, June 12, 1961
Manitoba		
3 bushels per specified acre	121	0
4 bushels per specified acre	188	132
5 bushels per specified acre	34	162
6 bushels per specified acre	21	70
	364	
Saskatchewan		
3 bushels per specified acre	190	—
4 bushels per specified acre	635	450
5 bushels per specified acre	197	498
6 bushels per specified acre	54	128
	1,076	

The pace of moving grain is still being maintained this week, as last week, at 1,600 cars per day.

NATIONAL DEFENCE

STATEMENT ON REPORTED OFFER OF U.S. FIRM TO SELL MUSTANG PLANES

On the orders of the day:

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, on Thursday, June 8 I was asked the following questions by the hon. member for Assiniboia as reported at page 6017 of *Hansard*:

> I should like to ask a question of the Minister of Defence Production. Would the minister care to make any comment on the report in this morning's *Globe and Mail* that a United States firm has in its possession 15 Mustang fighter aircraft which it purchased for $500 and which it hopes to sell for between $6,000 and $50,000?
>
> Were tenders called in this case, and were the planes in flying condition when they were sold?

I have received the following information from Crown Assets Disposal Corporation. In reply to the first question, ten Mustang

fighter aircraft with engines and five Mustang fighter airframes without engines, located at Carberry, Manitoba, were sold by Crown Assets Disposal Coporation to James H. DeFuria and Fred J. Ritts, of Syracuse, N.Y. in November, 1956. The ten aircraft with engines were short of carburetors and other navigational instruments; all 15 aircraft and airframes were sold in an unserviceable condition. The ten Mustang aircraft with engines were sold at $3,000 each, and the five airframes less engines were sold for $1,000 each.

In reply to the second question, I am advised that tenders were solicited from 101 firms or dealers.

LAKEHEAD—STATEMENT AS TO ESTABLISHMENT OF ARTILLERY UNIT

On the orders of the day:

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, yesterday the hon. member for Fort William asked whether I had received a letter from the Canadian lakehead exhibition to the effect that they would welcome the establishment of an artillery unit within the grounds of the exhibition. I did receive such a letter yesterday afternoon. Mr. Walker, the secretary manager of the Canadian lakehead exhibition has written to me with regard to the construction of a building on the exhibition grounds and has suggested that this building might be used to accommodate a militia unit. His recommendations are being considered.

With reference to a supplementary question asked by the hon. member as to whether an artillery unit would be established at the lakehead, I might say that there is already an artillery unit at the lakehead, the 118th medium battery, stationed at Port Arthur.

CANADA-UNITED STATES—ADDITIONAL EXPENDITURE BY CANADA ON PINE TREE LINE

On the orders of the day:

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I should like to direct a question to the Prime Minister. In the light of the statement he made in the house yesterday concerning the triangular deal between the United States and Canada, I should like to know what will be the additional expenditure imposed on the federal treasury as a result of Canada assuming full responsibility for the Pine Tree line?

Hon. D. S. Harkness (Minister of National Defence): Mr. Speaker, perhaps I could answer this question. The annual costs of civilian staff, operation and maintenance are estimated at $5 million in 1961-62; $9.6 million in 1962-63; $15.1 million in 1963-64 and $16.1 million when the stations are fully taken over.

[Mr. O'Hurley.]

As far as the duration of the NORAD agreement is concerned, which is to run to 1968 and will be reviewed at that time, the total estimated cost during that period is $94.1 million.

Hon. Paul Hellyer (Trinity): A supplementary question, Mr. Speaker. The minister said that was the cost of the civilian staff and maintenance. Would the minister say how many armed forces personnel will be employed in this work, and what the cost and maintenance of these personnel will amount to?

Mr. Harkness: The military personnel, of course, will be provided from within existing R.C.A.F. staffs. The total number which will be required to man these stations will be in the neighbourhood of 1,700 to 1,800—I am speaking from memory now, but I know it is in that area—and some 800 to 900 civilian staff.

Mr. Hellyer: A supplementary question, Mr. Speaker. I wonder whether the minister would be good enough to prepare a comprehensive answer to this question so we will know the total cost involved both for civilian and service personnel.

Some hon. Members: Order paper.

Mr. Harkness: The estimated cost of the 1,700 to 1,800 military personnel who will be involved in manning these stations when the take-over is complete is around $9 million a year.

LABOUR CONDITIONS

CAPE BRETON—METHOD OF PROVIDING FUNDS FOR SPECIAL PROJECTS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, on Saturday last I directed a question first to the Minister of Mines and Technical Surveys and then to the parliamentary secretary to the Minister of Finance asking in what fashion or by what method the government intended to ask for parliamentary approval for the $1½ million special vote announced some time ago to provide for additional employment in Cape Breton. I was wondering whether the Minister of Finance could answer that question.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the question asked by the hon. member for Bonavista-Twillingate on June 10, as reported at page 6135 of *Hansard*, was brought to my attention. The answer is that the manner in which this particular matter is dealt with in the estimates will depend on how far particular projects are developed while the house is in session.

Various departments of the government which have possible projects in the area which will provide employment are studying those now with a view to advancing them. That is the way the matter stands at the moment. So far as provision is to be made, if those advance sufficiently while the house is sitting then there will be an item to deal with them as such.

Mr. Pickersgill: Does that mean that the minister is contemplating another set of supplementary estimates?

Mr. Fleming (Eglinton): Mr. Speaker, there will have to be one further set of supplementary estimates before the house rises. It will not contain many items, I may say. But this particular matter could be dealt with as it stands now, in the absence of a particular approved project, out of a vote in the Department of Finance. If the projects are approved and come within various departments, thought will then be given to an item in one particular department to cover the various projects which will come from other departments.

Mr. Pickersgill: Mr. Speaker, may I ask the minister a supplementary question. Are these additional supplementary estimates for the purpose of putting in things like this vote that the minister forgot in others?

Mr. Fleming (Eglinton): Of course, Mr. Speaker, this was not forgotten, and the observation implicit in the question is utterly stupid and uncalled for.

Mr. Pickersgill: But true.

Mr. Fleming (Eglinton): I have given the reason why, when the supplementary estimates were tabled, it was not proper at that stage to put in an item because of the fact that the particular projects had not been selected. I have given a sufficient explanation of the matter this morning, Mr. Speaker, I am sure, to clarify it to the satisfaction of all hon. members except the hon. member for Bonavista-Twillingate.

Mr. Pickersgill: Mr. Speaker, I rise on a question of privilege affecting every hon. member of this house. The minister has said that if a further supplementary estimate for this purpose is not introduced into this house, this money could be paid out of a vote in the Department of Finance. The minister knows that vote is entitled "Unforeseen", and he also knows that this matter was foreseen and announced in this house—

Mr. Speaker: Order. I see no question of privilege in what the hon. member is saying.

Mr. Fleming (Eglinton): Mr. Speaker, I rise on a question of privilege, because the hon. member has attributed to me a statement I did not make. It was one that the hon. gentleman hoped I would make, because he had his little set speech prepared in advance and he proceeded to argue his case as though I had made the statement that he hoped I would make.

Mr. Speaker: Order. I have not been convinced that there is a question of privilege there.

PUBLIC SERVICE

DOMINION DAY—REQUEST FOR OBSERVANCE ON JULY 3

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Prime Minister. I apologize for not sending him notice but it came to mind only a few moments ago. I am rather sluggish this morning. In view of the fact that July 1 falls on a Saturday, would the government consider giving all civil servants the opportunity of enjoying Monday, July 3 as a holiday, on that account?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, that matter was considered, and it was decided that it was impossible to accede to the suggestion contained in the hon. member's question.

TRANSPORT

NIAGARA FALLS—REQUEST FOR PROVISION OF SAFETY MEASURES

On the orders of the day:

Miss Judy V. LaMarsh (Niagara Falls): Mr. Speaker, I should like to direct a question to the Minister of Transport. In view of the tragedy in the upper Niagara river the day before yesterday, which resulted in the death of four people, has the minister considered barring pleasure craft from the water of the upper Niagara river below Navy island to the falls?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I think everybody was extremely grieved by this terrible tragedy, and I can assure my hon. friend that we will investigate her proposal very closely.

Miss LaMarsh: A supplementary question, Mr. Speaker. May I also inquire whether the minister has given any consideration to the provision of some coastguard facilities at this point in the Niagara river both for watching in order to prevent these tragedies occurring and for assisting if it appears that a tragedy is going to take place?

Mr. Balcer: No, Mr. Speaker, but we will investigate this proposal also.

Inquiries of the Ministry

THE CENSUS

INQUIRY AS TO CENSUS COMMISSIONERS ACTING AS ENUMERATORS

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Can the minister say whether census commissioners can appoint themselves as enumerators, and thus draw two salaries?

Mr. Speaker: Order. The hon. member is asking for an interpretation of a statute and regulations?

Some hon. Members: No.

Mr. Speaker: Order. It is not customary to ask for legal opinions. If the hon. member has a specific matter to inquire about, it would be in order, but a request for a legal interpretation of statutes and regulations is not in order.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, on a point of order, may I bring to your attention the fact that this is a matter which is of importance at the moment because the census is being carried on. It is not a matter in which an opinion is being sought with regard to interpretation of the law. Therefore I submit to Your Honour, with deference, that the question is one which is well put and should receive an answer under the circumstances.

Mr. Speaker: The question as phrased is purely one of opinion. I do not want to prevent the hon. member from inquiring into any factual circumstances in relation to the census.

Mr. Garland: If I may say so with respect, Mr. Speaker, it is not a matter of interpretation; it is an inquiry concerning the regulations.

An hon. Member: It is a matter of fact.

Mr. Speaker: If the hon. member has some factual situation to inquire into, that is quite proper. However, as has been pointed out quite frequently, the regulations are open to all hon. members of the house, as is the statute under which the census is taken. To ask the opinion of the minister for their interpretation is asking about something which is open to any hon. member to interpret for himself.

Mr. Garland: Mr. Speaker, you mentioned that my question would be in order if I made reference to a specific case. Perhaps the minister could tell me if Mrs. Priest, of 147 Riverdale avenue, has her husband, her son and herself out enumerating?

An hon. Member: Where; what town?

[Mr. Balcer.]

Another hon. Member: Montana?

Mr. Garland: In the electoral district of Broadview.

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, I have no knowledge of this particular case, but I will be glad to look into it.

HEALTH AND WELFARE

TORONTO—REPORTED EXPOSURE OF CHILDREN TO RADIOACTIVE CONTAMINATION

On the orders of the day:

Hon. Gordon Churchill (Minister of Veterans Affairs): Mr. Speaker, on June 10 the hon. member for Assiniboia asked for my comments in connection with a recent incident in Toronto in which children were in contact with some powder containing radium, which they discovered in a warehouse.

I should like to pay tribute to the prompt and efficient manner in which the local authorities acted, which seems to have averted the danger of any serious results. On the basis of all the information received there seems to be no reason to expect that any of the persons involved will suffer any ill effects. The last stages of the clean-up and accounting process are now going on under the immediate direction of officers of the Ontario department of health.

During world war II large amounts of radium powder were used to paint luminous dials in aircraft and other equipment. It seems clear that the supplies in this case came from that source and were obtained before 1947, when the regulations of the atomic energy control board came into effect. Such material cannot now be acquired except under licence from the board, and licences are not granted unless the board is satisfied, on the advice of its health advisers, that the recipient has adequate knowledge and facilities to ensure that no health hazard will result.

It may be that some of the radium powder obtained prior to 1947 is still stored in industrial establishments, warehouses and similar places. After so many years the material will have lost its usefulness for the painting of luminous dials, but it will remain a potential danger to health because of its radioactivity. I wish, therefore, to advise all organizations to make quite sure that they do not have in storage any old stocks of radium luminous compound. My colleague the Minister of National Health and Welfare, whose department advises the atomic energy control board on matters relating to health and safety, suggests that the radiation protection division of his department be notified if any such material is found. That division

can then make arrangements for proper disposal, which should not be attempted by other parties.

Meanwhile, every effort is being made to locate any other supplies that may still be in existence under similar circumstances.

CANADA SHIPPING ACT

Hon. Leon Balcer (Minister of Transport) moved the third reading of Bill No. C-98 to amend the Canada Shipping Act.

(Translation):

Mr. Maurice Bourget (Levis): Mr. Speaker, I was unavoidably absent yesterday afternoon when the bill was considered on second reading and in committee.

I should like now to give the reasons that would have prompted me to take exception, not to the bill itself, but to section 15 in particular.

On account of that section, numerous representations were submitted to the committee on railways, canals and telegraph lines, when the latter examined the bill, by the St. Lawrence pilots' federation and other organizations.

It now seems obvious that since 1959, that is, since Bill S-3 was introduced, the government has never given up the idea of eventually abolishing pilotage on the St. Lawrence.

(Text):

Mr. Speaker: Order. I wonder if hon. members would take their seats and maintain reasonable silence so that we may hear the hon. member for Levis.

(Translation):

Mr. Bourget: Mr. Speaker, in 1959, following representations made by various pilots' associations and several members of parliament, the then minister of transport withdrew Bill S-3 to exempt any ship designated by the governor in council from the obligation of paying pilotage dues.

The government undoubtedly realized that their action was too drastic and they decided to proceed by steps but, I repeat, always with a view to abolishing pilotage all along the St. Lawrence.

That, in my opinion, is why section 15 was inserted in the bill we now have before us.

Indeed, section 15 stipulates that American lakers will be exempt from the obligation of paying pilotage dues in the St. Regis district down to Montreal, that is in an exclusively Canadian zone.

The scheme is clever. The exemption is only for that section for the time being but, in a few years from now, it will be extended to the whole length of the river.

The minister may tell us, as he did before the committee, that it will not be so. I am quite willing to take his word for it but, on the other hand, he will agree with me that his statement binds neither his successor nor the government.

The assurance he has given to the committee is no guarantee for the pilots as far as the future is concerned.

When this bill was examined in committee, we had the opportunity of hearing the legal adviser of the St. Lawrence pilots' federation and the representative of the Canadian merchant service guild.

These two representatives indicated before the committee that they took particular exception to clause 15 first on grounds of national sovereignty and then on grounds of safety in navigation.

The matter of sovereignty and of treaties was clearly dealt with yesterday by the hon. member for Laurier (Mr. Chevrier). I will not therefore take it up again.

As for the question of safety, it must first be recognized that with the opening of the St. Lawrence seaway, the traffic is bound to increase considerably in the coming years. Moreover, as the ships plying those waters will be bigger and speedier, the danger will be greater. The logical thing to do then, Mr. Speaker, is to render more stringent the safety measures, not to relax them. As a matter of fact, that is what we have been doing for several years now in the case of highways. In order to insure the greatest safety on our highways, the traffic laws have been tightened each year.

When asked by the members of the committee to comment upon the conditions of navigation in the district concerned, Mr. Guy Chartier, president of the Cornwall district pilot association, stated that the channel was quite narrow and difficult. He added that in his opinion no one should be allowed to pilot a ship in those waters unless he had been plying them for six or seven years. He also remarked that on the Canadian side, before getting a pilot licence, one had to have a master licence and two years of navigation in this area after apprenticeship while, on the American side, licence is granted after 12 trips only, which gave him reason to conclude unhesitatingly that such persons could not be qualified to navigate in that district.

Mr. Balcer: Would my hon. friend allow me a question?

Mr. Bourget: Surely.

Mr. Balcer: Is he not aware that it is absolutely forbidden to any American pilot to pilot a ship in Canadian waters, between St. Regis and Montreal?

Mr. Bourget: Yes, but is the minister not aware also that, under the amendment to section 15, captains of United States ships shall not be required to take a pilot on board and that, according to the statement made in Montreal by the president of the federation or association of the St. Regis district pilots, after 12 trips masters or captains will to be able to obtain a certificate allowing them to pilot their ships from Cornwall to Montreal. Therefore, I base my assertion on the statement made by the president of the association of pilots.

Mr. Chevrier: This allows the Americans to pilot their ships without the help of a Canadian pilot.

Mr. Bourget: This is the argument of the hon. member for Laurier: under section 15, United States ships may now ply from Cornwall to Montreal without the help of a Canadian pilot.

Mr. Balcer: They could do it before.

Mr. Bourget: I admit they could do it before, but circumstances were different, as the hon. member for Laurier mentioned when he discussed that point.

I wish to point out, that it is strange that the Department of Transport does not require the American masters—and I repeat the point the minister and I just mentioned—to pass tests before they are permitted to pilot their ships in exclusively Canadian waters. It seems to me that we should expect from the American masters the same qualifications and the same degree of experience as we expect from our own pilots.

Therefore, it seems clear to me according to the views of experienced men, that to exempt those ships of the payment of pilotage dues would endanger the safety of navigation in that area. Furthermore, as I said at the beginning of my remarks, the adoption of clause 15 would be a step toward the abolition of compulsory pilotage by Canadian pilots in the other districts of the St. Lawrence river.

The minister is aware that strong representations have been made in Washington—and there is no call to doubt their continuance in the future—to grant the American lakers the same privileges upon the whole length of the St. Lawrence river.

Mr. Speaker, I wish to say that it was for those reasons that I would have supported yesterday the amendment of the hon. member for Laurier to the effect that clause 15 of the bill be deleted.

I regret very much that the minister refused to agree to that amendment.

(Text):

Mr. H. E. Smith (Simcoe North): Mr. Speaker, it was suggested during the committee stage of this bill that Canada had given up something but had not received in return a quid pro quo. I should like to deal with that point for just a moment or two.

I should like to refer to pages 1 and 2 of the treaty between Canada and the United States dated May 5, 1961. At page 1 it is provided that the President of the United States by proclamation may declare certain areas compulsory pilotage areas, and listed there are districts Nos. 1, 2 and 3. Without reading the detailed descriptions, district No. 1 is the St. Lawrence area between St. Regis and Kingston, district No. 2 is roughly the area of the St. Clair river, and, district No. 3 is the area of the St. Mary's river and Sault Ste. Marie.

I should like to read the paragraph following the description of those districts, which is as follows:

> Registered vessels of the United States and foreign vessels navigating United States waters of the great lakes which are not designated by the president by proclamation—

That refers to the three preceding areas that have been designated. I continue:

> —are required by the act to have on board a United States registered pilot or a Canadian registered pilot or other officer qualified for the waters concerned—

To me, and I think to anyone who reads it, that is a clear indication that Canada does receive some rights in United States waters and the great lakes, particularly the waters of lake Michigan.

There was a question asked in the committee as to why this matter of having a pilot or not having a pilot betweeen St. Regis and Montreal was not covered by the treaty. One answer is that the waters are exclusively Canadian. I think perhaps an analogy can be made regarding the construction of the St. Lawrence seaway. In order to make a workable navigation seaway in Canada, certain work had to be done on the canals between St. Regis and Montreal. That work was done at a cost to and by the Canadian government because it is exclusively Canadian waters. Would the United States government have spent the $100 million odd it did spend without having the assurance from the Canadian government that it was going to improve the channel between St. Regis and Montreal?

I think the analogy is clear there. The United States government would not have given us a general pilotage agreement concerning the whole of the St. Lawrence system without having received an undertaking or understanding that certain provisions would be made for it in respect to that section of the St. Lawrence seaway from St. Regis to Montreal.

I am not sure that the argument of the hon. member for Levis is valid when he says this is only a first step. I cannot go as far as he does, because it seems to me quite clear that Montreal is the end of the seaway works built either by Canada or the United States, and there would be no validity in a United States request for pilotage rights beyond Montreal by reason of that fact. It is true, of course, that the traffic between the United States and Canada, in that section from Seven Islands to the Ohio steel ports on the United States side, is increasing and that possibly fewer ships than heretofore will now turn around at Montreal, although I think for some years Montreal will be essentially the eastern terminal of the seaway in regard to grain shipments.

Again I should like to emphasize the fact that there has not been any clear indication as to the matter of safety. Sometimes we tend to make open assumptions that when an accident happened at a time when there was no pilot on board, it happened because there was no pilot on board. I do not think our pilots would be happy if we made the similar assumption that because there was a pilot on board at the time an accident happened, it was his fault. As I pointed out in committee, I hope better statistics and records are kept so that more detailed statistics can be published. If this is done we will then have the opportunity of assessing that portion of responsibility for an accident which is attributable to the fact that a pilot was not on board.

Mr. Chevrier: Mr. Speaker, I should like to rise and join in the debate, but I am wondering whether on third reading the minister has the right to reply. Before I make my intervention I should like to point out that situation to Your Honour.

Mr. Speaker: The minister does not have the right to reply, and would only be speaking on the basis that he had not spoken in moving the motion but had deferred his remarks. That is sometimes permitted by the house, and I think is a reasonable practice. If the minister speaks now he will not close the debate.

Mr. Chevrier: Mr. Speaker, I am not objecting to the minister replying, but I should not like to be cut off after his speech.

Mr. Speaker: His reply will not close the debate.

Mr. Chevrier: Thank you.

(Translation):

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, I do not seek to raise a new debate or continue the one we had yesterday, but just the same, the hon. member for Levis (Mr. Bourget) has raised some points that have to be considered and to which I must make some correction.

First of all, for the hon. member's information, I should tell him that the Department of Transport gives the St. Lawrence pilots a remarkably good treatment. In fact, I think there are few Canadian corporations whose employees are so highly paid proportionately to their work. I realize that pilots have responsibilities, and my department has always seen to it that their salaries or dues be guaranteed and in line with their responsibilities.

Mr. Speaker, there is one thing we seem to forget sometimes about our pilots: our primary concern should be the safety of navigation on the St. Lawrence river. On the other hand, if we impose all sorts of charges and give rise to all sorts of difficulties, if, in a word, we enforce special procedures for vessels using the St. Lawrence river, there is a risk of less efficiency in the St. Lawrence shipping trade.

Therefore, Mr. Speaker, in our discussion with the United States, in order to come to some agreement with regard to piloting on the great lakes or any other waterway where both countries have a common interest, we must keep in mind that the safety of navigation must be the prime consideration. The same applies to the efficiency of seaway traffic. We do not wish ships to be hampered in their business; on the contrary, they should be able to go about their business in a logical way. That is why, in those discussions with the United States, we always have in mind not only the improvement of seaway traffic but also the protection of the Canadian pilots' position, their salaries and the part they play in the seaway traffic of this country.

That is why in this case, when we had to negotiate with the United States, we came to an agreement which, to my mind, is justified. As a matter of fact, as the hon. member for Simcoe North (Mr. Smith) explained a

moment ago, the Americans also made some concessions, and I am convinced that the agreement which has been concluded is entirely reasonable, as not a single Canadian pilot will lose a cent because American vessels benefit from an exemption. Not a single Canadian pilot will lose his job following this arrangement, because we did insist that no American pilot be entitled to do any piloting on the St. Lawrence river, between St. Regis and Montreal.

Mr. Speaker, the hon. member for Levis suggested a moment ago that the Department of Transport did not seem to care too much about the fate of our Canadian pilots, and that our officials seemed to want to please the Americans. Well, I must point out to him that the Department of Transport guarantees very attractive salaries to the pilots, and that there are not many Canadian corporations which pay their staff a salary of about $12,000 a year, not including an expense allowance of up to a couple of thousand dollars, and all that for eight or nine months of work.

I know Canadian pilots have responsibilities and that their services are most important to shipping and in many other ways. Just the same, they are paid very attractive salaries. Members of the Canadian corporation of pilots enjoy rights based on an ancient tradition which I respect as much as anyone else; however, in view of the fact that the Department of Transport guarantees jobs and fees to Canadian pilots, I feel they enjoy great benefits under our legislation.

Mr. Bourget: Would the minister allow me a question? What will happen to the pilots in the Cornwall-Montreal area?

Mr. Balcer: I beg your pardon?

Mr. Bourget: What will happen to the pilots in the Cornwall-Montreal district if, within a few years, all American ships can be piloted by Americans?

Mr. Balcer: I am very pleased that my hon. friend has asked this question because as Minister of Transport, I was asked by the pilots themselves to grant compulsory pilotage in that district. In fact, in November 1960, I told them: Your request is a serious one, and we shall do our utmost to grant it. After studying the matter, we imposed compulsory pilotage on all foreign ships. At the time, I indicated to the pilots that I was not prepared to impose compulsory pilotage on American ships because we were then discussing pilotage on the great lakes. However, I asked the pilots to grant voluntary exemptions to American ships until the Canada Shipping Act was amended. Well, that is what happened, and the pilots themselves exempted American ships.

My hon. friend has asked what will happen to the pilots in that district. Well, their position is better today than it was in November 1960. We have improved their position. Moreover, I would point out to those who feel inclined to raise cries of persecution in a case like this, that I think there is a tendency to make a bogey out of everything that is done by the Department of Transport in regard to pilotage.

These pilots are members of an old association with traditions going back many years. They are jealous of their rights, and you may be sure I respect those rights. However, representations are constantly being made as if we wanted to deprive them of their livelihood. There is always a hue and cry whenever a word is changed in any document dealing with pilotage.

Pilots are now organized in a federation, they have well defined districts, their working hours have been reduced, their salaries and expense allowances have gone up from year to year. Considering that they were granted compulsory pilotage on all foreign vessels under the sole condition that American vessels be exempted, I feel that the pilots should not raise any bogey in such a case, because their situation has improved in that district since last November. It should be kept in mind especially that those districts did not even exist before. There was only the Ottawa-St. Lawrence district where pilotage was not compulsory. Consequently, they were at a disadvantage as compared with the pilots downstream from Montreal. Their position is much better nowadays. Pilotage has become compulsory. Their association is recognized and so are their districts. I think they have made a great step forward.

I know they did not get everything they wanted, but they have made a great step forward.

I feel that our agreement with the United States concerning the great lakes is both reasonable and justifiable. We did not twist their arm. We ensured fair treatment for our pilots. The United States agreed to our request, namely that there should be equal treatment right from the first year. They made

that concession and, in return, we made concessions on other points.

Consequently, I feel that as far as pilotage on the great lakes and the St. Lawrence is concerned, the pilots' situation is better now than it has ever been.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, I did not intend to take part in the discussion on the third reading of this bill but I rise again because of the intervention by the hon. member for Simcoe North (Mr. Smith) whom, I hope, will resume his seat. Incidentally, I also rise because of what the Minister of Transport just said.

First of all, with all respect, I say that the Minister of Transport added nothing to the debate a while ago. He only repeated what he had said yesterday. But he used a new phrase, that is, safety is the prime consideration.

The safety of the shipping traffic urges us to conclude an agreement with the United States. Very well. As a matter of fact, the pilots themselves have been saying that. That is why they asked the minister not to exempt from compulsory pilotage, as the minister says, from the payment of pilotage dues, United States ships. They claimed that if such an exemption is granted, what would surely happen, as the hon. member for Levis (Mr. Bourget) indicated, is that eventually there will be no more demand for Canadian pilots in that district. The United States ships will be handled through these dangerous waters by their own captains or masters, so that in five or ten years, there will be no need for Canadian pilots in that district.

Now the minister says that compulsory pilotage was granted the pilots. Prior to last November, no compulsory pilotage existed in that district.

Why was the pilotage made compulsory by the department in that district? For the same reason of course that brought the setting up of pilotage districts on the great lakes. It is on account of the increase in traffic in that area, because compared to the period which preceded the opening of the St. Lawrence seaway, the volume of traffic has more than doubled. Ships are bigger and longer, with a deeper draught and a carrying capacity of 20,000 to 25,000 tons, which explains the need to ensure the safety of American, Canadian and foreign vessels in those waters by making pilotage compulsory.

Now, after having agreed to that in November, exemption is intended for American ships. Well, pilots are objecting to that.

There is no question of raising cries of persecution or of making a bogey out of that. Neither the hon. member for Levis, nor I ever said any such thing. We made our argument here the same way as the pilots did before the committee where I think, they very calmly made very logical representations. They feel it is an invasion of their rights and of our sovereignty over Canadian waters. Furthermore, they feel that safety of navigation is threatened and they put their case to the minister.

The minister says they are well treated and that their remuneration is excellent. Remuneration or salaries are not involved in that legislation; only two things are involved: upholding of sovereignty and protection against accidents.

(Text):

Mr. Smith (Simcoe North): Would the hon. member permit a question?

Mr. Chevrier: Yes.

Mr. Smith (Simcoe North): Is it not a fact that even before November, 1960, when there were no compulsory requirements either as to dues or pilotage, all vessels using the seaway at that time employed pilots; and does the hon. member not think that in the future as in the past the safety of these valuable ships will be a factor whether or not pilots are employed, regardless of the legislative requirements?

Mr. Chevrier: I think the answer to that question was given by the minister in committee, when he said that while it is true that most of the United States vessels are now using Canadian pilots because they are unfamiliar with the waters, there is no doubt that in due course the necessity of using Canadian pilots will gradually disappear and the day will come, which in our opinion is not far off, when the masters and mates on United States ships will be able, because of the experience they have gained, to take these ships right through to Montreal without using a Canadian pilot and therefore the pool of Canadian pilots will in due course disappear.

I wanted to say a word or two about some of the remarks made by the hon. member for Simcoe North. Since he understands so well what I am saying in French, perhaps I might continue in that language. However, it might not be courteous to do so. The hon. member concluded his remarks by asking whether the United States government would have spent upwards of $100 million without

having the assurance from Canada that they would obtain exemption from pilotage in this section of the river.

Mr. Smith (Simcoe North): I think the hon. member misunderstood me. I said it was related to the problem of getting the United States government to spend $105 million in that particular section, and that part of the implied agreement must have been that we would approve canal facilities between St. Regis and Montreal.

Mr. Chevrier: I took down the exact words that my hon. friend used, and I think they jibe very accurately with the argument he was trying to make. Why would the Americans spend over $100 million in the international section of the river if they did not expect to get the same treatment from Canada that the United States has given to Canada under the United States-Canada pilotage arrangement which he mentioned earlier?

The point is this, and it seems to have been forgotten entirely both by the hon. member and by the minister as well. We are dealing here with the international section and the international section alone. That is the point. It seems to have been forgotten both by the minister and the hon. member that in the international section, where the Americans have spent money for navigational facilities, they have all the protection that is required in so far as pilotage is concerned. They got it under the amendment to section VI of the pilotage act which was passed last year, and they also have it under their own legislation.

The point I am trying to make is that we are giving them in Canadian waters rights which they have not got today, rights which they have in United States waters under their own legislation and rights which they have in international waters by legislation which we passed last session. Now the hon. member comes forward and says we have received a quid pro quo, and that is why we have put this in the legislation. There may be a quid but I should like to know where the quo is. As the hon. member for Simcoe North has said, the quid is the exemption on lake Michigan. Canada gets rights for its Canadian pilots on that lake, which is wholly in United States territory. That is true. But why, and I have asked this question repeatedly, is that right of exemption on lake Michigan not placed in United States legislation in the same way that the right of exemption for United States ships is placed in Canadian legislation in this bill?

If it is a good thing to amend the Canada Shipping Act to give United States ships, because of certain commitments that have been made by Canada, the right to be exempt from pilotage in the Cornwall-Montreal district, why should the Americans not do the same thing in their legislation? The minister replied that their laws are not the same as ours. However, they have enacted certain laws so far as the great lakes pilotage area is concerned, and the question that comes to my mind is why should they not do it in this case?

The hon. member for Simcoe North attempted, and I say to him respectfully that he did not succeed, to argue away the treaty aspect of this matter. United States citizens were given rights in the international section of the river by treaties going back as far as 1783 and extending right up to the boundary waters treaty act of 1909. Those rights are clearly established in these treaties. It seems to me that if they are to have additional rights, particularly in the Canadian section of the river, it should be done by way of a treaty as well.

I know those who sit on the other side of the house challenge this argument, but it seems to me that there is a loss of sovereignty in these Canadian waters. It seems to me that the law so far as these Canadian waters from Montreal to Cornwall-St. Regis are concerned should remain as it was before, and I know the minister will reply at once that of course it does remain. It does not in this sense, that the pilots no longer have control in that section of the river, but they have in the section extending from Montreal to the sea. For that reason the pilots have come and protested against this legislation.

No one is challenging the statement that the pilots are well paid, but the pilots would not have been before the committee of the house as they were for two days protesting against this legislation unless they feared not only the international and safety aspects of it but also that it might represent a step toward taking from them certain rights in the river downstream. Furthermore, I am sure the pilots will continue their representations in that regard, which is indicative of the fact that they are not satisfied with this legislation.

Mr. Smith (Simcoe North): Would the hon. member permit another question? I think the hon. gentleman is perhaps being deliberately obtuse. Does the hon. member think the United States in constructing the seaway would have spent $105 million, or whatever amount was spent, in the international section of the St. Lawrence if there had not been an undertaking, either firm or implied, on the part of the Canadian government to improve and deepen the canal between St. Regis and Montreal?

Mr. Chevrier: The answer to that question is "no", and I shall tell the house why. There is no doubt that the United States government

made an expenditure on the seaway long before there was any question of an agreement on pilotage.

Mr. Smith (Simcoe North): I was not talking about pilotage. My question related only to the question of the improvement and deepening of the canal. I was not attempting to relate it by analogy to pilotage. I was relating it to the deepening and improvement of the canal between St. Regis and Montreal. It strikes me that it would have been rather odd for the United States government to have spent $105 million and then encountered the question of a much shallower canal opposite Cornwall.

Mr. Chevrier: The point is that the Americans made that expenditure without receiving that assurance. I am attempting to make that clear to the hon. gentleman but he will not let me reply. I wish to add this. Not only did the United States government make that expenditure, but the question was never raised before 1960. It was certainly never raised in 1959, and certainly not before the seaway—

Mr. Smith (Simcoe North): If I may interrupt, permit me to say we did not have to agree to deepen the canal between St. Regis and Montreal before the Americans would commit themselves to spend $105 million.

Mr. Chevrier: The hon. member is now changing his ground.

Mr. Smith (Simcoe North): I am not changing my ground. I am merely emphasizing the point I attempted to make earlier.

Mr. Chevrier: The hon. member is changing his ground. There is no doubt that if the United States government had not had from Canada the assurance that we were going to build 27 foot facilities downstream, they would not have been foolish enough to build facilities upstream in the international section. But that is not the point the hon. member was making. I took down the hon. member's words. The hon. gentleman said "Why should the United States government have spent this money without having the assurance that they would have an exemption from pilotage?" Those are the words the hon. member used, as I took them down.

Let me point out to the hon. gentleman that the expenditure was made by the United States government without receiving any assurance whatever from Canada with respect to pilotage. Furthermore, the directions to the United States authority that was building the seaway are set out in the United States legislation. In that legislation there is no reference whatever to pilotage. That was a matter which, I take it, was to have been ironed out eventually between the two governments.

Mr. Deschatelets: The hon. member for Simcoe North is all wet.

Mr. Balcer: Mr. Speaker—

Mr. Deputy Speaker: Order. Unless the minister is rising to correct what he considers to be a misinterpretation, I must inform him that he cannot speak twice in the debate. Is the house ready for the question?

Some hon. Members: Question.

Mr. Deputy Speaker: The motion is for third reading of the bill. Is it the pleasure of the house to adopt the motion?

Mr. Churchill: Mr. Speaker, will you call the yeas and nays?

The house divided on the motion (Mr. Balcer) which was agreed to on the following division:

YEAS

Messrs:

Aiken
Aitken, Miss
Allmark
Balcer
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Belzile
Best
Bigg
Bissonnette
Broome
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Casselman, Mrs.
Cathers
Chambers
Charlton
Churchill
Clancy
Comtois
Creaghan
Crouse
Danforth
Diefenbaker
Dinsdale
Doucett
Drysdale
Dubois
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Fleming (Okanagan-Revelstoke)
Flemming (Royal)
Forbes
Fortin
Frechette
Gillet
Grafftey
Hales
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Hees
Henderson
Herridge
Hicks
Hodgson
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Howe
Jones
Jung
Kennedy
Kindt
Knowles
Kucherepa
Lambert
Legere
Lennard
Macdonnell
MacEwan
MacInnis
MacLellan
Macquarrie
MacRae
McBain
McCleave
McFarlane
McGee
McGrath
McIntosh
McLennan
McPhillips
Maloney
Martineau
Matthews
Monteith (Perth)

More	Skoreyko
Morris	Small
Morton	Smallwood
Muir (Cape Breton North and Victoria)	Smith (Lincoln)
Muir (Lisgar)	Smith (Simcoe North)
Murphy	Southam
Nesbitt	Speakman
Noble	Spencer
O'Hurley	Starr
Pallett	Stearns
Pascoe	Stefanson
Paul	Stinson
Payne	Tassé
Peters	Thomas
Phillips	Thompson
Pigeon	Thrasher
Pitman	Villeneuve
Rapp	Webb
Ricard	Webster
Rynard	Weichel
Sevigny	White
Simpson	Winkler
	Wratten—133.

NAYS

Messrs:

Badanai	Hellyer
Batten	LaMarsh, Miss
Benidickson	Leduc
Boulanger	Macnaughton
Bourget	McMillan
Cardin	Martin (Essex East)
Chevrier	Meunier
Denis	Nixon
Deschatelets	Pickersgill
Eudes	Roberge
Garland	Robichaud
Habel	Tardif—24.

Motion agreed to and the bill read the third time and passed.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

WAR MEASURES ACT

ESTABLISHMENT OF SPECIAL COMMITTEE TO CONSIDER AND RECOMMEND CHANGES

Right Hon. J. G. Diefenbaker (Prime Minister) moved:

That a special committee be appointed to consider and recommend changes that may be desirable in the War Measures Act;

That the committee consist of fifteen members to be designated by the house;

That the committee be empowered to sit during the sittings of the house;

That the committee have power to send for persons and papers;

That the committee have power to print such papers and evidence from day to day as it may deem advisable and that standing order 66 be suspended in relation to the printing thereof; and

That the committee be empowered to report from time to time.

He said: Mr. Speaker, ever since 1914 there has been on the statute books of this country an act known as the War Measures Act, which

[Mr. Churchill.]

was passed immediately after the commencement of the first great war. Following that war there were discussions on various occasions both in the House of Commons and in the other place regarding this legislation, particularly as to whether or not it should continue in effect following the declaration of peace.

The act in question, and I shall make only a short reference to it, provides for the issue of a proclamation by Her Majesty, or under the authority of the governor in council, who may then "do and authorize such acts and things, and make from time to time such orders and regulations, as he may by reason of the existence of real or apprehended war, invasion or insurrection deem necessary or advisable for the security, defence, peace, order and welfare of Canada"; and for greater certainty, but not so as to restrict the generality of the foregoing terms—"the power to censor, control and suppress publications, writings, communications and means of communications, arrest, detention, exclusion and deportation, control of the harbours, ports and territorial waters, and the movement of vessels in Canada, and also the control of transportation by land, air or water, control of trade, exportation, importation, production and manufacture, as well as appropriation, control, forfeiture and disposition of property". In other words, under the general powers there is virtually nothing that the governor in council cannot do within the powers granted by the act.

Following the second world war the government of Right Hon. Mackenzie King and later the government of Right Hon. Louis St. Laurent brought in and had passed by parliament two acts which contained virtually the same powers as the War Measures Act, and enabled the governor in council to draft orders in council which, regardless of whether or not they were infringements on provincial jurisdiction, were none the less lawful.

In 1960 parliament passed the bill of rights and made certain provisions therein respecting some of the powers contained in the War Measures Act. Section 6 of the War Measures Act reads as follows:

The provisions of the three sections last preceding shall only be in force during war, invasion, or insurrection, real or apprehended.

Those are the sections giving the power, imposing penalties, and providing that anyone held for deportation under this act, or under arrest and detention as an alien enemy, or upon suspicion of being an alien enemy, or to prevent his departure from Canada, shall be released upon bail or otherwise discharged or tried, without the consent of the Minister of Justice.

The bill of rights provides that section 6 of the War Measures Act is repealed and substitutes therefor the following:

> Sections 3, 4 and 5 shall come into force only upon the issue of a proclamation of the governor in council declaring that war, invasion or insurrection, real or apprehended, exists.

For the protection of the rights of parliament there is this provision. The proclamation declaring that war, invasion or insurrection, real or apprehended, exists shall be laid before parliament forthwith after its issue or, if parliament is not then sitting, within the first 15 days next thereafter. A further subsection provides that when the proclamation has been laid before parliament a notice of motion in either house signed by 10 members thereof, praying that the proclamation be revoked, shall be debated in that house at the first convenient opportunity within the four sitting days next after the motion in the house is made. This section further provides that if both houses of parliament resolve that the proclamation be revoked, it shall cease to have effect. In other words there was restored to parliament the right to assure that the executive power exercised by the governor in council shall be subject to the elected representatives of the people.

Various hon. gentlemen participated in the debate on the bill of rights. I am not going to refer to what they said, but I would point out that their views are dealt with at length in *Hansard* of August 3, 1960, at page 7503, when clause 6 of the War Measures Act, as part of the bill of rights, was before the house. Various suggestions were made for amendments to the War Measures Act. At that time I said, as reported at page 7506:

> If a committee is set up and, of course, I am in the hands of the house as always—

To which the hon. member for Essex East with his customary suavity remarked as follows:

> The right hon. gentleman has some influence.

I said:

> I thank my hon. friend for those kind words. His geniality has brought about the recognition of a fact that he often denies.
>
> This would be a most important contribution to the Canada of today and to the Canada of the future. At that time we would not deal as we are asked to now on a piecemeal basis with the rights under the War Measures Act. If there is a degree of unanimity, and I think there will be, that Canadian citizens should not be deported the committee might make that recommendation along with such other recommendations as will bring about a war measures act which on the one hand will maintain the solidarity and security of the state and on the other hand will have before it the paramount necessity of not needlessly sacrificing the rights of Canadians.

That summarizes the general tenor of the views expressed by me and also by the Minister of Justice. Later at page 7511 of *Hansard* I said:

> In so far as this is concerned—

I was referring to the remarks of the Leader of the Opposition.

> —no naturalized Canadian may be deprived of his citizenship and no naturalized British subject may be deprived of his status as a British subject under this act, and we accept that as a desirable objective when full and complete amendment of the War Measures Act or other acts is made.

There seemed to be general agreement at that time that there was the necessity for parliament to have the opportunity to deal with this matter. It is not a partisan matter. I am not going into anything which by the greatest exaggeration could be considered as bringing partisan considerations into this debate. I simply say there was agreement that something should be done to bring about amendments to the War Measures Act and to assure that the act, while maintaining the need of security at all times, should be so altered or changed as to provide that security, while at the same time preserving to the greatest degree possible the rights of the individual.

On January 27, 1961, at page 1475 of *Hansard*, the Leader of the Opposition asked me this question:

> Mr. Speaker, I should like to ask the Prime Minister if he could confirm or deny a report in the press this morning to the effect that during this session the government is going to amend the War Measures Act?

I replied:

> I did not see that report. The government feels —and it expressed its feeling in this regard at the time discussions were taking place relative to the bill of rights—that some committee of the house might well consider the War Measures Act and, having considered it, make recommendations as to what revisions or amendments could be made to that act to render it a measure from which injustice would not follow.

A little later on I said:

> I feel and I think the Leader of the Opposition will agree, that a full and complete review of the War Measures Act would be following a course in keeping with the desires of Canadians as a whole. In time of war the measure is necessary in the interests of maintaining security, but in the days of peace there cannot be too large a degree of justification for its maintenance in effect without giving parliament at least the opportunity, through a committee, of fully considering the representations that have been made from time to time with regard to this legislation.

Following that, the hon. member for Essex East indicated that a private member had a bill on the order paper showing the intention to introduce amendments to the War Measures Act. With customary modesty he did not refer to himself but simply said an hon. member had such a bill on the order paper. Later, on

May 29, the Leader of the Opposition asked this question as recorded at page 5504 of *Hansard*:

> Mr. Speaker, I should like to ask the Prime Minister, having regard to the statements made by him during the debate last year on the bill of rights and similar statements on January 27 this year, whether the government intends to submit the War Measures Act to this session of parliament for consideration?

To which I replied:

> I can only say at this time that depending on the progress that is made in the house, a decision in that regard will be announced to the house.

Again a supplementary question was asked by the hon. member for Essex East. All this indicates, I think, that there is a desire to bring about a close scrutiny and examination of this legislation. I had hoped to bring it before the house yesterday, but in the absence of the Leader of the Opposition and at the request of the hon. member for Laurier the motion was set over until today.

Mr. Benidickson: It was introduced only on Saturday.

Mr. Diefenbaker: I hope the house will accept this motion. I realize that many hon. members will argue, as they have argued throughout the session, that committees are becoming too numerous. This committee is one on which I am sure all who are chosen will be most happy and honoured to serve. It is the kind of constructive work in which members who wish to devote themselves to the maintenance of our freedoms will naturally desire to take part.

The question might arise as to how long this committee would sit. I think a start should be made. Many representations were made in 1960 and prior thereto. Various groups of lawyers, constitutional law professors and professors of history made representations. Professor Lower, professor emeritus of Queen's, has given many years of study to this question. I think of others equally well intentioned and well equipped who would be most desirous of playing their parts in this investigation and examination, and also in making recommendations consonant with the purpose of the legislation, but at the same time assuring the preservation of those things that should not be denied to Canadians.

This is now the 13th of June. I have no idea how long the session will continue, but the progress that has been made would seem to lend support to the hope that by the end of this month we should be in a position to conclude. If, however, we are not, I want the house to make its own determination. In that regard I return to a view that I expressed earlier, that in the interests of hon. members, particularly those with families including small children, they should not be denied the opportunity to be with their families during the months of July and August.

During the summer the committee might conceivably exchange ideas and views on this particular matter and have representations made while not necessarily having to convene. In that way the committee would perform its duty without inconvenience or interfering with the legitimate desires of members not only to do that to which I have already referred, but also to see their constituents. Therefore, without further argument, I place this motion before the house. It may be contended it should have been done earlier. That will always be an argument; but if it had been done there would have been one more committee in addition to the number already sitting, about which complaint has been made.

Is this a necessary work to be done? I think it is. I do not feel that recommendations for amendment of this legislation should be the prerogative of departmental officials or cabinet ministers. This legislation crosses all party lines, and members of the committee when chosen will be able to do something to meet the anomalous situation which has prevailed in two world wars and following, that while we fought for freedom we found it necessary to place in bond as security for their preservation, the freedoms for which we fought.

I hope the house will accept this motion so the committee may commence the discharge of its duties and make decisions as to such suggestion as I made earlier, so as to enable not only the exchange of ideas between members of the committee, but also the reception of ideas from those learned in the law and also those learned in the processes of freedom. Then, the committee may bring about recommendations which will maintain the essence of the War Measures Act as the instrument for the mobilization of our people should war ever come and at the same time preserve so far as possible those things which are dearer than life itself.

Mr. W. M. Benidickson (Kenora-Rainy River): May I ask a question arising out of the Prime Minister's motion to set up this committee? The Prime Minister indicated that there might be a new departure from past practice, in that the parliamentary committee might sit during the recess. I am sure he is aware that this has become a very common practice of the provincial legislature in Ontario. I wonder whether the rules committee could be considered as a committee that could do this kind of useful work so that its work would not come in conflict with other legislative duties when the House of Commons is in session.

Mr. Diefenbaker: The hon. member has asked a very challenging question. I did not, of course, say the committee should sit during the recess. I said it might exchange views. If it chose to sit, that would be its right.

Mr. Benidickson: It would require government approval.

Mr. Diefenbaker: I recall that during the war days I was on the committee on the defence of Canada regulations—

Mr. Martin (Essex East): Defence expenditures.

Mr. Diefenbaker: Yes, defence expenditures. We sat most of the summer, and found that we were able to do worth-while work. However, after the months that hon. members have been here I would not wish on them a continuance of their presence in Ottawa, though the hon. member may represent a large group who believe that committees should sit during the summer holidays as well.

Mr. Benidickson: Not I, but there may be others who want to do so, and it might save time later.

Mr. Diefenbaker: If there is that enthusiasm and such a desire—

Mr. Benidickson: I want to get back to Kenora.

Mr. Diefenbaker: —to apply the suggestion of the hon. member to the fullest extent every month in the year, I must say I would be the last to suggest a detour.

Mr. Herridge: I will be the last to suggest that we do so.

Hon. Paul Martin (Essex East): Mr. Speaker, in presenting this motion, which provides among other things that a special committee be appointed to consider and recommend changes that may be desirable in the War Measures Act, the Prime Minister has pointed out that he believes there is a general desire to give consideration to amendments to the War Measures Act and, he might have added, to take steps to make sure that the War Measures Act be rendered consistent with the bill of rights passed by parliament in 1960.

I think the Prime Minister is right. There is a desire that the War Measures Act should be considered in the light of present and future conditions. In so far as we in the Liberal party are concerned, we are anxious, as the record demonstrates, that the War Measures Act should be consistent with the provisions of the bill of rights and the security of the state.

The Prime Minister has said there is nothing that the governor in council cannot do under the War Measures Act subject only to the provisions of that act. That is a fact, of course, and the consequence is that the War Measures Act supercedes the bill of rights.

Mr. Diefenbaker: Only after proclamation.

Mr. Martin (Essex East): Only after proclamation.

Mr. Diefenbaker: Only to a limited extent.

Mr. Martin (Essex East): And to the extent indicated in the bill of rights itself, to which I will make reference in a moment. The Prime Minister has suggested that because of the importance of this measure and the common attitude that prevails about considering amendments, this is not in itself the kind of question that should divide the house. I readily agree that such is the case. The Prime Minister will not expect me, of course, to refrain from putting on the record with regard to this matter which seem desirable in the light of the position we took last session with regard to amendments to the War Measures Act. However, with his general statement I do not quarrel.

The Prime Minister will recall, as he himself has reminded us by his several references to *Hansard,* that questions were put to the government and in particular to the Prime Minister asking when steps would be taken to bring about amendments to the War Measures Act. The Prime Minister mentioned one of the replies he made in which he said by way of response, I think somewhat vaguely, that it would depend largely on the progress that was made during the course of the present session.

I take the position, of course, that this is not the view the Prime Minister took when we discussed this matter in 1960. I believe his words in that regard, to which I will refer later, were more definitive than was the indication given in reply to the questions put to him during the course of this session by the Leader of the Opposition.

The Prime Minister has referred to the fact that there is now on the order paper a bill standing in my name which embodies the proposed amendments to the War Measures Act which were submitted last session in this house by the Leader of the Opposition and later in the committee on the bill of rights, by me, supported by the hon. gentleman from Maisonneuve-Rosemont.

The practical consideration, however, is one that we must bear in mind. The government brings in, on the 13th day of June, a proposal that a committee should be established for the purpose of considering the War Measures Act and any amendments thereto. Under our procedures a bill introduced by the

government, of course, will likely have precedence over a bill proposed by a private member of this house. If it is a fact that my bill, which obviously encouraged the government at long last to take some action, is to be superseded by the action taken today by the government, then of course I can have no legitimate procedural complaint, nor would any such complaint get very far. I would be practical enough to recognize that situation at once.

That being the case, and if this is the government's final stand in the matter, as one who wants to see amendments to the War Measures Act and who wants to see the War Measures Act brought into a position consistent with the bill of rights I would under those conditions, of course, support the motion proposed today by the Prime Minister. However, I would do that not without some complaint on other grounds.

It is regrettable that this particular motion was not presented early in the session. We have complained from time to time that the government's mismanagement of the business of this house has been such as to crowd in, in the dying days of the session, not only much important legislation to be considered exclusively in this chamber, and other legislation to be considered by parliamentary committees, but as well the work of many of the standing and special committees of this house, with the result that not only are we sitting from 11 o'clock in the morning until 10.30 o'clock at night in the House of Commons but at the same time we have obligations in committees that are meeting simultaneously, some three times, some four times and on one occasion five times in a day, with one committee actually having had its sittings—I refer to the external affairs committee which is an extremely important one—during the luncheon recess from one o'clock until two thirty in the afternoon.

With the background of this heavy schedule for our committee and house work, the government now comes forward at this late moment to present this motion, which could well have been presented in the month of January. If it had been presented at that time, ample opportunity this session would have been provided for consultation with law experts and other competent people outside to assist in our deliberations of the amendments thought desirable in the War Measures Act.

The Prime Minister will therefore not be surprised if, seeking to be as conciliatory as possible at this time of the session, I lay before him with some justification our complaint for not having brought this measure forward early in the session. That was the time to bring forward something about which the government had been properly forewarned and which indeed the Prime Minister himself, as he indicated in what he said today, had suggested to the house would be the action taken by the government during the course of the present session. I believe this matter is so important that we ought to begin the work of this committee at once, if that is to be the procedural situation in relation to the bill now standing in my name.

The Prime Minister has referred to some observations of Professor Lower. I am not surprised that he should do so, because Professor Lower obviously is a protagonist of the Prime Minister. He made that fact clear in the committee on the bill of rights when he spoke glowingly of the Prime Minister's efforts and generally of certain other points of view and positions taken by the Prime Minister. I do not fail to recognize the merits of Professor Lower, although I would not be as enthusiastic, and the Prime Minister would not expect me to be—

Mr. Diefenbaker: Did not the hon. gentleman quote him?

Mr. Martin (Essex East): I am going to quote him. I would not be as enthusiastic nor would the Prime Minister expect me to be as enthusiastic about him as within this limited context Professor Lower has been of the Prime Minister. However, Professor Lower made this statement, and I refer to page 5650 of *Hansard* of July 1, 1960, and to words quoted by the Leader of the Opposition:

> I submit that if we are going to have a bill of rights in Canada, and there will be a great deal of debate about it, we ought to have one that means something. I believe that in normal peacetime our liberties are not in very serious danger. But in wartime they are in very serious danger, the liberties of all of us. Hence, it is the duty of the government to find a method of enacting legislation which will give at least minimum guarantees. Suggestions could be made which would modify the War Measures Act. In the meantime, as long as it is on the books it is the duty of everybody who loves a free society, who loves liberty, to bend his best efforts to attack this act and try to get rid of this invidious liberty-destroying statute, the War Measures Act.

I do not agree, and I am sure the Prime Minister does not agree, with this full denunciation of the War Measures Act, because I think we feel that human liberty already recognizes that in wartime there are certain exigencies in the interests of the security of the state which must be borne in mind. Professor Lower has expressed his views in a number of other publications. In the *Canadian Commentator* of March, 1959, he wrote an article entitled "The Bill of Rights" in which he said:

> The Canadian War Measures Act is the most iniquitous piece of legislation ever to disgrace a British statute book—at least since the celebrated legislation-by-proclamations act of Henry VIII, 400 years ago. Its parallel is to be found not in any

other English-speaking country, for none have disgraced themselves in this respect as has Canada done—

Then he went on to say:

If Mr. Diefenbaker, in the fullness of his wisdom, decided tomorrow that a state of apprehended insurrection existed, and proclaimed the War Measures Act, he could call parliament and the immense liberty-loving Conservative majority behind him, shocked at his conduct, might then proceed by open vote in the commons, to require him to withdraw his proclamation. This provision (section 6, etc.) is fantastic in its futility. I cannot understand how serious-minded public men can have the effrontery to put such words on paper. And yet there they are. If Mr. Diefenbaker has any regard to his future reputation—

I suspect that the Prime Minister has, and that would be understandable:

—(especially among those who make or mar the reputations of public men, that is, the historians and the constitutionalists), he will withdraw this section of his bill.

So the Prime Minister is right—

Mr. Diefenbaker: One year later he supports it.

Mr. Martin (Essex East): Yes. So the Prime Minister is right in saying that Professor Lower had strong views about the War Measures Act, particularly in relation to the bill of rights. It is a fact that in the committee on the bill of rights I asked Professor Lower whether in view of his strongly expressed views regarding the War Measures Act he did not think appropriate amendments should be made to that act in the bill of rights. He answered in the affirmative. I think I should point out, in fairness, that after I left the room the Minister of Justice —and this is a matter of record in *Hansard*; the minister was not taking advantage of my absence and it was a mere coincidence; I mean that sincerely—put questions to Professor Lower and as a result got from him replies in direct contradiction to the position he had taken earlier in the committee.

This does not in any way affect the merits of the proposal now before the house, but since Professor Lower's name was mentioned I thought I should let the Prime Minister know that I was not unaware that this great admirer of his had strong views on this matter, views which in principle if not in every detail coincide with those expressed by the Leader of the Opposition when he spoke in this house on the occasion of the second reading of the bill of rights. On that occasion the Leader of the Opposition pointed out that the only change made in the bill of rights regarding the War Measures Act was to make possible parliamentary debate on the proclamation of the War Measures Act, which of course brings that act into force, and on its revocation. The bill of rights provides that after such debate parliament may take a particular course of action as to whether or not it wishes to withdraw the proclamation. The point is that there was reference in the bill of rights to the War Measures Act, but only within the limited terms I have just mentioned.

The Leader of the Opposition urged that there should be amendments to the War Measures Act, and that these amendments should be incorporated in the bill of rights. While he recognized that the mere reference to the War Measures Act in section 5 of the bill of rights represented an improvement, he argued that it did not go far enough. The Leader of the Opposition said that because of the way the bill of rights dealt with the War Measures Act we were giving to the latter a greater sanctity and a greater prestige than was necessary or desirable, and that we were giving it as well a pre-eminence by that kind of amendment, rather than dealing with it in its form.

The Leader of the Opposition also pointed out that notwithstanding this provision in the bill of rights the law would remain in such a position that whatever had been done before would continue to be possible, notwithstanding the passage of the bill of rights. But he did point out—I think this is important for us to note, and it is something that Professor Lower has not taken into consideration—that we have to take into account war emergencies and, while that is the case, he would be a bold man who would argue that war emergencies may not make it necessary in the future for persons to be detained in a manner that apart from the exigencies of war would seem undesirable, not because of any act they had done but because of the danger of what they might do with regard to certain acts which obviously would involve the security of the state.

The War Measures Act, as the Prime Minister said, was placed on the statute books in 1914. As the Prime Minister said, it gives to the governor in council, in time of war, virtually unlimited powers to restrain the freedom of the person of the Canadian citizen. The Prime Minister did not note, however, that since the passage of the act we have adopted in our own Canadian Citizenship Act legislation that now makes it impossible for the government in peacetime to deprive any Canadian citizen, resident in Canada, of his citizenship.

Notwithstanding that, the Leader of the Opposition urged that we should now go a step forward. He said that any bill of rights should contain a provision limiting the powers given to the governor in council under the War Measures Act by expressly excluding from those powers the power by order in

council to deprive any Canadian citizen of his citizenship. The Leader of the Opposition argued, and I believe we would all agree with this, that the governor in council should be expressly forbidden to act under the War Measures Act to banish or exile any citizen from our country. I think we would wish it were possible to agree that the governor in council should be expressly forbidden, even in wartime, to detain any citizen or resident of our country without providing for an early trial on charges specifically laid in accordance with the law of Canada.

However, I am sure careful reflection will suggest that this would not be a responsible thing for parliament to do, and we are not prepared to go that far. Certainly in the bill I have before this house we do not take that extreme position. Nevertheless we in this party do feel that there should be, in the light of all that has transpired, a limitation by law on the absolute and arbitrary power of the governor in council to detain persons, even in wartime. We believe that a provision should have been written into the bill of rights which would limit the power of the governor in council to detain any person for more than let us say three months, or the period might be less, without a hearing before a supreme court judge and satisfying that judge that there were serious grounds for believing that the detention of such person was essential to the security of the state.

This measure, in so far as the Prime Minister is concerned, admittedly has a long association. I remind the Prime Minister that it was on May 16, 1947, when he as a private member of this house recommended not only that there should be amendments to the War Measures Act but as well that the Official Secrets Act should be repealed. The latter act was objectionable, I suppose, on the ground that it presumed guilt on the part of an accused contrary to the common law tradition which has existed for a long time and contrary to section 3(f) of the bill of rights, which now guarantees by law that an accused person is presumed to be innocent until proven otherwise.

The Prime Minister said in 1960 when this matter was discussed, as may be found on page 5948 of *Hansard* for July 7 of that year:

> I think the whole act—

He was referring, of course, to the War Measures Act.

> —deserves to be considered ... I think if we could get together the membership in the house and deal with the War Measures Act and ascertain the degree to which the rights of the individual may be maintained to the highest extent without detriment to the security of the nation as a whole, changes and amendments might be made to that act. If hon. members of the house so desire, I would be willing that at the next session a committee be set up to consider this whole field, for the War Measures Act, like all measures passed for the purpose of ensuring the salvation and survival of the state, has been found in the light of experience not only here but in other countries to contain provisions that ought to be ameliorated or subdued in the interests of the individual while at the same time maintaining the security of the state.

The Prime Minister referred to some parts of this discussion, but I did not note that he read all that was relevant. I may be wrong in that particular. I formed the impression, listening to the recital of what he did say in 1960, that he did not give the full text as I find it before me now in volume 6 of *Hansard* for last session. I had been urging, as indeed, had the Leader of the Opposition, that we should incorporate into the bill of rights certain amendments which we proposed. By such incorporation, we would bring the War Measures Act, without depriving it of its desired strength, into a form consistent with the bill of rights.

To return to the Prime Minister's statement which I have just quoted, I took that as an undertaking by the government that at this session such a course would be followed. I agree, the Prime Minister could say consistently that he is taking that course and fulfilling his promise in so far as this present procedure represents a compliance with the letter of the assurance given. But, I repeat, the course taken by the Prime Minister at this late date in the session is not consistent with the spirit of that assurance. That course could have been taken early in the session, particularly when it was prompted by the two interrogations of the Leader of the Opposition and referred to by the Prime Minister a few moments ago. Not only did the Leader of the Opposition press this matter, but I myself asked a number of questions in connection with it. I cannot put my hands on the precise quotations at this moment, but I asked the Prime Minister two questions—

Mr. Diefenbaker: I think I have them here.

Mr. Martin (Essex East): Well, if I had all the research facilities of the Prime Minister I can assure him I should not be wanting at this moment.

Mr. Diefenbaker: I did the research on this myself.

Mr. Martin (Essex East): The Prime Minister says he did the research on this himself, but the Prime Minister has more time than other people—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): —because he has so many people to help him. Again, it must not be forgotten that on the estimates of the Minister of Justice I asked the minister only ten days ago, or thereabouts, when we were going to have the opportunity of considering amendments to the War Measures Act pursuant to the assurance given by the Prime Minister in 1960. I do not have the minister's reply here but he can look it up, because, he too has more time and more help than I. He will remember that his answer was very equivocal. He did not possess the same positive assurance that the Prime Minister displayed today. The Minister of Justice did not seem to know what would be done.

I can understand that, because after all this is a matter which primarily concerns the Prime Minister and perhaps there has not been time for the usual conversations to take place. However, the fact that the minister was not conversant with the thinking of the Prime Minister in this connection merely indicates how dilatory this government has been in putting the matter before the house.

Be this as it may, I asked the minister ten days ago whether the government would support Bill No. 62 introduced by a private member, the hon. member for Essex East. Again I got an equivocal reply. If the government had given careful consideration to this matter, it could easily have indicated what it thought of these amendments, and what it thought of the amendments introduced last year by the Leader of the Opposition; what it thought of incorporating these amendments in the bill of rights. These questions could easily have been answered by the Minister of Justice, who is an intelligent man, if there had been the same preoccupation with this matter then that seems to exist now, but which certainly did not exist during the early period of this session. So I hope the Prime Minister will not misunderstand me, if I suggest that it is this Bill No. C-62, to amend the War Measures Act, introduced by a private member, which has forced the government at long last into doing something which the Prime Minister spoke about doing in 1957.

An hon. Member: Would you like to think so?

Mr. Martin (Essex East): Yes, I would like to think so. I would like to think that some of the things I do have some constructive influence as far as the government is concerned.

Mr. Aiken: Would the hon. member permit another question? Does the humble member for Essex East take the stand that the bill he has introduced, Bill No. C-62, contains all the necessary amendments to the War Measures Act?

Mr. Martin (Essex East): I do not intend to assert the doctrine of infallibility as far as I am concerned. It may be that many of the things I propose are inadequate or wrong. I do not assert that I am infallible, but if this bill is inadequate the government has had all this session in which to indicate that it is inadequate. It could have set up a committee to consider it, and it could have appointed the brilliant member for Parry Sound-Muskoka to that committee to assist us to determine whether this bill is adequate or not. I am simply saying that in the absence of evidence to the contrary—and no one has contradicted the substance of this bill—it does seem to put forward substantial and desirable amendments, particularly in relation to the bill of rights.

Mr. Martineau: Would the hon. member permit a question?

Mr. Martin (Essex East): I suppose there is time.

Mr. Martineau: Would he indicate to the house whether when he sat on the treasury benches he also exercised the same persuasive powers that he is personally applying to the government while he is in opposition?

Mr. Martin (Essex East): I should think that the record of legislative achievement by the former minister of national health and welfare is sufficient answer to the enlightened question put by the hon. member.

But the record must be clearly observed. The Leader of the Opposition argued, as I said, that there should be further amendments to the bill of rights, and that the one amendment of the bill of rights dealing with the War Measures Act was insufficient because the character of that amendment gave to the War Measures Act a position in relation to the bill of rights that was undesirable. He further urged that there should be amendments to the War Measures Act, and that those amendments should be incorporated into the bill of rights so that we should have had in one legislative document something that would have been more compact to clearly indicate the full character of our desire to preserve fundamental freedoms and human liberties. Those amendments were not accepted in the house, but they were put forward by the Leader of the Opposition on August 1, 1960, and in the committee in respect of the bill of rights prior to that, on July 29, 1960.

As will be found in the reports of the committee, I moved, seconded by the hon. member for Maisonneuve-Rosemont (Mr.

Deschatelets), certain amendments to the War Measures Act which, in principle, are incorporated in Bill No. C-62. The Minister of Justice (Mr. Fulton), whose observations will be found at page 712 of that committee's report, without in any way deprecating the character or the form of the proposed amendments, replied that the government took the position that it would not want to deal with the War Measures Act in bits, piece by piece, without studying the whole problem of emergency powers in wartime. That was the position he took in a forthright manner. We pointed out to him that, as the War Measures Act did abridge human freedoms and fundamental rights, the government should have given consideration to that particular aspect of the problem, and incorporated the amendments in the bill of rights.

Following that we came back to this house where the amendments were put forward again—two of them moved by the Leader of the Opposition, I believe, and two of them by me—they were overwhelmingly defeated by hon. gentlemen opposite. The Minister of Justice, who piloted the measure at that time, gave as the reason for the government's position, substantially the answer he had given in committee.

I feel it is important that the provisions of Bill No. C-62 should be noted, because there has been no suggestion by the government, with regard to the substance of the amendments proposed in the house or in the committee last session, that these amendments were not satisfactory nor, as I recall, that they were alleged to be incorrect, inapplicable, or that they had gone too far, or not far enough.

The bill which I introduced in this house received first reading on January 31, 1961, so this is not a bill that was brought in during the dying days of the session. This was a bill brought in by the hon. member for Essex East on January 31.

Mr. Diefenbaker: Was it not January 27?

Mr. Martin (Essex East): No, the date of first reading was January 31.

That should have been ample warning to the government of its own assurance to set up a committee to deal with this matter early in the session. All this time has gone by, yet all we have received from the administration are vague replies which indicated no positive intention to proceed with the matter this session.

Mr. Diefenbaker: Are you disappointed now?

Mr. Martin (Essex East): The Prime Minister asks if I am disappointed now. Of course I am not disappointed, but we should have preferred that the government would have dealt with this matter early in the session, and should have preferred it had the government to have accepted at once our amendments which were carefully considered, and which apparently the government considered satisfactory because there was no suggestion to the contrary.

Bill No. C-62 is not without its significance. It provides that subsection 5 of section 6 of the War Measures Act be repealed and—

Mr. Browne (Vancouver-Kingsway): Mr. Speaker, I rise on a point of order. The hon. member is now proceeding to discuss Bill No. C-62 which is not a matter before this house at the present time.

Mr. Martin (Essex East): Mr. Speaker, surely I am entitled to point out the kind of amendments which we believe should be provided for in the War Measures Act. These amendments are now contained in a bill which is now before this house, and I know of no violation of our rule that precludes me from doing so. If I cannot refer to the act at all I shall simply give the substance of it and thereby satisfy my hon. friend, if there does seem to be a violation of the rule. However, I am in your hands, Mr. Speaker, and should like a ruling before I proceed.

Mr. Speaker: It would not be in order to carry on now a debate on the principles of the hon. member's Bill, C-62, such as would be relevant when it comes up for second reading, but I see no objection to a reference to the fact that this committee would be able to deal with a matter which has already been raised before this house in another way. It is largely a question of extent, I should think.

For the guidance of this house I refer to May's comment about debate on a motion of this kind. In May's sixteenth edition at page 452 it is stated:

> On a motion for the appointment of a select committee, or for determining the number of its members, the merits of the matters referred to the committee have not been allowed to be debated. Our practice in this house has varied from motion to motion, but in general terms the desirability of establishing a committee is the subject of debate, which necessarily involves a discussion in general terms of the matters which will come before it. I should think that if the hon. member wishes to refer to his bill in general terms as an argument in favour of establishing the committee, he can do so, but he should not debate the principles of his bill, which would be anticipating another matter on the order paper.

Mr. Browne (Vancouver-Kingsway): Mr. Speaker, on the point of order, I should like to state that the reason I raised it is that, when I attempted to discuss a resolution which I had put on the order paper under similar circumstances, the hon. member for Essex East was very quick to rise on a point

of order and to suggest that I was discussing it at that time, following which I was ruled out of order.

Mr. Fulton: That is the old principle of the rules applying equally to both sides.

Mr. Speaker: Order. As I recall the incident, the hon. member did have a great deal to say about his resolution on the order paper. I do not intend to be too severe, but I do caution the hon. member that this is not a debate on his bill.

Mr. Martin (Essex East): I quite agree, Mr. Speaker, and suggest that I was not debating the bill.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): I assure the hon. members, and particularly my young friend from Brome-Missisquoi (Mr. Grafftey), who seems to laugh louder than the others, that if the house decides that my bill does not have precedence, that is the end of it. All I am seeking to do now is to indicate the character of the amendments which I believe should be incorporated in the War Measures Act. I fully agree with the position taken by Your Honour.

We proposed that, subject to certain sections of the War Measures Act, any act or thing done or authorized or any order or regulation made under the authority of these amendments, should be deemed not to be an abrogation, abridgment, or infringement of any right or freedom recognized by the Canadian bill of rights.

Mr. Martineau: Would the hon. member indicate what he is presently reading from?

Mr. Martin (Essex East): I am referring to the bill.

Mr. Martineau: Which bill?

Mr. Martin (Essex East): I am referring to Bill No. C-62. I am not arguing the merits of the bill but simply pointing out the amendments which are proposed.

We also urged that a naturalized Canadian citizen should not be deprived of his citizenship and a naturalized British subject should not be deprived of his status as a British subject.

Mr. Martineau: Mr. Speaker, in regard to the point of order, I suggest the hon. member is even going further than the course he took which you just ruled to be out of order. Not only is he discussing the principles of Bill No. C-62, he is also discussing it clause by clause.

Mr. Martin (Essex East): Mr. Speaker, the hon. member is quite wrong in that.

Mr. Aiken: I suppose you are quite right?

Mr. Martin (Essex East): Of course, I am quite right.

Mr. Speaker: Order. I ruled that if the argument the hon. member is advancing is the subject matter of his bill it would be a proper subject matter for this committee to consider. However, I do think it is a simple matter to indicate that, without an extensive review of the bill.

Mr. Martin (Essex East): The bill is very short. We took the position that a Canadian citizen should not be deported from Canada under this act.

Mr. Aiken: He is also reading from the bill.

Mr. Martin (Essex East): We also took the position—well if hon. gentlemen are so vitally interested in human liberties as by their interruptions they indicate I shall let their interventions stand on the record and the public who read *Hansard* will judge their interest. We also propose, as the Leader of the Opposition proposed last year, that a Canadian citizen or a British subject—

Mr. Aiken: Subclause 4.

Mr. Martin (Essex East): —should not be detained under the act beyond a limited period unless the cause for the detention had been reviewed by an appropriate impartial tribunal, which would thereafter report to the minister who would have the sole authorization for detention.

Then it was finally proposed—

Mr. Aiken: Subclause 5.

Mr. Martin (Essex East): —in this bill that there should be an opportunity in this house to debate the provisions of the act and, finally, that there should be revocation of an order by resolution in this house. These are the amendments which are incorporated in the bill to which hon. gentlemen expressed such objection to having recited, although the Prime Minister has acknowledged that these were the liberties, and properly so, that should be carefully examined in order to bring the War Measures Act into conformity with the bill of rights. And yet hon. gentlemen in this non-controversial debate have sought to display that characteristic opposition to anything that comes from we who are vitally concerned, about the preservation of human liberties in this country.

Mr. Aiken: On a point of order, Mr. Speaker.

Mr. Martin (Essex East): The matter is not completed.

Mr. Speaker: The hon. member for Parry Sound-Muskoka.

Mr. Aiken: Mr. Speaker, I do not object to references in general terms by the hon. member for Essex East. I was one of those who interrupted him because in spite of your ruling he read subclauses 1, 2, 3 and 4 of his bill, Bill No. C-62, verbatim, as he went through them. The only comment I made was that he missed out subclause 5.

Mr. Martin (Essex East): Well, I had not intended to include the hon. gentleman in my indictment but since he has discredited his own witness himself I have to let that act stand by itself.

I am not aware that the mere recital of a bill is a contravention of the rules. However, I am so used to those interruptions from hon. gentlemen that I can only say it gives me a certain amount of exhilaration when they are present and are so persistent.

We have discussed the War Measures Act but at the same time we ought to consider all of the legislation which exists on our statute books which is inconsistent with the bill of rights. While the Minister of Justice did not give assurance that that would be done, he did indicate at the last session that it would be considered although on his estimates this year he modified his position. There are many acts of parliament in addition to the War Measures Act—

Mr. Speaker: I think the hon. member is going beyond the scope of the debate in referring to other matters. The motion is a specific one for the establishment of a committee to consider amendments to the War Measures Act and does not refer to other matters which might contravene the bill of rights.

Mr. Martin (Essex East): I agree with you, Mr. Speaker, but I do not know of any rule that prevents one from making reference in passing to the inadequacy of the motion—

An hon. Member: Oh, oh.

Mr. Speaker: Order.

Mr. Martin (Essex East): There again we have hon. gentlemen who respect the Chair so much as to not allow an hon. gentleman to make his speech without any difficulty. I say I do not know of any rule that precludes an hon. gentleman from saying that a particular proposal is inadequate in that it ought to include within the compass of its reaches certain other things. That is all I was seeking to do.

This is the position. We have on the order paper Bill No. C-62 which provides for amendments to the War Measures Act. The Speaker will have to rule which of these measures takes precedence. This bill has been on the order paper since January 31.

[Mr. Speaker.]

Mr. Speaker: Order. If I understand the hon. member correctly he is now raising a point of order which, it seems to me, should have been raised when the motion was made. The debate has continued on the motion to set up the committee and without protest that it in any way interfered with other matters on the order paper.

Mr. Martin (Essex East): With great respect, Mr. Speaker, I thought one could always raise a point of order. Do I understand that Your Honour just now ruled that Bill No. C-62 must be superseded by the bill proposed by the Prime Minister?

Mr. Fulton: There is no bill.

Mr. Martin (Essex East): The resolution.

Mr. Speaker: No. I just suggested that if the matter were to be raised it should have been raised when the motion was introduced. A point of order might have been taken then that something on the order paper impeded the progress of this particular bill but it has now been proceeded with and debated. The hon. member himself has debated it. I would think it is not in order now to raise the point.

Mr. Browne (Vancouver-Kingsway): On the point of order raised, I believe it should be brought to the attention of the house that according to the rules Bill No. C-62 could not possibly come before the house for debate this session and the hon. member must have known it when he put it on the order paper. Parliament would have to sit for seven months for the hon. member's bill to be discussed, because of its position on the order paper.

Mr. Speaker: I am not hearing the point of order of the hon. gentleman. I trust the hon. member will proceed with the debate.

Mr. Martin (Essex East): Mr. Speaker, I am not going to argue the point because I do not believe it is necessary to argue it at this stage. The bill will take its position and if it is reached, then the point will have to be determined.

I did clearly indicate at the outset that if the position was that Bill No. C-62 would be superseded by the proposal of the Prime Minister, I would naturally welcome it under those conditions. That is what I said. I never took any other position. I think all that I shall do is to leave the situation as it is. It may be that in the course of the session an opportunity will be presented to consider whether or not Bill No. C-62 should be discussed. That being the case, I simply point out that this bill providing for amendments to the War Measures Act was given first reading on January 31, 1961. On June 13 the Prime Minister put forward the proposal that we should consider amendments to the

War Measures Act, with no indication given by the government, as I said before, whether or not the amendments incorporated in Bill No. C-62 were acceptable or undesirable. In the absence of a declaration by the government the presumption was that the bill was not unacceptable to them in principle. In any event, in the dying days of the session we are now faced with a proposal that might well have been brought forward by the government at the beginning of the session, particularly in the face of the assurance given by the Prime Minister last session. In my judgment, to have waited all this time demonstrates that the government was not as concerned about those amendments as it professes to be. It would not have been difficult for the government to come forward with this proposal early in the session when we could have given the matter the fullest consideration. However, it has chosen another course. It has chosen to increase our work in the dying days of the session in such a manner as to make it impossible for every member to give full consideration to the work of the house. There is not a member within sound of my voice who does not know that what I am saying is true. That is the situation. The country knows it. The country must know the kind of pressure that has been put upon us in the dying days of the session in the effort to discharge our duties.

However, the government has finally brought forward this measure. I hope the committee will be set up forthwith. I hope an opportunity will be given us to call the necessary persons to consider whether amendments should be made to the War Measures Act consistent with the security which I agree with the Prime Minister must ever be foremost in our minds in time of war which we all sincerely hope will never again eventuate. But I feel that the record deserves to have this statement of the events that have transpired since the introduction of the bill of rights, since the introduction of amendments to the War Measures Act similar to those in Bill C-62 introduced last session, similar to the amendments put forward in the bill of rights committee by Liberal members of the house to determine whether or not we can reconcile further with the bill of rights any act that is inconsistent or is a violation of our liberties and rights. These, it seems to me, are reasons that the government might well have expected us to express at this time.

I cannot explain why the government did not bring forward this measure earlier in the session other than the reasons I have given. They seem to be the only reasons in the light of all the facts that are apparent. I am sure that some hon. members, like the hon. member for Brome-Missisquoi and the hon. member for Parry Sound-Muskoka (Mr. Aiken), young members who seemingly have recognized in the Conservative party, although I am sure by now they realize their mistake, a hope for the preservation of liberty, must be wondering why after all these assurances, why after all this time the Prime Minister should only now come forward on the 13th day of June with amendments which were discussed in this house last session and with respect to which we were assured there would be a committee.

I can only conclude that the government is so overwhelmed by the many problems confronting it and finds itself in such a difficult situation with regard to the making of decisions that it has had to place certain problems in one basket and certain other problems in another basket. It thus happens that because they were slow in dealing with the problems in the basket on the right they have been so slow and so tardy in dealing with problems which they recognized as urgent a year ago but which have remained in the basket on the left. At long last the government has acted, but it must be clear to everyone, it must be clear even to the hon. member for Brome-Missisquoi that it was the Liberal party, that it was Bill C-62 that finally brought the government to the point of taking action and caused it to make a decision which it should have made over 14 months ago.

Mr. Fortin: Will the hon. member permit a question?

(Translation):

The hon. member for Essex East (Mr. Martin) made quite a fuss over a suggestion he put forward on clause 4 of Bill No. C-62, to the effect that a citizen should not be held more than 60 days without a trial. Could he have been prompted by feelings of remorse he may have felt at the thought that a few years ago, the Liberal government of which he was a member held the mayor of Montreal, Mr. Camilien Houde, for several years without trial and without giving him a chance to defend himself?

Mr. Martin (Essex East): Mr. Speaker, it is obvious, in view of your decision, that I cannot reply to the hon. member, because I would be out of order in discussing this plan of which I spoke at such great length in my speech.

Mr. Fortin: You are taking an easy way out.

(Text):

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in rising to speak for this group I must first of all say that I regret that I was detained for 15 minutes by a delegation dealing with the principle of this particular measure or some personal aspects of it and

because of being detained I missed the usual demonstration of the Prime Minister's (Mr. Diefenbaker) laconism in introducing questions of this kind, his usual gems of language and his explanation of the legalities surrounding a problem of this nature. However, shortly after my arrival I was briefed by a fellow member as to what the Prime Minister had said so I think I have a very good idea of his remarks in introducing this motion.

I think everyone will realize that as a layman I suffer some disadvantage in following such legal luminaries as the Prime Minister and the hon. member for Essex East (Mr. Martin) who are well versed in legal problems and constitutional matters. However, regardless of that I wish to assure the house that although I am a sort of simple, naive layman I have always had a great interest in this question and I fully realize and appreciate the purpose and the importance of this motion. While I am not able to discourse on the legal aspects of the question with any degree of knowledge compared with the previous speakers, I can say that I am one who always has been easily aroused by injustices and any transgression of human rights and human dignity has always concerned me.

In fact, over the years and until recent years I felt almost frustrated and exasperated on occasions at the lack of understanding of other persons' rights and I felt at times that I was tilting against windmills. I will say that I feel the situation in Canada has changed quite rapidly in recent years. More and more people are realizing what the citizen's rights are in a democratic state.

Like the previous speaker, I regret that this very important motion has been introduced at this late date in the session. The question is an important and serious one that requires time for almost leisurely study, shall I say. It is not one of those technical questions where you can deal with the matter with exactitude after certain facts have been produced. There is an infinite variety of aspects to a problem of this nature. Plenty of time must be taken for the hearing of views of legal authorities by the committee, for hearing the views of representatives of various sections of the community throughout the land and even the views of individuals who have paid a great deal of attention to this subject and have studied it for many years. Following the hearing of these views, I am sure the committee will require some time before it arrives at its conclusion.

This is a subject that will arouse a great deal of interest. As I said before, even in the smaller places I find that in recent years there is more interest in this topic than there was years ago. Years ago it was considered too abstract, not in the ordinary day's activities, shall I say, but there is greater concern and interest now and the committee will need plenty of time to give consideration to the evidence, facts, views, suggestions and recommendations presented to it. Members of the house as individuals will want time to read the evidence and proceedings of the committee and I believe plenty of time should be provided. Later when legislation is introduced the house will want ample time to discuss this very important question properly and at suitable length. On that account I say again that we in this group regret that this motion was not introduced earlier in the session.

I am not going into the legal aspects of the matter. I am only going to deal with it from a broad point of view. As I said before, I am not competent to deal with the niceties of such a problem but I can deal with its impact on the citizen and speak of it in general terms. I believe that several advantages can flow from the passage of this motion, the study of the problem by the committee, by members of the house generally and the consequent proposed amendments to the War Measures Act. First of all, I think that the primary advantage is that the legislation will make certain, as far as it is humanly possible to do so under the circumstances, that the rights and freedoms of Canadian citizens are protected in periods of emergency. I think that is the primary advantage.

Then I think there are two or three others. I believe that the gathering of evidence, facts, opinions, suggestions and recommendations from all those sectors of the Canadian community should prove of value to the present generation and to future generations. The record itself should prove of great value. Then I believe that the hearings of the committee and the discussion of the problem generally in the house and in the country will provide general interest in the subject and I am sure, as the result of happenings in recent years—I am talking of happenings within the last ten or fifteen years, particularly since the second world war—greater understanding will be brought about. If the committee fulfils its responsibility and if the government accepts those recommendations which will come from people in all groups of society with various political opinions, including persons who support the group for which I have the honour to speak at the present time. I believe this whole study and consequent legislation will do something more to strengthen the sinews of democracy.

The average citizen is not learned in the law and is not learned in parliamentary procedure but he is interested in the basic rights of the citizen in a democracy. When you find

that this average citizen has a greater understanding, democracy is strengthened to that extent. We must realize that. While we are complacent and while we have accepted without question our freedom and our rights throughout the years, when we view the world around us it is marvellous to note how, under certain circumstances and certain emergency conditions, those rights can crumble if they are not supported by an informed citizenry.

In conclusion I wish to say that this group will co-operate in the work of the committee and in making suggestions as to amendments to the War Measures Act and will do all it can to the end that the demands of freedom and the rights of Canadian citizens are better served by this resolution, the consequent legislation and the action of this parliament.

(Translation):

Mr. Alexis Caron (Hull): Mr. Speaker, I believe that all members agree that the establishment of this committee to examine the War Measures Act is in order, and we take no exception to the passage of this motion.

However, two things strike me for which the Prime Minister is responsible. First—and I come back to the argument put forward by the hon. member for Essex East (Mr. Martin)—why wait until the end of the session to examine this measure, when a number of bills mentioned by the government in the speech from the throne have yet to appear on the order paper, many of which are contentious and will give rise to discussion?

In addition, we are being asked to serve on committees while the house is sitting. From the start, we have objected to any committee sitting at the same time as the house.

If we were to accept such an arrangement, I wonder how the Prime Minister could find time to operate such a committee.

I have here a list of the days on which committees sit at the same time as the house.

On May 1, the committee on agriculture sat at 3.30 p.m. and 8.00 p.m.

On May 3, the committee on external affairs met at 2.00 p.m. and the committee on Indian affairs, at 2.30 p.m.

On May 4, the committee on Indian affairs sat at 2.30 p.m.

On May 8, the committee on agriculture met at 2.30 p.m. and again at 7.30 that evening.

On May 9, the committee on Indian affairs sat at 3.30 and the committee on external affairs at 1.00 p.m. In this case, the members did not even have a chance to take a decent meal.

The committee on research met at 2 o'clock that same afternoon.

On May 10, the committee on Indian affairs held a meeting at 2.30 p.m.

On May 11, the committee on Indian affairs and the one on research met at 2.30 p.m.

On May 12, the committee on agriculture met at 2.30 p.m.

On May 16, the committee on research sat at 2.30 p.m. and 8 p.m.

On May 18, you had Indian affairs at 2.30 p.m., research at 2.30 p.m. and at 8 p.m. and procedure at 3 p.m.

On May 19, the committee on agriculture met at 2.30 p.m.

On May 22, again agriculture at 2.30 p.m. and at 7.30 p.m.

On May 23, Indian affairs at 2.30 p.m., research at 2.30 p.m. and 8 p.m. and the committee on external affairs at 1 p.m.

That was another lunch cut short for the members.

On May 24, research sat at 2.30 p.m. and Indian affairs at 2.30 p.m. also.

On May 25, the committee on broadcasting sat at 3 p.m.; Indian affairs at 2.30 p.m., and research at 2.30 p.m. and 8 p.m.

On May 26, the committee on agriculture met at 2.30 p.m. and external affairs at 2.30 p.m.

On May 29, the committee on agriculture at 2.30 p.m. and 7.30 p.m., then the railways, canals and telegraph lines committee at 3 p.m.

On May 30, the committee on Indian affairs at 2.30 p.m. and that on procedure at 3 p.m.

On May 31, the committee on external affairs at 2.30 p.m., Indian affairs at 2.30 p.m. and research at 2.30 p.m.

On June 1, the committee on broadcasting met at 3.00 p.m., Indian affairs at 2.30 p.m. and research at 2.30 p.m. and the railways, canals and telegraph lines committee at 3 p.m.

On June 2, the committee on agriculture at 2.30 p.m. and external affairs at 2.30 p.m.

On June 5, the committee on agriculture at 2.30 p.m. and 7.30 p.m.

On June 6, the committee on Indian affairs at 2.30 p.m., research at 2.30 p.m. and 8.00 p.m.

On June 7, the committee on external affairs at 2.30 p.m. and Indian affairs at 2.30 p.m.

On June 8, the committee on broadcasting at 3 p.m. and the committee on veterans affairs at 2.30 p.m.

On June 13, the committee on Indian affairs at 2.30 p.m. and the committee on research at 2.30 p.m. and again at 8 p.m.

On June 14, the committee on Indian affairs at 2.30 p.m. and the committee on external affairs at 2.30 p.m.

On June 15, the committee on broadcasting at 3 p.m. and the committee on Indian affairs at 2.30 p.m.

On June 16, the committee on agriculture at 2.30 p.m.

Mr. Ricard: Would the hon. member permit a question?

Mr. Caron: Certainly.

Mr. Ricard: Did the hon. member make a survey on the attendance at those committees?

Mr. Caron: I noted that we did not always have a quorum and in view of the great number of Conservative appointments, I was quite amazed at that.

Mr. Ricard: Can the hon. member say that he was never absent?

Mr. Caron: I may happen to miss a meeting of a committee, because I am attending another committee meeting. At any rate, I will continue to attend the committee meetings as I see fit.

Mr. Ricard: Then if it is all right for you to take such a stand, it is undoubtedly right for others.

Mr. Caron: Mr. Chairman, those are facts that nobody can deny.

Members are overworked. They move from one committee to another or they attend the sittings of the house.

We are now trying to close this session as soon as possible and we are asked to hasten the business of committees.

The list of committee meetings I just read, Mr. Chairman, is merely an addition to a longer list relating to the business of the house.

Considering all those facts, I think the Prime Minister is showing evidence of gross inconsistency.

He wants an improvement of the War Measures Act. Yet, he knew right from the beginning of the session that this act had to be amended, as a result of the adoption of his bill of rights.

Why, then, did he not act with consistency?

We have thus been taking up the business on the order paper since the beginning of the session, so much so that yesterday at 10.15, the government had nothing left on the order paper and we had to adjourn for lack of business.

Well, I submit that if the government had better planned its session, if it had placed its bills on the order paper in due time, we would have had time to do the work properly, instead of being pressed at this late date to rush through such important legislation. I think it ill becomes the Prime Minister to act in this way, particularly in view of all the time he has had at his disposal since the beginning of the session.

Mr. Pigeon: May I ask a question to the hon. member?

Mr. Caron: As you wish.

Mr. Pigeon: Does the hon. member not feel it is never too late to introduce legislation to avoid such glaring injustices as in the case of Mr. Houde who was imprisoned without trial?

Mr. Caron: I agree that it is never too late to do good. I recognize that in the case of Mr. Houde, action was taken on the basis of the legislation then in force, but we must now look to the present. When it comes to such important legislation as this, the proposer should place it before the house earlier. In fact he has known since last year that this bill would be introduced, because he is the one who introduced the bill of rights.

(Text):

Mr. E. J. Broome (Vancouver South): Mr. Speaker, I wish to take only a few minutes of the time of the house in speaking on this resolution. It is certainly the right of a free people to voluntarily surrender their rights in times of national emergency. It is certainly also the right of a free people to have this voluntary surrender supervised by their elected representatives to the end that these rights will be given up only when this is really required.

The bill of rights, in part II, section 6, sets out that the operative sections of the War Measures Act, when brought into effect by the governor in council, shall be laid before parliament and parliament itself shall agree that the government shall have these all-inclusive and overriding powers in connection with the lives, property and movements of citizens of the country.

When one reads the War Measures Act one discovers it is rather a frightening act in the degree to which free people voluntarily give into the hands of the government the right

to do whatever that government may wish to do. Section 3 (1) of the War Measures Act provides:

—it is hereby declared that the powers of the governor in council shall extend to all matters coming within the classes of subjects hereinafter enumerated, that is to say:

(a) censorship and the control and suppression of publications, writings, maps, plans, photographs, communications and means of communication;

(b) arrest, detention, exclusion and deportation;

(c) control of the harbours, ports and territorial waters of Canada and the movements of vessels;

(d) transportation by land, air, or water and the control of the transport of persons and things;

(e) trading, exportation, importation, production and manufacture;

(f) appropriation, control, forfeiture and disposition of property and of the use thereof;

Then it says:

All orders and regulations made under this section shall have the force of law,—

This means that the government, by executive decree, can imprison or report people and seize property. In short, the government has all the powers of a dictator state. These powers are given by a free people; they are given voluntarily; they are surrendered in the national interest during a time of emergency.

Hon. members will notice that the wording of this act contains the phrase "real or apprehended". The bill of rights puts a limitation on this. The limitation is that these powers shall be confirmed by parliament and that parliament shall say whether it is a real emergency such as requires that these overriding powers be given to the executive whereby this free nation voluntarily surrenders to the government, of its own free will, all of the rights which have been won over hundreds of years in seeking a truly democratic status.

It does seem to me, Mr. Speaker, that the work of this committee will be most important in trying to marry two concepts and in trying to reconcile two points of view; one as expressed in the War Measures Act, that in times of emergency the state must come first; and the other as expressed in the bill of rights, that the rights of an individual must be protected against the state. These two viewpoints are not incompatible, but it does mean that perhaps the committee will have to spell out in more detail how they shall be reconciled.

I believe that in bringing forward this resolution the Prime Minister has married together the magnificent concept of the bill of rights and the very practical and utilitarian measures carried in our statutes by the War Measures Act.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I should like to discuss this motion of the Right Hon. the Prime Minister (Mr. Diefenbaker), which is one more evidence of the right hon. gentleman's real interest and determination to protect the rights and freedoms of the citizens of this country. It is one more step in the steady progress which has been made since the right hon. gentleman assumed the office of Prime Minister to undo the steady erosion of our rights and liberties which had taken place over the previous 22 years.

In discussing matters of this sort it is generally desirable to be calm and not to introduce notes of criticism. Of course, when dealing with intemperate speeches such as that of the hon. member for Essex East (Mr. Martin) one recognizes that the hon. member gets carried away with a sense of his oratory, if not importance, and makes allowance for this kind of speech on that account. However, the hon. member did say something which I think calls for comment, because if there were no comment it would stand unanswered on the record of *Hansard*.

The first thing I wish to say simply by way of reply to my hon. friend is that he shows now a refreshing change of attitude from that which he showed during the many years he was a member of the treasury benches. Indeed, the government of which he was a part had 22 years in office during which time they had ample opportunity to deal with the War Measures Act and to remove from it those features which constitute the possibility, if not the fact, of an undue interference with human rights and fundamental freedoms. It was conspicuous then, and it is more conspicuous now in view of the hon. member's present attitude, that the previous administration did nothing during that time to bring about the results which the hon. member now professes himself so anxious to achieve.

Therefore, Mr. Speaker, when we listened this afternoon to the strictures heaped upon the government for not getting on with this proposal sooner, I think we are able to put the hon. gentleman's strictures in their proper perspective by recalling that his conversion, although we may welcome it, is very late.

The hon. member cannot take refuge in the answer that this measure is only necessary now because we did not have a bill of rights before; therefore his party and his government were blameless, because they did not have a bill of rights and it is the bill of rights that makes this necessary. It will be recalled that in the discussion of the bill of rights itself last year during all that lengthy period when we had to listen to the strictures he heaped upon that measure, he persisted in saying it added nothing by way of rights but was a mere codification of existing rights. If that is the hon. member's view, then the

rights which are in the bill of rights now existed at the time the hon. gentleman held office and the War Measures Act was as much in conflict with those rights then as it is now.

The hon. gentleman is now so anxious to see something done that he professes to claim exclusive credit for everything that is being done, yet, as I say, in all those years he was unable to see the importance of the measure which the Prime Minister has now brought forward. It is well understood, of course, that there is no one so keen as a recent convert and we welcome the hon. member to the ranks of the converted, the ranks of those who are now prepared to align themselves in support of the liberty of the individual. In contrast to the sudden conversion and the over eagerness now displayed by the hon. gentleman, may I emphasize that this government has been proceeding steadily and surely to the restoration and protection of those rights which were so eroded in earlier years. A major step was the enactment of the bill of rights itself. At that time the Prime Minister gave an undertaking that he would look at the War Measures Act and invite parliament to consider in what ways it might be amended so as to bring it into harmony with the bill of rights, and do what could be done to protect the rights of citizens even in times of emergency without unduly prejudicing the interests of the state as a whole.

Pursuant to the bill of rights we have brought in two important amendments to statutes this year to bring them into line with the bill of rights, and now comes this further measure initiated by the Prime Minister in order to make amends for the 22 years of erosion of rights—the motion we are now debating to set up a committee to examine the War Measures Act. Indeed, when one considers the change of attitude of the hon. member for Essex East I cannot help, while listening to him, thinking that he displays all the frustrated inconsistency which would be displayed by the outcome of a cross between a leopard and a chameleon, because you know, Mr. Speaker, the leopard's trouble is that he cannot change his spots while the chameleon changes colour with every perch upon which he alights. We come now to consider this motion which the hon. member professed a desire to see carried because that would have the result of amendments being made to the War Measures Act, and yet the hon. member has invited you, Mr. Speaker, to rule this motion out of order. Of course, with your usual wisdom and perspicacity you refused to entertain the point of order which the hon. member sought to raise, but the extraordinary thing to contemplate is this measure of frustration felt by the hon. member for Essex East. He is so frustrated because he cannot himself claim the exclusive credit for what is being done that he forgets he has told us he intends to support the measure and solemnly invites Your Honour to rule it out of order. I think all members will understand the situation and accept the speech made by the hon. gentleman with the caution and reserve which it deserves.

What, then, of the proposal of the Prime Minister which is now before us, a proposal consistent with the undertaking which he gave last year when we were considering the bill of rights? This proposal, I suggest, sets out the proper way of dealing with this problem. The opposition has consistently suggested that we should get the bill of rights and the War Measures Act all mixed up and confused. Indeed, this desire on their part to confuse things was brought to my mind by one of the comments made by the hon. member for Essex East when he said the government had the habit of putting certain problems into one basket and certain other problems in another basket. He seemed to think this was a matter for criticism. It seems to me that this orderly method of dealing with things is the proper method instead of getting them all mixed up until, like the hon. member for Essex East, they are hopelessly confused. We have persistently and consistently taken the position that these matters should be dealt with separately because that is the most effective method of dealing with them.

When the bill of rights was before the special committee of the house last year there was a lengthy discussion on the bill in context with the War Measures Act and, as has been pointed out, one of the chief witnesses in this regard was Professor Lower of Queen's University. Professor Lower certainly repeated then a stricture he had uttered earlier against the War Measures Act and urged strongly on the committee that parliament should repeal the War Measures Act. It is true that Professor Lower at one point in his evidence did comment on the fact that we had incorporated in the bill of rights itself the provision having the effect that if the government proclaimed the War Measures Act due to a state of emergency parliament would have the right to review that proclamation and if it felt that the state of emergency was imaginary rather than real it would have the right to overrule the proclamation. Professor Lower did at one stage say this was a meaningless provision, particularly when he was being prompted in that regard by the hon. member for Essex East. That seemed to be the position he took. But it is

also significant to note that Professor Lower admitted the necessity for some legislation conferring special powers on the government in time of war. I refer to his evidence at page 321 of the committee reports when he was being questioned by the hon. member for Essex East. The passage reads as follows:

Mr. Martin (Essex East): Now, that does not seem to me to be completely what you said today. You recognize, I take it, from what you said today, that there is a need to preserve the War Measures Act.

Mr. Lower: Yes, you will find that in the statement. I made it very clear I would like to get rid of the War Measures Act. I think there could be a change.

Again, at page 322 he said:

There is an important point there where we might misunderstand each other—and I hope we will not, because I think we are in agreement. I would like to get rid of the present War Measures Act completely. I agree you have to have special legislation in war, but I think it could be much more carefully framed than it is in this legislation.

Again, when he was being asked what he thought the War Measures Act should contain, he said, as reported at page 323 of the committee's proceedings:

I would agree with that, but I think you would want to make a provision there that the judge would have the right to have the hearing in camera, would you not?

The witness was being questioned at this point with regard as to whether there should be a right of hearing enjoyed by persons detained under the War Measures Act—a provision written into the act itself. He said:

I quite agree in wartime there are certain things that must not come out.

Mr. Martin (Essex East): You see a necessity that there should be the right to have this hearing in camera?

Mr. Lower: Yes, I think that would be pretty necessary.

Mr. Martin (Essex East): Yes. Well, that might run contrary to another section of this proposed bill of rights which provides for public hearings.

Mr. Lower: Which one are you referring to Mr. Martin?

Mr. Fulton: That is clause 3 (f).

Mr. Martin (Essex East): Yes, 3 (f).

Mr. Lower: Yes. Well I would be just a bit nervous about that. We must not be sentimental over these things, must we?

Mr. Martin (Essex East): No.

Mr. Lower: I would be a bit nervous. I would agree that in wartime there are certain things that probably cannot come out in public, but we have got to have the next best thing.

I should like to refer the house also to the evidence of Professor Lower in connection with the value of the provision we did incorporate into the bill of rights providing that parliament shall have the opportunity and right to overrule any declaration by which the War Measures Act is brought into effect. I was questioning Professor Lower in the committee and should like to read a certain portion of that evidence as it appears at pages 330 and 331 of the proceedings.

Mr. Fulton: —I will only ask one or two questions on it. It did seem to me in one or two of the exchanges that a point might have been obscured which I thought was clear from your first remarks.

I might add that I thought Professor Lower's first remarks were obscured by the very extraordinary and involved questions asked by the hon. member for Essex East. I went on as follows:

I take it that you do not question in principle the desirability of a government having at its disposal a War Measures Act or something of that sort in times of war?

Mr. Lower: Special powers.

Mr. Fulton: Yes, an act giving it special powers in wartime. What you question is the extent to which these powers should go?

Mr. Lower: Yes.

Mr. Fulton: You would like to see written into the War Measures Act the maximum safeguards of the liberties of the individual consistent with the welfare of the state?

Mr. Lower: Yes. You express it very well, I think.

Mr. Fulton: But you said you think it is better under the present circumstances to have a bill of rights now and then review or revise the War Measures Act as soon as possible?

Mr. Lower: Yes.

Mr. Speaker, that is exactly the course that we have been following. We enacted the bill of rights last year and the Prime Minister undertook to have the War Measures Act studied to see what revisions should be made to it, and to have the War Measures Act then amended at leisure but thoroughly so that it might be, to the maximum extent possible, brought into line with the spirit of the bill of rights. Professor Lower expressed unqualified agreement with that position.

I then went on to ask Professor Lower about other provisions that we had put into the bill of rights, and that appears as reported in that committee's proceedings as follows:

Mr. Fulton: If it is possible then that a government might resort to such a declaration in circumstances in which such a resort was not justified, would you not think it is most desirable that parliament should have the right of veto over the invocation of the War Measures Act under that declaration?

Mr. Lower: Yes. That had not occurred to me before. That would give an important justification for this.

Mr. Fulton: This would seem to give parliament the right to review the declaration made by the government, and examine whether the state of affairs really warranted the resort to emergency measures.

Mr. Lower: This makes me a lot happier about this clause. Of course I would like it to go further.

Mr. Fulton: I think I would accept the point that if there was an actual war and war was declared the debate might be pretty much pro forma, but I was directing my attention particularly to a situation in which there was a fictitious declaration which was being used as a device for the government gaining power. If there was a question as to whether there really was this state of emergency, both government members as well as opposition members might well be strongly inclined to check the government.

Mr. Lower: Yes, indeed. That would be a very unlikely circumstance, but I can imagine a circumstance under which something of this sort might occur.

Mr. Fulton: Would you then agree with me that it is a sensible provision at the moment to put this safeguard in against abuses of the powers of invoking the War Measures Act, which will thus give you some protection against the abuse of the powers conferred by the act; and then say we will look next at the act to see whether improvements should be made in the statute itself.

Mr. Lower: Yes. I was under the impression, when I read this, that this is an attempt to make criticism of the War Measures Act. From what you say about it I can see you have something additional in mind. I would be very happy not only to have this retained but also to have the revision of the War Measures Act made subsequently. Of course, I do think it is too big a thing to be examined at this time of year.

Mr. Fulton: Yes. It is a big thing whenever you examine it. When you get into the War Measures Act you are into a really difficult philosophical as well as legal problem.

Mr. Lower: Yes.

Therefore, Mr. Speaker, I think we can properly and with justification say we can call to witness, as supporting our present action, one of the foremost opponents or critics of the War Measures Act in its present form, who stated clearly before the special committee of the House of Commons last year that he thought the sensible thing to do, as we did by the bill of rights, was to enact a bill of rights standing on its own feet, putting in safeguards immediately against a fictitious declaration of emergency which would give the government an opportunity to abuse the emergency powers, and then to make a lengthy and full study of the War Measures Act itself to see what changes to the measure should be made to bring it into conformity with the spirit of the bill of rights.

It is in that spirit that we have been studying this problem in the interim. As I said in the committee, which comment is contained in the portion I just quoted, and with which Professor Lower agreed, when we get into the realm of the War Measures Act we are getting into the realm of very difficult philosophical as well as legal problems. That is the area and the extent to which it is justifiable to ask parliament itself to give to the government, in times of real emergency, powers which, under normal circumstances, the government should not only not use, but should not even possess, because they are definitely contrary to the kind of situation which prevails in normal time of peace.

The extent to which the War Measures Act could go, and should go, is the problem which we have been considering during all this intervening period because, unlike the hon. member for Essex East, we have the responsibility of ensuring that the government will in time of war—which we hope to God will never come—have the ample powers which it needs to safeguard the interests of the state. Simultaneously we have the responsibility of ensuring that the powers given to the government do not go further than those which are necessary for that purpose.

One must be very careful, as I am sure every hon. member will realize, as to what one does, because two things must be remembered. The kind of war that would confront us in these days is such that events will move with such swiftness there will not be time to commence changing legislation then, nor to determine the limits of powers. If one gets oneself into that situation, it may well be, and indeed probably will be, too late to ask parliament to extend the powers. Therefore, one has to be conscious of the fact that too severe limitations on the powers of government in time of real emergency would be in the long run perhaps more dangerous than a rather restricted recognition of the rights and liberties of the individual.

It is hard to crystallize this matter in a few words, but this is the sort of problem that we have had in mind in approaching the War Measures Act in the context of the bill of rights. That is one of the reasons why we were not able, as readily and as rapidly as my hon. friend from Essex East thought desirable, to produce a concrete proposal to lay before this house. The hon. member for Essex East made the extraordinary and, indeed, absurd suggestion that it was his bill, introduced in January, which had the result of causing the Prime Minister to introduce this proposal now in June. If we were as frightened of the results of the hon. member's efforts as he seems to suggest, I hardly think that would be consistent with the position that he has taken, nor that we should have waited from January to June before proceeding as we now are. The fact of the matter is that the main reason this proposal comes forward at this time is because the government is now in the position to meet with members of parliament and to discuss with them the changes which should be made or considered to be appropriate in the War Measures Act.

The Prime Minister has outlined how this committee might proceed. I would ask the liberty of perhaps elaborating a little on what

he said, to the following effect. It is true that this motion comes in late in the session, on June 13, at a time when it may be difficult to arrange in the immediate future for an opportunity for the widespread hearing of members of the public which will undoubtedly be desired. I suggest that one useful method by which the committee itself might consider the matter—and of course the committee will be master of its own proceedings and will determine for itself how it should proceed—might be as follows. When the committee first meets the government might, through those persons who have the responsibility for advising in these matters, present an outline to the committee for the committee's information of the sort of problem that arises in times of emergency represented by war.

I think it will be helpful to the committee to have that outline as a sort of indication of the scope of the problem with which we are dealing. Then the government would be prepared to lay before the committee a draft bill for its consideration. That bill would not be in the form of a "take it or leave it" document, but in the form of a specific draft in order that the committee may have something concrete before it. Then the committee might consider that, after some preliminary study, the matter could stand over for a while, during which time the draft bill could be circulated to all those individuals and organizations who would be interested in commenting on it. It might well be, therefore, that during the summer months this process could be going on and whenever parliament comes together again the committee would be in a position to continue its study and to hear the views of those to whom in the meantime the draft would have been circulated.

I put this forward as one suggested method of procedure only which the committee might consider. It might prefer to consider others, or it may prefer others, but it does seem to me this could be a very logical method of proceeding, and it was with this in mind that the Prime Minister made his suggestion earlier today, and it was with this thought in mind that we felt that this would be an appropriate time to bring this resolution before the house. That is all there was to it, and we had not any of the evil motives in mind attributed to us by the hon. member for Essex East.

Perhaps I should just conclude with a reference to some of the things that it might be suggested should be accomplished by any amendments to the War Measures Act. Some of these may have crossed the minds of my hon. friends opposite or some of them. If so, this is all to the good. This problem of amendments to the War Measures Act is not a problem of any one party or another in this house; it is a problem for the House of Commons, the parliament of Canada and the Canadian nation.

The War Measures Act is not the interest or the property of any one party. It is the means by which or through which in times of war a government will be entrusted with the necessary powers for the effective and successful prosecution of that war. And if, therefore, there are views held in common here as to the lengths to which we can go and the limits to be put on the lengths to which we should go in amending the War Measures Act, it is all to the good. It does seem to me these are some of the areas in which it might be thought appropriate to amend the War Measures Act.

First, amendments placing limits upon the rights of the governor in council to authorize the deportation of Canadian citizens. Second, it may well be considered whether or not we should amend the War Measures Act to take away the power to deprive Canadian citizens of their citizenship under the War Measures Act without in any way interfering with any other statute, the citizenship act itself, which confers those powers. Therefore we certainly may well consider whether it is not perfectly proper and indeed essential to limit the power to take away citizenship under an emergency measures act such as the War Measures Act.

Again, we might consider the question of whether persons detained under the emergency powers of the War Measures Act should have the right of hearing written into the act itself. I would think hon. members would feel that such a hearing should not be held in open court before the ordinary judicial tribunal. Professor Lower and I exchanged some views and the hon. member for Essex East and Professor Lower exchanged some views on this in the committee last year; but it certainly might be considered whether there might not be provided in the statute itself some right of review of the detentions under these emergency powers.

Then there are several sections of the War Measures Act, it seems to me, such as sections 5, 8 and 9, which could well be looked at to see whether they are really necessary at all. The committee could consider whether they should be repealed or amended so that if continued they are left over in substantially modified form. As I have indicated the government—

Mr. Martin (Essex East): Will the minister permit a question?

Mr. Fulton: Yes.

Mr. Martin (Essex East): I put this forward for non-controversial purposes. Does the minister not recognize that practically all of these proposals are embodied in the bill which I introduced in the house on January 31?

Mr. Fulton: If my hon. friend has seen the light after 22 years I am delighted. He and his party had 22 years to do these things. We are just delighted, as I said a moment ago. We welcome the speed with which the hon. member now seeks to move. We just hope he will not over-reach himself.

These are some of the areas in which we think the committee might consider amending the War Measures Act. As I said, the government will be prepared, if the committee desires, to lay before it a draft bill putting in concrete form these and some other ideas in order to assist the committee in its deliberations.

(Translation):

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I have no intention of following up the purely political comments made by the hon. Minister of Justice (Mr. Fulton) with regard to the hon. member for Essex East (Mr. Martin).

The legislation before us today is very simple. The comments made by the hon. member for Essex East who spoke after were based on unchallengeable facts.

This legislation is to appoint a special committee responsible for examining the War Measures Act and recommending any amendment of this legislation considered appropriate in the perspective of 1961.

At one time, the hon. Minister of Justice quoted two names of animals in connection with the comments of the hon. member for Essex East. I do not propose to follow in the minister's footsteps in that respect.

Yet, I might tell him this. The government makes me think of a tortoise which has to be pulled by the ears to get the promised job done.

Mr. Ricard: Have you ever seen a tortoise's ears?

Mr. Deschatelets: Mr. Speaker, I now want to refer to page 5949 of the English issue of *Hansard*, dated July 7, 1960, to recall a few words from the Prime Minister's statement in answer to a question by the hon. member for Essex East.

(Text):

I think the whole act deserves to be considered, as the hon. member for Bonavista-Twillingate said. I think if we would get together the membership in the house and deal with the War Measures Act and ascertain the degree to which the rights of the individual may be maintained to the highest extent without detriment to the security of the nation as a whole, changes and amendments might be made to that act. If hon. members of the house so desire, I would be willing that at the next session a committee be set up to consider this whole field, for the War Measures Act, like all measures passed for the purpose of ensuring the salvation and survival of the state, has been found in the light of experience not only here but in other countries to contain provisions that ought to be ameliorated or subdued in the interests of the individual while at the same time maintaining the security of the state.

(Translation):

Mr. Speaker, when the Prime Minister last year—I think it was on July 1—introduced his bill of rights, the leader of the official opposition (Mr. Pearson) suggested for the first time that while considering the bill on fundamental freedoms, we might at the same time take up the War Measures Act and make such improvements and amendments to it as were deemed necessary.

The Prime Minister then did not see fit to accept the suggestion of the leader of the official opposition.

When the bill of rights came up, we submitted amendments which were rejected by the Minister of Justice. When the matter came up again in committee of the whole, we again submitted the same amendments, which were again rejected.

These are facts which no one can deny.

The only measure submitted this year is Bill C-62, sponsored by the hon. member for Essex East, which proposes some very important amendments to the War Measures Act.

I can say to the hon. member for Essex East that the committee which is to be set up would be well advised to consider the amendments he suggested on January 31 last.

I feel sure that the legal experts who will be invited to the committee will also stress the importance of the recommendations made by the hon. member for Essex East.

Mr. Speaker, this is obviously a bill which has to be extensively scrutinized and which calls for considerable study, as the Minister of Justice said, because times have changed and the dangers that might result from a state of war are not all known yet. We shall have to take into consideration, the disaster which might follow a state of war, as well as security requirements and the safeguard of fundamental freedoms for individuals.

I am sure that those hon. members who will have the privilege of sitting on that very important committee will consider the bill very carefully in order to include in our statutes, without any partisanship, a War

Measures Act that would spare as much as possible the rights of our citizens even in time of war.

Mr. Speaker, before assuming my seat, I wish to read a few lines from an answer given by the Minister of Justice to a question put to him by the hon. member for Essex East (Mr. Martin), and I quote from page 5463 of *Hansard*, the following question of the hon. member for Essex East:

(Text):

Before the minister leaves the subject of the bill of rights, may I be permitted to ask another question. My recollection is that the Prime Minister said, I think at this session, there would be amendments brought in to the War Measures Act. The government has not given any indication of its intention in that regard. I have pointed out that I have prepared amendments that are incorporated in a private bill that has not yet reached this house but notice of which exists. Is it the government's intention to proceed with the amendments to the War Measures Act during this session?

(Translation):

And here is the answer given by the Minister of Justice—let us not forget that this is on May 27, 1961, just a few days ago—and I quote:

(Text):

My department has been working on amendments to the War Measures Act. We are not at the moment in a position to recommend legislation. I therefore regret that I am unable to assure the hon. member that an amending measure will be proceeded with at this session. It is also my recollection that the Prime Minister indicated that some action would be taken, but I am not quite sure whether the intended action referred to was legislation or a committee study. However, whichever it was, my recollection is that reference was made to action being taken at this session.

At the moment, so far as my responsibility goes, I am not in a position to state definitely that we will be in a position to take action at this session. If we should find ourselves in that position, and if there should be an immediate demand for action, we would then do our best to proceed; but I must say that in view of the stage the session has reached, and the state of the order paper, I think probably we all might wish to have another look at that situation.

(Translation):

Now at that time the Minister of Justice says:

(Text):

There was no immediate demand for action.

(Translation):

It must not be forgotten that while the Minister of Justice was stating: "There was no immediate demand for action", the hon. member for Essex East (Mr. Martin) had put on the order paper, since January 21st last, a bill in which he suggested very important amendments to the War Measures Act.

I listened carefully to the remarks of the Minister of Justice, and I understood that the house would not be asked to study, during this session, a bill amending the War Measures Act, but that such study of it that could be made would bear fruit next year.

Mr. Speaker, I wonder why efforts are being made to deprive the hon. member for Essex East of the credit to which he is entitled. What will come out of this? From time to time, measures of this nature, which transcend partisan considerations, are introduced, and I believe things would be so much easier if credit were given for it to a member, even if he happens to sit on the opposition side.

The hon. member for Essex East has been a member of this house for many years. He has been the very impersonation of due respect for the rights and freedoms of citizens, and I am of the opinion that the Prime Minister, and more particularly the Minister of Justice, would be much more deserving if—

(Text):

Mr. Speaker: Order. I thought the hon. member was nearing the termination of his remarks.

Mr. Deschatelets: I am just about finished, Mr. Speaker.

(Translation):

Mr. Speaker, in concluding my remarks, I wish to assure the Prime Minister and the Minister of Justice that we shall do everything possible so that the study of this measure will be most profitable in order that the bill to be submitted to us in due course will protect the rights of the citizens in peacetime as well as in wartime.

(Text):

Mr. Speaker: Order. Does the house wish to dispose of the motion before I call it five o'clock?

Some hon. Members: Agreed.

Motion (Mr. Diefenbaker) agreed to.

Mr. Speaker: It being five o'clock the house will now proceed to the consideration of private and public bills, the former having precedence, pursuant to section 3 of standing order 15.

(Translation):

Mr. Alexis Caron (Hull): Mr. Speaker, I rise on a question of privilege.

Referring to today's order paper, and more especially to the item "Order of Business", this is what I find:

From five to six o'clock p.m.—Private and public bills, the former having precedence. (De cinq heures à six heures du soir: bills privés et bills publics, ceux-là ayant la priorité.)

I wonder what is the meaning of the term "ceux-là"? Does it refer to private bills or

to public bills? Would it not be better to write "les premiers ayant préséance", because the term "ceux-là" as it is now used, could apply to public bills as well as to private bills.

(Text):

Mr. Speaker: The hon. member's suggestion will be taken into account.

PRIVATE BILLS

THREE RIVERS—ST. LAWRENCE RIVER BRIDGE

The house in committee on Bill No. S-15, respecting the construction of a bridge over the St. Lawrence river near the city of Trois-Rivières—Mr. Paul—Mr. Flynn in the chair.

On clause 1—*Construction of bridge authorized.*

Mr. Howard: There is only one general question that I should like to pose dealing with the bridge itself and more particularly with a clause of the bill assented to by the legislative assembly of the province of Quebec. I appreciate the fact that we are not dealing with that bill except in so far as it is in the schedule. Before I proceed I wonder whether I may inquire whether my reference to these matters in the schedule could be considered under the schedule. You will be calling the schedule of the bill, will you not, Mr. Chairman, even though it is a copy of an act assented to by the legislature of the province of Quebec?

The Chairman: Yes.

(Translation):

Mr. Paul: Mr. Chairman, when this bill was drafted, the sponsors felt that they should include as a schedule to Bill S-15, a piece of legislation that was adopted by the provincial legislature in 1956, so that the members of the House of Commons would be familiar with the powers of this corporation which under this bill applies to the house for an authorization which in fact is nothing more than a requirement under section 11 of the Canada Shipping Act. Consequently, the hon. member should feel free to ask questions about the schedule any time he feels like it. On the other hand, I should like to point out to him that this parliament has no authority to make any change whatsoever concerning the "Corporation du Pont de Trois-Rivières" which was incorporated under a statute of the Quebec legislature.

(Text):

Mr. Howard: I quite appreciate the fact that one cannot alter a provincial bill itself. In addition to that, I would say that I have no desire even to attempt to engage in such a practice. The only purpose is so far as the point of interest is concerned. By hon. members raising this matter, as was done by my friend the hon. member for Vancouver East at the time the bill was given second reading, and perhaps by making reference to this particular thing, the result may be this. At some subsequent time the legislative assembly of the province of Quebec may be involved in amending this particular statute. If these matters are dealt with somewhat here, the question may be raised in the minds of the legislators in that province and they on their own initiative may desire to do something. However, my particular question has to do with what I will call section 22 or part 22 of the schedule, which I imagine is section 22 of the provincial act respecting the construction of this particular bridge. With some guidance from you, Mr. Chairman, perhaps we could leave these particular remarks until we get to the schedule; or perhaps we could deal with them under clause 1 because the whole matter deals with the provisions contained in clause 1 of the bill and with the maintenance and operation of the bridge. However, whatever you think would be the better way in which to approach the matter, Mr. Chairman, will be all right with me.

The Chairman: It seems to me that the discussion probably would be more appropriate when we come to the schedule because in clause 1 there is no special reference to the schedule. Usually the debate on clause 1 of a bill is more of a general nature. I think it might be better to wait until we reach the schedule.

Shall clause 1 carry?

(Translation):

Mr. Pigeon: Mr. Chairman, I have only one question to put to the hon. member.

In wonder if it would take too much time to give the names of the principal members of the corporation or of those who were the promoters of this bridge project.

Mr. Paul: This bill, as I have already said, was introduced in the provincial legislature in 1956, as a result of concerted action on the part of the chambers of commerce of the city of Three Rivers and the vicinity. Several municipalities, I should say, nearly all the municipalities of central Quebec passed resolutions supporting the project, which when implemented will favour the economic development of that part of the province.

The principal officers of the corporation are Mr. Frank Spenard as vice president, Mr. François Nobert, a barrister in Three Rivers, as secretary or treasurer. There is also a Mr. Wickadam who is president of the corporation. The bill also provides for the appointment of a representative of the city of Three Rivers so that the city will have someone to look after its interests when the time comes

to do away with the ferry-boat system now in operation between the north and south shores of the St. Lawrence river.

Mr. Pigeon: I should like to ask only one other question. Has Mr. François Nobert been elected to the post of secretary or was he imposed by—

Mr. Paul: I do not think that any change has occurred in the respective functions assigned to the persons whose names I have just given since the corporation has been in existence.

(Text):

Mr. Howard: There is one additional thought that I have here. In answer to the first question I understood the hon. member to give the names of three individuals and the reference to a fourth one to be appointed by the city of Trois Rivières. In this regard I think I must make reference to the schedule and say that in the schedule which was assented to 2nd February, 1956, as found in the bill at page 3, there appear the names of two others who were members of the corporation, namely J. Henri René de Cotret and Maurice Langlois. I wonder whether these people are still members of the corporation.

Mr. Paul: Mr. Chairman, they are still members of the corporation. I did not give the names of all the directors of the corporation, but only those of the executive.

Clause agreed to.

Clauses 2 and 3 agreed to.

On the schedule.

Mr. Howard: Mr. Chairman, I think the discussion will be relatively short in connection with the schedule and therefore perhaps it is not necessary to consider it point by point.

My remarks are concerned with paragraph 22 of the schedule. That paragraph gives to this corporation a monopoly in the operation of this bridge over any other bridge, tunnel or ferry service, save only the ferry operated at the present time by the city of Three Rivers, for a radius of 25 miles above and 25 miles below the site of the bridge.

I assume this means that within a total distance of 50 miles no other person can build or operate a bridge, tunnel or ferry over or under the St. Lawrence river during the period of eight years from the sanction of this bill. I do not know whether that means eight years from February 2, 1956, or eight years from the passage of the bill now before us. In any event, it is not only covered for a period of eight years, which I presume is the construction period, but it is also covered for the whole period of the utilization of the proposed bridge. So long as the bridge is in use, no other person can build any bridge, ferry or tunnel within a 50 mile area of the site of the bridge; that is, an area of 25 miles each side of the bridge.

It seems to me this is a rather unusual degree of power and authority and an unusual amount of monopoly to give to a corporation. I presume that initially it was done to cover the period of time until the indebtedness of the bridge was paid off by way of tolls collected. If this was the intention, I think it should be so stated in the bill. Perhaps one could accept that sort of proposal in the light of whatever circumstances might be applicable. However, I think it is an extremely unique power to give forever, to the corporation, or so long as the bridge is utilized. The corporation is in a monopoly position in this regard and no other person is allowed to build a bridge, ferry or tunnel in this area.

It may well be that the growth of this part of the province of Quebec which will be served by the bridge will make it inadequate in a few years' time to serve the traffic that uses it. This is quite apart from the discussion we had earlier about the width of the bridge and why it could not be built in such a way that would allow expansion for additional lanes of traffic. This monopoly provision is even more difficult to appreciate.

I certainly would not wish this committee to take this action and then within a period of ten or 15 years find the bridge totally inadequate to serve the area, in view of the traffic using it. We would not want to prevent the legislature of the province of Quebec from having additional bridges constructed as time goes on.

In the city of Vancouver in the late 1930's a three-lane bridge was built across Burrard inlet by a private company. Not too many years after the bridge was constructed it was found to be completely inadequate to handle the traffic using it. Within five or six years of this bridge being constructed by a private company it was purchased by the tolls, bridges and highway authority of the provincial government, and the provincial government subsequently built another bridge a few miles from the first one in order to deal with the volume of traffic travelling between the north Vancouver area and the lower mainland part of the city of Vancouver.

I think it would be most unwise for us to find ourselves in this position, especially in view of the importance of the area which the hon. member represents and the area that will be served by this bridge. It would be helpful to myself, and I think to all hon. members of the committee, if the hon. member would tell us the reason why there is this very unique, "forever" type of monopoly given to this corporation. Perhaps the hon.

member would also tell us what possibilities exist for building an additional bridge, ferry or tunnel if within a relatively short period of time the volume of traffic using the bridge demands additional facilities.

(Translation):

Mr. Paul: Mr. Chairman, in view of the remarks made by the hon. member for Skeena (Mr. Howard), I wish to say that if we examine the preamble of the provincial bill, we note it has been introduced to serve the interests of a whole series of constituencies enumerated on page 3 of the bill, namely Three Rivers, Maskinonge, Champlain, St. Maurice-Lafleche, Nicolet, Lotbiniere and Drummond-Arthabaska.

That is to say that a whole industrial sector will benefit from the advantages of that bridge.

I beg to disagree here with the previous speaker who said this bill was actually setting up a monopoly.

It is too bad the hon. member has not yet had the opportunity of visiting that beautiful district of the province of Quebec. He would have discovered that topographically the site is not at all suited for the erection of another bridge, first of all because of the width of the river, and second, because of the difficulties of approach on the south and north shores in all other locations.

The nearest large commercial centre is located on the south shore of the St. Lawrence river at Sorel. A bridge construction in that location would raise difficulties which could be overcome only with a considerable capital outlay.

Furthermore, when the provincial legislature examined the request submitted by "La Corporation du Pont de Trois-Rivières", it unanimously granted the request. Exclusive rights were granted the corporation, not to create a monopoly but to insure that the project would be seriously dealt with.

The amount of $35,000 has already been spent for the preparation of plans, and that amount was raised through voluntary contributions raised in the Three Rivers area.

The drive was conducted long before the passing of the bill incorporating "La Corporation du Pont de Trois-Rivières" by the provincial legislature.

If we are today faced with the situation that the corporation has to submit its case to parliament, it is because the governor in council cannot on his own authority grant permission for the erection of a bridge over the St. Lawrence seaway.

[Mr. Howard.]

The governor in council has the required authority when the construction of a bridge over any other navigable water is concerned, but not in this case.

Plans were submitted to the Departments of Transport and Public Works, and were not approved by government engineers. After some checking it was realized that they contained drawbacks or disadvantages for navigation on the St. Lawrence river.

The House of Commons adopted a similar bill in 1956. A three-year limit had then been set to have the plans approved by the governor in council. Unfortunately, they were not approved. I am now talking from memory and I wonder if the plans were ever submitted during that three-year period.

That is the reason why it was necessary to renew the rights granted under the 1956 bill.

The hon. member has referred to an eight-year limit. One has to be aware of the interest taken in the construction of a bridge at Three Rivers to realize how anxious the corporation is to carry out this project as soon as the required powers have been granted by this house.

First of all, a three-year period is necessary, that being the ultimate limit for the plans of the future Three Rivers bridge to be submitted to the governor in council for approval. Then, during the three-year period following the approval of the plans, the corporation will have to build the bridge; that is the reason why the provincial legislature has specified in the bill a possible eight-year limit for the project to be carried out.

However, it is hoped that the corporation will be able to build the bridge before the end of this period, to the satisfaction of all that industrial and promising area of the province of Quebec.

Mr. Denis: Mr. Chairman, I have no intention of opposing the building of a bridge at Three Rivers particularly on account of the fact that there was once another bridge, known as the Duplessis bridge which subsequently collapsed, probably because the guards who were supposed to watch its approaches against the communists were absent.

If I understand the bill correctly, a bridge is to be built which will not only be used by the citizens of the constituencies mentioned in schedule 3, but by all cars from every part of the province and of the whole country.

I fail to understand why we are being asked to pass a bill to entrust a corporation set up beforehand by a provincial legislature with

the building of a bridge which may or may not pay its own way. Why should we members of the federal parliament, vote an advance of funds, or actually guarantee that the promoters of that corporation should never lose any money, but on the contrary make some?

I am in favour of having a bridge at Three Rivers. It will be extremely useful. And to please my hon. friend, the hon. member for Berthier-Maskinonge-Delanaudiere, I even believe it might be preferable to build it from Berthier to Sorel as it would link together two very important municipalities.

I do not see why we should vote a bill to benefit a corporation comprising Conservatives, Liberals and even C.C.F. people—of course, there are no members from the New party in it, but such will eventually be the case because the C.C.F. people are in it, and they only changed their name to please the public and not because of new ideas.

At all events, Mr. Chairman, I object to allowing even public corporations to build a bridge with only profit sharing in mind, because a corporation becomes illegal the moment it shares in profits only. Consequently, if the government is kind enough to give us a bridge, it should not do so only for the benefit of a handful of citizens—

The Chairman: Order. I must say I have tried most strenuously to connect the hon. member's remarks with the schedule but I fail to see any connection.

I realize that he is now dealing with section 1 which is already carried. The schedule is merely the statute under which the "Corporation du Pont de Trois-Rivières" was incorporated and I fail to see the connection of the hon. member's remarks.

Mr. Denis: Mr. Chairman, I was speaking on schedule 3 which follows section 3 we are considering at present. I could not deal with it while we were examining section 1.

If Your Honour will just take the trouble of looking, he will see that for himself. I do not know what that schedule is doing there but it seems obvious that if the federal government ever decides to adopt this bill, it is the Three Rivers corporation which will benefit from it while the federal government will foot the bill.

If profits are to be made, it seems to me that it is the government which should be making them since it is the government which will be lending or guaranteeing the necessary funds.

Mr. Paul: Mr. Chairman, in reply to the hon. member for St. Denis, I should like to point out that the person who drafted this bill is a lawyer whose competence is highly recognized in the city of Three Rivers, since it is Mr. François Nobert, who was the sponsor of this bill in the provincial legislature, and who then acted as counsel when the bill was examined by the senate committee in 1956.

Besides, when one refers to bridges—as did the hon. member for St. Denis—he recalled unfortunate events that took place in the city of Three Rivers when the Duplessis bridge collapsed—the hon. member seems to connect the collapse of this bridge—

The Chairman: Order.

Mr. Paul: —with certain communists who were blamed at the time for the collapse of the bridge—

The Chairman: Order.

Mr. Paul: —but I wonder whether the member for St. Denis could tell us who is responsible for the collapse of the Duplessis normal school in Three Rivers last April?

The Chairman: Order. I think I need not indicate to the hon. member why I called him to order.

(Text):

Mr. Howard: I should like to make one or two comments following the remarks of the hon. member who sponsored the bill. I must apologize not only for not having had the pleasure of visiting his fine part of the country but for not being able to pronounce the name of his riding. It is for that reason I refer to him as the hon. member who sponsored the bill.

I was interested in the comments of the hon. member for St. Denis when he spoke about profits and losses. I wondered if they represented a reversal of the stand taken with regard to the trans-Canada pipe lines project a few years ago when they wanted the Canadian taxpayers to lose everything provided certain individuals and companies could make a profit. I can see that there has obviously been a change in policy, besides a change in the position of the hon. member in the house. I notice that he has moved away from the front bench and I wonder whether he has gone to the back bench in order to get close to the New party about which he was speaking.

If the topography of the area around or alongside the river where this bridge is to be built makes it impossible for an additional bridge to be built there, then I wonder why this should have to be stated in a statute. That is the only thought I have on this. Perhaps it is not necessary to go once again into the whole question of whether or not this is a monopoly. I think

that has been well enough established. Besides, once we get into the profit and loss question we shall not get too far. Your agility, Mr. Chairman, would bring you immediately to your feet to slow us down and I do not want you to go through that exercise too often.

Schedule agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

NATIONAL MORTGAGE CORPORATION OF CANADA

Mr. M. D. Morton (Davenport) moved the second reading of Bill No. S-16, to incorporate National Mortgage Corporation of Canada.

Mr. Garland: Mr. Speaker, does the hon. member intend to explain his bill?

Mr. Morton: Mr. Speaker, perhaps, because of the importance of this bill, I should make a few brief comments. I shall attempt to be brief because I realize some hon. members on the other side of the house intend to make some comments.

Bill No. S-16 proposes an act to incorporate a public company under the name of National Mortgage Corporation of Canada. This company is being formed because of an apparent need for secondary mortgage financing. This need was set out in an article entitled "An Investment Opportunity" written by J. L. Whitney, one of the incorporating directors, in the *Financial Post* on August 1, 1959. Shortly after that a group of interested individuals began to study all of the problems. As a result of this study and negotiation this company now requests incorporation.

The bill has a threefold purpose. One, that the company be allowed to deal in mortgages. Two, that the company be given the power to raise funds for investment in N.H.A. and conventional mortgages, through the sale of mortgage bonds to investors. Third, to give the company the power to carry on the business of managing and servicing mortgages, not only those which are owned by its policyholders, but also those which are owned by other individuals and corporations and which are left with the company for the purpose of being serviced.

It is the hope of the sponsors of this bill, through the medium of their mortgage bonds, to be able to induce institutional lenders, who have restricted their operations to relatively large urban centres throughout Canada, to make money available to them in order to make mortgages freely obtainable in remote communities. This will be done in the following way.

The company will set up two funds. The first fund will be used for the purchase of N.H.A. mortgages which are government backed. Those funds will be raised by the issuing of certificates to the lenders, either trust companies or large institutional companies or individuals who lend this money to the proposed companies, for which they will in return receive certificates which can be registered as to principal or as to interest and transferrable the same as bonds. The money received in this way will be invested in N.H.A. mortgages.

The second fund will be used for conventional mortgages and, of course, certificates will be issued in the same way but the interest rates on these certificates will be slightly higher than those received in respect of the ones backed by N.H.A. loans.

That is a brief outline, but I should just like to point out that the corporation will have a capital stock of $10 million, which may be increased to $15 million, and shall be divided into shares of $10 each. At least 60 per cent of any offering of stock be reserved for a period of 15 days from the time of such offering, for the purchase by corporate or natural persons ordinarily resident in Canada. It should also be noted that not less than 75 per cent of the directors of the corporation must be Canadian citizens, ordinarily resident in Canada. The head office of the company is to be in Toronto.

I can assure hon. members that when this bill is referred to the banking and commerce committee, representatives of this proposed company will be in attendance to explain in detail its proposals, and to discuss them with anyone who is interested at that time.

Mr. J. R. Garland (Nipissing): Mr. Speaker, I should like to say a few words concerning Bill No. S-16, an act to incorporate a company under the name of National Mortgage Corporation of Canada. My remarks will be brief, but I intend to pose a few questions which seem to me to require answers at this stage.

It should be noted that the petition was dated December 14, 1960 and was read on December 19, 1960. When this bill was given first reading, in the other place, on April 25, the purpose was outlined briefly. The purpose was that the company proposed to deal in mortgages of two types; those which are guaranteed by the government under C.M.H.C., and conventional mortgages. It was also stated that the company desired to raise funds for investment in N.H.A. mortgages and conventional mortgages. It is also proposed

that the company shall have the right to manage and service mortgages which are owned by its bondholders, as well as mortgages placed with the company.

Therefore, this bill provides, as the sponsor suggested this afternoon, for three main functions. One, that the proposed company be permitted to buy and sell mortgages. Two, that the company is to have the power to raise funds. Three, that the proposed company will be allowed to manage and service mortgages.

I think it will be agreed that this bill provides for a broad range of activity in the mortgage financing field in Canada. While the bill provides for activity in two separate and distinct mortgage financing fields, I cannot argue that the principle of the bill is contentious. In fact, for the past three years or more, I have urged the government to encourage the establishment of a secondary mortgage market in Canada, and on at least three occasions have set out in detail my version of an institution which could be publicly or privately owned, and would purchase N.H.A. mortgages guaranteed by the government to be used as collateral against the issuance of certificates in small denominations available to the small private investors, as well as to the large corporations. Many of these small investors, some with only a few hundred dollars, up to this point have not been able to conveniently invest in housing.

The interest rate paid on these certificates will vary with the N.H.A. fixed rate, probably one half of one per cent to three quarters of one par cent below the N.H.A. interest rate. Therefore, the series A bonds, being mortgage bonds backed by N.H.A. insured mortgages and by cash, should encourage new investors. It is my sincere hope that these mortgage bonds will be made available in small denominations, and that the greatest possible encouragement will be given the small investor to channel some of his savings in this way into the mortgage lending field. In my view it is only in this way that this corporation will be of any real benefit in bringing any new money into the mortgage lending system. Surely it cannot be argued that simply switching investment from one large corporation to another at a profit to both would contribute very much in this field. Now we have a new development and rather timely in respect of this corporation, of the government unloading C.M.H.C. mortgages at a discount which obviously will provide handsome additional profits for organizations such as the one envisaged in this bill.

A second mortgage fund to be known as mortgage fund B will be used in connection with the financing and sale of older houses, we are told, and to provide funds for investment in the conventional mortgage field. It is also said that this fund will provide a suitable market for individuals, corporations and estates to sell or convert mortgages into cash. I am especially interested in the aspect of activity proposed in respect of the financing of houses already built. I would hope that we can have some clarification of what precisely is proposed in this field.

During second reading in the other place, at one point it was indicated that the fund would be used for this purpose and later that consideration would be given to ways and means of making financing available on existing houses. I would point out that there is some difference between the term "would be" and the matter of possibly giving consideration. I would hope that the hon. member who introduced this bill will be able to clear up this point. I would remind hon. members that this bill gives the corporation broad powers and once they have qualified as an approved lender under N.H.A. the company will be able to buy, sell, administer, deal in and service all mortgages coming under N.H.A. Provision is also made for investment in income-producing realty, and it will be governed by the provision of the Loan Companies Act.

As I mentioned earlier, the original petition was presented in the other place on December 19. It is of more than passing interest to note that on April 17 the Minister of Public Works made an announcement on government policy concerning the establishment of a secondary mortgage market and it is of equal interest that first reading was given to the bill in the other place on April 25, only eight days later, second reading the following day and the bill was then referred to the Senate standing committee on banking and commerce. This committee examined the bill on May 3 and third reading took place on May 10.

As a result of the careful scrutiny given this bill in the other place nine amendments of a rather technical nature were made. It is rather strange that this bill, which was so long in the drafting stage, and which had a model bill to work from, was so technically deficient when presented to the other place, unless the sponsors realized the need for haste with these new opportunities just around the corner, with the government's decision to unload $170 million worth of mortgages at a discount.

Although provisions exist in the 1954 National Housing Act for block sale of existing mortgages, there has been relatively little activity in this field up to this time. I simply pose the question that it seems a little more than coincidental that the initiative for the

formation of the corporation embodied in this bill has been timed so completely in accord with the government's announced policy of April 17 to unload a substantial quantity of mortgages at discounts.

My main objection to this bill arises from the proposed name, National Mortgage Corporation of Canada. The use of "National" and "of Canada" together clearly gives the impression of a government agency. I realize this matter was dealt with at some length in the other place, because I have carefully read the proceedings there. However, some very interesting evidence was presented on May 3 to the banking and commerce committee in this respect. Then later an amendment was moved on third reading in an effort by some hon. members in the other place to correct the confusion that will arise, and indeed has arisen already, as to the relationship of this corporation and the federal government. I would urge hon. members to read the objections presented to the banking and commerce committee by Mr. K. R. MacGregor, superintendent of insurance. His argument was sound and it is not my intention to delay the house by repeating or referring to his objections, nor am I going to raise the objections put forward by certain private companies such as the National Trust.

I would, however, draw hon. members' attention to the views of Dr. Stewart Bates, president of Central Mortgage and Housing Corporation, and as such perhaps the person most qualified to make a recommendation in this matter. I would like to quote, if I may, from a letter of Dr. Bates.

Mr. Speaker: Is the hon. member proposing to quote on the question of the name of the corporation? Does the letter which the hon. member has in mind quoting refer to the name of the corporation?

Mr. Garland: Only, sir.

Mr. Speaker: I would think that that matter is not one properly to be elaborated on second reading. The hon. member has indicated that there is objection to the name, and this is a matter which will come before the committee and before the committee of the whole house and is a matter of detailed discussion of the bill. It would be appropriate then to take exception to the name.

Mr. Caron: On the point of order, if the hon. member is speaking to the principle of the bill, namely the abuse of the word "National" in the name of any company, not particularly this company, then would it not be considered as part of the principle of the bill?

[Mr. Garland.]

Mr. Speaker: Well, if hon. members feel that a matter of principle is involved in the proposed name I do not want to be too technical about the discussion. I would think that one should not get into a detailed presentation of evidence on the point.

Mr. Garland: It was my intention to refer only to this one piece of evidence. It seems to me to be quite important because of the position occupied by Dr. Bates. I would quote from his letter, if I may:

> Since Bill S-16 to incorporate National Mortgage Corporation of Canada was introduced in the Senate it has been brought to our attention that among approved lenders and others there is confusion as to whether this is a private corporation or a publicly owned one. In particular, we find many mortgage buyers believing this to be a government company, associated with Central Mortgage and Housing Corporation in connection with the recently announced government policy to develop a secondary mortgage market in Canada through Central Mortgage and Housing Corporation.
>
> The confusion appears to stem from the fact that Central Mortgage and Housing Corporation administers the National Housing Act and insures National Housing Act loans and indeed, makes direct National Housing Act loans on its own behalf.
>
> We believe that the confusion to which I refer is undesirable from the point of view of the sponsors of the proposed new corporation and as well, from the point of view of this corporation. We would deem it a favour if you would explore with your colleagues and the sponsors of the new corporation the necessity of having the new corporation renamed.

This is a serious request from the president of Central Mortgage and Housing Corporation and merits the serious consideration of all hon. members. As head of the corporation, Dr. Bates is possibly in the best position to assess the confusion which has arisen already and which is bound to arise in the future. Quite apart from Dr. Bate's concern about the immediate future I would also remind hon. members that governments of the future may find it necessary and desirable to set up a public corporation along these same lines. I would therefore urge that the words "National" and "of Canada" be not granted to this company to be used together in the title, one or the other would be O.K. but certainly not both together.

I do not think there is any doubt that this has caused considerable confusion. I have proof of that in the statement of the Minister of Public Works in this house on May 9 in dealing with his announcement of the first offering to the secondary mortgage market, in which he had this to say:

> Prospective purchasers should therefore get in touch with one of the organizations I have just mentioned, and not with the corporation itself.

I should also like to know what the Secretary of State's department thinks about this matter. It has always been my understanding

that any words capable of giving the impression that the organization is a federal institution or a federal agency have been considered to be objectionable and have been frowned upon by the department.

I know that hon. members are aware of "Fanny May", the United States federal government company, the proper name of which is the federal national mortgage association. This, I suggest, is just another reason to recognize that the day may well come when we will want to form a government corporation in this particular field. What we are doing here today cannot or is not likely to be undone, and I appeal to hon. members not to grant to a private corporation a name that clearly marks it as an instrument of the federal government. Surely we are giving this corporation broad powers already and we should not be required to give it a name that would even suggest it to be an agency of our national government.

With these few general remarks, I should like to ask the sponsor a few questions. First, will this company be able to sell bonds to the banks which would yield 6 per cent and then distribute profits made on the operation of fund A, thus enabling the banks to earn more than the statutory 6 per cent allowed them under the Bank Act? Second, since the securities of this corporation, the A bonds, will be indirectly guaranteed by the government, is it not a fact that they will in effect be competing with debentures of school boards. municipalities and provinces on the one hand and at the same time getting the federal government off the hook with regard to some of its long term commitments? Normally I would not object to this form of competition but surely all hon. members are aware of the unfair treatment these junior levels of government have received as a result of the excessive borrowing of the federal government. In fact, this competition from the federal government—

Mr. Speaker: Order. I hope the hon. member does not propose to pursue that line because it is not raised at all by the bill.

Mr. Garland: Then I will refer to another matter. I had intended to establish this point with statements made at the recent conference of mayors and municipalities in Halifax but perhaps I can leave that for another opportunity. There is another question I should like to pose to the sponsor of the bill. If the government could unload a number of long term commitments on this new market, is it not possible that the Minister of Finance (Mr. Fleming) could hide a part of his deficit? Certainly he could avoid the necessity—

Mr. Speaker: Order. The hon. member is discussing public finance and not the incorporation of a company with certain restricted powers to invest in mortgages. I do not want to keep interrupting him but to my mind the bill does not raise any question of public finance.

Mr. Grafftey: He will have to throw away that page of his speech.

Mr. Garland: Surely if the corporation we are creating is to deal primarily in mortgages being sold by an agency of the government there has to be a relationship. However, I will proceed.

Finally, the market is only going to take existing mortgages if a profit can be made on them. If they yield less than the discounted value of current mortgages they are not going to move. On the other hand, if they are sold at a discount the taxpayer is going to have to pay.

While the need for mortgage funds at the moment is not creating any problem, increased demand is bound to develop in the foreseeable future as Canada's wartime babies hit the housing market and/or when our economy resumes its normal rate of development. Today's problem is a lack of demand for buyers willing to take on these heavy commitments of high cost housing and high cost financing of housing. However, to whatever extent the corporation envisaged in the bill will attract new investors to channel their savings into the financing of housing it will, of course, be welcomed by most hon. members. It is only to the degree that it attracts investors who have not yet invested in housing that the corporation will make an important contribution. I believe there is a place for this kind of institution in the mortgage financing field. I do, however, object vigorously to the use of the words "national" and "of Canada" together in the name of the proposed corporation.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, it is indeed unfortunate that the hour is nearing six o'clock. I have no desire to delay passage of the bill. I appreciate the remarks that have been made by the previous speaker and I am in agreement with them. A problem has been created in this regard mainly because the Minister of Public Works (Mr. Walker) has used the same type of name in referring to this field. Therefore there is an implication that there will be a government crown corporation in the secondary mortgage field and its name would have some relationship to the name now being sought by this company.

I should have liked to have the opportunity to refer to some of the good points in connection with this proposed company because in some respects it is better than most mortgage companies while on the other hand there are also some restrictions. I will not do so, however, because time is limited. There are many who will want to discuss this matter and we do not want to see the bill go to the bottom of the list because we will probably be recessing on the 28th of this month. The bill might possibly die because of its position on the order paper. I should like to see the bill go to the committee where there will be an opportunity to say something about it. I would request the chairman of the banking and commerce committee to have the proceedings respecting this measure published so that even those who are not members of that committee will have an opportunity to study them.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 7.30 p.m.

FARM CREDIT ACT

AMENDMENT TO INCREASE CAPITAL OF FARM CREDIT CORPORATION

Hon. Alvin Hamilton (Minister of Agriculture) moved the second reading of Bill No. C-107, to amend the Farm Credit Act.

He said: Mr. Speaker, in introducing the amendment to the Farm Credit Act on second reading I should like to use the time allotted to me to discuss some of the points of principle raised by the hon. member for Kenora-Rainy River (Mr. Benidickson) when he spoke on this matter last night. His first observation was that this bill had an element of subsidy in it. There is a very small element of subsidy in the farm credit corporation set-up in that the money that is borrowed from the Minister of Finance (Mr. Fleming) is borrowed at the going rate and is lent to the farmers at 5 per cent. It is also equally clear that if the borrowing rate of the farm corporation from the Minister of Finance should decline below 5 per cent, then that subsidy disappears and it could equally be argued that the farmer is subsidizing the Department of Finance. I thought I would raise that point because I want to make it as clear as it is possible for me to make it that this bill is not a hand-out to farmers. It is a partnership arrangement between the government of Canada and those farmers who can produce a plan whereby not only can they pay back the money they have borrowed at 5 per cent interest but they can also provide themselves with a better living at the same time. The emphasis is on the increase of income. This is a perfect example of helping farmers to help themselves.

I should like to put on the record the information requested in relation to the borrowings this last fiscal year. If one refers to the report of the farm credit corporation for the year ended March 31, 1960, at page 14, one will find that the last item is the sum of $15,800,000 borrowed at 5.75 per cent repayable $1.2 million approximately annually, the final payment on June 30, 1985. This item was borrowed by the farm credit corporation near the end of the fiscal year ended March 31, 1960. So even if it is not in the fiscal year under question, I mention that in order to give the full story. In this current year under discussion namely, 1960-61 there have been two additional loans, one for $15 million at 5.75 per cent and the other for $25 million at 5 per cent interest. So in this fiscal year under review the amount borrowed has been $40 million and in the previous year it happened to be, as the record shows, a total of approximately $29 million.

The next question asked by the hon. member was for a review of parallel provincial legislation on farm credit. This is a rather extensive request. I think I can meet it very simply by just taking the provinces mentioned by the hon. member. First of all let me say that there have been some forms of farm credit in every province. These forms of farm credit have changed from year to year. I can probably make the case as clear as it is possible for me to make it by pointing out that in some provinces the terms of lending money to farmers are much more generous than they are in other provinces. This fact can be easily ascertained by looking at where farm credit corporation loans have gone from the federal government under this act.

In the province of Quebec the farm credit act of 1936 and as amended in 1959 and 1960, has the special provision of repayment terms of 39½ years. It has a possible size of loan up to $15,000. As to percentage of security, which is an important feature of any act, they lend up to 80 per cent of the assets on regular loans. To young farmers between the ages of 21 years and 40 years they lend up to 90 per cent of the assets and certainly on regular assets of land and improvements they lend up to 75 per cent. The interest rate is the key fact. It is 2½ per cent. It is very heavily subsidized by the Quebec government.

An additional feature which is very attractive is that the government pays to the farmer a grant of one third of the loan up to a maximum of $3,000. Therefore if a farmer in that province borrowed $9,000, he could get a grant of $3,000, and on the balance he would pay interest on the very generous terms of 2½ per cent. This explains why it was that over 3,000 loans were granted in that province by the provincial government. I should say that these figures I am quoting are for the year 1959. Over 3,000 loans were granted for a total of nearly $13 million. They have outstanding loans to their farmers amounting to over $107 million. This explains why it is that in the province of Quebec the farmers naturally tend to go for the more generous terms of the provincial legislation.

In the province of Ontario, which was mentioned by the hon. member for Kenora-Rainy River (Mr. Benidickson), in 1952 the provincial government set up the junior farmer establishment act, which was taken out of action in so far as new loans were concerned in 1959, after we passed our act. Their age group was 21 to 35 years and the maximum loan was $15,000. The security was 65 per cent on land and improvements—not quite as good as ours, but still very high. The interest rate was 4 per cent for terms up to 20 years, and 4½ per cent for terms between 21 to 25 years. The maximum term of the loan was 25 years. Loans granted under this act in Ontario were about 600 in 1959, for a grand total for the seven years the act was in existence of over 3,000 loans. In the year 1959 $5 million was granted in loans, and the grand total for the seven years the act was in operation was nearly $23 million.

The province of Manitoba passed their agricultural credit act in 1958. In that province loans are granted to persons between 21 and 60 years of age. The act includes a provision for supervised expenditure. The maximum loan is $25,000. The security is 60 per cent on land and improvements, up to 40 per cent on stock, and up to 20 per cent on equipment. The interest rate is a flexible one; it is not to exceed the cost of money by more than 1 per cent. The maximum term of the loan is 30 years. In the first year of operation 435 loans were made, for a total of over $4 million, to give them a grand total up to the present time of approximately $8 million. This is an extremely fine record by the provincial government with this very fine agricultural credit act and the very competent staff which administers it.

I point out these things in answer to the hon. member for Kenora-Rainy River and to emphasize that some of these provinces have very fine acts. et in spite of the very good act in Manitoba, farm credit corporation lending in that province has climbed very dramatically. Perhaps hon. members would like to have the figures which illustrate that point. I will use round figures. In the year 1955-56 some 229 loans were granted in Manitoba, for a total of $900,000. In 1956-57 there were 284 loans, for $1.3 million; in 1957-58 loans amounted to $2.1 million; in 1958-59 there were 454 loans, for $2½ million; in 1959-60 there were 251 loans, for $1.4 million.

In 1960-61, under the new farm credit corporation, loans jumped to 317, for a total of $3.4 million. I suggest, Mr. Speaker, that even in provinces where there is a very fine credit act and very fine staffs administering it, there is a place for farm credit corporation loans from the federal government.

In the maritime provinces there are good farm credit acts. Some of these acts are extremely generous in their provisions, and these show up in the few loans made by the federal government. I will not go through all the various acts in those provinces, but the best way to show the effect of the legislation in the maritimes is by just reading the figures for the last year in three of those provinces.

In 1960-61—an exceptionally fine year from Ontario all through the western part of Canada—all that was loaned by the F.C.C. in New Brunswick was $362,000 approximately. In Nova Scotia last year all that was loaned from the farm credit corporation was $264,000 approximately. In Prince Edward Island, with the new act which has just been put into effect, the farm credit corporation only loaned $598,000.

This leads to the next question asked by the hon. member for Kenora-Rainy River. He said, "What type of co-operation is there between the provinces and the federal government." The hon. member's question was asked in order to ascertain whether there was duplication of effort, and whether there were any quarrels between the various governments.

I can say that at the provincial level the managers of the farm credit corporation are in almost constant touch with the provincial loan organizations and they have worked out certain methods of co-operation which save duplication and which save the two types of credit organization being caught in any kind of a whipsaw play.

In some provinces certain types of loans are featured by the provincial people, and we handle other types of loans. In other provinces we refer loans back and forth between the federal and provincial agencies. If the province cannot handle a loan, we will take a look at it and see if we can handle it,

or vice versa. So generally speaking, at the working level of the provinces there has been very fine co-operation in the last year or so.

In addition to that we have occasional conferences of federal heads of the farm credit corporation and representatives of the various provincial governments. I think these consultations came about largely because of the fact that in the first few months of operation of the farm credit corporation it became very clear, and I noticed it particularly when I took over the department in October, that the loans going into the province of Quebec and the four eastern provinces did not show that startling growth rate that they showed in the province of Ontario and right through to the west coast.

Naturally it will be asked, "Why was this so?" In consultation with the agricultural ministers of these provinces we discovered that the terms of reference of our act do not lend themselves too readily to the type of farming done in the maritime areas. Then of course the very generous provisions of the Quebec act make it very difficult for us to get in there. In the maritimes the set-up we have was not right for their type of operation. In other words, the Farm Credit Act gives a tremendous emphasis to assets in land, and these assets are not available, in most cases, in the maritime provinces. I might make the same observation with regard to the province of British Columbia.

As a result of these consultations the farm credit corporation worked out with one province, first of all, very good co-ordination between the federal and provincial credit organization. As a result we took on as an experiment a new type of loan in the province of Nova Scotia.

First of all we looked at the possibility of marketing the production of the farms in that area. There was a deficiency in the hog production of Nova Scotia in relation to the demand for pork products in that province. It was estimated that some 300 to 400 farmers would be well advised to go into some form of hog production along with their other forms of production in order to meet this deficiency. The price for hogs, as hon. members know, is higher in the maritimes than it is in the central provinces.

A barn was designed, the best techniques of feeding were worked out, and our farm supervisors in these areas are now going out and making this market possibility known to farmers. They are encouraging farmers, in 300 to 400 cases, to take this on as one of the types of activities on their farms.

Mr. Benidickson: Mr. Speaker, I have every desire to co-operate with the minister. However, would the minister indicate, in point of time, when these statistics were prepared in regard to Nova Scotia?

Mr. Hamilton (Qu'Appelle): The figures I quoted for Nova Scotia were for the fiscal year 1960-61. What I am discussing now, of course, is the operation of the farm credit corporation in Nova Scotia in the last three or four months. This, to my mind, is a perfect example of what can be done by going into a certain area and considering the particular economic needs of that area in consultation with the local people. I hope that the setting up of these barns to handle 250 hogs a year will lead to a better living for the three or four hundred farmers who have received these loans at interest rates of 5 per cent.

I think that in other areas we shall need to take a searching look at the farm situation to make sure we are familiar with the situations prevailing locally. I am intrigued by the possibilities in the province of British Columbia, the maritime provinces and certain areas of Quebec and northern Ontario. I might include, also, the fringe areas of the prairies where the Farm Credit Act does not seem to be meeting the need as well as it does in the better established farm areas.

I forgot to mention one problem in Alberta. We realize there is a difficulty there. I refer to the question of lending money to ranchers and in the special areas.

Mr. Benidickson: What about the questions I asked yesterday?

Mr. Hamilton (Qu'Appelle): I have just finished answering them. Before the hon. member arrived I gave the figures for Manitoba, Ontario and Quebec where there is provincial loan legislation. I explained what the rates were, and how we co-operated with the provinces.

That completes the remarks I had to make in answer to the hon. member for Kenora-Rainy River. I should like to end by saying that the demand for this type of credit has been gratifying. It demonstrates that the need exists, and that if we operate in close contact with the farmer and work out plans under which they will not have undue difficulty in repaying the money, while demonstrating at the same time that the farmers concerned are going to enjoy an increased income, there will be a widespread acceptance of the idea of farm credit. Approximately 50 per cent of our farmers are farming land which could, potentially provide them with a good living. If we can provide them with the capital to develop that land into economic family farm units I think we shall have accomplished the main purpose we have in mind.

I should like to thank the staff of the farm credit corporation for the hard work they

have done in the last two years and I should like, also, to thank the staff of the Veterans Land Act administration who have worked in the same office and shown that men of two different organizations can work together under the same heads without too much friction. The results of the last year or so are, I think, a measure of their efforts on behalf of Canadian farmers.

Mr. W. M. Benidickson (Kenora-Rainy River): Yesterday, Mr. Speaker, we had a discussion in this house on the resolution stage of this bill. At that time we indicated to the minister that we felt that in this field he and his department had made considerable progress. We were prompted to compliment him for that. I did, however, raise one or two questions which I do not think the minister has decided to answer. I referred yesterday to the interest rate which is payable by the farm credit board to the government. I indicated that we are amending the bill so as to provide capital which amounts to another $4 million but that in effect it involves 25 times that amount, namely, $100 million.

As far as the operation of the farm credit board is concerned I do not think the minister has, in accordance with my request yesterday, provided us with information as to the rate of interest which applies to borrowings by the farm credit corporation from the government. Under the amendments which were made in 1959, I think, the farm borrower pays 5 per cent. I indicated yesterday that there was some record that the corporation had borrowed from the government under the statute at a rate as high as 5¾ per cent. The minister does not appear to have dealt with this up to the present time.

The Farm Credit Act is a successor to the farm loan act. Under the latter act we had always operated on a non-subsidy basis. According to the report of the farm credit corporation for the year ended March 31, 1960, to which I referred yesterday, there had not been disclosed, in the financial statement, a financial loss. However, I urged the minister in our discussion yesterday to give us information which is up to date, or at least up to date to March 31, 1961, with respect to the operations in the second year of the new farm credit corporation. I do not think the minister has done that. I hope that before the debate is concluded, in view of the fact that this amendment involves $100 million of additional credit, to which we do not object, the minister will indicate the current rate of interest at which the farm credit corporation is borrowing money from the dominion government, relate that to the operating expenses of the corporation and relate it also to the section in the act which refers to the necessity for providing for a reserve fund.

Mr. H. W. Herridge (Kootenay West): Being absent last evening attending a function given by the Secretary of State for External Affairs in tribute to the president of the general assembly of the United Nations I lost the opportunity to say a few words on the resolution preceding this bill, so I am now taking the opportunity to speak on the second reading of the bill.

We support the principles and purposes of this bill because it represents the type of farm credit legislation which members of this group have advocated for many years in this house and numerous legislatures throughout Canada. I remember being in the provincial house in company with the hon. member for Vancouver East (Mr. Winch) just after the war began when we were advocating provincial legislation almost identical to this with respect to its interest rate and its terms of operation.

We are particularly interested in this type of legislation because we in this group are interested in the development and the welfare of the economic family farm, because we realize its place on the Canadian scene and its value to Canadian society.

The success of this legislation is clearly indicated by the fact that the minister found it necessary to introduce this bill to extend the capital available to the farm credit corporation. Its success is also indicated by its generous acceptance by the farmers and farm organizations. Because of that it is clearly indicated that it fills a long-time unfilled need in the credit sphere as far as agriculture is concerned. Personally I have been very interested for many years in long term low interest credit for farmers. In fact, I think my interest was first aroused about 1920 shortly after the first world war.

I have been on committees that studied the matter, and have been an officer of farm organizations and fruit growers' associations, during which time I have given this serious consideration. I, in association with other members, have urged the necessity for this type of legislation, at farmers' institute meetings, fruit growers' meetings, in the legislature of British Columbia, and in the House of Commons since I came here in 1945, on behalf of this group, as well as in the country since. Therefore, I have no hesitation in supporting this measure.

We believe that when the government introduces legislation which we consider advantageous to the Canadian people, we should say so and support it. When we disagree with government policy we criticize it just as harshly as we think necessary. So, after a long time, the government of Canada

has begun to realize or accept the fact that there is a need for this type of legislation, and has done so in response to representations made by farmers' organizations in this country and by hon. members of various parties in this house over a number of years.

At the present time farm organizations and farmers generally need this type of assistance, and those who are interested in agriculture support this act and the administration. We have had a good piece of legislation in the form of this act. It is evident that it is sound because of the use that has been made of it during a very short period of time by those who have required it. Good legislation is not sufficient unless accompanied by sound administration.

Without any hesitation I wish to pay tribute to the very sound administration of this legislation by the officials of the farm credit corporation from the director to the most junior supervisor or appraiser in the field.

Why have they been able to give that good administration? I suggest first of all it is because the great majority have that "something" which is required to make this type of legislation a success. They have a feeling for agriculture, and the experience in this field which gives them the knowledge of the farmers' problems, which is required. I suggest therein lies the basis for sound judgment when it comes to the question of assisting to meet farmers' needs in respect to credit.

In addition to that, not only have they this feeling for agriculture, and experience, but the staff has had much imagination and many ideas, while at the same time they have kept their feet on the ground. This is very different from the administration of the Canadian Farm Loan Act. I am not blaming the board or personnel, but that act was administered under the Department of Finance. It is very peculiar that whenever this type of act is administered under the Department of Finance it is not as successful as it might otherwise be, because it is being administered by people who think in terms of money and interest rather than personal relationships, land development and so on. However, that situation is inevitable. The act was too restrictive in its application and it did not provide to those administering it the opportunity to exercise their imaginations, nor to put into operation their ideas, as this act does. There was too little contact with applicants after loans had been made and very little in the way of an advisory staff in partnership with the farmers in their day to day operations after they had become clients of the board. That situation has changed entirely.

Before going on, Mr. Speaker, I should like to make reference to what I thought was rather a critical note. I may be mistaken but I thought the hon. member for Kenora-Rainy River (Mr. Benidickson) was somewhat critical of the slight element of subsidy that is associated with this act. I do not know if I am correct in assuming that—

Mr. Benidickson: No, I just wanted to make it clear that there was subsidy.

Mr. Herridge: The only subsidy that would arise would be the difference in interest rates between the interest paid by the farmers at 5 per cent, and the interest paid by the corporation on its borrowings.

Mr. Benidickson: And the administrative costs.

Mr. Herridge: And of course administrative costs, but we should exclude them because we have many other government services which are non-profit making in respect of which we do not consider administrative costs. I think it would be fair to the farmer, the people, and the government if we just considered that subsidy in relation to the difference between the interest paid for the funds received by the corporation, and the interest paid on the loans. There is no doubt that there is a slight element of subsidy.

Mr. Benidickson: I do not object to that.

Mr. Herridge: I think we should realize the value of family farms in this country and the work that is being done under this act, in conjunction with a realization of the existence of subsidies being paid to other industries. For instance, we have heard about the $50 million being paid to railways and the $15 million paid to the gold mining industry—

Mr. Benidickson: And the subsidy to the coal mining industry.

Mr. Herridge: I do not intend to criticize for one moment.

Mr. Benidickson: And tariffs.

Mr. Herridge: The small element of subsidy under this legislation has not, in my opinion, gained enough in proportion, in relation to the value of the economic family farm in this country.

The personnel at staff headquarters are individuals of long experience, some with considerable experience under the Veterans' Land Act administration and some in other services. That experience is very valuable to the administration of this act.

To indicate the imagination of the progressive ideas which are put forward by the present headquarters administration of this legislation I should like to refer to the booklet entitled "Farm Credit Corporation Lending Policy". I do not intend to deal with it at length but I think anyone who reads the booklet through—I urge all hon. members to—will

realize that this administration is soundly based, and I suggest that the relationship of the corporation to the individual farmer and to the public of Canada is very well dealt with in this booklet, as far as lending policies are concerned. I suggest it is worth while for members to take the time to read about this lending policy as expressed in this booklet, if they wish to get some over-all idea of the thought, imagination, ideas and soundness of this administration.

In the field of local staffs, there are persons with experience in similar work, some with the Veterans' Land Act, and some with other organizations. That experience is not only in respect to legislation but in many cases has regard to circumstances and conditions which change so much across Canada. I can foresee that in the future this legislation will be increasingly complementary to the rural rehabilitation and development act. It will be one of the several acts which will dovetail into this scheme of rural improvement.

As far as the local administration is concerned, I have noticed a big difference in the administration of this act compared with that of the Canadian farm loan board, and I have had quite a long time experience with the Canadian farm loan board. I found them a somewhat impersonal body. They seemed to deal at arm's length with the poor farmer on many occasions. They have often been more impersonal than members of parliament. I have had much closer contact with farmers. The people in the field working under this act, go into a district and discuss the farmer's problems, taking the time necessary to make a thorough assessment of the situation to obtain the confidence of the farmer and determine whether or not in his judgment the amount of loan for which he makes application is in his favour.

Another interesting aspect is this continuing co-operation with the client, as it were, the farmer who has obtained a loan, in making regular visits and working with the farmer in the drafting of a satisfactory program for his soil, for his local circumstances and in relation to his markets.

I notice also that more younger farmers are interested in this legislation, and the staff itself is coming into contact with increasing numbers of young farmers as it becomes known and the terms of the legislation become known. I have a few suggestions to make. They are not made in a critical sense whatever. I make them as a result of pretty close association with the farmers in my district, a lifetime association with a very different type of farmer from those great prairie farmers who ride on combines with a radio on the front seat and a television set on the rear.

Mr. Speaker: Pardon my interruption but there are several very audible conversations going on which make it very difficult to hear the hon. member.

Mr. Herridge: I am by no means flattered by that suggestion, Mr. Speaker. I represent the dairy farmers, the beef farmers, the small general farmers, the fruit farmers, the poultry farmers, the muskrat farmers, and so on. I want to make a few suggestions in this connection but they are not particularly critical. I realize the difficulties at the present time with respect to the administrative load that is being placed on the headquarters staff.

I do suggest to the minister that within reason every opportunity be presented to the senior staff of headquarters, the director and his close associates, to make more frequent visits to different parts of Canada, to visit the local offices and become as acquainted as they can personally with the various regions of the various provinces and the areas within the provinces under their jurisdiction. I think it would be very worth while from their point of view and from the point of view of the farmers they are aiming to serve. I think this brings the administration close to the people and everything should be done toward that end. I particularly suggest that they do not overlook the Kootenays, because there they can do business and enjoy themselves at the same time. You can actually fish, troll or fly-fish in a boat as you go along from one farm to another around these beautiful lakes. It is a combination of business and recreation.

Then I suggest that senior officials and the provincial and district officials, where the opportunity occurs under suitable circumstances, attend farmers' meetings and the meetings of other organizations. As far as the farm organization meetings are concerned, I am thinking particularly of the local farm level, the local farmers' institute, the local federations of agriculture, the local fruit growers' association, and so forth. I urge them to attend those meetings and inform them fully of the purposes of the legislation and maintain that close contact and co-operation.

This type of legislation to serve the country to the best advantage also requires co-operation from the top right down to the individual farmers and through them the farmers' organizations because even skilled administrators and ministers can learn from people in very humble circumstances who have the capacity to observe, form judgments and pass on their information to others.

I may say, Mr. Speaker, one of the main reasons why I utter so many, or give vent to so many, wise suggestions in this house and express so many good ideas is that I am fed continually by the people I represent in Kootenay West. They furnish me with these ideas and I simply rise in my place and act as their spokesman.

Then again I suggest also that the senior officials and the district officials, particularly the senior officials, should take the opportunity to visit on a spot basis certain typical farms in each of the areas they visit so that they will get a pretty close understanding of local circumstances.

I have one further suggestion. I can see possibilities in this direction. I presume there has not been a great deal of experience with this up to date. I understand it is quite possible for forest farmers to secure a loan under proper circumstances, as any other farmer can do, from the farm credit corporation. This is a thing I am very interested in and a good number of my constituents are interested in forest farms. I think you call them woodlots in Ontario. It is an area in our country of anything from say 100 acres up to 2,000, 3,000 or 5,000 acres of timber which a man is farming and cropping. Under the legislation I understand it is possible for a person with satisfactory security and knowledge of his business to obtain a loan if he satisfies the requirements of the act. I do suggest it would be a good idea if some of the senior officials would give some thought to this type of application. It takes a person with a little bit of experience, a man who is able to cruise timber and measure it. If a farmer says, "I have 5 million feet of timber on this property," he must be able to confirm that there are 5 million feet. It takes a man who understands species, who understands accessibility of timber, the markets, the cost of building roads and the possibilities for the development of, say, a local lumber market or other forest products market, or shipping to outside markets. In view of the possible future developments in that direction, I do suggest that it is a very worth while feature of farm technology and that more consideration be given to making certain that there are some of the officials of the farm credit corporation who have a knowledge of forest farming in all its aspects.

This is all I have to say at this time. I may have a word or two to say later on but I see nothing to criticize in the legislation, nothing to criticize so far as the administration is concerned to date and I think the best way to show my appreciation to the minister at this time is to conclude at this point.

[Mr. Herridge.]

Mr. H. W. Danforth (Kent, Ont.): I should like for a few minutes to add my words of support for this measure. As one who represents a district where farming is perhaps a little different from that in most areas may I say I am sure hon. members will appreciate the difficulties that are found in an area where a family farm can consist of one acre covered with glass or maybe 1,500 acres used as a ranch. It could be land used for tobacco at $1,000 an acre in value or land that could be used for pasture purposes, heavy land, worth approximately $60 an acre.

Hon. members will appreciate that in administering a measure such as the farm credit corporation legislation the administrators are faced with immense problems. Under the previous administration there was not a great deal of desire on the part of the farmers, because of the high price of land, to use the implements at hand because it was felt that the money involved did not represent a large enough sum to help them obtain the necessary loan that would make such a venture profitable. When the act was amended to make it possible for young men to borrow up to $20,000 at 5 per cent from the farm credit corporation and to obtain additional funds for machinery and livestock under the Farm Improvement Loans Act, it was quite apparent that the young farmers in the riding of Kent felt that they at last had the tools necessary to help them obtain a farm loan.

One of the basic problems that faced these young, progressive, scientific farmers when they began to take advantage of these loans was the time lag. A great deal of time elapsed from the time they applied for a loan until it was processed and the money was actually placed at their disposal. There was considerable concern over this time lag and a desire to know where to place the blame. I too was very interested because of the many representations made to me and so I took the opportunity of going through the district to try to ascertain where the blame lay. Much to my amazement and to the amazement of other people concerned I found that the main reason for the delay was the tremendous number of applications being placed in the office by farmers wishing to take advantage of this legislation. It was absolutely impossible for the staff then available to process so many applications more rapidly. Let me assure you that these people were highly experienced and competent because of their association with the administration of the Veterans' Land Act. They simply had too many loans to process in too short a time.

However, when the thing began to roll the time lag became shorter and shorter, and I am very happy to report now that there are

very few instances indeed where the young man is held up to any extent on this account. One of the most amazing things that occurred when some of these young men made applications for loans was that they did not always get the amount for which they applied. Any man who has dealings with a bank will very often find that he does not get what he asks for; but in connection with these applications these people in some instances did not obtain what they asked for but rather much more than the amount for which they applied.

I should like to refer to one young farmer with whom I am acquainted. He made application for a loan of $9,000. The men who administer the act are very competent farm managers themselves. They were able to point out to this young farmer that he could put his farm in a much more stable position, thus making it possible for him to repay the loan much sooner, give his farm a better rating and provide his family with a better living if he would borrow more money than the amount for which he had applied. This farmer who had applied for a loan of $9,000 was actually granted a loan of $20,000 by the farm credit corporation, and today he is one of the most progressive young men in the area.

I should like to lend my support to this measure for one basic reason. For too long we have seen the best and most energetic young men leaving the farms and going to the cities to take positions in industry simply because they lacked the necessary funds to purchase their fathers' farms. These fathers had worked through the years to pay off their farms and in many instances there were still small mortgages left. These young men were unable to take over their fathers' farms and so they went into industry and the farms passed into the hands of strangers.

I am very happy to report that in my district the situation seems to have reversed. The young men feel that at last here is an opportunity to borrow a large amount of money at a reasonable rate of interest over a suitable period of time. Thus they are given a reasonable opportunity to pay back the loan with honour, and thanks to the farm credit corporation legislation they feel they can obtain the necessary amount to buy the family farm which means so much to them, land which they are accustomed to work and on which they can do the best job. I think we have in my riding one of the finest examples in Canada today of young men at last being able to remain on the family farm because they feel that it will carry them and their families into the future with the same degree of security and satisfaction that was experienced by their parents.

At last there is a source of credit that is of value to the young men in my area and enables them to attain a business of their own. They have the desire and the knowledge and now they have the funds. This measure makes it possible for them to achieve success in life.

Mr. Hubert Badanai (Fort William): Mr. Speaker, last night and again tonight the minister gave us a detailed summary of the operation of the Farm Credit Act which is the old farm loans act under a new name, and his summary was very useful indeed. However, I wish to submit a few suggestions which, if taken into consideration and acted upon, will help not only the farmers of my constituency but farmers on small holdings everywhere.

The actual effect of this legislation is to increase the amount available for lending from $200 million to $300 million. I am heartily in favour of the principle of the bill and therefore I am not going to criticize the principle but rather some aspects of the administration of the legislation. As I realize that the bill under discussion would mean the enactment of legislation which could be of assistance to the agricultural potential of the district of Thunder Bay in which my constituency is located, I desire to avail myself of the opportunity to participate briefly in the discussion in the hope that I may be able to impress upon the minister the importance of doing something more than is being done at present by the senior levels of government to bring the agricultural lands of the district, which, as everyone knows, are not a prairie type of soil, into productive holdings from which our farmers can make a decent living.

I need not tell you, Mr. Speaker, that the district is not known as a prosperous agricultural area. It has within its confines a few very fine, well developed and productive farms. The great majority, however, are comparatively small holdings of anywhere from 100 to 300 acres.

One of the commendable aspects of this bill is to provide assistance to those on the land who would otherwise be unable to obtain loans in the ordinary way. This is a welcome measure, especially for those who will be able to qualify; but the farmers of my district have had very little success in obtaining loans to improve their farms in the past.

I have already indicated that the average farmer in my constituency cultivates a comparatively small parcel of land. The majority are of the dairy and truck garden variety. We have, however, large tracts of empty barren areas that could profitably be put

to farm use if the prospective farmer had the means of acquiring stock and machinery.

From its inception the farm loan act the name of which was changed to the Farm Credit Act has provided the means for financing farm equipment to western farmers. But it has not been too prone to do so for the poor farmers of the east, notably those in my constituency, with the result that they have had to resort to finance companies for their purchases of machinery, paying a rate of interest considerably higher than they would have had to pay had they been able to borrow from the banks through the Farm Improvement Loans Act.

During the past decade we have witnessed a trend of movement from the rural to the urban centres, brought about by more attractive living conditions, which in no small measure, have been due to gainful employment which up to two or three years ago it was rather easy to obtain. Conditions are now somewhat reversed in many cases and therefore I believe that what we should be concerned with at present is stimulating an interest in a return to the land movement. That is something which, in my opinion, we must do sooner or later.

Speaking on the supply motion on agriculture in 1960, as reported at page 3427 of *Hansard* I made the following statement:

> I have said previously and I say again that unless a farmer in our district has sufficient collateral to show it is next to impossible for him to secure a loan to enable him to develop efficiently and economically the agricultural potential of his holding.

The situation as described is just as true today as it was a year ago. I have been pleading with the government for easier credits for our farmers ever since my election to parliament in 1958, and I shall continue to do so until the tillers of the soil of my constituency receive the same consideration as do their more fortunate counterparts in the prairie provinces and in the lush eastern parts of Ontario. Social workers, clergymen and others agree that the farm and village are the ideal setting for family life, the best of all places in which to bring up a family. But, so long as a lack of opportunity for financial improvement exists, and so long as inability to borrow money from lending institutions continues, individual poverty and lack of community resources will drive farming people to the urban areas where, instead of milk and honey, only crowded conditions and often misery prevail.

Our efforts should be directed toward building a happy rural Canada instead of discouraging people from living on the farm, thus leading them to the misery of unemployment in the cities.

[Mr. Badanai.]

As a result of neglect on the part of both senior levels of government, both federal and provincial, during the past 20 years, the number of farmers in the Thunder Bay district decreased from approximately 2,500 to about half that number or 1,250, and a considerable portion of the land which they farmed is now deserted and looks as though a hurricane had passed through it leaving behind nothing but buildings which look like derelicts.

I think that the role in the economy of the farmer who operates a mixed holding of a few hundred acres or less has been overlooked by the government. Not sufficient emphasis has been forthcoming from the Minister of Agriculture (Mr. Hamilton) in the way of promotion, especially in undeveloped areas such as the lakehead district which has a population of 125,000, of which only 5.3 per cent are farmers, whereas for the province of Ontario the percentage of farmers to the total population is about 12½ per cent.

The advent of the seaway, now in its third year of operation, has increased the demand for fresh farm produce. Unlimited supply of livestock feed is available at lakehead terminals. The disadvantage appears to be small amounts of crop land. There are plenty of good prospective farmers as well as those who are now on the land who would wish to enlarge and improve their holdings in order to get the maximum return from their land, and the only thing that stops them is lack of capital. If this increase in the capital of the farm credit corporation is really going to be made available to needy farmers and prospective farmers, then I would certainly congratulate the minister on his too little but, I hope, not too late measure to rescue the type of farmer for whom I am speaking.

I am a staunch advocate of a liberal credit policy designed to encourage ownership and operation of farms, large and small, in every part of Canada. Among the small farmers of northwestern Ontario is the mixed farmer who keeps cows, grows vegetables and has a woodlot from which he derives the biggest part of his income by selling the pulpwood to the local pulp and paper companies. These farmers should be assisted in setting up projects of reforestation. I express the hope that the Minister of Forestry (Mr. Flemming) will take under advisement the establishment of a policy to encourage reforestation on lands owned by these small woodlot farmers. This is the type of farmer that predominates in the agricultural areas of northwestern Ontario.

Mr. Speaker: Order. I have been following the hon. member with some misgiving and wondering what he is saying has to do with

the bill in question. Actually, we are dealing with the Farm Credit Act as it stands. The question or the principle before the house is whether to increase the capital of that act. I concede that anything that comes under the act as it stands is in order. However, the hon. member is talking about farm woodlots and reforestation and a great many agricultural problems that surely have nothing to do with this bill.

Mr. Badanai: I am merely attempting to show that this legislation could help the farmers by helping them through a reforestation policy within their woodlots. I am speaking about small farmers who do mixed farming and who operate woodlots within their own holdings. That is the type of farmer about whom I am speaking and to whom this legislation will be helpful if the money is available to them and approved by the proper authority.

The largest group of small farmers are those engaged in the production of whole milk which is sold to city dairies. During the past two or three years the market for whole milk has declined because there is a lack of facilities for the production of cheese and powdered milk, which would absorb the portion not used by the lakehead milk distributors.

This is another way in which we could help these farmers to create for themselves an avenue which would be of assistance to them financially. It is here that a substantial government loan could assist in the establishment, for example, of a cheese factory. A few years ago a few farmers did band together and established a small plant—

Mr. Speaker: Order. There are several members who wish to speak on this bill and I think I would not be doing my duty if I allowed the hon. member to discuss a great many unrelated matters. There is nothing in this bill relating to the establishment of a cheese factory.

Mr. Badanai: Thank you, Mr. Speaker. I am trying to bring to the attention of the house ways in which I believe this legislation could help our farmers. It may be of interest to hon. members to know that in order to establish a 5 cans of milk quota an investment of from $30,000 to $40,000 is required. This would gross to the farmer the princely sum of only $20 per day. As everyone knows, the farmer must of necessity milk his cows 12 hours apart, seven days a week, 52 weeks a year, notwithstanding the mechanization which has taken place in recent years.

One of the greatest problems of the farmer today is finding the money for the operation of his farm in the face of heavy payments on his capital expenditure for the mechanization of his operation, which mechanization has been forced upon him due to the difficulty of securing part-time farm help.

Farm loans have taken the place of the hired man. The farmer now hires money instead of men to carry on his farm operations. Of course, if he cannot borrow money his enterprise will suffer. It is for this reason the government has realized that more money is needed, and I am all for it.

I would feel much happier, of course, if those responsible for the approval of these loans took into consideration all factors, not least of which is the essential need of the individual applicant, regardless of geography. In the northern Ontario area there are a number of French speaking farmers, which would justify the appointment of a bilingual inspector of farm holdings whose job it is to approve loan applications. The point is that applications are often turned down because of a lack of understanding of the farmer's problems and because there is not a proper appreciation of the relative value of farms in these rugged parts of Ontario.

Local banks, while sympathetic, will loan money under the farm loan act. However, they will only loan amounts which are not necessarily based on needs, but rather on the bank's evaluation of the farmer as a financial risk. It seems to me that the Minister of Agriculture should initiate a study of all the potentials of agriculture in every part of Canada, instead of confining most of his attention to the problems of the big western farmers. The farm credit corporation should be able to recommend applications for loans to any farmer or farm organization for the establishment of facilities which would help not only farmers but the economy of the area in which these facilities will be located.

Loans are required to assist farmers to acquire registered livestock. If they had the money, they would be in a position to buy a better class of cattle. This is just as important in agriculture as it is for a factory to have better machinery with which to improve its products. According to the annual report in connection with the Farm Improvement Loans Act for the year 1960, in the 15 years since the act was introduced, from 1945 to 1960, out of a total of $1,013,782,000 borrowed under the act there remains outstanding $177 million, represented by 170 loans. Practically all the money borrowed from 1945 to 1956 has been repaid. This is the point I wish to bring out. On the basis of this record no one can deny the wisdom of the government of the day in enacting this legislation, the results of which have been an outstanding success.

The submission of the national farmers' union made to the government on February

15, 1961, rejected the widely held opinion that technology and efficiency demand the removal of the majority of farm families from the land. The brief included these words:

> We do not subscribe to the theory that the activities and institutions of men are determined solely by technology and economics regardless of human and social values, but hold that technological developments can and must be adjusted to serve the human, social and economic needs of men.
>
> We believe that the family farm is the most efficient unit in terms not only of production, but also in terms of soil conservation and human and social values. We therefore believe that the preservation of the family farm is of importance to farm families as well as to the nation as a whole.

I for one certainly subscribe to these sentiments, which are opposed to the farm people of Canada becoming "factory in the field" instead of a happy family farm. Canada's best interests will be served in the end by a large number of mixed farms rather than by a few specialized farm units.

It seems to me that the flight from the farm to the city which has been going on over the past several years is a sad trend. This decline in our farm population and in the relative importance of agriculture to the national economy is to be regretted. Certainly it has its sad side, particularly for those whose roots are deep in the land.

Our farm population may continue to shrink. The farmer is unlikely to become extinct, however, because he has an important role to play in the Canadian economy for a long time to come; just as long, in fact, as human beings need to eat.

With modern aids life on the farm is undoubtedly easier than it has ever been. The advent of the automobile, telephone, radio, television, the differences between rural and urban living have been narrowed to the point that a "back to the land" campaign would not be a bad idea. I commend this to the minister. If this bill will do anything to encourage people to stay on the farm and encourage some to settle on the land, then I say it will have accomplished a great deal for Canada.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, if the sentiments expressed by the last speaker truly represent the views of the official opposition, I am very happy to learn that the Liberal party has at long last discovered the value and virtues of the family farmer.

In considering whether or not support should be given to legislation of this kind which, in effect, will have the result of increasing by $100 million the amount of money available for lending under this legislation, I think one is driven to consider what were the simple principles which encouraged the government to pass the legislation in the first place. In order to recapitulate these I can do no better than read briefly from a statement made by Mr. George Owen, chief of the loans division of the corporation to the banker's summer school in Guelph. I am paraphrasing and summarizing the statement but I think it is constructive and I should like to put a few paragraphs on the record. These are simple principles but there is a tendency for us to stray away from them. When legislation has been passed we are inclined to look only at the means of applying the legislation and sometimes we forget the principles which led to its introduction. I am quoting now:

> The farmer, looking for ways and means of increasing his net income, has little hope of increasing prices for his product. There seems to be even less possibility that the cost of the items he must buy, in order to produce, will be less. His only real hope appears to lie in producing a greater volume of high-quality, readily-marketable product, thus spreading overhead costs over a larger number of units, and in careful planning and organization to reduce operating costs.
>
> Higher wages in industry have made it almost impossible to hire farm labour at a price the farmer can afford, and a shortage of labour in the production season adds to the risk of depending on hired labour. Farm labour which could be paid for by the day, week or month has, therefore, been largely replaced by machinery, which must be paid for in cash or with credit.
>
> Fortunately, with modern machinery and labour-saving methods, farmers may now handle much larger units. The cost of setting up a minimum economic family farm unit has thus greatly increased over the years. What is equally important is the fact that the capital structure of the individual farm has changed, with a higher percentage of total assets being represented by livestock, equipment and working capital, and a lesser percentage by real property, which has been the traditional security for long term credit. As a result, the credit arrangements which could be made under the former Canadian Farm Loan Act and the Farm Improvement Loans Act, either separately or together, although fairly adequate for the well-established farmer, became entirely inadequate to meet the needs of the capable farmer on a farm of limited size who wishes to expand his unit, or of a young and capable farmer desirous of setting up an economic farm unit.

I think it was for the purpose which those last few sentences have defined that this legislation was passed. It has proved a most valuable asset to the farmers, as I know from my personal knowledge, and for this reason I have no hesitation at all in adding my support to this particular bill.

Dealing with the measure from a narrower angle, let me say that I have made it my business as I go home to talk to the people who have made applications, who have been granted loans or whose applications are being processed. I would estimate that I have seen or visited or written letters to approximately 25 per cent of those farmers in my constituency who have been in contact with the officials of the farm credit corporation with respect to this legislation and there is not

the slightest doubt that the benefits which have been brought to these farmers are invaluable. As I say, I am speaking from my own experience. I am not going to deal with this subject statistically because I do not think dealing with it on a statistical basis would lend colour to our reasons for supporting this legislation. These are living people we are dealing with, working farmers, many of whom I have met.

In my area particularly under the old administration—I do not place any particular blame upon them, but it did happen—some of the officials of the farm loans board responsible for policy completely refused to acknowledge that farmers could be successful if they carried on their operations some miles from rail head. In what is called the Battle river district, some 60 miles north of the Grimshaw area through which the new railway will go, a splendid farming community has been built up, but only within the last two or three years has it been possible for the people of that district to have the benefit of this farm credit legislation made available to them. These benefits will, I hope, in due course be extended even further up into the Fort Vermilion area between 200 and 250 miles from the railroad.

Another aspect of this legislation I should like to praise is the time spent by the officials in preliminary assessment and appraisal. In the old days people would make applications for loans and send in their forms. Then there would usually be an attempt to cut down the amount of the loan to some extent without too much regard for the purpose for which the loan has been made. I think that was entirely wrong. It is a fault which has certainly been cured by the present legislation and the machinery for administering it. I know from my experience that the officials spend a great deal of time counselling and assisting the farmers and making recommendations concerning the type of loan they should have, the amount they should ask for and the purpose for which it should be granted, not in an arbitrary or authoritarian way but as helpers and advisers. I think this has paid off and that it will continue to pay off in the future.

My colleague who spoke before me mentioned the flexibility of the machinery of legislation and the willingness of the officials, should the circumstances justify it, to increase the amount of a loan which had been made in order to meet the exigencies of a particular situation; their willingness to take into account the human factor. I can recall last summer receiving a telephone call and, later, a visit from a middle aged farmer who had made an application for a loan which had been rejected. He did not come to me in order to complain, but he wanted to know whether anything further could be done. This was obviously a borderline case and in certain conditions he might well have been eligible. From what I knew of him I was satisfied that he was a suitable person to receive a loan. I telephoned the head office and within 24 hours another official came out, there was a reappraisal of the land in the light of certain conditions which I knew, and, as a result, in less than three days this application had been accepted. This is an illustration that knowledge of the human beings concerned in these transactions can, in itself, be enough to justify placing an application in a category where it can be accepted.

Another thing which appeals to me in connection with this legislation and its administration is the provision made for decentralization. I mentioned this before in connection with the A.R.D.A. bill which the Minister of Agriculture brought in. Undoubtedly it is necessary for governments to take unto themselves a large degree of power and authority. They have to do so in the complex world in which we live. But it is my conviction that wherever possible the use of such power should be decentralized and the right to make decisions should be left as far as possible with the officials in the field who are calculated to have a more precise knowledge of what the real facts are. All too often, by the time applications had been processed by a system of intellectual osmosis from the perimeter to Ottawa and back again weeks had elapsed, the tenor of the application had been destroyed and its urgency entirely dissipated. I know for a fact that a large amount of control and authority is left with the officials who are in the field. So far in my experience, they have made good and adequate use of it. That is another reason which I advance for supporting the legislation.

I could mention a number of cases, perhaps 25 per cent or 30 per cent in my constituency, where this program has been effective, but I shall not take up the time of this house to do so.

I know that while there are no figures or information available as to the exact aomunt of loans which have been made, they are quite substantial. I am satisfied for the reasons I have advanced that many of the people who were entitled to loans found that their rights to a loan have been restricted by the regulations of the old farm loan board, which considered the applications from this area, and I should think that because of this, under the new act we have probably had as large a number of applications from that area as from any other constituency in Canada, and I think that will continue for some time.

Finally, Mr. Speaker, I cannot help but put on the record my feeling that the family farm, with the individual farmer, is probably one of the important remaining strongholds of the principles of human freedom, enterprise and liberty. I am not suggesting that it is the only stronghold, but the man and family who have to contend with nature with their own resources, represent an institution which, in our struggle with the other half of the world, we must strengthen and perpetuate.

I read just the other day in a news item that a large quantity of land in Russia has been turned over to collective farming, where because of the fact that there had not been that care and regard which the individual farmer has for his own land, machinery and stock, that land, which probably should never have been put under the plough, had seriously deteriorated. As a result, the estimates of the U.S.S.R., in anticipation of their food requirements, were much higher than could be produced, and they were sadly disappointed. I suggest that illustrates the absolute necessity for strengthening and maintaining, as an underpinning of our economy and way of life, the family farm of our country, because from there will be fed those qualities of industry, initiative and enterprise which have injected into the bloodstream of the nation those things which will perpetually keep us strong and maintain us in our present economy.

Mr. L. E. Cardiff (Parliamentary Secretary to the Minister of Agriculture): Mr. Speaker, having been in this house for many years I can assure hon. members that because this farm loan corporation comes under the jurisdiction of the Minister of Agriculture (Mr. Hamilton) and because I am his parliamentary secretary, I feel it my duty to say a few words to strengthen his hand.

This is the best farm loan corporation that has ever existed in the Dominion of Canada during my lifetime. It has been brought forward by the Prime Minister (Mr. Diefenbaker), the leader of this government, to assist farmers to assist themselves. We are now in a position where any farmer who has the qualifications can secure this type of loan without any difficulty.

I have been farming all my life and have paid for a farm the hard way, by borrowing the money from the bank at too high a rate of interest. I suggest 5 per cent interest is the highest rate that farmers can afford to pay, if thew are to be able to pay back the loan. The farmers must certainly pay back the loans because when they borrow from the farm loan corporation it is made abundantly clear to them that unless they prove that they are able to pay back the loan with interest within a certain number of years the loans will be refused.

We have the advantage now that many farmers who previously were unable to obtain a loan find they can do so through the farm loan corporation at 5 per cent interest, and thereby are able to increase their ability to pay back the loan.

I come from a part of the country which is purely agricultural. The farmers of that area have borrowed over $1 million from this corporation since its inception. Many townships have borrowed much more than others, but in my county farmers have been able to borrow well over a million dollars. In the province of Ontario loans to the extent of $23,011,870 have been made.

I should like to draw to the attention of this house some figures which I obtained from the latest full report of the farm credit corporation, for the years 1959-60. I intend to give the figures for a period of five years, from 1955 to 1960.

The number of loans approved in 1955-56 was 2,057; in 1956-57, 2,921; 1957-58, 3,702; 1958-59, 4,805 and in 1959-60, 5,339. The difference in the number of loans during that five year period is 3,282.

Mr. Boulanger: What does it mean?

Mr. Ricard: Spell it out for him.

Mr. Cardiff: The farmers have been able to obtain that many more loans in 1960 than they were able to obtain in 1955. That is exactly what it means.

The average amount of the loans in 1955 was $4,040 while the average of the loans in 1960 is $7,498, which is almost double. The difference is $3,458. The total amount of approved loans in 1955 was $8,309,650, while the total amount in 1960 was $40,031,250, the difference being $31,721,600.

The farmers are not receiving anything for nothing because they must pay 5 per cent interest. This is not a hand-out in any way to the farmer.

I should like to explain how farm loans can be used. First, they can be used to acquire farmland and to erect or modernize farm buildings. Second, they can be used to purchase basic herd livestock and necessary farm equipment. Third, they can be used to provide lime, fertilizer and seed to establish permanent plantings. Fourth, they can be used to discharge liabilities, or for any purpose which the corporation considers necessary for the organization and operation of an economic family farm unit.

I should like now to give a few more figures by placing the following quotation on the record:

On March 31, 1960, there were outstanding 28,453 first mortgage loans totalling $119,978,763, and 505 second mortgage loans totalling $173,108. In addition, the corporation held 91 sale agreements valued at $83,256 and 12 parcels of real estate in which the corporation's investment is $31,346 carried at a book value of $21,373. The following table shows the number of mortgage loans outstanding and the corporation's investment in them in each of the last five years, including accrued interest to March 31 each year.

Fiscal Year	Number of Loans	Investment
1955/56	18,931	$ 44,958,136
1956/57	20,372	53,748,364
1957/58	22,494	68,490,523
1958/59	25,471	91,298,119
1959/60	28,453	120,151,871

At the end of the fiscal year 90.9 per cent of all first mortgage loan accounts were in good standing, as compared with 91.4 per cent on March 31, 1959. A total of $7,903,633 of principal was repaid during the year, of which 67.4 per cent was received in payment of principal not yet due. Interest due during the year amounted to $4,443,338, of which $4,111,165, or 92.5 per cent had been paid by the end of the year.

Types of Mortgage Loan

The Farm Credit Act provides two types of long term mortgage loans to bona fide and competent farmers, who are in actual need of assistance to set up economic farm units, the income from which is largely derived from crops grown on such units, and marketed either directly or through livestock. The first, under part II of the act, is an extension of the assistance formerly available from the Canadian farm loan board. It is based on the security of farm land and may be made to persons whose principal occupation is farming. The maximum loans may not exceed 75 per cent (formerly 65 per cent) of the value of the farm land taken as security or $20,000 (formerly $15,000), whichever is the lesser. These loans are repayable by equal annual or semi-annual instalments of combined principal and interest over an appropriate period not to exceed 30 years.

The second, under part III of the act, is designed to assist young farmers who have attained the age of 21 years and have not attained the age of 45 years, and who have at least five years' farming experience, to become established on economic farm units. Such loans are based primarily on first mortgage security of farm lands, but up to 40 per cent of the required security may be represented by livestock and farm equipment. The maximum loan may not exceed 75 per cent of the value of the farm land and chattels taken as security or $27,500, whichever is the lesser. That portion of the loan secured by farm land is repayable over a period not to exceed 30 years, and that portion (if any) which is based on chattel security must be repaid within the first 10 years. Part III loans are further secured by insurance on the life of the borrower. Another new and significant feature of these loans is the provision of supervision by the corporation of the borrower's farming operations until such time as the loan has been reduced to 65 per cent of the appraised value of the farm land held as security.

I should like to put on the record the cost of making and administering loans:

As of March 31, 1960, the average interest being paid on all money on loan to the corporation was 4.2 per cent. However, since the reserve, amounting to $3,748,862, and the capital of the corporation, amounting to $5 million, are available for loaning without interest cost to the corporation, the average interest cost of all money on loan to borrowers at that date was 3.9 per cent.

If, as expected, the corporation is obliged to borrow $50 million in the fiscal year 1960-61, and assuming that the interest rate on new money is that now prevailing, the average interest rate on the total money available for loaning purposes will be approximately 4.45 per cent as of March 31, 1961. This would leave a margin between the average cost of money to the corporation and the interest charged to its borrowers of only 0.55 per cent as compared with an average annual operating cost over the past five years of 1.1 per cent.

The corporation will derive additional revenue from the increased appraisal fees payable on new applications, but this will be more than offset by the cost of the extra staff required to make and review appraisals, which is made necessary by the much greater risks inherent in the provisions of the new legislation, and to supply a pre-loan counselling and loan service to farmers in their own communities. Additional costs will also be involved in bringing salaries in line with those being paid for similar work within the civil service.

I do not wish to read any more. I have had a lot of experience with farm loans and with the Veterans' Land Act from 1940 to 1945 when soldiers overseas came back to be re-established. I have had a lot of experience with the farm loan board and now this act has come into being. I can assure the house that if loans under this act increase in the next three years, as they have in the past years, they will more than double in a very short time. I would say that in a year the number of loans will be double what they are now. This proves that the farmers themselves have accepted this act and are taking advantage of it.

(Translation):

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, I had not intended to take part in this debate. I have only two remarks to make following the speech just delivered by the hon. member for Huron (Mr. Cardiff). He said that the number of loans increased from 2,025 in 1955-56 to 5,339 in 1959-60.

I agree with him that that legislation has been particularly beneficial to the farmers of western Canada, because in eastern Canada the number of loans did not increase so much owing to the fact that the Quebec farm loans legislation may be better suited to our farmers. However, I submit that if there is such a large difference between the number of loans in 1955-56 and 1959-60 it is because the farmers were in an impossible situation, and that is why the number of loans more than doubled.

Furthermore, if the farmers' situation does not change the number of loans will increase further and it will not be any longer $27,500 which will be the limit of loans allowed to farmers, because they will need $50,000, and that, within a few years, if their net income does not increase.

Mr. Pigeon: Especially after a change of government in Quebec.

Mr. Boulanger: Mr. Speaker, since reference is being made to the Quebec provincial farm loan, I shall be pleased to talk about it, because if today the federal farm loan is of no benefit to the farmers of the province of Quebec, it is because in my province loans are made today on the basis of up to 80 per cent of the value of the farm and even 90 per cent in the case of young farmers of 21 to 45 years old. It is an improvement which has just been introduced by the government of the province of Quebec, and I would wish the federal government did as much.

In any event, I would suggest to the minister that the cost of assessment be reduced. Today, a farmer has to pay 2 per cent of the amount requested, or $50, whichever is the lesser. In the province of Quebec, the cost is only $5, and when the loan is refused, the $5 is refunded; however, under the federal legislation, a farmer has to pay $50, and if the loan is refused, it is his loss.

In view of the fact that the net income of the Canadian farm loan corporation was $240,000 last year, I think we might reduce the assessment cost on farm loans.

There would be much more to be said, but I shall end my remarks with this recommendation, to which I hope the minister will give serious consideration.

Mr. Martineau: Will the hon. member allow me a question? As I understood him, he stated that we would soon have to raise the amount of the loans from $27,500 to $50,000. If farming conditions are as bad as my colleague claims they are, and if farm incomes keep dropping, could the hon. member explain how the farmers will be able to repay the $50,000 loans he has just suggested?

Mr. Boulanger: Farmers will do then what they are doing today; they will eat up their capital from year to year, and when they have reached the end of their resources, they will borrow as they do today.

Some farmers borrowed $10,000; they used part of their capital in order to stay on their farm and now they have to borrow $25,000.

That is why I say that in a few years from now, they will need $50,000.

[Mr. Boulanger.]

Mr. Pigeon: Mr. Speaker, if the hon. member for Drummond-Arthabaska will allow, I should like to ask him a question.

Mr. Boulanger: Certainly.

Mr. Pigeon: Could the hon. member tell me what he thinks of the following quotation from *Hansard* of July 13, 1959, the day on which the government amended the Canadian Farm Loan Act. This is what he said then:

> I must congratulate him and thank him for that, on behalf of the farmers.

By those words, the hon. member commended the Minister of Agriculture and, at the same time, the government.

Mr. Boulanger: Mr. Speaker, I was glad at that time to commend the government for the amendments it made to the Canadian Farm Loan Act.

I remember that we introduced then two amendments to the act and that, by their vote, the government members rejected them. Yet, those amendments favoured the farmers in general.

Some hon. Members: Shame, shame.

(Text):

Mr. Harold Hicks (Fraser Valley): Mr. Speaker, the Farm Credit Act is very popular in British Columbia. Some 355 applications have been received and according to the latest figures there are 25 now pending. To date about 16 per cent of the applications have been rejected. The total amount of loans in British Columbia is $3,469,150 for some 254 loans, or an average of about $13,700 per loan. I believe that Fraser Valley tops the list in the province for the number of loans made with the Okanagan Boundary district coming second.

As Fraser Valley is the centre of a large dairy industry, it is an area where farm loans are often required. The large co-operative Fraser Valley milk producers' association does big business in this area amounting to some $27 million a year. High-class cattle are bred here and although sales there do not average as high as the figure of $1,790, which was reached in Ontario recently at the national sale, the cattle that are bred do furnish considerable revenue along with the revenue from milk production.

I had one rejection of a loan brought to my attention before I came here last fall. A young man had received a farm of 225 acres with excellent soil because of the death of his mother and he wanted to borrow $20,000 on the farm. There were no mortgages on the farm at the time and I was rather amazed when he telephoned me one day and said that

his loan application had been refused. I discussed the matter with the supervisor and he informed me that he considered that this man was trying to run an uneconomic operation. There were two hired men on the farm in addition to the owner and they were milking 30 cows. It is a poor man these days who cannot milk 30 cows himself, let alone having three men doing the job. This application was turned down but the young man then borrowed the money privately elsewhere.

In discussing the Farm Credit Act I think we should consider both the pros and cons, and if I am a little critical I hope the minister will forgive me. It may be because of the hot, sultry weather we are having but I do feel somewhat critical tonight about certain features of the act. I believe the chief criticism of the act in British Columbia is the difficulty of getting a loan on a small acreage, say 10 acres. Holdings of that size may be operated as poultry, berry, vegetable, flower, seed or even holly farms. A poultryman does not require heavy, fertile soil. In fact, for drainage purposes often poorer soil is better than rich soil. On the other hand, a berry crop requires a good soil. These are opposite situations but it shows the difference that can be found in 10-acre farms. It is amazing how much a revenue can be derived from 10 acres under certain circumstances.

I believe that at the commencement of the operation of the act the idea was that a poultryman should produce on the property half the feed that he uses. Hence he needed more than just a small acreage and this was one of the reasons why applications were turned down. This is an erroneous idea. Grain may be purchased in Fraser valley and in fact in most of British Columbia much more cheaply than it can be grown, especially on small farms and crop failures could be common especially in wet weather. This is a very poor idea but if my information is correct, at the present time I believe this clause has now been more or less eliminated and it is up to the supervisor as to whether he thinks there is a prospect of this particular farmer, whether he is a poultryman, a dairyman, or a fruit grower, can make a success of the venture.

The small dairy farmer is a different proposition. So, as I say, anything that has a reasonable chance of success is likely to be passed by the supervisor. A loan on a farm that is not operating successfully should be turned down anyway. Where farmers cannot succeed, it is often necessary to move or at least for the sons to seek employment elsewhere.

This is where vocational training schools fit into the picture of the farm loan board. The vocational training school project has gradually caught fire. I note that Ontario is planning an $8 million building program to be completed during the next year and a half. This will accommodate many students from farms as well as other places and even the actual labour of building will, it is stated, provide employment for about 20,000 workers for 18 months. In a local paper from British Columbia recently I noted a report stating that the minister of education has planned to spend $10 million on enlarging vocational schools in agricultural areas in order to look after certain instruction to young farmers and farmers' daughters. Some farms in British Columbia are well adapted for recreation centres around a lake or for motels or camp sites, et cetera. A dude ranch might be more profitable than is more standard farming. This whole system is suitable for arranging just such things as these. All these features should be investigated by the owner in order to see whether increased revenue, some of it easy money, could not be picked up. If failure is sure on any farm, no loan should be given.

Another criticism in Fraser valley and the coast area occurred when the provincial head office was moved from New Westminster to Kelowna. It was moved without notice and to the minds of many, for very little reason. It was asserted that it was nearer the centre of British Columbia. This is incorrect because Vanderhoof is the centre of the province. It was asserted that there were more loans in this area. I believe this statement was incorrect. It was asserted that it was nearer the farming area. May I say that Fraser Valley produces a great deal of farm revenue. I am sure there is agreement on that matter. It was asserted that it was easier of access. This assertion I again contend is false. If you wanted to fly to Kelowna from here, you would go to Vancouver and fly back—

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member but it seems to me that discussing the administration of the act, especially in the respect in which he is now doing it, namely as to the place in British Columbia where the manager of the farm credit board should be located, would have nothing to do with the principle of the bill before the house which has only one purpose, namely to increase from $8 million to $12 million the money paid to the corporation for the capital of the corporation. Although some phases of the administration of the act may have some relevancy to the purpose of the act, certainly the subject matter with which the hon. member is now dealing would have nothing to do with it.

Mr. Hicks: I should like to finish up by pointing out this with respect to Kamloops—and this is what I was getting at. It would be easier to carry on in a place where there is a land registry office than it is where the office is now located. Let me conclude with this statement. I feel that the Farm Credit Act is good. Its growth is excellent, and from what I can learn it is generally acceptable.

Mr. J. N. Ormiston (Melville): Mr. Speaker, last night when we listened to the Minister of Agriculture (Mr. Hamilton) speak and again tonight I think we realized that he gave a rather concise picture of the operation of the farm credit corporation and of the need to increase the authorized capital of the corporation itself. Those of us who represent farm constituencies realize at first hand the need for this increase in capital because of the great demand for the service which the corporation is rendering. In an area such as that which I represent, where the assessment ranges from $500 a quarter section to $5,000, you can well realize the difficulty in the operation, and the assessment and the appraisal of the applications which come in. However, I have been greatly impressed by the enthusiasm not only of the staff and the officials of the farm credit corporation but by the responsibility which the applicants feel towards the officials of the farm credit corporation. It makes a person realize that the staff and the officials who are administering the act and working for the corporation really believe in them wholeheartedly. They impress upon the applicants the possibilities which are theirs within the scope of the act and the great way in which the farmers can avail themselves of the various opportunities.

When we look at the figures very briefly for the last three years, Mr. Speaker, we can realize why this authorization is required. In 1958, when the farm loan board was in effect, the loans made that year amounted to $30 million. In the following year, when the farm loan board was operated and the farm credit corporation took over after October 5, the loans rose to $40 million. In this last year for which we have records the loans are up to $60 million.

There has been very little increase in the staff during those three years. It is fairly obvious that the services which are rendered by the staff of the farm credit corporation are really outstanding. I refer primarily to the pre-loan counselling which is given by the farm credit corporation advisers. These officials are devoted servants. They are intelligent and they certainly have dedication to the work which they are doing. As I say, they impress the farmers very greatly and they are able to interpret the provisions of the act in a most admirable manner. The farmers who benefit by the clauses of the act realize that here is something which can improve their position. They are now able to get adequate credit which for many years had been denied them. They are aware that under the jurisdiction of the Department of Agriculture we have a corporation which is serving a crying need that had been denied for a long time.

Mr. G. R. Muir (Lisgar): Mr. Speaker, I see the evening is wearing on and in rising at this time it is not my purpose to delay the second reading of this bill. However, I do have some brief comments to make on farm credit legislation.

I think that before looking at Canada's new farm credit legislation we might look at the farm credit situation as it existed prior to the introduction of these measures, and at some of the reasons why legislative changes appeared necessary if agriculture was to be given a chance to take advantage of the new technologies and methods which have been found so effective in reducing agricultural costs.

The amount of capital required to set up a minimum economic family farm unit having more than doubled since the last war, the credit arrangements which could be made under the Canadian farm loan act and the Farm Improvement Loans Act, either separately or together, although fairly adequate for the well established farmer were entirely inadequate to meet the needs of the young and capable farmer desirous of setting up an economic family farm unit unless, of course, he was fortunate enough to possess at least 50 per cent of the required capital or a minimum of $15,000.

To start out with something less than an economic family farm unit meant higher production costs in the beginning, and consequently very little by way of profit with which to expand. The struggle toward such a unit had become so slow that only a fortunate few ever reached it in time to fully exploit its advantages and, because of its cost, it was a difficult unit to dispose of in its entirety or even to transfer from one generation to another without the intervention of very substantial credit. The result has been that the transition to the family farm unit of economic size capable of using modern methods and of producing a standard, readily marketable product at a minimum cost has, in most parts of this country, been extremely slow.

There seemed to be good reason to believe that the problems associated with low farm income and with surplus disposal were closely linked with relatively high production costs,

and that these excess costs were largely due to the fact that by far the greater number of Canadian farms were still a long way from being economic units by present day standards. It also seemed evident that lack of capital was making it difficult for farmers in the more adaptable areas to switch production from straight grain farming and in so doing help bring production more in line with future market requirements as estimated by the Gordon commission on Canada's economic future.

With our rangeland potential almost fully exploited, the predicted large increase in the demand for beef would have to be met in our more adaptable cultivated areas, both east and west, through switching to grassland farming and, incidentally, putting more of our good land into effective preservation against the day when every available acre may have to be put under intensive cultivation in order to feed our own increasing population and high protein foods, such as beef, will be a luxury, as they are today in many parts of the world.

That the net income of competent farmers now on inadequate units could be increased by at least 50 per cent and their production made to conform more nearly to future market requirements with ample, long term, package deal credit made available to them was well established by a survey conducted by the Veterans' Land Act administration in 1958.

This survey covered a cross section of 25 per cent of Veterans' Land Act farm settlers in all provinces of Canada and was made for the purpose of assessing their future credit requirements. It was also so designed that it would show what effect the availability and use of adequate long term credit would have on their farm income and on their future production pattern, they having been previously exposed to at least some instruction having to do with modern farm organization and methods, particularly as applied to agriculture, through the services provided by federal farm credit advisers.

The results of this survey indicated that the most serious problems facing agriculture today may well stem from the lack of sufficient long term credit. It also seemed evident that ample, long term, package deal credit designed to assist competent young farmers in the setting up of family farm units of economic size, when granted in sufficient amounts to do the job for which it was intended, always enough but never too much, was probably the most effective and economical way in which the government could assist agriculture to attain parity of income with other industries, and this through the medium of reduced production costs from which the whole economy would benefit.

While this would be essentially a long term program, the assembly under a competent owner-operator of each and every new, economically sized family farm unit would bring agriculture one step nearer to the objective of parity income for its operators and production costs which would not only keep the home market but would make it possible to compete favourably in the export market as well.

The object of this legislation, as stated by the then minister of agriculture, is:

> —to assist Canadian farmers in the voluntary reorganization of their industry into economic family farm units, each of which will be of sufficient size or efficiency to produce the farm income necessary to pay all operating and maintenance costs; to provide a good livelihood for the owner-operator and his dependents; and to retire any required credit, with interest, within an appropriate term.

There are several reasons why this new credit program should be better than the old, the most important being that the corporation is operating under more comprehensive and forward looking credit legislation, with policy directed specifically toward the task of assisting the industry to reorganize itself into sound, economic family farm units.

Next in importance is the fact that the corporation has at its all-important field level a force of over 200 trained and experienced resident credit advisers who are now well deployed throughout the agricultural areas of the country. These have been drawn largely from trained and experienced V.L.A. farm credit advisers.

There is one area in the farm credit field that I feel merits careful consideration. In Manitoba, particularly, the size of the farm is not always a criterion for establishing an economic unit. I am advised by the farm credit corporation officials that it is the income potential rather than the unit size that provides a basis for their lending policy.

Where proper rotation, and careful husbandry is used, a loan to modernize equipment, or intensify the operation of the holding would be as satisfactory for increasing incomes as would a loan to enlarge the farm.

All farmers do not want to be big time operators. Many prefer to manage successfully on a small, but productive unit.

The fact that the farm credit corporation is seeking additional funds suggests that its credit facilities are being administered successfully under careful appraisal and supervision.

The continued use of these credit facilities by our farm people should have an important bearing on the income improvement of our rural communities, and the continuation of

the family farm, which is so essential to the economic well-being of the nation.

Mr. Deputy Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. J. H. Horner (Acadia): No. I should like to say a few words before the house passes this bill. The Farm Credit Act has been a matter of concern to me over the years and it has also been of concern to my constituents. The measure before us is designed to increase the amount which can be loaned under the act. It increases the amount of capital from $8 million to $12 million and as a result of the multiplication factor involved an additional $100 million will be made available for lending under the act.

This bill is a necessity because at the present time $165 million has been lent out and only $200 million can be lent, so before the end of the year the amount will have to be increased. We are now increasing it to $300 million. While discussing the total amount available for lending under the act I might point out that this government took action in 1958, under the old farm credit act, but $80 million was the limit of the amount which could be lent under it. In 1958 we increased the amount available under the farm credit act to $120 million but we saw the need for a still further increase and today the present bill will provide for $300 million to be lent out to farmers.

I may say that the act has worked reasonably well in most parts of Canada and perhaps in a large part of my own constituency but in my own constituency and in other parts of western Canada including northern and southern Alberta there are areas which are known as local improvement districts. These have certain special characteristics and the act as it now stands does not lend itself too readily to providing assistance in these particular areas. In my own constituency there are areas known as "special areas" somewhat similar in character to local improvement districts and here again the act as it now stands is not well adapted to the making of loans in those areas. I mentioned this in my maiden speech in 1958. Up until 1958, under the old act, there were no loans made in those particular areas. I may say there are about 3,000 farmers living in those areas and there is a demand for land and there is a change-over of land; this has been particularly the case in the last few years.

Again, the act may not be working too well in connection with the smaller farms as the minister himself suggested when he spoke this afternoon. I am thinking particularly of a case which was brought to my attention where a farmer had been farming for the last ten or 15 years since the war on what we would call a small holding. He saw an opportunity to buy another quarter section recently adjoining his farmstead. He applied for a loan and his application was turned down because they thought his farm was not of an economic size. They said: if instead of $4,000 you are prepared to borrow $20,000 and buy an economic unit we will lend you the money, but we will not lend you $4,000. This particular farmer had been farming for 13 years He was a young man who had started farming in 1948 and who had acquired a lot of machinery, and perhaps a few debts with it, but he had been able to sustain himself and his family on a section of land. I think in this particular case he had a section and a quarter, and he had a lease on another half section. He wanted to buy another quarter section which he could have obtained for $4,000 but the corporation turned him down and said: you look around and try to find a large farm that is worth $20,000 and we will lend you the money.

These are some of the difficulties I have found in connection with the administration of this act. This particular farmer does not wish to move from his present farm. He wanted to add to it as adjacent land became available. Had he bought the other quarter section he might not have been through adding to it. He might have continued to add to it from year to year and maybe at the end of five or six years he would have built his loan up to $20,000. I think the corporation should have taken into consideration the fact that this particular farmer had been existing on his farm site. He wanted to add to his land as property became available. It is true he might not have had what some persons would consider to be an economic unit but we all know the difficulty of defining an economic unit. Acreage certainly enters into it, but acreage is not the only factor. It depends on how intensively the acreage is farmed. So I hope the men in charge of the administration of this act will pay particular attention to these things. I note that other hon. members who have spoken in connection with this measure tonight have encountered situations where this idea of what constitutes an economic unit in a given area sometimes varies to a large extent according to the peculiarities of a given locality. I certainly think there is a great deal of variation in what constitutes an economic unit and how it should be appraised in any particular area.

The particular areas I mentioned a while ago, the "special areas", are generally considered by some to be ranching country. But

there are lots of good farming spots in central Alberta—lots of places where the farmer can sustain himself and his family on a section and a half or two sections of land. In other areas he may need closer to ten sections. So I hope the authorities will be more ready to lend a small sum of money rather than trying to encourage young farmers to borrow the largest amounts in order to buy well established farms. It is today very difficult to find a well established farm or what most individuals would consider to be an economic unit, for less than $20,000. I think the farmer who wishes to enlarge, develop or perhaps intensify his farm operations, should surely be able to do so with credit obtained under this particular measure.

The minister made brief reference to the suggestion of accepting leased land as security for loans made under this act. I should like to enlarge upon that subject.

In my particular area the farmers have had a great deal of difficulty in using leased land as security for loans under the act. I realize that authorities have suggested that a loan on this basis could qualify under part III of the act as it now stands. However, I should like to point out that under part III of the act a potential borrower cannot purchase land in respect to which he is a tenant farmer. I can see no reason why the farm credit corporation should not accept a lease in its name, allowing a farmer to borrow money in order to develop that land until he has paid the loan, at which time the lease would then revert to his own name.

In a great many areas of southwestern Saskatchewan, southeastern Alberta, and even the southwestern portion of Alberta along the foothills, a great deal of leased land is used for agricultural purposes. In my particular area leases change hands at the rate of $3 to $6 per acre. That is not a lot of money, and certainly a farmer would not have to borrow much money under this act to buy land of that type at that price, and would be in a position to repay the loan within a relatively short period of time. If the farmer had enough livestock he could use that as security for a loan under the farm credit corporation measure along with his leased land, put in the name of the corporation, and would then find himself in a position to pay back the loan within a few years, at which time the lease would revert to his own name. I understand that the Veterans' Land Act administration has worked closely with the farm credit corporation administration. I should like to point out to the minister that I am aware of certain cases where the Veterans' Land Act administration has accepted leases in its name as security for loans. I suggest this same practice could be followed by the administration of this act.

There has been some mention made during the debate this afternoon of the subsidization provided under this act. The idea has been expressed that there might be a continued subsidization in this regard. I take strong exception to those suggestions, because last year was the first year for a long period of time that the farm credit corporation, or the farm loans act, lost money.

The government is now in a position to borrow money from the Bank of Canada, if I read the figures correctly, at an interest rate of between 3.3 per cent and 4 per cent. I say that because of articles appearing in various newspapers recently. I see the Minister of Finance (Mr. Fleming) frowning at me. Perhaps the interest rate is 3.30 per cent.

In any event the interest rate is between 3 per cent and 4 per cent. In view of that fact, I see no reason why the government cannot borrow money at that interest rate, and make loans under this act to farmers because, as the minister stated last night, the operation cost amounted to only .8 per cent. Under this act, borrowers must pay 5 per cent interest, so that even if the government had to pay 4 per cent on its borrowings, it could do so and make these loans at a profit.

For the reasons I have set out, I cannot understand why this measure is considered to be a subsidization at all.

Some hon. members might feel that this particular measure does not concern the farmers in my area. I should like to point out that under section 27 of the act a loan can be made to cover a complete farming operation, using the farmers chattels as security, only if the loan is made under part III of the act. In addition, there are further stipulations which must be met. The first important stipulation is that a farmer cannot borrow, under part III of the act, at the same time as he has a loan under the Farm Improvement Loans Act. As an example of the difficulty involved here I should cite the case of a farmer farming an area, who desires to purchase additional land through a loan under part III of the act. Having done so, he would be prohibited from borrowing under the Farm Improvement Loans Act in order to purchase new or additional machinery to farm his land. While there may be a few isolated cases where an individual has used the same piece of machinery as security for two different loans, I see no difficulty in that regard under the application of part III, because when a young farmer makes application to the bank for a loan under the Farm

Improvement Loans Act, the banker makes absolutely sure that the machinery used as security is clear of encumbrances.

I suggest the individuals who will take advantage of the loans available under this new legislation will be young farmers with a desire to purchase their father's holdings, and will be required to borrow close to the maximum amount. If those individuals accept supervision, they would make loans under part III of this act. Having done so they would not then be able to borrow money under the Farm Improvement Loans Act to purchase additional machinery, until such time as the original loan was reduced to less than $20,000. I can foresee complications arising because of the application of part III, and I do not understand the reason for its inclusion in the act.

Mr. Speaker, I should like to touch upon one other subject before I conclude, having to do with the appraisal fee. Most hon. members are perhaps aware that the appraisal fee is now set at 2 per cent of the amount of the loan, or $100, whichever is the lesser. I feel it is unnecessary to increase this appraisal fee from $10 to $100. I suggest this has caused a great deal of concern and hardship to those farmers who must pay the $100 appraisal fee in addition to the cost of finding out whether the title to the land is clear. I suggest that the total cost to the farmer, when making application for a loan under this measure, including the appraisal fee, might well be $200. That fact in itself perhaps would not be such a great problem if there was any assurance to the farmer that, having paid out that money, his application would be approved. In some instances farmers are apt to have an appraisal made, pay $100 and be turned down after the appraisal is made. Although the farmer is turned down, he still has to pay the $100. This is a hardship on a particular farmer who is thus prevented from enlarging his present holdings, as was the case in the instance I mentioned earlier this evening.

I should like to see some changes made in this regulation, perhaps not at this session but in the year to come, and the appraisal fee be reduced to $10 as it was formerly. If the applicant is turned down, or if the appraisal is not made, the fee should be refunded. This is a small point but I thought I should mention it because I know some of the difficulties that some farmers have had in my constituency in trying to get loans under this particular act. I might say that only the one area in my constituency has had this trouble. Farmers in this area have been turned down on a number of occasions because, as I said, they did not want to borrow too much money. They just wanted to borrow a little to add to their present holdings. Sometimes an appraiser would come into the drier part of Alberta and not recommend the loan. The country is dry, so much so that some people have claimed the gophers have moved out. Actually it is not that bad. Farmers in that particular area are as good security risks as farmers in any other part of the province. They have proved this over the years.

I would strongly recommend that an appraiser be placed in this particular area because of the number of applicants that have been turned down. An appraiser coming from some of the more fertile parts of Alberta, the parts fortunate enough to receive a great deal of rain, drives into this dry country and says, "Oh my gosh, I would not lend a plugged nickel in this country", and drives out again. A farmer trying to borrow some money is put in the position where his case is not properly viewed in the light that perhaps he would hope it would be, and he is turned down almost automatically because he is living in that particular area.

Another thought that was suggested last night was that land and land size—

Mr. Deputy Speaker: Order. Because the hon. member indicated some time ago that he was completing his remarks I did not intervene. I think he is now continuing to discuss the administration of the act, as he has been doing for quite some time now, and I would point out that he has not related his remarks to the purpose of the bill which is to increase the capital of the farm credit corporation from $8 million to $12 million. I would hope that he would soon come to the point.

Mr. Horner (Acadia): In speaking to the bill I paid close attention to what the minister said when he opened the subject on first reading and I have tried to follow his remarks.

Mr. Pickersgill: He said nothing on first reading.

Mr. Horner (Acadia): Well, when he spoke first on the bill today. I did try to relate my remarks to what he said. He first mentioned isolated areas and particular localities in which there is a great deal of variety and in which a great deal of adjustment might be necessary. Certainly, my remarks were related to the fact that this bill is to provide an increase of about $100 million in the amounts lent under the act. Certainly the farmers in this particular area would like to get a chance to borrow a part of this $100 million.

I am trying to point out, Mr. Speaker, that if an appraiser was placed in this particular

area he might be in a better position to appraise and evaluate the land in the area, and in that way the farmers in this particular area, called the "special areas" of Alberta, would have an opporunity to borrow under this act.

I know that the president of the corporation has recently appointed Mr. Carr, chief land appraiser from Ottawa, to make a study of the whole lease problem in western Canada. I refer to the land that is leased in the area between the lakes in Manitoba and in southwestern Saskatchewan, in Alberta and in British Columbia. This land is leased by farmers and ranchers who are in the agricultural industry. The leased land changes hand from time to time, sometimes at high prices and sometimes at rather low prices. Certainly, those farmers should have the opportunity to adjust the size of their units, to make them more economic and to borrow money under this particular act. I thank you, Mr. Speaker, for bearing with me for a moment while I got this particular thought across.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I am very pleased to see this change and I should like to say a few words on the bill.

So far as I can ascertain, the remarks that have been made so far have all been in favour of this legislation. The reason that we are in favour of the increase in the amount of money is that there has been a new director appointed under the Farm Credit Act. We should be appreciative of the job he has been able to do in such a short time. The fact that we need more money under the Farm Credit Act now is an indication that the act is working for the first time in a long period of time.

It has always seemed to me that borrowing money from the Canadian farm loan board was a little bit like trying to borrow money from the treasury board or going to the Minister of Finance and asking him for a loan. The administrators of the act were not the least bit interested in lending money. There were certain requirements. If you fitted into that particular limited pattern then you got the money. Mr. Rutherford, the former director of the Veterans' Land Act did have experience. His officials had the approach of wanting to lend money that was going to be advantageous to the farmers. You did not lend the money whether the person needed it or not. Previously it depended on whether the farmer fitted into a little slot. It did not depend necessarily on whether it was advantageous to the farmer; he got the money if he met certain requirements. Now it seems no matter whether the money is asked for under supervision or not there is continuously a certain amount of supervision. It seems to me this is the only way that money being lent to farmers is going to be advantageously used by those farmers. Although farmers may not readily admit it, they need assistance in ascertaining how much help they need. The hon. member who just took his seat spoke of areas of 10,000 acres. This certainly does not apply in my area.

Mr. Horner (Acadia): If the hon. member is referring to my remarks, I said 10 sections or 2 sections.

Mr. Peters: I am sorry if I misquoted the hon. member. It would not make any difference. Ten sections are still a great deal more than the area on which farmers in my constituency are going to be borrowing money, if it is a very large amount of land. It has been a factor. I presume the hon. member was referring to the need for larger farms to make up an economic unit. There has been a tendency for farmers to borrow money on an uneconomical unit. Obviously his borrowing of that money was not going to enable him to better his position very much.

One of the things to the credit of the Veterans' Land Act administration was the ability of the officials to supervise and the advice they gave. This practice is now being applied generally to Canadian farm loans and it means that the farmer is receiving some assistance and technical advice that he did not have the opportunity to obtain before. The advice is being given in such a manner that the farmer will accept it because it is not completely dependent upon the loan or the conditions of the loan. In my area, for example, farmers have been advised that if they plant certain crops the market is such and such and if they plant something else their chances of obtaining a better price per acre of produce will be much more readily realized. In some instances technical advice has been given in relation to the operation of the farm.

It seems to me that the technical assistance being given in this way by the officials is a great advantage over the system that obtained before. The Farm Credit Act agents are going to the farms and talking to the farmer and his wife. They are assessing the situation themselves and in my opinion this is doing a great deal to enable the farmer to obtain an advantageous loan, one which he is going to be able to repay and which it is to his advantage to obtain.

The fact that the government is asking for an increase in the amount of money available for loans is an indication that this credit system is an advantageous one. With its experience under this act, I believe that the

government is going to give consideration to increasing the supervision under the Farm Improvement Loans Act. There is a similarity between the two acts. As a previous speaker mentioned, they are interrelated to some extent and they certainly work advantageously in combination.

Having in mind the inquiry into farm machinery that is now under way, I believe it is increasingly advantageous for the farmer to have impartial advice with relation to the purchase of new machinery because occasionally we find that rather than the farmer wanting to buy, the machinery companies are persuading him to buy. A little advice may help to prevent some farmers from trying to keep up with the Jones'. It seems to me that this act is a credit to the government. We are very pleased with the way it has been operating and with the fact that more money is necessary. We are also pleased that the bill has been introduced and will be passed before the budget is brought down because it might be more difficult at that time.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Flynn in the chair.

On clause 1—*Capital.*

Mr. Herridge: Before this clause carries, out of curiosity on my part may I ask the minister whether he can inform the house in what amounts the farm credit corporation applies for advances from the consolidated revenue fund?

Mr. Hamilton (Qu'Appelle): In the last report and the figures I gave tonight the hon. member will find that the amounts usually range from $15 million to $25 million at a time.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read the third time? By leave, now?

Some hon. Members: By leave, now.

Mr. Hamilton (Qu'Appelle) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

FINANCIAL ADMINISTRATION ACT

AMENDMENTS RESPECTING PURCHASE AND SALE OF SECURITIES BY MINISTER, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-109, to amend the Financial Administration Act.

[Mr. Peters.]

He said: Mr. Speaker, I shall not detain the house long. At the resolution stage of this measure last night one point was raised by the hon. member for Kenora-Rainy River (Mr. Benidickson). He asked why it was that the resolution made no reference to the provisions in the measure in relation to the assignment of debts. The answer is very simple, that no resolution is required in that respect because no matter pertaining to the balance of ways and means was involved in relation to the assignment of debts. Indeed, had that been the only provision in the bill there would have been no need for a resolution antecedent thereto at all. There are rights of the crown involved in this measure. His Excellency the Governor General, having been made acquainted with the purport of the bill, has given consent, so far as Her Majesty's prerogative and property rights are affected, that the house may do therein as it shall see fit.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I have very little comment to make in connection with the bill. I see it is almost 10.30 and I assure my colleagues that I will conclude my comments within a time that will appeal to them. I think it is unfortunate that the government has not seen fit throughout its long regime to permit parliamentary secretaries to conclude debates such as that instituted yesterday, for example, with proficiency by the parliamentary secretary to the Minister of Finance. This is quite contrary to the practice of the former administration.

I did raise the point to which the Minister of Finance has referred. However, I am satisfied that there is nothing in the bill which we are now considering at the second reading stage that is deserving of special attention in debate. I do ask the minister, who has great influence in the ministry, to consider the former practice under which the presentation of any measure perhaps might be shared between him and his parliamentary secretary. I do not think there has been adequate utilization of parliamentary secretaries in the presentation of the business of the house.

Motion agreed to and bill read the second time.

Mr. Pickersgill: Ten thirty.

Mr. Deputy Speaker: When shall the bill be considered in committee of the whole house? Next sitting of the house.

BUSINESS OF THE HOUSE

Mr. Pickersgill: In asking the minister for the business tonight I should like to observe to him that if he could get from his own

side co-operation comparable to that which he gets from this side of the house, this session would have been over long ago. Can the minister tell us what it is proposed that the backbenchers on the government side are going to filibuster tomorrow?

Some hon. Members: Oh, oh.

Mr. Churchill: Mr. Speaker, I should like to express my appreciation of the co-operation I get from both sides of the house in getting the business through quickly. Tomorrow we will take the estimates of the Department of Public Works. We shall commence with those estimates and, depending on the progress made by the house, they will be followed by the estimates of the Department of National Defence and the Department of Defence Production. I do not know how long they will take. I can announce other estimates for consideration later this week, if the house so desires.

Mr. Pickersgill: Can the minister assure us that nothing but estimates will be taken for the rest of this week?

Mr. Churchill: It depends on the circumstances, Mr. Speaker.

It being 35 minutes after ten o'clock the house adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Wednesday, June 14, 1961

The house met at 11 a.m.

NEW MEMBERS INTRODUCED

Mrs. Margaret Mary Macdonald, member for the electoral district of Kings, introduced by Right Hon. J. G. Diefenbaker and Hon. J. A. MacLean.

George Louis Chatterton, Esquire, member for the electoral district of Esquimalt-Saanich, introduced by Right Hon. J. G. Diefenbaker and Hon. E. D. Fulton.

John Ross Matheson, Esquire, member for the electoral district of Leeds, introduced by Hon. L. B. Pearson and Mr. G. J. McIlraith.

(Translation):

Edgar Fournier, Esquire, member for the electoral district of Restigouche-Madawaska, introduced by Right Hon. J. G. Diefenbaker and Mr. G. W. Montgomery.

(Text):

THE BUDGET

ANNOUNCEMENT OF PRESENTATION ON TUESDAY, JUNE 20

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I am now in a position to inform the house that if it pleases the house, I would hope, barring unforeseen occurrences, to introduce the budget next Tuesday evening, June 20, at 7.30 p.m.

Mr. Martin (Essex East): A belated announcement.

FINANCE

BANK OF CANADA—STATEMENT ON REQUEST FOR RESIGNATION OF GOVERNOR

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, may I offer the house a statement on another matter upon which questions were asked in the house yesterday. Yesterday morning Mr. James Coyne, governor—

Mr. Speaker: Order. Before the minister proceeds may I call to his sympathetic attention a problem which concerns me respecting the statement he is about to make by leave of the house. Of course the statement has not been submitted to me and I do not know its contents, but I think the minister and the house will recognize that if it is about the governor of the Bank of Canada it is a statement about a very controversial matter which could very readily give rise to a debate on routine proceedings, at a time when the practice of the house does not provide for a debate.

I do not presume to assume that the minister proposes to make a controversial statement, but I ask myself whether the matter can be dealt with without the expression of opinion on matters which are controversial. Therefore, if the minister's statement is one of simple fact which can be made in that way and accepted by the house without debate, then I have nothing further to say. If on the other hand the minister has in mind expressing views about the circumstances with which he proposes to deal, then I would think the house might very well agree on the method by which this matter will be dealt with. If controversy is introduced and an opportunity to comment in the same vein is provided, then an endeavour should be made to limit the debate.

Mr. Fleming (Eglinton): Mr. Speaker, I can assure you and the house that the statement has been prepared with due regard for the practice of the house in these matters. I have endeavoured faithfully to confine the statement to a factual account of matters upon which it was quite obvious yesterday the house sought factual information.

I wish to make it abundantly clear also that I would not wish for myself in this situation any right that was not shared equally by those hon. members opposite who may wish to make comment on the statement after I have read it.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the point you have raised is an important one, especially in the circumstances. If the statement to be made by the minister deals non-controversially with that matter only, then it will be accepted as such on this side, of course, and any statement we made in reply in accordance with our right will be along the same line. If, however, the minister's statement includes opinions or facts which are controversial—

Mr. Broome: What is a controversial fact?

Mr. Pearson: —then I hope we will be given exactly the same right in reply that the minister has undertaken to exercise in making his statement.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, if the statement the minister intends to make is non-controversial, there will be

no objection on the part of the members of this group to his making that statement now. If it introduces controversial matters or opinions, we think it would be more fitting and proper for the statement to be made after the budget has been presented next Tuesday.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the house recognizes that the Minister of Finance never makes controversial statements; therefore we are really dealing with something that does not occur very regularly. However, Mr. Speaker, the point you have made, followed by the Leader of the Opposition, is that if there is anything of a controversial nature in the statement it will always be interpreted in that way no matter how factual it is. There will be no objection to the Leader of the Opposition and one member of the third party making such observations thereon as they deem proper, having regard to the substance and the factuality of the statement to be made by the Minister of Finance.

Mr. Speaker: I will call upon the minister to proceed, and will reserve to myself the right, if debate develops, to apply such strictures as appear to be necessary.

Mr. Fleming (Eglinton): Mr. Speaker, yesterday morning Mr. James Coyne, governor of the Bank of Canada, issued a statement, which has been widely circulated, concerning his tenure of office as governor. It would not be appropriate at this point in the proceedings of the house to comment in detail on his published statement sentence by sentence or on its defiant and provocative character. At this stage I must confine myself to placing before the house the essential facts, virtually none of which appear in that statement.

During Mr. Coyne's period in office there has been a steady and deplorable deterioration in the relations of the Bank of Canada with the public. The governor, by a course of ill considered action and a series of public declarations of policy on public issues quite outside the realm of central banking, and by his rigid and doctrinaire expression of views, often and openly incompatible with government policy, has embroiled the bank in continuous controversy with strong political overtones.

Mr. Coyne's rigid attitude on the maintenance of high interest rates is one example. The government's policy is expansionist, aimed at the creation of more trade, more production and more jobs. The policies advocated by Mr. Coyne are restrictionist, restrictive of trade, restrictive of production and restrictive of jobs. The government has exercised patience in the hope of avoiding further controversy pending the expiry of his term of office on December 31 next, but its hopes have been frustrated by Mr. Coyne and it can no longer postpone decisive action.

Matters of high importance are awaiting decision and co-operative action by both the bank and the government. The need of teamwork between them and leadership by them has never been greater. It has become impossible to expect this kind of co-operation as long as the present governor remains in office. It was perfectly plain to the government that whatever assurances Mr. Coyne might give of co-operation for the future, the public could have no confidence that Bank of Canada policy would support government policy, having in mind the frequent public declarations by the governor which clearly run counter to the policies of the government.

Mr. Coyne has, as I shall explain shortly, lost the confidence of the board of directors of the Bank of Canada. He does not possess the confidence of the government.

On May 30, on the instructions of the government, I asked Mr. Coyne to tender his resignation to the board of directors of the bank. I further asked that he do so before the regular board meeting to be held in Quebec on June 12 and 13, so that action on the resignation might be taken by the board at its meeting. I gave him an ample statement of the reasons for the course the government was following. The main reason was that the government was convinced that Mr. Coyne's continuation in office as governor of the Bank of Canada would stand in the way of the implementation of a comprehensive, sound and responsible economic program designed to raise the levels of employment and production in Canada. After an hour's discussion he asked to be allowed to think the matter over. Presumably his published statement yesterday is his reply to the government's request.

Section 6 of the Bank of Canada Act provides as follows:

> The governor and deputy governor shall be appointed by the directors with the approval of the governor in council.

As is well known, Mr. Coyne was appointed by the board of directors with approval of the then governor in council in December, 1954, for a seven year term as governor expiring December 31, 1961. This term has six and a half months to run. Had Mr. Coyne complied with the government's request, the board of directors of the bank would have been in a position at its meeting in the last two days to take action on the resignation and, if so disposed, to appoint a successor with the approval of the governor in council. I had hoped to announce in the house today that this course had been followed and that

the whole matter would have been handled with dignity and consideration. Mr. Coyne, however, has chosen to reject the request and to provoke a controversy.

Mr. Coyne has not contented himself with disregarding a request from the government. The board of directors met at Quebec on Monday and Tuesday. The subject of Mr. Coyne's tenure was discussed both days. Mr. Coyne himself introduced the subject at the board's meeting on Monday morning. Both at the morning session and again at the afternoon session that day he delivered a lengthy defence of his administration. Discussion followed. I am informed that Mr. Coyne was made fully aware on Monday that the board would ask for his resignation if he did not choose to submit it.

The board meeting resumed on Tuesday morning at 9.30; that was yesterday. When it became clear that the board was about to introduce a resolution requesting the immediate resignation of Mr. Coyne, he asked to be excused and asked the board to consider other matters of business while he was out. He returned to the meeting at 12.15 o'clock to inform the board that he had issued a statement to the press at 11 o'clock. This statement was apparently released simultaneously in Quebec and Ottawa. I am also informed that he read the press statement to the board and intimated that he would not resign even if the board of directors requested him to do so.

With Mr. Coyne in the chair the board then proceeded to vote on the following resolution:

> That it is in the best interests of the Bank of Canada that the governor do immediately tender his resignation to the board of directors of the bank and further that this action and decision on the part of the board has been taken after prolonged consideration and with regret.

Mr. Coyne polled the directors. The resolution was carried by a vote of nine to one. Mr. Coyne did not vote. Having declared the motion carried, Mr. Coyne then immediately adjourned the meeting.

In doing so he not only defied the formally expressed wish of the board that he should resign immediately in the interests of the bank; he made it impossible for them to proceed to consider what action might be taken in the face of this defiance. It is of particular significance that Mr. Coyne deliberately issued his own press release prepared in advance of the board meeting before the board had reached its decision, and in the knowledge that the board was about to reach a decision. In doing so he left the public with the false impression that the only request for his resignation had come from the government.

As I indicated earlier, it is not my intention to comment in detail on Mr. Coyne's statement. I should like, however, to make two observations. First, by referring to a—I quote his words—"mysterious and alarming" program which the government is contemplating, Mr. Coyne may have left a certain false impression with the public. Perhaps the best way to dispel this impression is for me to say at once that Mr. Coyne has not been told of the contents of the forthcoming budget and, therefore, has no right whatsoever to express views about it. Second, Mr. Coyne has asserted that he has been given no indication of disagreement with his views on economic policy. In my last two budgets and in various other public statements it has been clear for some time that there have been major differences of opinion with the frequently expressed views of the governor on economic matters.

The earnest efforts of the board of directors and the government to handle this unpleasant matter with dignity and with consideration for Mr. Coyne have thus been frustrated by him. The house will be able to judge whether this was the action of a governor with a proper sense of responsibility to the board of directors of the very important public institution of which he has been governor for the past six and a half years.

I have already indicated that under the terms of the Bank of Canada Act, in appointing the governor the board of directors is the appointing body and the governor in council is the approving body. The board has now asked for his resignation and the government has asked for his resignation. He on his part has asserted his determination to remain in office, though unwanted, for the remaining six and a half months of his seven year term.

Mr. Coyne has referred to his pension claims. Prior to February 15, 1960 Mr. Coyne under present circumstances of age and service would have become entitled on retirement this year to a life pension of slightly less than $12,000 per annum. As the result of a by-law passed by the board that day he claims to have acquired immediate entitlement to a life pension of $25,000 per annum on retirement this year at the age of approximately 50 years.

Some hon. Members: Shame.

Mr. Fleming (Eglinton): The government was not notified of this by-law and the governor did not publish it in the *Canada Gazette* until this week.

Some hon. Members: Shame.

Request for Resignation of Bank Governor

Mr. Fleming (Eglinton): The government became aware of the enactment of this by-law only this spring. The government, as I informed him at the meeting on May 30, considers that the governor was lacking in a sense of responsibility in keeping with his high office in accepting an additional benefit worth $13,000 per annum for life without ensuring that the matter was brought to the attention of the government.

It is the government, not the governor, which has been continuously defending the integrity of the Bank of Canada. For this, and for this alone, the government has patiently borne misunderstanding and even abuse in the hope of shielding the bank from becoming, as a result of the actions and assertions of the governor, a centre of political controversy.

In the light of the foregoing I can now inform the house that the government will shortly invite parliament to take appropriate legislative action to meet the needs of the situation.

Mr. Speaker: Before I recognize the Leader of the Opposition I would remind hon. members of what I said earlier in connection with the course that was considered appropriate in this regard; that is, that hon. members' remarks should be kept within the scope of the statement made and should be appropriate to that statement. It has been indicated to the house that there will be an opportunity to debate this matter, and this present discussion should be confined to proper limits. That is my reason for rising before the Leader of the Opposition begins his remarks.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, the Minister of Finance has made a statement which is as controversial in fact and opinion as any statement which could be made by a minister of the government.

Some hon. Members: Hear, hear.

Mr. Pearson: Mr. Speaker, naturally I believe I have a full right to reply to the best of my ability to these controversial statements made by the minister, statements which are controversial in fact and controversial in opinion.

The minister has seen fit, in a statement which he told us was to be non-controversial, to talk about the steady and deplorable deterioration of relations with the bank. He blamed it on the bank. He talked about ill considered actions on the part of the governor; he talked about the governor embroiling the bank in this, that and the other thing.

Some hon. Members: Oh, oh.

[Mr. Fleming (Eglinton).]

Mr. Pearson: He talked about the lack of co-operation between the bank and the governor; he talked about the government being frustrated, and he told us that he proposed to make a non-controversial statement on this matter.

The minister also said that he had hoped this matter could be dealt with with dignity and consideration. The conduct of the minister has made this quite impossible.

Some hon. Members: Hear, hear.

Mr. Pearson: The minister's statement this morning has contradicted not only the communications which have been made public by the governor of the bank—the communications which are before us—but it is contradicted by the minister himself in previous statements in this house during this session.

Some hon. Members: Hear, hear.

Mr. Pearson: Mr. Speaker, I propose to support that statement by putting on the record what the minister has said in this house. These are statements which contradict what he himself has said this morning, and surely I have the right to do that in view of what he has said. The minister has made the unprecedented decision of asking the governor of the Bank of Canada to resign just a few months before the end of his term of office. In fact the minister has demanded his resignation—

Mr. Fleming (Eglinton): No.

Mr. Pearson: —a few months before his term of office ends. This unprecendented decision, this unwarranted intervention in the affairs of the bank, was made by a government which only a few months ago claimed it had no authority over the bank or its management; that it had no authority over monetary policy and no intention of ever interfering with the Bank of Canada. Here is what the minister said on February 21, as reported at page 2258 of *Hansard*:

> I say that the responsibility owed by the Bank of Canada is to parliament... It is a direct responsibility.

Then the minister went on to refer to the management of the bank on page 2260 of *Hansard*. He said:

> The government has no power whatsoever, once appointments are made, to change them; only parliament can do that.

Then the minister, in defiance of those statements, on May 30 calls in the governor of the bank and demands his resignation. What did the minister say on February 21, the same day, a little later? Let me read from page 2265 of *Hansard*:

> Let us take the extreme case of a headlong clash, Mr. Speaker.

Now the minister, after three months, tells us that there has been a headlong clash going on for months and years between the government and the bank, in spite of the efforts we on this side of the house have made to get the minister to tell us what he thinks of the policy of the governor of the bank and his statement that there has been a headlong clash. The minister took this position when he was speaking in the House of Commons on February 21. He said:

> Let us take the extreme case of a headlong clash, Mr. Speaker. In a situation of that nature—

This is the Minister of Finance speaking, who spoke this morning in a very different vein:

> In a situation of that nature the government would have no power whatever to terminate the terms of office of the directors or the governor. In that situation all it could do would be to go to parliament, as the Leader of the Opposition said yesterday in effect. That is all it could do. The government has not been given by parliament any power or authority over the bank or its senior officials or directors in that situation.

The Prime Minister had something to say about this, too. He said in a broadcast to the nation on October 1, 1959:

> I point out that the Bank of Canada, not the government, controls the money supply in Canada.

Incidentally, that has been denied recently by the governor of the bank himself, and it has been denied by us from this side of the house many times. The Prime Minister continued:

> The bank was set up under law by act of parliament. It is independent and autonomous. It has one master, parliament, and through parliament, the people. That is the law. It has been the law for almost 25 years. But, as with any law passed by parliament the Bank of Canada Act is, of course—as the Bank Act is—subject to review and amendment.

Surely the most important issue must have arisen between the governor of the bank and the government. The minister said this morning that this issue had been developing over the months and, indeed, for a long time, though he never indicated in this house during any of the debates we have had on this subject that any such issue was developing at all. If that issue was developing; if the Minister of Finance had had these feelings toward the governor of the bank which he expressed this morning in such strong terms, why has he not risen in the House of Commons in the past and told us about them?

Mr. Benidickson: He told us the opposite.

Mr. Pearson: He told us the opposite. He has contradicted himself by his own statement, and he has been contradicted by the letters written him by the governor of the bank which have now been made public. We know now that this issue, and the demand for the resignation of the governor, have been hidden since May 30, the very day I asked the Minister of Finance why Mr. Bryden, a member of the board, had resigned. Incidentally, Mr. Bryden was a member of the committee of the board of directors which looked into the pension matter and made the recommendation of February, 1960.

I asked the minister about this on May 30. The hon. gentleman became very indignant and refused to tell us anything about it. As a matter of fact, since February we have asked the government on several occasions to call the governor before the banking and commerce committee so we might find out what was going on between the government and the bank. The minister refused to do that. He gave the impression that all was well. Now he tells us there was a general deterioration in relations.

Mr. Martin (Essex East): Denied parliament its rights.

Mr. Pearson: That was a most reasonable request, and in the light of what the minister has said today that request becomes even more reasonable. It was reasonable when we made it, yet it was summarily rejected by the government.

It is not easy to find out the nature of the issue which has led to this demand by the minister for the resignation of the governor, in spite of what the minister has said this morning. The issue, in the terms in which the minister put it this morning has, as I have said, been contradicted and denied by the minister himself. Let me read again from page 2258 of *Hansard*. The minister said this morning that the governor had been going around making speeches and contradicting in his speeches the money policy—the easy money policy—of the government.

Mr. Pickersgill: That is something new.

Mr. Pearson: That is something new, all right. Here is what the minister said as reported in *Hansard* in February about the governor and his speeches:

> May I say that I have no right of censorship over the speeches of the governor of the Bank of Canada. He does not refer them to me. Why should he do so? This is a free country.

Well, if this "heads will roll" attitude becomes common on the part of the government, we shall not be a free country for too long. The minister went on to say:

> He makes his own speeches and chooses his own themes . . . I trust that I am not to be held responsible for what may be said by the governor of the Bank of Canada when he exercises his right as a citizen to make speeches.

Mr. Speaker: I am sorry to interrupt the hon. gentleman, but I should tell him that in two more minutes I shall consider that he

has exercised his right to comment on the statement which the minister has made.

Mr. Pickersgill: Closure.

An hon. Member: You are the expert.

Mr. Speaker: The minister who introduced this matter did not speak at undue length; I noted how long he took, and I would consider it appropriate if the Leader of the Opposition would conclude his remarks before long.

Mr. Pearson: Naturally, Mr. Speaker, I would wish to use my rights in accordance with the advice you have given, but the minister made two points to which I must refer. One is that the governor has been in conflict with the financial and monetary policy of the government for some time. That was completely contradicted by the governor himself when he said that at no time had the government expressed disagreement with the operation of the Bank of Canada under his management. This is a statement made by the governor of the bank himself. Was there ever a clearer case for a committee of parliament being set up to inquire into a matter of such importance, when the governor and the minister are in complete contradiction even as to the facts?

The other point the minister made dealt with pensions. According to the governor in his statement, this was brought up as one reason why, perhaps, the governor should resign; because the directors of the bank in February, 1960 unanimously took certain action with regard to pensions. Now, on May 30, 1961 the minister gets very indignant about that, and has the effrontery to tell us in this house that he did not know about it. The deputy minister of finance was a member of the board of directors of the bank and was at that meeting when this action was taken.

Mr. Fleming (Eglinton): I think the hon. gentleman would wish me to correct the misstatement he has just made. The deputy minister of finance was not at that meeting. He had been called away the day before owing to the bereavement of a relative, and he did not attend that meeting.

Mr. Pearson: The deputy minister of finance is a member of the board of directors of the Bank of Canada. Is the minister trying to tell me that because, as he has said now, the deputy minister was not at that particular meeting the deputy minister did not get a copy of the minutes of that meeting, and did not send those minutes to him? I ask the minister now if the deputy minister has ever reported previously about that meeting. If the minister cannot find out from his own deputy what goes on at meetings of this kind he is hardly fit to be Minister of Finance.

The minister has been very active trying to find out from the board of directors, since, what went on at that meeting and at other meetings. This was action taken by the board of directors in accordance with their powers. Does the minister object to that action? If so he should fire all the other directors, too. He cannot fire Mr. Bryden because Mr. Bryden has resigned. And let us not forget that two thirds of the board of directors who took this decision were appointed by the present government.

The Minister of Finance who tells this house that neither he nor his government have any responsibility for monetary policy, now says he really must have some responsibility with regard to bank pensions. That is a strange attitude for the minister to take; and if he is trying to force the governor of the Bank of Canada out of office because of some pension difficulty I claim, to use the minister's own words, that it is very undignified—and I could use language much worse than that to discuss tactics of that kind.

That is the situation, Mr. Speaker, and I shall conclude by saying this; that nothing the minister has said this morning is in any way satisfactory as an explanation of the shocking and irresponsible action of the government in this matter. It is not a question of the policy of the board or of the governor of the Bank of Canada; it is a question of the relationship between the government and the Bank of Canada, and that relationship has been shown up in the last few days in a fashion which will cause lack of confidence in the financial community of this country and which may well be a shocking example of government interference with or injustice toward a man who has been a devoted public servant, whatever one might think of his policy or his words.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, without doubt the house has listened with great interest to the somewhat lengthy elucidation of a long standing enigma, but what the minister had to say in previous statements in no way indicated to the house that the situation he has now described actually existed. I think that is proven by the record, and there is no reason to quote it again. The members of this group are of the opinion that the minister has not been frank with the house or the country.

Now, Mr. Speaker, the minister said his main reason—we noticed he emphasized the word "main", because apparently there are subsidiary reasons which have also been given—for the government's action is that the governor is standing in the way

of certain policies to which the government intends to give effect, to improve the economy of this country. That is in direct contradiction to the correspondence that has been circulated quite recently by the governor of the Bank of Canada.

I have in my hand a letter addressed to the Minister of Finance written by the governor of the bank and dated June 13, 1961. I should like to briefly quote from this letter to indicate that the minister's statement is not accurate from our point of view. That portion of this letter which I wish to read is as follows:

> Efforts were made by the directors to arrange for discussion with you in order to be absolutely clear that you were aware that there was no issue of substance between the government and the bank or the government and myself prior to your request to me on May 30—to be sure that you knew that the bank felt bound to support government policies in so far as they had financial implications, as it had always done.

I now wish briefly, in that connection, to refer to a television broadcast some months ago on which the Prime Minister and the Minister of Finance appeared, because I think the issue was the question of high or low interest rates. I understand that program appeared nearly two years ago, at which time both these hon. gentlemen appealed to the public of Canada to dispose of their low interest bonds and accept higher interest government bonds. That does not indicate any concern with the question of low interest.

A reading of the correspondence that we have received from the governor of the Bank of Canada indicates that the government's primary and first concern is political, not economic, and that the statements made by the governor of the Bank of Canada were, as indicated in the correspondence and as the government indicated, "embarrassing". I think that was the substance of the complaint in the first instance.

The Minister of Finance has mentioned that there was a difference between the government and the governor of the Bank of Canada in respect to policies. I am not going to take the time of this house to go into that subject. The Leader of the Opposition has quoted to some extent to prove that was not an accurate statement, and we agree with that statement.

What does the government do according to this correspondence, according to the statement by the minister, and according to what we have read about this issue, in order to achieve its main purpose, to cover its political embarrassment because of the statements made by the governor of the Bank of Canada? It uses the smokescreen of a relatively unimportant issue, relatively unimportant in relation to the welfare of this country as a whole. I might explain, Mr. Speaker, that we in this group do not endorse pensions of $25,000 a year for anyone. We are opposed to that type of pension being granted. We are also opposed to what is a relatively minor issue, compared to the issues at stake, being introduced by the government under this smokescreen to cover the real purpose of its actions and attitudes.

Mr. Speaker, I think in conclusion I should say that without any doubt, after this partial, and shall I say, somewhat phantasmagorical elucidation of the minister, it is the responsibility of the government and the minister to give the house all the facts surrounding this important situation at the first opportunity. Then the house must have the opportunity, after having received the facts —the house cannot debate the issue without the facts—of debating this issue. I agree with the suggestion made by the leader of the official opposition that this is a matter which should come before the committee on banking and commerce, and we should hear witnesses on all sides of the case. I am sure after we have heard that evidence the people of this country will know who is the real culprit.

Mr. Fleming (Eglinton): Mr. Speaker, I should like—

Mr. Speaker: Order. Before I hear the Minister of Finance I should like to say to this house that this has been a debate, in my view, and one without precedent in our practice. It appeared to be the wish of the house to discuss this matter pro and con and, following the minister's statement, to allow a reply to that statement by the Leader of the Opposition and the spokesman for the C.C.F. party.

I foresaw that situation when I suggested at the beginning of the statement that it would be reasonable to agree that a debate should take place, if the house wanted a debate, in the usual way. If the question is to be renewed and debated again, as has been indicated in the minister's statement, that debate cannot be entered upon now. I think the practice of limiting the discussion to the three spokesmen, one of each party, is a correct practice. I also feel it is fair, in view of the course that has been taken, to allow the Minister of Finance, who made the original statement, a brief opportunity to comment in reply on what has been said by the other speakers.

An hon. Member: Oh, oh.

Mr. Speaker: Order. That is my best judgment on the matter. This is a situation without precedent. If the house disagrees with my decision, the house is master of its own

rules and can take such course of action as it sees fit. I propose to allow the Minister of Finance to have the floor for three minutes.

Mr. Fleming (Eglinton): Thank you, Mr. Speaker. I intend to be brief and to confine myself to correcting certain errors on the part of the two hon. members who have spoken on matters of fact. There will be occasion when debate can take place on the wider issue.

First of all the Leader of the Opposition said several times, not merely that I had asked for the resignation, but demanded it; and he roared out those words. At no time did I use the word "demand". On the instructions of the government I asked for the resignation of the governor to be tendered to the board of directors.

In the second place, he referred to statements made in which I had said that the government had no authority and no power to terminate the office of the governor. That is quite true, Mr. Speaker. I could do no more than ask, and the board of directors has likewise asked.

My statement this morning, and the course of action taken in recent days, is completely in accord with the statements I made in the house, as mentioned by the Leader of the Opposition. This has become an extreme situation; extreme within the kind of expressions used by Mr. Graham Towers on previous occasions, and which would call for the resignation of the governor, in the opinion of the government.

The Leader of the Opposition brought Mr. Bryden's name into this discussion this morning, and I think it ill-behooved him to do so. I gave a factual statement to the house concerning Mr. Bryden's resignation some days ago, and Mr. Bryden also made a statement in Toronto at the time, completely denying the attempt made by the Leader of the Opposition to insinuate certain reasons for his resignation. Mr. Bryden's resignation was, as he stated at the time, because of other burdens he had accepted.

Mr. Martin (Essex East): Let us see his letter of resignation.

Mr. Fleming (Eglinton): I am limited to three minutes. Mr. Speaker, in regard to this matter of disagreement, I think no one who has taken the trouble to read the speeches of both the persons mentioned will have any doubt about there being wide divergencies. The efforts of the government and, if I may say so, of myself in particular in all these discussions have been to discharge a duty which I regard as a very important one resting on the Minister of Finance; that was to do, even at the expense of absorbing abuse and criticism, everything that was within my power to try to keep the Bank of Canada out of political controversy. I have not finally succeeded, but I did make the effort.

The final point, Mr. Speaker, concerns a reference by the Leader of the Opposition to what happened at a meeting of the directors on February 15, 1960. I said that the deputy minister of finance, who is a non-voting member of the board, was not present at that meeting, having been called to Toronto the previous day to take charge of funeral arrangements of a relative who died very suddenly. The assistant deputy minister went to the meeting. I received no report; I received no copy of the minutes. The Leader of the Opposition looks surprised, but I am stating the fact. I learned of the action taken at that meeting, as I said in the statement recently this spring. That is the fact.

Mr. Martin (Essex East): Unbelievable.

Mr. Fleming (Eglinton): The point made in the statement was that there was a responsibility resting upon the governor to have seen to it that this fact was known to the government before such a substantial benefit was accepted.

Mr. Martin (Essex East): The minister ought to resign; that is clear.

BUSINESS OF THE HOUSE

PROCEDURE THIS DAY WITH RESPECT TO STARRED QUESTIONS

Mr. Speaker: If the house agrees that it is not twelve o'clock we might proceed with starred questions. There is this difficulty, that starred questions are to be taken up not later than twelve o'clock noon.

Mr. Fulton: I do not wish to stand in the way of what you have suggested, sir, but I have a short statement to make on motions which I assure the house will be non-controversial. If Your Honour has leave to stop the clock with regard to starred questions, perhaps it might be stopped for another 60 seconds in regard to this statement.

Mr. Diefenbaker: If the house agrees to the diversion so the statement can be made, I am sure it will also agree to its continuance to allow starred questions to be answered. I think that is the general consensus.

Mr. Speaker: Is it agreed that we stand government notices of motion and revert to motions so that the minister may make his statement, and deal with starred questions afterward?

Mr. Pickersgill: Let the minister speak first.

Mr. Speaker: Is it agreed that we take starred questions after we have dealt with routine proceedings in the usual course?

Some hon. Members: Agreed.

COMBINES

DRUGS—AUTOMOTIVE OIL, GREASE, ETC.; ANNOUNCEMENT OF PUBLIC HEARINGS

Hon. E. D. Fulton (Minister of Justice): I think the house will be interested to know that the chairman of the restrictive trade practices commission has ordered that there be public hearings held in connection with two general inquiries under section 42 of the Combines Investigation Act. The first that I think the house should know about relates to the drug inquiry. The second relates to an inquiry into the distribution and sale of automotive oil, grease, antifreeze, additives, tires, batteries, accessories and related products, commonly known as T.B.A. inquiry. In connection with the drug inquiry, the chairman has ordered that the public hearings commence in Ottawa on Tuesday, July 4, 1961; and he has ordered that the T.B.A. hearings commence on Monday, September 11. The chairman has come to the conclusion that public hearings in both these cases will serve the public interest.

In view of this fact I am now in a position where I consider that I am able to table the statement of materials in the drug inquiry, and I do so now. I will also be able to accept the motion of the hon. member for Skeena with regard to the statement of material in the other inquiry. I would also like to table for the information of the house copies of the orders made by the chairman of the restrictive trade practices commission.

WAR VETERANS ALLOWANCE ACT

AMENDMENTS TO INCREASE RATES OF ALLOWANCES AND INCOME CEILINGS, ETC.

Hon. Gordon Churchill (Minister of Veterans Affairs) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That Bill C-101 intituled "An act to amend the War Veterans Allowance Act, 1952", now before the house, be amended, in clause 3 of the said bill, by adding the word "and" at the end of subparagraph (ii) and by striking out subparagraph (iv) of paragraph (a) in proposed subsection (4) of section 3 of the War Veterans Allowance Act, 1952.

Motion agreed to.

STARRED QUESTIONS

BILL OF RIGHTS—DISTRIBUTION TO PUBLIC

Question No. 359—**Mr. Tardif:**

1. Have copies of the bill of rights been printed for distribution to the public?
2. If so, is anything except the bill itself included in the printing?
3. How many copies have been prepared?
4. On what basis are they being distributed?
5. Has the bill of rights been inscribed on calfskin?
6. If so, was anything else inscribed with the text of the bill itself?
7. What was the cost of preparing this document, and what is its purpose?

Hon. Noel Dorion (Secretary of State): Stand.

Mr. Martin (Essex East): May I ask the minister why this is allowed to stand? The minister has had this question for a long time. There has been all sorts of publicity outside the house; why should the house not be given the information?

Some hon. Members: Oh, oh.

Mr. Dorion: I have received part of the material for drafting my answer but this morning I noticed that some of the material is not yet available.

Mr. Speaker: Stands.

Question stands.

CANADIAN NATIONAL RAILWAYS PENSIONS—REINSTATEMENT

Question No. 385—**Mr. Fisher:**

1. Has the Canadian National Railways pension board a rule that pension rights are not available to operating employees for all service time which predates a removal from service and re-instatement?
2. If so, how long must an employee be out of service before re-instatement for this to take effect?
3. Has this period of time been constant in the last 25 years?
4. If not, when was it lengthened or shortened?
5. If the period out of service was lengthened at any time, in order to give employees a better chance for pension time rights, was the benefit of this extended to those employees penalized previously when a shorter period was in effect?
6. If not, for what reason?

Hon. George H. Hees (Acting Minister of Transport): The management of Canadian National Railways advise as follows:

1 and 2. The rules of the Canadian National 1959 pension plan provide that "service" means continuous employment as an employee without break of any kind, except as provided for in the company's regulations. The company's regulations provide that the pension board need not regard as a break in service a suspension or discharge subsequent to December 31, 1951, if followed by reinstatement or re-employment within two years.

3. No.

Starred Questions

4. The provision of the company's regulations referred to in the answer to parts 1 and 2 became effective as of January 1, 1952. The rules in force prior thereto provided that the pension board need not regard as a break in service a suspension or discharge which was followed by reinstatement or re-employment within one year.

5 and 6. As indicated above, the regulation which became effective as of January 1, 1952, applied only in the case of suspension or discharge subsequent to December 31, 1951.

POLAR CONTINENTAL SHELF PROJECT—AUTAIR HELICOPTER SERVICES

Question No. 391—**Mr. Chevrier:**

1. On what date did the department ask the carriers for proposals on the polar continental shelf project?
2. Which carriers were asked?
3. By what date were proposals to be submitted?
4. What carriers submitted proposals, and on what dates?
5. On the date in (3) above, what carrier had the lowest tariff rates filed with the air transport board?
6. Which carrier was first recommended to the minister by his officials for selection for this contract?
7. On what date?
8. On what date during this period (January 15 to March 31, 1961) did Autair Helicopter Services Limited file an amended tariff with the air transport board?
9. What helicopters were required for the project?
10. With what special equipment?
11. On what date were the helicopters to be ready for transport to the site of the project?
12. On what date were they in fact ready?
13. Did they have all the required special equipment?
14. Are all the helicopters employed on this project complying in all respects, both as to equipment and operation, with the safety requirements of the Department of Transport for operations in these areas?
15. What inspection has there been to ensure such compliance?
16. By whom?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): The answer to this question is as follows:

1. Identical requests for an expression of interest were mailed between January 6 and 9, 1961.

2. Autair Helicopter Services Limited, Okanagan Helicopters Limited, Spartan Air Services Limited, Kenting Helicopters Limited, Pacific Helicopters Limited, through their Ottawa representative; Dominion Helicopters Limited, Hamilton Helicopters Limited.

3. The companies were asked to indicate their interest by January 15, 1961.

4. Autair Helicopters Services, by letter dated January 12, 1961; Kenting Helicopters Limited, by letter dated January 12, 1961; Okanagan Helicopters Limited, by letter dated January 10, 1961 indicated a general interest and on January 25, 1961 indicated their capability to supply one Sikorsky S55 and one Bell 47J.

5. Autair Helicopters Services Limited had the lowest tariff rates applicable to the estimated amount of flying required.

6. Autair Helicopters Services Limited.

7. February 13, 1961.

8. January 25, 1961.

9. The communications referred to in question 1 were for the supply of three Sikorsky S55 helicopters and one Bell 47J. A subsequent communication dated January 19, 1961, was sent to the companies, who expressed an interest, requesting a company assessment of the relative advantage of substituting a Bell 47G2A for the Bell 47J.

10. That listed in my answer to question No. 189, part 1.

11. It was agreed that the four helicopters would be ready to depart from southern Canada on March 24, 1961; March 26, 1961; March 29, 1961 and March 30, 1961.

12. March 29, 1961; March 26, 1961; March 31, 1961 and April 4, 1961.

13. Yes.

14. While the licensing, inspection of aircraft and their operation are not responsibilities of this department, in so far as we are aware all regulatory requirements are being met.

15. Answered by No. 14.

16. Answered by No. 14.

ARCTIC TOPOGRAPHICAL SURVEY—AUTAIR HELICOPTER SERVICES

Question No. 392—**Mr. Chevrier:**

1. With what carrier and on what date were negotiations for the Arctic topographical survey contract commenced?
2. Were this carrier's tariff rates at that time lower than those then in effect for Autair Helicopter Services Limited?
3. Was this carrier recommended to the minister by his officials?
4. On what date?
5. On what date did Autair Helicopter Services Limited file an amended tariff with the air transport board?
6. What helicopters were required for this project?
7. With what special equipment?
8. What is the date for commencement of operations under the contract?
9. What evidence has Autair Helicopter Services Limited furnished that it possesses the required aircraft and equipment?

Hon. Paul Comtois (Minister of Mines and Technical Surveys): The answers are as follows:

1. Following a review of all filed tariffs for S-55 helicopters we communicated with Canadian Helicopters Limited by letter dated January 25, 1961.

2. Yes, Canadian Helicopters Limited had, at that time, the lowest tariff rates applicable to the estimated amount of flying required.

3. Yes.

4. February 14, 1961.

5. January 25, 1961.

6. Three Sikorsky S-55 helicopters.

7. That listed in my answer to question No. 189, part 1.

8. On or about May 15, 1961.

9. The required aircraft and equipment are in the operational area.

C.B.C. BROADCASTS, COMMONWEALTH TECHNICAL TRAINING WEEK

Question No. 393—**Mr. Roberge:**

1. Did the Canadian Broadcasting Corporation request any person or persons to broadcast in connection with the commonwealth technical training week?

2. If so, what persons were so requested, and how many broadcasts were made?

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): Mr. Speaker, the answer to part 1 is yes. As to part 2, Mr. Speaker, I would ask the indulgence of the house to have the reply, which is about 1½ pages, printed in *Hansard* at the appropriate place rather than being read at this time.

Mr. Speaker: Does the house agree that this rather lengthy reply be printed rather than read?

Some hon. Members: Agreed.

[*Editor's note: The answer to part 2 follows:*]

2. Arrangements were made by the C.B.C. for special broadcasts on radio and/or television announcing and marking commonwealth technical training week by His Royal Highness the Duke of Edinburgh; His Excellency the Governor General; by the right hon. Prime Minister; and by the Minister of Mines and Technical Surveys. Other broadcasts dealing with the need for technical training were given by the following:

(a) English networks.

Mr. A. V. Piggot, president of the Canadian association for adult education, on the television program "701".

Mr. Max Swerdlow of the Canadian Labour Congress, on the radio program "Morning Commentary", broadcast on C.B.O., Ottawa.

Mr. T. J. Allen, of the Toronto *Star*, on the trans-Canada radio network program "Postnews Talk".

Mr. G. Commings of the E. B. Eddy Co., Ltd.; Mr. John Allard of Computing Devices of Canada Ltd.; Mr. William Thomson of the national employment service; Dr. Eugene Forsey of the Canadian Labour Congress; and Mr. S. H. Deeks of the industrial foundation on education, all of whom appeared in the radio and television program "Skills for the Job" in the "Citizens' Forum" series.

Halifax (regional) *Gazette*, interview with George Peach, director of training, N.S. department of education.

Halifax regional TV—interview with W. D. Mills, director of vocational education for Nova Scotia.

(Translation):

(b) Technical training week. Participation: "Radio—Place publique", June 1: Maurice Barriere, assistant general director of specialized training studies with the department of youth; Fernand Bourret, *Le Devoir* reporter on labour matters; Paul Dubuc, director of the private vocational schools; Paul Emile Lefebvre, professional engineer, vice-chairman and general manager of "Lefebvre et frères". Moderator: Andre Morel, professor in the faculty of law at the University of Montreal. "Vie ouvrière"—June 12. Participating as a commentator will be Fernand Jolicoeur, director of the training service of the Canadian and Catholic Confederation of Labour. Topic: Technical training in Canada.

Television: "Carrefour": Friday, May 26. Specialized training. Guest: P. Marc-Aurele, director of the technical training program with the department of youth, recommended by J. M. Gauvreau. "Métro-Magazine", May 26: Interview given by Remy Lavigne, of the provincial technical schools.

(Text):

COMMISSION OF INQUIRY, INDIAN TREATIES 8 AND 11

Question No. 399—**Mr. Howard:**

1. With respect to meetings held by the commission of inquiry, appointed on June 25, 1959, to inquire generally into all matters arising out of the unfulfilled provisions of treaties 8 and 11 as they applied to Indians of the Mackenzie district, in each of the following settlements: Aklavik, Fort McPherson, Arctic Red river, Fort Good Hope, Fort Franklin, Fort Norman, Fort Wrigley, Fort Simpson, Fort Liard, Fort Providence, Hay River, Fort Resolution, Fort Rae, Snowdrift, and Fort Smith; what was, with respect to each such settlement: (a) the place at which each member of the commission, by name, stayed, and (b) the (i) travelling, and (ii) other expenses, by category, incurred by each member of the commission?

2. With respect to: (a) any draft, and (b) the final report of the commission; where was each prepared, and were any members of the commission absent at those times, and what was the reason in each case?

3. Did each member of the commission have proficiency in the English language; and, if not, was an interpreter available at all times?

4. If such an interpreter was available, what was his name, address, and qualifications; and with respect to each of the settlements mentioned in question number 1, what was: (a) the place at which he stayed, (b) the (i) travelling, and (ii) other expenses, by category, incurred?

Starred Questions

Mr. John Charlton (Parliamentary Secretary to the Minister of Citizenship and Immigration): Mr. Speaker, I would ask that this question be made an order for return.

Mr. Speaker: Order for return.

I.J.C. REVIEW OF REPORT, PEMBINA VALLEY DEVELOPMENT

Question No. 400—**Mr. Muir (Lisgar):**

1. Has the international joint commission reviewed the preliminary report with regard to the Pembina valley development?
2. What is the recommendation of the international joint commission in respect to this report?
3. Does the international joint commission contemplate proceeding with a full scale study of this project with a view to bringing it to an early completion?

Right Hon. J. G. Diefenbaker (Prime Minister): The answers are as follows:

1. Yes.
2. That feasibility studies required for joint development of the Pembina water resources should be undertaken.
3. The question of further studies of this project is at present being given active consideration by the government in the light of the international joint commission's above recommendation.

LOW RENTAL HOUSING PROJECT, MONTREAL

Question No. 401—**Mr. Lessard:**

1. Is the government aware of the intended construction, by the city of Montreal, of a 250 unit low rental housing project, along boulevard des Trinitaires, at the cost of $3,125,000, 25 per cent of which is to be financed by the city of Montreal and 75 per cent by the Central Mortgage and Housing Corporation?
2. If so, has C.M.H.C. agreed to finance such project on a 75 per cent basis?
3. Do the C.M.H.C. regulations provide for the granting of a loan, in the case of a housing project, outside a slum-clearance area?

Mr. Y. R. Tassé (Parliamentary Secretary to the Minister of Public Works): Mr. Speaker, the answer to parts 1 and 2 is as follows. On June 8, 1961, Central Mortgage and Housing Corporation received a request from the city of Montreal for negotiations to be initiated with respect to a proposed low rental housing project under section 36 of the National Housing Act on land situated along boulevard des Trinitaires. The officials of the corporation are considering the city's request and the recommendation of the corporation will be submitted to the minister shortly.

The answer to part 3 is as follows. If the hon. member has in mind projects undertaken under section 36 of the National Housing Act, it should perhaps be pointed out that these projects are not financed by way of a loan but that they are built and owned by a partnership of the federal government and a province or its agent, which may be a municipality. The capital cost of these projects, as well as the operating losses, are shared 75 per cent by the federal government and 25 per cent by the province or its agent. Federal-provincial low rental housing may be built on land outside slum clearance areas.

NEW CUSTOMS AND IMMIGRATION BUILDINGS, SAULT STE. MARIE

Question No. 403—**Mr. Nixon:**

1. Are plans being prepared for the new customs and immigration buildings to accommodate the new international traffic bridge between Sault Ste. Marie, Michigan, and Sault Ste. Marie, Ontario, which is now under construction?
2. When will tenders be called for the construction of these buildings?
3. What is the estimated cost of such buildings?
4. Will the present customs and immigration buildings be closed to traffic when the new buildings are in operation?

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): The answers are as follows:

1. Yes.
2. According to information from the state of Michigan international bridge authority, which is building both the bridge and the customs-immigration buildings, it is hoped that the tenders will be called and the contract awarded in time to begin construction of the buildings this fall.
3. The government has no information as to the estimated cost of these buildings.
4. The present ferry service will terminate with the opening of the new bridge, at which time the customs-immigration buildings at the ferry will be closed.

UNEMPLOYMENT INSURANCE FUND—BOND HOLDINGS

Question No. 405—**Mr. McMillan:**

Generally, what bonds or securities are held in the unemployment insurance fund which show a depreciated market value from face value of over 14 per cent for securities held in the fund and over 18 per cent for securities pledged for loans by the fund?

Hon. Donald M. Fleming (Minister of Finance): Securities held in the unemployment insurance fund which show a depreciated market value of over 14 per cent:

June 1, 1974/76	$ 1,120,500
Jan. 15, 1975/78	170,000
Oct. 1, 1979	9,519,500
Sept. 15/96, Mar. 15/98	247,000
	$11,057,000

Securities pledged for loans by the unemployment insurance fund which show a depreciated market value of over 18 per cent:

June 1, 1974/76	$37,620,000
Oct. 1, 1979	22,332,000
Sept. 15/96, Mar. 15/98	49,753,000
	$109,705,000

UNSPENT BORROWINGS, UNEMPLOYMENT INSURANCE COMMISSION

Question No. 406—**Mr. McMillan:**

How much of the borrowings by the unemployment insurance commission to the amount of $140,500,000 was still unspent as of May 31, 1961?

Hon. Donald M. Fleming (Minister of Finance): The answer is $4,210,078.83.

OKANAGAN HELICOPTERS AND SUBSIDIARIES—ACCIDENT STATISTICS

Question No. 407—**Mr. Bourbonnais:**

1. Did Okanagan Helicopters and its subsidiaries, Canadian Helicopters and United Helicopters, have any accidents with its aircraft equipment during the years 1954, 1955, 1956, 1957, 1958, 1959, 1960, 1961?
2. If so, how many accidents did they have, and what was the nature of each?
3. What aircraft were involved?
4. Did the accidents result in partial or complete writeoff of these aircraft?

Hon. George H. Hees (Acting Minister of Transport): Order for return.

Mr. Speaker: Order for return.

OKANAGAN HELICOPTERS LTD.

Question No. 408—**Mr. Bourbonnais:**

1. Does Okanagan Helicopters Ltd., own any Sikorsky-55's which are used by the Canadian government in the polar continental shelf project area and being utilized by the army survey establishment?
2. If so, has an accident been reported lately at Resolute concerning one of the Sikorsky's?
3. Has a Sikorsky belonging to Okanagan Helicopters Ltd., been reported missing from its base at Goose Bay while carrying out operations for the Pine Tree line?
4. What were the causes of two accidents involving Sikorsky-55's owned by Okanagan Helicopters Ltd., and in operation on the D.E.W. line?

Hon. George H. Hees (Acting Minister of Transport): The answers are as follows:

1. Okanagan Helicopters Limited owns one Sikorsky S-55 working for the Canadian army on the Arctic survey.

2. No flying accidents have been reported in this connection at Resolute, although one aircraft supplied by Kenting Helicopters Limited for this purpose suffered some damage when being unloaded at Resolute.

3. Okanagan Helicopters Limited has not had a Sikorsky missing out of its base at Goose Bay while carrying out operations for the Pine Tree line, and with respect to part 4 Okanagan has not reported any accidents with a Sikorsky S-55 on the D.E.W. line operation.

4. Not applicable.

ADDITIONAL EMPLOYMENT THROUGH PRODUCTIVITY COUNCIL

Question No. 411—**Mr. Pickersgill:**

1. How much additional employment is it estimated has been provided as a result of the establishment of the national productivity council which the Minister of Labour indicated would have notable results on the level of employment in the next six months after December 14, 1960?
2. What precise action has been taken by the productivity council to achieve these results?

Mr. R. D. Thrasher (Parliamentary Secretary to the Minister of Labour): Mr. Speaker, the answers to parts 1 and 2 of this question are as follows. Estimates indicate that employment has increased, on a seasonally adjusted basis, by 59,000 over the four months, December 1960 to April 1961. It is impossible to attribute this increase in employment to any one factor. It is also impossible to measure in any precise manner the results achieved from many individual measures. Nevertheless, there is no doubt that the creation of the national productivity council and its activities have had a stimulating effect on employment. The work of the productivity council is also helping to increase general awareness in Canada of the need for greater efficiency in the competitive performance of our economy.

GUY JULIEN SASSEVILLE, CENSUS COMMISSIONER

Question No. 412—**Mr. Deschatelets:**

1. For which county was Guy Julien Sasseville appointed census commissioner?
2. On what date was he appointed, and by whom was he recommended for such position?
3. Before being appointed as census commissioner, was Mr. Sasseville investigated as to "his tact discretion and sound judgment"?
4. Is Mr. Sasseville still acting as a census commissioner? If not, on what date was he suspended?

Mr. E. L. Morris (Parliamentary Secretary to the Minister of Trade and Commerce): Mr. Speaker, the answers are as follows:

1. Julien Guy Sasseville was appointed census commissioner of census district D of the electoral district of St. James.

2 and 3. He was interviewed for the position by representatives of the dominion bureau of statistics on April 5, 1961, and, on the basis of this interview, was considered to have the qualities necessary to carry out the duties of a census commissioner.

4. Mr. Sasseville was suspended on June 8, 1961.

ST. GEORGES DE BEAUCE AIRPORT—SUBSIDY PAYMENTS

Question No. 414—**Mr. Roberge:**

1. Has the "Compagnie des lignes aériennes de l'Est" or Mr. Pamphile Rodrigue received any subsidies since 1945 for the airport which they operate at St. Georges de Beauce?
2. If so, what amounts have been received, and for what year were they granted, since 1945?

Hon. George H. Hees (Acting Minister of Transport): The answers are as follows:

1. No financial assistance has been given by the department for construction or operation of the St. Georges de Beauce airport. The site is licensed as a private airport.

2. Not applicable.

QUESTIONS PASSED AS ORDERS FOR RETURNS

COMMISSION OF INQUIRY, INDIAN TREATIES 8 AND 11

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2. With respect to: (a) any draft, and (b) the final report of the commission; where was each prepared, and were any members of the commission absent at those times, and what was the reason in each case?

3. Did each member of the commission have proficiency in the English language; and, if not, was an interpreter available at all times?

4. If such an interpreter was available, what was his name, address, and qualifications; and with respect to each of the settlements mentioned in question number 1, what was: (a) the place at which he stayed, (b) the (i) travelling, and (ii) other expenses, by category, incurred?

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2. If so, how many accidents did they have, and what was the nature of each?

3. What aircraft were involved?

4. Did the accidents result in partial or complete write-off of these aircraft?

FINANCE

GOVERNOR OF BANK OF CANADA—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I beg leave to move the adjournment of the house under standing order 26 for the purpose of discussing a definite matter of urgent public importance, namely the unprecedented request by the government for the immediate resignation of the governor of the Bank of Canada and the circumstances related thereto.

[Mr. Hees.]

Mr. Speaker: I would be disposed to ask the house if it is prepared to grant leave, as this matter appears to come within the rule. The only reservation I have is that the government has indicated its intention to bring before the house a proposal which would permit debate on the definite matter of urgent public importance, namely the unprecedented request by the government for the immediate resignation of the governor of the Bank of Canada. Before I deal with the matter, perhaps I should hear hon. members.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, I should like to make a brief submission, not with respect to the importance of the matter itself but purely from the point of view of urgency of debate. I suggest that there might be three reasons why Your Honour would think the motion does not comply with that requirement of the rule. First, you permitted quite a far ranging discussion this morning, in which it is true that Your Honour did apply some limitation as to time, but with respect to which there was not much limitation as to range of debate. At least a full discussion was allowed within the context of the statement made by the Minister of Finance. The Minister of Finance, the Leader of the Opposition and the acting leader of the third party expressed, one assumes, the views of their parties in the house.

Second, the Minister of Finance announced today that the budget will be introduced on June 20. At that time, of course, there will be ample opportunity for debate, and that is just six days from now. It is, I suggest, difficult to see why the matter which has already been aired in the house would be so urgent of debate that the budget debate could not be awaited.

Third, Your Honour has yourself just made reference to the fact that the statement of the Minister of Finance indicated that legislation will be laid before parliament shortly to deal with this matter. I understand I have the authority of the minister to say that this will be as rapidly as satisfactory legislation can be drafted.

I would say, therefore, first that there has been quite a full airing of the matter here this morning; second, there is the budget debate; and third, legislation to amend the Bank of Canada Act itself will be introduced shortly, at which time a discussion can take place.

Mr. Martin (Essex East): With your permission, Mr. Speaker—

Mr. Speaker: I think I need not hear the hon. member unless he wishes to support the Minister of Justice.

Mr. Martin (Essex East): That would be an unusual step for me to take.

Mr. Speaker: The urgent importance of the matter has been demonstrated today. The reservation which I expressed has not been satisfied; that is, I feel it is rather indefinite as to when the government may introduce its measure. We have had a limited debate today, but if the rule is properly invoked then the hon. member is entitled to a fuller discussion which the rules permit. I therefore ask the house whether, in accordance with rule 26, the hon. member has leave to move a motion to adjourn the house to discuss this matter of urgent public importance. Has the hon. member leave?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: Those who support the motion will please rise.

And more than 20 members having risen:

Mr. Speaker: I declare the rule satisfied, and the hon. member has leave of the house to propose a motion that the house do now adjourn. Mr. Pearson, seconded by the hon. member for Essex East, moves:

That the house do now adjourn.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I have already had, though not in the course of debate, something to say on this matter. As you ruled, and quite properly, that a reply to a ministerial statement made on motions is not an occasion for debate, and as this matter is one of very grave importance and of the most immediate urgency, I have thought fitting to move this motion which will give to the members of the house an opportunity to discuss the whole question of the request by the government for the immediate resignation of the governor of the Bank of Canada and the circumstances related thereto.

It does not seem to me, Mr. Speaker, that anything the Minister of Finance said this morning removes the necessity for this kind of discussion at this time. It seems to me that it makes the urgency of such a discussion even greater than it was before the minister spoke. The minister made certain statements this morning which are in direct and complete contradiction to statements that have been made by the governor of the Bank of Canada in correspondence which has been made public. Surely, Mr. Speaker, it is in the interests of getting this matter cleared up as quickly and as satisfactorily as possible that we should have a discussion.

It is even more important, I believe—and this is one of the reasons for asking for this discussion, as has been pointed out by the acting leader of the C.C.F. group—that the banking and commerce committee should be convened at once for this particular purpose. We have been asking for this during the session. We have been asking for it at a time when the minister has said there was no necessity for it, having given the impression that there was not any fundamental disagreement between the governor of the bank and the minister which would warrant a discussion before a committee. Surely after what the minister has said this morning the government itself would wish to convene the committee and would wish to get these matters cleared up so we can find out what are the facts. The governor could appear before this committee and be questioned about the statements he has made and the communications he has published. The minister would also, of course, wish to appear, and he could be questioned on these and related matters.

Now, I am aware of the fact that the minister said something this morning about the action which the government intends to take by way of submitting a proposal to this parliament. What the form of the proposal will be, we do not know. Perhaps it will be an amendment to the Bank of Canada Act, which I believe the minister has stated previously was the only way by which this kind of change could be made. The Minister of Justice seemed to confirm that statement this morning. It has also been suggested this might be done by order in council. We do not know when this action will be taken. We do not know when this measure, in whatever form it may be, will be submitted to the House of Commons. We do not know whether it will be done before the budget or after the budget.

One of the extraordinary circumstances surrounding this whole sorry business is that it has become tangled up with a budget which should have been introduced weeks ago. I believe I am fair in suggesting, from what the minister has said this morning, that there is a relationship between the bank's monetary and financial policy and government policy. I confess I was very surprised, indeed, this morning to hear the minister say that the government at no time—I hope he will correct me if I am misinterpreting or misquoting what he said—during the consideration of the budget and the negotiations leading up to the budget consulted the governor of the Bank of Canada. You would have thought, Mr. Speaker, during all these weeks of preparation designed, we have been told this morning, to introduce some pretty far reaching financial changes—because those changes were put forward as the basis of the difference between the governor of the Bank of Canada and the government—that the governor of the Bank of

Canada would have been consulted. That is an extraordinary position, to say the least.

Mr. Chambers: No one said it.

Mr. Pearson: I hear from over there an interruption that no one said it. The minister said it this morning, and it is on the record. Perhaps my hon. friend who interrupted was not listening to the minister.

Mr. Pickersgill: He was too busy applauding.

Mr. Pearson: There are some other reasons why this discussion is most important and urgent and which should be put on the record. A very grave indictment indeed has been made against the governor. But interference and intervention in the affairs of the bank has been dealt with in communications which have been made public by the governor of the bank himself.

This morning the minister said that on May 30 the resignation of the governor of the bank was asked for or requested by the government through the minister. There is no use in the minister trying to take refuge in semantics and suggesting that parliament will decide, and all that he did was to approach the governor. The resignation of the governor was asked for on May 30 in circumstances which are outlined in some detail by the governor himself in public statements.

The minister said this morning that subsequent to that date, until the governor issued his statement yesterday he had no contact with the governor of the bank; no opportunity was given to him by the governor to discuss this matter further after May 30. That is the minister's statement, but let me read what the governor himself has said in a letter to the minister dated June 13, 1961. This letter deals not only with the relationship between the governor and the minister but also with the relationship between the board of directors of the bank and the government. I will read from this letter, Mr. Speaker:

> Further to my letter of June 9 I have now had the benefit of three days' discussion with my board of directors, during which time several of them were in frequent communication by telephone with you.

The nature of some of these communications was made fairly clear by the minister this morning. The letter goes on:

> It became apparent that there were no new arguments to be advanced why I should resign—

Mr. Speaker, I ask the house to take note of this, which is in direct contradiction to what the minister said this morning about the attitude of the directors of the bank over the preceding month. This letter goes on to state:

> —and indeed the directors were all surprised and disturbed when they first heard that you had requested my resignation.

There is one contradiction that should be cleared up and can only be cleared up satisfactorily by a committee holding hearings on this matter, with evidence being taken. The letter goes on:

> Many conversations were held both in the full board meeting and outside it, in the course of which I expressed the view that no valid case had been made for my resignation and that the board had no reason to expect it other than the fact that the government had asked for it.

We on this side of the house certainly have the right to take that position also, because there was no indication, in all the discussions we have had on this subject during this session, at any time by any representative of the government, let alone the Minister of Finance, that the relationship between the bank and the government was such that this action was likely to be taken. I refer to the action which was taken on May 30. Then Mr. Coyne's letter goes on:

> Efforts were made by the directors to arrange for discussion with you—

That is, the Minister of Finance:

> —in order to be absolutely clear that you were aware that there was no issue of substance between the government and the bank or the government and myself prior to your request to me on May 30—

In other words these very same directors, who according to the minister were already dissatisfied with the governor and were looking for his resignation—and these directors were characterized in those terms by the minister in this house this morning—attempted in recent days subsequent to May 30 to get in touch with the minister himself to find out if there was in fact any issue of substance between the government and the bank or the government and the governor. The letter goes on:

> —to be sure that you knew—

That is, the minister knew:

> —that the bank felt bound to support government policies in so far as they had financial implications, as it had always done.

The governor himself said in his statement that it is the duty—and of course it is the duty—of the governor and the bank to support policies of the government. That doctrine had already been laid down emphatically on this side of the house and rejected by this government. Mr. Coyne in his statement and in this letter having said that it is the duty of the bank to support the policy of the government in the field in which both have jurisdiction, and that the bank has always done so, the Minister of Finance gets up this morning and denies that. I have not

his words before me, but he certainly gave that impression—and I am sure I am not misrepresenting what he said—when he said that far from supporting the policy of the government, the bank had been acting in contravention of the policies of the government and that that is the reason why these developments took place which required the government to intervene and request the resignation of the governor.

Mr. Martin (Essex East): That was the main reason the minister gave this morning.

Mr. Pearson: Yes, that was the main reason the minister gave this morning, though the governor indicated in one of his letters that apparently another reason was put forward, which was presumably to bring great pressure to bear on him. I refer to the question of his pension, and I will come to that a little later.

The letter goes on:

Each time your answer—

That is, the answer of the Minister of Finance:

Each time your answer was that the government had made up its mind and there was nothing to discuss.

In a matter of such fundamental importance which has shaken the confidence of the country in the relationship between the bank and the government, after the action taken by the minister on May 30 calling for the resignation of the governor of the bank, in reply to the efforts of the directors of the bank to get in touch with the minister and try to find out, if they could, what was behind all this, according to this letter the minister's reply was that the government had made up its mind and there was nothing to discuss. What a reflection, not only on the attitude of the minister but on the relationship between the minister and the bank. Mr. Coyne's letter goes on:

Finally this morning—

"This morning" is June 13, the date of this letter:

Finally this morning at about ten o'clock, after a further telephone talk with you, it was reported in open meeting of the board of directors that you had said to Mr. Hill that you would not consent to see me to discuss the matter.

Mr. Martin (Essex East): Shame.

Mr. Pearson: And the minister this morning said that Mr. Coyne did not make the effort. I am not quoting the minister's words exactly, but he said Mr. Coyne had not seen him and therefore the minister was surprised at the action taken by Mr. Coyne because he had no opportunity to discuss this matter. In this letter Mr. Coyne said that Mr. Hill, at the meeting of the board of directors, had told the board that the minister would not consent to see the governor to discuss the matter. What an attitude to take in regard to a matter of such very great importance.

So that I will not misquote the minister's words or be unfair to him in any way I would refer to the text of the minister's statement which, it has been called to my attention, was circulated this morning. That statement includes this; I had better read the paragraph:

On May 30, on the instructions of the government, I asked Mr. Coyne to tender his resignation to the board of directors of the bank. I further asked that he do so before the regular board meeting to be held in Quebec on June 12 and 13, so that action might be taken by the board at its meeting on the resignation. I gave him an ample statement of the reasons for the course the government was following. The main reason was that the government was convinced that Mr. Coyne's continuation in office as governor of the Bank of Canada would stand in the way of the implementation of a comprehensive, sound and responsible economic program designed to raise the levels of employment and production in Canada. After an hour's discussion, he asked to be allowed to think the matter over. Presumably his published statement yesterday is his reply to the government's request.

Presumably his public statement yesterday was made after the minister refused to receive him, according to Mr. Coyne's own statement. Presumably also, his public statement yesterday was made after the minister had refused to see the board of directors of the Bank of Canada to discuss this matter with them. This is an almost unbelievable procedure. This is arrogance of a kind which is hard to contemplate, especially in the person of one who in the past used to talk so much in this house about the rights and privileges of parliament and of the individual. Then Mr. Coyne's letter goes on:

It was apparent to all that this closed the door—

It is certainly apparent to anyone who reads this letter, if the facts are as stated, that it closed the door.

—and there were no avenues left by which useful communication could take place.

So the only thing left for Mr. Coyne to do was resign—or else. If a committee were set up to consider this matter we might be able to find out what the "or else" was. We do not know yet. The letter goes on:

I left the meeting to consider my position. In the face of your refusal to see me, I felt it incumbent upon me to issue a statement, of which you have a copy, setting forth very briefly my view of the situation which had been created by the action of the government in this matter.

I subsequently returned to the board meeting (which in the meantime had been dealing with affairs of the industrial development bank) and read to the directors the statement which I had made public at about 11 a.m.

The directors then decided to bring forward a resolution, which I understand had been discussed with you the day before, and which you had demanded that they should pass.

"Which you had demanded that they should pass". This is the statement made in Mr. Coyne's letter. The letter goes on:

> The text of the resolution proposed by Mr. Hill is as follows:

Mr. Hill, I take it, is one of the directors.

> "Resolved that it is in the best interests of the Bank of Canada that the governor do immediately tender his resignation to the board of directors of the bank, and further that this action and decision on the part of the board has been taken after prolonged consideration and with regret."

I can understand a resolution of that kind being passed by the board of directors when the governor had reported to them that the minister who had requested his resignation would no longer see him and talk with him. It is clear that once a government takes an attitude of that kind toward a man in a position such as Mr. Coyne holds and refuses to talk with him or see him, his usefulness as governor of the bank is, to say the least seriously damaged. But let it also be said that this resolution which I have read out contained no reference of any kind to the conduct of the governor; no reference to the resignation being related in any way to the governor's inability to support government policies; no reference to the governor's conduct in any shape or form. The resolution merely says that because of this situation it is now in the best interests of the bank for the governor to resign. Then the letter goes on:

> There was a discussion of the motion. One director spoke against it. I then put the motion to a vote and polled the directors individually. There was one director absent from the meeting. Of those present all voted in favour of the motion save one who registered his vote against.
>
> After a negative response to my inquiry as to whether there was any further business to come before the meeting, the meeting of the board of directors of the Bank of Canada was terminated.

So much for that aspect of the situation. We shall have to get a lot more facts before we can accept the minister's interpretation of the relationship between the governor and himself referred to in this letter and referred to in the governor's statement in terms which the minister has contradicted this morning and which indeed, the minister himself has contradicted in this house previously. Because if, in fact, as I said a few moments ago, this situation was developing in which the bank was frustrating government policy, then surely it was the duty of the government to bring that situation before the House of Commons.

We introduced a motion on this subject some months ago. There was no suggestion at that time in the discussion, either by the minister or anyone else on the government side, that this bad situation was developing. We asked questions as recently as May 30,

the day on which the resignation was requested. There was no indication then from the minister of what he now tells us is the real difficulty, the fact that the governor was frustrating, as the minister says, the policies of the government.

What is even more extraordinary, the minister now says the governor is impeding the carrying out of the government's new, expansionist policy; the expansionist policy, incidentally, of a government which introduced the conversion loan and has done so much to establish the highest interest rates in our history. But there is to be a new, expansionist policy, presumably to be embodied in the long delayed budget, and it would not be possible, according to the government, for the governor to work with the government in the implementation of this policy concerning which they did not talk to the governor at all in the discussions leading up to the budget. In the minister's own words:

> The government's policy is expansionist, aimed at the creation of more trade, more production and more jobs. The policies advocated by Mr. Coyne are restrictionist.

If this is a fact, why did we not hear something about it in the house over the past weeks and months? If this is the way the government feels about Mr. Coyne, why was this matter not brought into the House of Commons where we could have discussed it together with the relationship between the government and the bank? The fact is that this is an *ex post facto* rationalization of the mess into which the government has got itself by its arbitrary and arrogant behaviour. If in fact the governor of the Bank of Canada could not work in harmony with the government—and he has denied this; he has denied, also, that he did not support its policy and denied that he would not support it—if the governor could not do that, then of course, he should resign. We have been saying that since this session began. Responsibility in these matters, we have repeatedly stated, belongs to the government, and if they feel that the governor is taking action and making speeches and interfering with monetary and fiscal policy then, of course, it is the duty of the governor to resign. That doctrine was laid down by Graham Towers, and it is a doctrine to which we subscribe. But that is not the situation with which we were confronted this session. The minister has denied the validity of that doctrine in the past and said that monetary policy is the responsibility of the Bank of Canada and we have no share in that responsibility at all. In other words the government may interfere with pension arrangements in the bank but not with monetary policy.

When we challenged that doctrine here the Prime Minister and the Minister of Finance rejected our challenge and insisted that what the governor did in this field was the governor's responsibility, and that what the governor said in his speeches was also the governor's responsibility, because this is a free country and he should be allowed to speak as a free man if he wished. We now learn from these documents, and I think the minister confirmed this fact this morning, although I am not sure, that he did indeed intervene with Mr. Coyne at one stage back in March, and told him that his speeches were embarrassing the government. Presumably that was after the speech made by Mr. Coyne in New York. I think I am right in saying that.

At that time, when Mr. Coyne was approached and told that his speeches were embarrassing the government, the minister got up in this house and said that he was a free man and could say what he wished. Now the minister informs us that this was the beginning of the end of Mr. Coyne. Mr. Coyne himself refers to this episode in his communication, and apparently admitted the right of the minister to quarrel with his speeches. However, he said in one of his letters that since that time he has made no public statement which could conceivably be of embarrassment to the government. He has also gone on to say that whatever policy, monetary or fiscal, the government sees fit to put into effect, he and the bank should support it or, naturally, he as governor should resign. He had no reason until May 30 to believe that this situation had developed to the point where his resignation could suddenly and shockingly be asked for by the Minister of Finance.

Mr. Speaker, that is the way this government does business. They allow problems to roll on and on, with the hope that something will happen by which they will disappear; and when the problems become crises, as this one has become a crisis, they take this kind of panic action based on political expediency in the hope of rushing something through which will do away with the crisis.

In this situation there is something else involved which relates to the board of directors, a question which is very much in the public mind, and which has certain sinister significance, namely the change in the pension position. The impression has been created that somehow or other the governor of the bank took action on his own in February, 1960 which increased his pension position, or that he should have prevented the action being taken. An impression of that kind has been given in respect to either negative or positive action on his part, and that this was too much for the high standards of political morality of the Minister of Finance.

In February of 1960, when this action was being taken, the government felt it was lawful action, and on May 30, 1961, the minister suddenly decided how awful it was; it was really terrible. That decision was made on May 30, 1961.

The minister told us this morning, and he reiterated this in his second statement, that he did not know anything about this action taken in February, 1960. He criticized me because I said the deputy minister, as a member of the board of directors of the Bank of Canada, should be present at such a meeting.

Mr. Fleming (Eglinton): You said he was present.

Mr. Pearson: The minister criticized me when I said the deputy minister should be, and probably was, present at that meeting. I was wrong, in that he was not at the meeting. However, the minister tried to create the impression that because the deputy minister was away, and he obviously had a very good reason for not being present, it would make it difficult for the minister to find out what happened. The minister then admitted, and it is just as well he did, that the assistant deputy minister was there.

The Minister of Finance had his assistant deputy minister attending a meeting of directors of the board of the Bank of Canada which made decisions which in the minister's mind, were of such fundamental importance that they were questioned 18 months later; yet he never heard from the assistant deputy minister about those decisions, even though he was there representing the Minister of Finance. Does the minister expect us to believe that the assistant deputy minister of finance made no report and submitted no memorandum in regard to this meeting to the minister? Does the Minister of Finance really ask us to believe that?

Mr. Fleming (Eglinton): Mr. Speaker, the Leader of the Opposition is putting a statement I made this morning into question. I have stated that I was not informed what happened at that meeting and that I learned what happened, and of the passing of the by-law, for the first time this spring. That is my statement, and the Leader of the Opposition is calling that statement into question. The assistant deputy minister was present at that meeting, as I mentioned earlier, but I was not made aware of the action taken by the board at that meeting and only learned about it this spring.

Mr. Pearson: That statement of the minister confirms—

Mr. Macdonnell: Mr. Speaker, will the Leader of the Opposition permit a question?

Mr. Pearson: Certainly.

Mr. Macdonnell: No one in this house appreciates more than the Leader of the Opposition the burdens carried by the Minister of Finance. Does he think the Minister of Finance is capable even if he worked for 24 hours each day to know every detail of everything that happens in every department with which he is concerned?

Mr. Pearson: I do not consider a meeting of the board of directors of the Bank of Canada as an unimportant thing. That board meets very rarely. I think it meets twice a year.

Mr. Fleming (Eglinton): Oh, no.

Mr. Pearson: It meets rarely.

Mr. Fleming (Eglinton): It meets regularly.

Mr. Pearson: This meeting took place at a time of great economic difficulty and recession in this country, and I suggest the decisions of the board of directors of the Bank of Canada should be considered to be very important by any minister of finance.

While the Minister of Finance cannot perhaps read every paper that comes from his department, even though, as he has told us, he works 16 hours a day. I think he does, and that there has never been a harder working minister of finance. That makes it all the more incredible that a decision of this kind, of such great importance, was not brought to his attention until a year or so later. That is a very strange way of doing business.

Mr. Fleming (Eglinton): Mr. Speaker, I rise on a point of order. The Leader of the Opposition has just said that a statement which I made to this house, and repeated this morning, is incredible. I made that statement, which the Leader of the Opposition has now said is incredible. The rules of this house are quite clear in this regard.

Some hon. Members: Order.

Mr. Speaker: Order. I understood the hon. member to say that it was incredible that this decision was not brought to his attention. That is perhaps a little different than what the minister suggests. It is correct, of course, that the house must accept a statement made by an hon. member from his place in respect to a matter peculiarly within his own knowledge.

[Mr. Fleming (Eglinton).]

It being one o'clock I do now leave the chair.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Pearson: Mr. Speaker, when the house took recess at one o'clock the question had arisen as to the incredulity or otherwise of a situation where a meeting of the board of directors of the Bank of Canada could be held at which important decisions were taken and those decisions not be brought to the attention of the Minister of Finance. The minister has said that that was the situation and of course I accept his word, but it certainly is astonishing to say the least that in a situation of this kind in those circumstances the minister would not know what was going on; and a year and a half later would raise the issue with the governor.

It is true the deputy minister was not at this meeting; I believe he was at a funeral. The assistant deputy minister was there and therefore the situation undoubtedly is, from our point of view, one that inspires astonishment if not incredulity.

This whole sorry business, Mr. Speaker, is depressing evidence of the unprecedented break-down in relation between the governor of the Bank of Canada and the Minister of Finance. This break-down is disturbing to parliament; it is certainly disturbing to the business and financial community in Canada, and indeed abroad, and it is bad for business confidence in this country at a time when such confidence is so important.

The minister has emphasized that this has been developing over the months and the reason he had to take this kind of action on May 30 was that the governor of the Bank of Canada was standing in the way of an expansionist policy of the government, and that this had been clear. He referred to two previous budgets to show the difference between them. This brings us back a couple of years. While it may be clear to the minister now that the Bank of Canada was adopting a restrictionist policy at the time when the government wished to put into effect an expansionist policy in the monetary and economic field, it was not clear to the minister on February 21 of this year. That was the day when we on this side of the house criticized some of the policies of the Bank of Canada because in our view they were restrictionist. Did the minister agree with us then and give us an assurance that something would be done? Not at all. If hon. members

will turn to page 2265 of *Hansard* they will see where the minister challenged our criticism and put statistics on the record to show that the Bank of Canada's monetary policy had been expansionist. What happened between February 21 and June 13 to cause the minister to change his mind so completely in this matter and to use his changed position to justify the action taken on May 30?

It is interesting to note that in that same debate the minister had this to say about the responsibilities of the government in these matters, as reported at page 2264 of *Hansard*:

> I made my statement with reference to over-all financial policy in Canada. I do not think there is anything in that statement which ought to be interpreted as supporting the thesis put forward by the Leader of the Opposition yesterday that under the provisions enacted by parliament with respect to the Bank of Canada Act, the government has power to direct the Bank of Canada or to call upon the Bank of Canada to observe a position of responsibility to the government as such, rather than to parliament.

In other words, on February 21 the minister said that he and the government have no authority "to call upon the Bank of Canada to observe a position of responsibility to the government", and yet on May 30 he calls in the governor of the Bank of Canada and says, "I want your resignation".

Let me also put on the record the proper doctrine, the doctrine which has always been accepted until recent months, on this matter of relationship between the government and the bank. I would refer to the banking and commerce committee of 1954 when the minister of today, a private member of the opposition of that day, was questioning the governor of the Bank of Canada of that day. He asked Mr. Towers a question on this matter and he received this reply. I quote from page 715 of the proceedings and evidence of the committee of that year. Mr. Towers said:

> The government, of course, either through the deputy minister of finance, who is a member of the board and of the executive committee, or through quite frequent conversations between the governor and the Minister of Finance, is always aware of what the Bank of Canada is doing.

I wonder whether these quite frequent conversations which, in the opinion of the previous governor, were so desirable and necessary, have been going on in the last year or two between the minister and the present governor? If not, why not?

Then the hon. member for Eglinton (Mr. Fleming) asked this question:

> For instance, in 1948 and in 1951, when you urged the chartered banks to restrict credit, was that advice given without the government first having been consulted by you?

Mr. Towers replied:

> The government would be aware that we were going to have the conversations. They would be aware, at least through the deputy minister.

Then the following exchange occurred:

> Q. And having offered no objection, I suppose one could say they were parties to it, at least in the sense that they did not interfere?
>
> A. Yes, because automatically, indeed, they must be parties to everything the central bank does unless they signify to the contrary.

Presumably, the hon. member for Eglinton was happy at that time to hear that doctrine expressed by the governor of the bank. It is certainly a quite startling contradiction of the doctrine he put forward this morning. I recognize, Mr. Speaker, we all recognize, that the views of the governor, even his right to express those views, are often controversial. This has been the case in respect of some statements that he, the governor, has made in the last year or two. These views have been questioned by many and they have been supported by many. Indeed, in this house members on this side have questioned the validity of some of the views put forward by the governor of the Bank of Canada. But what was the attitude of the government when we took that position? In all the discussions when we were the ones who were questioning some of these views there was not a word from the government either in defence or in criticism of the governor of the bank but rather a shrugging of the shoulders and the indication that monetary policy had nothing to do with them.

Mr. Coyne's views may have been criticized and they may or they may not be in dispute, but I do not think it is in dispute that he is a man of high principle and integrity who is devoted to the public service and to his duty and is uninfluenced by unworthy considerations. Therefore, whatever we may think about the validity of some parts of his economic doctrine, surely he should not be persecuted or victimized or misrepresented for stating his views when the Minister of Finance says that the governor has every right as a free Canadian so to do.

In the minister's statement this morning, the text of which I have now had the opportunity to read, the Minister of Finance had this to say:

> As I indicated earlier, it is not my intention to comment in detail on Mr. Coyne's statement. I should like, however, to make two observations. First, by referring to a "mysterious and alarming" program which the government is contemplating, Mr. Coyne may have left a certain false impression with the public.

Mr. Fleming (Eglinton): That is in quotes.

Mr. Pearson: That is in quotes, "mysterious and alarming" program. I say that by using

those words in that context the minister has indeed left a false impression as to what Mr. Coyne said. I have a copy of Mr. Coyne's statement before me, as the minister must have had before him, and here is what Mr. Coyne said:

> The Minister of Finance has suggested to me that another reason the government wanted me out of the way was that they were preparing certain programs which were apparently thought to be of such character that I would oppose them.

He mentioned "certain programs" and that is the only expression he used. Then Mr. Coyne went on to say in his statement:

> This mysterious and alarming suggestion has not been clarified.

"Mysterious and alarming" were the words used by Mr. Coyne to describe the suggestion that he would be opposing the program of the government. The minister takes those words, puts them in front of the word "program" and thereby certainly misrepresents what Mr. Coyne said. It is obvious on the face of it, of course. The minister said:

> ... by referring to a "mysterious and alarming" program—

Mr. Coyne made no such reference and the minister owes it to him to withdraw that statement. The minister went on to say in his statement, from the text of which I now quote:

> Perhaps the best way to dispel this impression is for me to say at once that Mr. Coyne has not been told of the contents of the forthcoming budget—

This is the governor of the Bank of Canada and the budget has been under consideration for many months.

> —and, therefore, has no right whatsoever to express views about it. Second, Mr. Coyne has asserted that he has been given no indication of disagreement with his views on economic policy. In my last two budgets and in various other public statements, it has been clear for some time that there have been major differences of opinion with the frequently expressed views of the governor on economic matters.

If there have been major differences of opinion of that kind dating back for two budgets, why did the minister not get up in the house and state these differences of opinion? The minister said that finally his patience was exhausted. What patience? How often has the minister discussed these matters with the governor of the Bank of Canada in an effort to clear up these differences of opinion? According to the governor in his statement, the minister refused to see him after May 30. The fact is that it is clear on the face of it and confirmed by what has happened since May 30 that there has been a failure on the part of the government to establish adequate communication with the bank. There has been a failure to consult, to advise and to discuss. Obviously there has been a break-down in this important relationship, the result of which was the request from the Minister of Finance on May 30 for the governor of the bank to resign immediately on the ground that there is a fundamental difference of policy with regard to economic and financial matters between the governor and the government. Here is what Mr. Coyne has to say about that. Let the minister deal with this statement.

> I may add that at no time has the government expressed disagreement with the operations of the Bank of Canada under my management, either in the field of monetary policy, or in those fields in which we act solely as agents and under the instructions of the Minister of Finance, namely, in debt management and in operation of the exchange fund. There has likewise never been any occasion on which the Bank of Canada has failed to co-operate, so far as it was concerned in the matter, in support of government policy. In financial matters we have always loyally played our part in carrying out positive government policies.

Perhaps, Mr. Speaker, the only way we will get down to the facts of the matter is to have a committee before which Mr. Coyne can appear and the minister can appear. Various explanations have been given outside the house, of course, to explain this crisis, this whole sorry business. Mr. John Meyer of the Montreal *Gazette* had this to say in his editorial this morning:

> One St. James street source put it this way:
>
> "Mr. Coyne isn't winning any votes for Mr. Diefenbaker so Mr. Coyne has to go."

That is another variation of the "heads will roll" approach of the government. Mr. John Meyer also had this to say in another article:

> It was, as Mr. Coyne says, "A slander upon my own integrity which I cannot ignore or accept."

This refers to the pension.

> This will be how the public as well will interpret the government's action. In seeking to discredit Mr. Coyne, the government has succeeded only in discrediting itself.

Mr. Grafftey: The Liberal party's new attitude to St. James street.

Mr. Pearson: I would welcome any serious interruption by the hon. and learned financial pundit on my left. The issue before us, Mr. Speaker, is very important but a very simple one. If the government ask parliament to remove the governor of the Bank of Canada because the governor has in fact prevented them from implementing their monetary and financial policies, and if that can be established through a parliamentary inquiry, then, of course, we on this side would support his removal. That has been the relationship we have put forward all along and we would support it now. That has been the relationship, that has been the doctrine which has been opposed by the government.

If in fact the government can do this, if they can establish that they have been so opposed, the governor of the Bank of Canada should resign. We would support that course in those circumstances because we believe that our system of responsible government would necessitate such a course. We do not think that any public servant should be in a position where he can prevent a democratic government from implementing its policies. But, Mr. Speaker, the Minister of Finance has not made that case. Indeed all his observations in the last six months in the house challenge the validity of that case.

Mr. Pickersgill: Four years.

Mr. Pearson: He has never at any time given us any reason to believe that this was the situation, and when members on this side have suggested that perhaps there has been some difficulty he has pooh-poohed that suggestion. On the other hand, Mr. Speaker, we will not support the government in any attempt, and it appears now they are going to make an attempt, to use the governor as a scapegoat, and to use a phony issue to cover up their own mismanagement of the country's affairs and obscure their own failures, to conceal their own confusion.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I believe that most of us will agree that we are debating this issue under a very great handicap, namely the lack of adequate information. We have not had a budget brought down as yet, and until we have had a look at the budget we cannot really understand what is meant by a possibility that the governor of the Bank of Canada may have serious reservations about the contents of the budget. Also, we have not been told what the proposed legislation is going to contain. I assume, since the minister mentioned legislation, that the government is contemplating the Bank of Canada Act. This is a move of great significance, and the information as to the intended legislation as well as the contents of the budget would enable us to debate the issue before us now in a much more intelligent manner.

I feel that the government has been negligent in not making this information available to us. However, I believe that at least all of us in the opposition would readily agree that the whole government is in a mess. The government did not expect the governor of the Bank of Canada to have the guts that history has now proven he has. They did not expect he would release to the public the information that he has released. In looking over this whole affair, it is obvious to me that "John" has won out over "Don". It appears that there is going to be the introduction of a new attitude on the part of the government toward Canadian economic problems.

The government, of course, is looking for an out. They remember only too well what happened the last time a Conservative government was unable to meet the needs of the Canadian people. This Conservative government, under the late Mr. Bennett, made a deathbed repentance in 1935. I believe the intention is to repeat that deathbed repentance by the introduction of some rather large, comprehensive new programs in order to help the people forget all the disappointments of the years since 1957. The government has to find an individual who can be used as a scapegoat. It is obvious to me at least that the governor of the Bank of Canada is intended to be the scapegoat so that the members who support the government will be able to pillory him during the next election campaign. I believe it is for this reason that the pension arrangements have been introduced into the argument.

We are not, in any way, defending the $25,000 a year pension. However, the government knows very well that private banks retire their governors on a much higher pension than even the $25,000, and at least one other civil servant, namely the head of the Canadian National Railways, would be entitled to an even higher pension than the one the board of directors arranged for the retiring governor of the Bank of Canada. In addition, I have read the act very carefully and I find no possibility of the government having any kind of voice in determining the level of the pensions of ex-employees of the Bank of Canada.

The pension matter was mentioned by the governor in his release to the press on June 13 last. If one reads this release very carefully, one is almost inclined to be a little suspicious that he was, in effect, advised that if he would be a nice boy and sneak away quietly the government might consider leaving his pension at $25,000 a year.

Mr. Fleming (Eglinton): That is utterly untrue.

Mr. Regier: However, Mr. Coyne is a very responsible man, and Mr. Coyne also relates his responsibility to the board of directors. He says in paragraph 1:

He said the government—

The "he" refers to the Minister of Finance (Mr. Fleming).

—were considering what action to take in the matter of the pension, had not yet come to a decision, and wanted my resignation before they came to a decision.

The only conclusion I can come to from reading that part is that he was, in effect, told to be a nice little boy and we—the government—will not be overly harsh with you in the matter of reducing your pension. I do not believe the pension could be reduced without an amendment to the Bank of Canada Act.

There is another matter that alarms me. There is no indication that anywhere along the line a serious difference of opinion existed between the board of directors and the governor. We hear now that last night, by an almost unanimous vote, the board of directors has asked for Mr. Coyne's resignation. I believe the minister owes it to this house to inform us as to why there has been an apparent change of heart on the part of the board of directors of the Bank of Canada. I, for one, would like to know how many consultations the minister has had with how many members of the board on the matter of taking the action that the board took last night when they finally asked for the resignation of the governor. In all the correspondence we have been allowed to see, there has been no indication that at any time the board of directors was dissatisfied or displeased with the work of the governor. However, we find that at the very crucial moment the board of directors asked for the resignation of this man.

I agree at once that the Bank of Canada must work in harmony with the government of Canada. I believe that is essential. The Minister of Finance, for a very good reason, is the only owner, on behalf of all the people of Canada, of this institution known as the Bank of Canada, and that would not be so were the intention not that the Bank of Canada should work in harmony with the government of the day. I had always assumed that they were working in harmony and this revelation is rather surprising to us. In the past there has not been any appearance of a conflict. I had always considered Mr. Coyne and the minister to be good, true blue Conservatives when it came to financial matters. I would like to indicate that in my opinion a conflict did not appear to exist in previous years. Reading from page 1063 of *Hansard* of November 13, 1957, the Hon. James Sinclair the then member for Coast-Capilano, asked the minister:

> Mr. Speaker, I wish to direct a question to the Minister of Finance. Actually it is a repetition of a question he was asked last Monday in Oakville, which he refused to answer on the ground that he could not answer it outside the House of Commons. Since he is now inside the House of Commons I should like to ask him, has there been a clash of opinions between the Bank of Canada and the government on economic policy?
>
> [Mr. Regier.]

The answer of the minister was:

> I am not aware of anything that could be called a clash.

Mr. Sinclair asked another question:

> A supplementary question. Does that mean the Minister of Finance is now in accord with the policy of the Bank of Canada which he called an unhappy legacy earlier this session?

The minister replied:

> The expression "unhappy legacy" does not apply only to what the hon. gentleman has just mentioned. There are a good many things in the unhappy legacy to which that expression ought to apply. When the time comes to deal with any questions of policy in the house I can assure the hon. gentleman that they will be dealt with fully.

I should like to underline the last word "fully". The minister has never on any occasion, in the years that have intervened since November 13, 1957, indicated that there was the slightest clash of opinion between himself and the governor of the Bank of Canada.

If there is a basic conflict, as the minister now seems to contend, I believe parliament is entitled to know what that basic conflict is and I hope, at least, the minister when he replies later on in the afternoon is going to be much more explicit as to the basic conflict than he was in his rather bland assertions this morning.

I had always assumed the two men were both excellent Conservatives. I realize, of course, that the governor of the bank was not appointed by this minister, but he was appointed by the equally Tory minded minister who preceded him. The minister mentions one possible clash. He complains—and these were his words—of Mr. Coyne's rigid attitude on the maintenance of high interest rates, as one example.

I can remember very well that the two men who led the campaign in Canada in favour of higher interest rates were our present Prime Minister (Mr. Diefenbaker) and our Minister of Finance. I have reference to their television appearance on the subject of the bond conversion loan.

An hon. Member: Ridiculous.

Mr. Regier: It may well have been the governor of the Bank of Canada, I will probably never know, who hatched that nefarious scheme, but the two leading spokesmen on its behalf in Canada were our Minister of Finance and our Prime Minister.

We now realize that interest rates in Canada are on an average a number of percentage points higher than they were at the time when this government assumed office, and I feel this government must assume responsibility for that. It is in very poor taste, to say the least, for them, after four years in office to now all of a sudden be blaming the governor of the Bank of Canada for pursuing

a policy which they claim was in contradiction to government policy, in maintaining a rigid attitude on the maintenance of high interest rates. I believe the government cannot successfully escape its responsibility in this regard.

I notice also, in connection with the minister's attempt to blame the governor of the bank for high interest rates, that as reported at page 3093 of *Hansard* for April 27, 1959, the minister had this to say:

I think I should begin this reply, Mr. Speaker, by a reference to what actually has occurred in the money market of Canada. We have had a money market in this country now for approximately the last four years. Money markets are not greatly different from commodity markets in this respect, that they are governed, not entirely but very largely, by the law of supply and demand. Obviously if the demand is large in relation to supply the return on borrowings must be larger—

Yet today we are told the rigid policy of the governor of the Bank of Canada has been responsible for these high interest rates. At page 3095 the minister went on:

Then, the Bank of Canada, on November 1, 1956 set its rates in terms of a formula attached to the treasury bill rate.

Then a little later on:

Let us bear in mind that the government of Canada does not establish the Bank of Canada rate.

He continued:

The Bank of Canada, by an act of the parliament of Canada, is responsible for monetary policy, and this bank rate, as it is called, is set each week by the Bank of Canada in the exercise of its statutory powers.

This policy that was begun on November 1, 1956, was for the Bank of Canada rate to be automatically tied to the current rate payable on treasury bills. The Bank of Canada, as of that November 1, no longer determined the rate excepting that it attached an increase of a certain constant amount to the yield realized whenever the government offered treasury bills.

On the problem of tight money, at page 1444 of *Hansard* of February 27, 1959, the minister had this to say. I asked the minister this question:

I should like to direct a question to the Minister of Finance, of which I have not given him notice. Is the minister in a position to inform the house as to the effect on the Canadian economy of yesterday's announcement by the Bank of Canada of a new discount rate of 4.32 per cent, and does he still feel as he did on February 13 that this represents a fluctuation within a not very wide range?

The minister replied:

The rate on treasury bills over the past two weeks is approximately what it was when the Liberal government went out of office.

The hon. member for Bonavista-Twillingate (Mr. Pickersgill) interjected:

Tight money.

I then asked a supplementary question:

I should like to follow that with a supplementary question. Is the government taking any measures to establish a rediscount rate independent of the weekly offerings of treasury bills, or is this government now endorsing the tight money policy of the former government?

The minister proceeded to give me a considerable lecture, and I am getting used to them by now. He replied:

The hon. gentleman, if he is acquainted with what has been happening in the money markets of this continent, must be aware that interest rates have been rising rapidly in the United States. This has had an inevitable effect on interest rates in this country.

Today the minister is blaming the governor of the Bank of Canada for the unduly high levels of interest rates that have been prevailing. In my opinion the minister has been very long in arriving at this conclusion. If he had accepted his responsibilities as the sole owner of the Bank of Canada on behalf of the people of Canada, if this actually was happening the minister should have warned the Canadian people and should have taken action many years ago along the line he is now proposing. He would have saved the people of Canada a lot of the needless misery that unemployment has caused our country. The minister cannot rightfully claim that the governor of the Bank of Canada was responsible.

The minister further claims that the governor is not aware of the contents of the proposed budget. This sounds almost unbelievable, and had the minister not made that claim I would even label it as fantastic. Does the minister mean to say that before a budget is brought down—and I know the minister has no research facilities in his department—exceeding $5 billion—

Mr. Benidickson: Seven billion dollars.

Mr. Regier: —the effects of that budget are not called to the attention of the responsible people in the Bank of Canada? If that is the case, I say that the minister is completely unworthy of presenting a budget in this house. That is one of the purposes of the Bank of Canada, and if the minister is taxing the people of Canada to the tune of almost $6 billion a year without prior consultation with the bank on these matters I think he has been most derelict in discharging the duties assigned to him.

I am of the opinion that Mr. Coyne likely knows much more about the contents of the budget which is to come down than the minister is aware. I know the minister made his claim honestly, believing it to be true. However, in the release to the press which he prepared Mr. Coyne said this:

Governor of Bank of Canada

The Minister of Finance has suggested to me that another reason the government wanted me out of the way was that they were preparing certain programs which were apparently thought to be of such a character that I would oppose them.

Later on, he said:

It is for the government to disclose to the public what it is they are planning to do.

I think that is so. I think it is for the government to disclose to the public what they are planning to do. However, the governor, who is an honourable man, thought it would be way out of line for him to tell the public about any action which the government planned to take. He says:

It is for the government to disclose to the public what it is they are planning to do. I have never opposed government policy and do not wish to do so. It is conceivable at some stage and in some circumstances it would be the duty of the governor of the bank to resign on an important question of principle or policy.

Yet the government wants Mr. Coyne out of the way before the budget is brought down. If relations are as the minister described them as being this morning, I think the honourable course would be to bring down the budget and then to see whether Mr. Coyne would carry out his pledge to work with the government in a co-operative spirit as I understand he has repeatedly assured the government he is anxious to do. The statement which I have just read is an indication that if Mr. Coyne found himself honestly unable to support the government in its proposal then, in his opinion, it would be his duty to hand in his resignation. I see nothing dishonourable in the course proposed throughout this controversy by Mr. Coyne, though I can find much that is reprehensible, to say the least, in this obvious attempt by the government to rid itself of the governor of the Bank of Canada without the public knowing anything about it. It is apparent that an effort was made to persuade Mr. Coyne to fold his tent like the Arabs and move away. I think the government has made a miscalculation inasmuch as they did not expect that Mr. Coyne would appeal to the public with regard to the methods being used by the government. I believe Mr. Coyne knows much more about the budget than the minister supposes and that he has very strong views on what is contained in it.

Mr. Brunsden: On a point of order, the hon. member repeatedly suggests that Mr. Coyne knows all about the budget. We have the assurance of the Minister of Finance that the budget is still locked in his own brain. Regardless of party we all respect the Minister of Finance, and I suggest that this repeated allegation, which is in direct contradiction to the minister's statement, is almost an insult and that it should be withdrawn.

Mr. Speaker: The hon. member who raises this point of order may recall what has been said earlier. He may remember that the hon. member for Burnaby-Coquitlam did accept unreservedly the statement of the minister that as far as he knew, within his knowledge, Mr. Coyne did not know about the budget. The other statement is, to my mind, a different statement and I do not think the hon. member for Burnaby-Coquitlam can properly be asked to withdraw it.

Mr. Regier: I believe the government owes it to parliament and to the country at this time to disclose the nature of the major moves which are being contemplated by the administration because we cannot adequately assess this situation which now faces us without that information. It may be the government is contemplating a billion dollar deficit in an attempt to win an early election. It may be the government is contemplating the sale of crown corporations—I notice that Mr. Coyne refers to these corporations—and thus may be linked with the announcement of the Prime Minister that the next election will be based on socialism versus free enterprise. Or, it may have something to do with the proposed disposal of mortgages, and over a billion dollars worth of them are held by the Central Mortgage and Housing Corporation. If it were possible to sell these successfully I can see how the government might embark on an ambitious vote catching program without having to increase taxation or, necessarily, incurring a deficit. I should like to refer to one of the statements made by the minister in his speech this morning. He said:

At this stage I must confine myself to placing before the house the essential facts virtually none of which appear in that statement.

"That statement" refers obviously to the release issued by Mr. Coyne. I should like to ask the minister to tell us exactly which of the statements made by the governor of the Bank of Canada he denies. I should like to have a list of the statements made by Mr. Coyne and contained in this three-page press release of June 13 that are being denied by the minister. More specifically I should like to have the minister reconcile the reports of the meeting which was held last night in Quebec city when the board of directors asked the governor to resign. The governor, in a letter dated June 13 addressed to the minister had this to say in the final paragraph:

After a negative response to my inquiry as to whether there was any further business to come

before the meeting, the meeting of the board of directors of the Bank of Canada was terminated.

Yet the minister, in his monstrous attempts to cast reflections on the integrity of the governor of the Bank of Canada, reported that Mr. Coyne took an altogether different action. On page 3 of what the minister had to tell us this morning this version appears:

> Mr. Coyne polled the directors. The resolution was carried by a vote of nine to one. Mr. Coyne did not vote. Having declared the motion carried, Mr. Coyne then immediately adjourned the meeting.
>
> In doing so, he not only defied the formally expressed wish of the board that he should resign immediately in the interests of the bank, he made it impossible for them to proceed to consider what action might be taken in the face of this defiance.

Obviously Mr. Coyne has given us a wrong report of what happened, or the minister has misunderstood the report of what actually happened and conveyed the misunderstanding, through his own interpretation of what took place. However, the allegation contained in this discrepancy is a very important one to Mr. Coyne and to all of us who are interested in accurate reporting and the maintenance of the reputations of the individuals concerned.

Mr. Coyne reports that after the vote was taken and recorded he asked whether there was any other business to come before the board. No one said anything so the meeting was adjourned. The minister has indicated that Mr. Coyne made it impossible for the board to proceed with any other business that was before it at the time. There is a contradiction there of a very serious nature.

I hope the minister, in the interest of accuracy, and I know he does wish to be accurate, will clear this matter up. I hope he is able to tell us that Mr. Coyne wrongly reported what took place at the meeting, or that he was in error, or that one of his advisers supplied him with wrong advice, because I cannot imagine the minister deliberately making a statement with such implications. He either made the statement knowing that he was not accurately reporting what did take place, or was unaware of the fact that he was in error.

After blaming Mr. Coyne for his rigid attitude in maintaining high interest rates, the minister goes on to blame him for other things. Before I resume my seat I should like to make it very clear that we have always assumed that Mr. Coyne and the minister were working together in harmony. We have had no indication, either in the policies of this government or in the statements made by the governor of the Bank of Canada, that there was a basic conflict in the attitudes of the Bank of Canada and the government of Canada. However, we do claim that the two must work in harmony. If the minister can supply us with adequate reason, substantiated by facts and not by mere assertions, that the governor of the Bank of Canada has been working against the announced policies of this government then, of course, we should have no alternative but to support the demand of the government that the governor of the Bank of Canada resign because we still contend, in spite of everything the minister has said over the years, that this government is responsible for the monetary policies of Canada and it cannot evade that responsibility.

I am pleased to note that in at least one respect this government has now returned to that attitude which was once held by the minister himself when he was in opposition. However, I regret very much that this whole situation has to be part of an election campaign, and that one of our most highly esteemed federal civil servants, even though he was a Tory, has to have his name blackened and smeared by a government which is so ruthlessly desperate to win re-election it feels it must resort to measures of this kind.

Mr. C. A. Cathers (York North): Mr. Speaker, I should like to say a few words about this very serious subject. I suggest it is serious in view of the fact that I have never before seen the Leader of the Opposition (Mr. Pearson) so het up as he was today.

Mr. Habel: You ain't seen nothing yet.

Mr. Cathers: I suggest to the Leader of the Opposition that he get his facts straight, following the example set by the Minister of Finance (Mr. Fleming) who, I understand, took history lectures from him at university in the 1920's.

I should like to draw attention to the statement the Leader of the Opposition made regarding Mr. Jack Bryden, who was a director of the Bank of Canada, and the implication therein contained. That hon. member was brought up sharply by the Minister of Finance who stated that he knew with assurance that Mr. Bryden resigned from the Bank of Canada on his own initiative due to the fact that his other duties were very heavy.

I have known Jack Bryden for at least 30 years. He is a fine, upright, brilliant economist and the head of one of the large life insurance companies. I have very high regard for him, and think it was very small on the part of the Leader of the Opposition to cast the aspersion which he did, on the reputation of Mr. Bryden.

Another example of the type of statement the Leader of the Opposition makes without having checked the facts, was presented this morning when the Minister of Finance informed him that the deputy minister was not

at the meeting of directors when the change in pension was made. The Leader of the Opposition then corrected his statement. I suggest he should have lectured in mathematics at the university, a little more exacting subject than history.

I have had special interest in the Bank of Canada for a good number of years because, in 1934, when that great Canadian, R. B. Bennett, incorporated the Bank of Canada as a private enterprise, the shares were sold to Canadians. I had one share certificate which I cherished but it was redeemed because of the policies of the last Liberal government. I can remember the year 1935 as though it was last night, when Mackenzie King went out on the hustings. I attended a meeting on College street in Toronto when Hugh Plaxton the Liberal candidate announced the policy of the Liberal party, saying that if that party was elected it would nationalize the Bank of Canada. That government, of course, was elected and did nationalize the bank. For that reason I suggest we can now lay the blame on the opposition side of this house for the troubles we are having.

Mr. R. B. Bennett established the Bank of Canada originally on the same basis as the Bank of England, and I wish it was still that way because I am sure we would not have had the problems with which we are faced today.

Mr. Pickersgill: We are back to old R. B. again.

Mr. Cathers: Yes, sir.

Mr. Hellyer: Are you going to denationalize the bank?

An hon. Member: Get on your motorcycle and ride away.

Mr. Pickersgill: You do not like it.

Mr. Cathers: I should think hon. members would hesitate to bring personalities into this debate, particularly in reference to the presidents and heads of our crown corporations. I believe it is quite unfair for any hon. member to engage in personalities in this house in respect of individuals who find themselves in positions in which they cannot defend themselves. I refer particularly to the hon. member for Port Arthur (Mr. Fisher) who, with his flair for publicity, stood up and demanded that Donald Gordon resign. I was very sorry to hear some of our own party members concur with that statement because I do not agree with that type of practice at all. If we intend to have good men at the head of our corporations it ill behooves us to stand up in this house and verbally cut them down. We certainly cannot expect to build up the morale or prestige of those organizations by appointing individuals and then immediately criticizing them.

Mr. Benidickson: What about the governor?

Mr. Cathers: How many members have risen in their places in this house—and this applies particularly to the hon. member for Port Arthur—and criticized Donald Gordon for not making the railroad pay? When Donald Gordon as head of the Canadian National Railways has endeavoured to put some efficiency into the operation of the railways how many times has the hon. member for Port Arthur and others opposed it? Time after time they have done this. When the C.P.R. lays off men because they have no work for them, or tries to eliminate costs, we do not hear about it in this house, but every time the C.N.R. does it we hear about it. I defy any man to manage the Canadian National Railways on the basis on which we are trying to operate it.

In the late 1920's Sir Henry Thornton was president of the Canadian National Railways and there were kicks about his methods of running the railroad. I defy any man—

Mr. Pickersgill: The Tories cut his throat as well.

Mr. Cathers: I hesitate to engage in personalities with respect to the governor of the Bank of Canada but the opposition have asked for it. I support the Minister of Finance in the action he has taken.

Let us take a look at this Mr. Coyne. Who is he? He graduated from the university of Manitoba in 1931. He was a Rhodes scholar. I commend him for that. He took up law and was engaged in the practice of law from 1934 to 1938, and then he got a job as secretary in the Bank of Canada. I believe he was in the armed forces for a couple of years during the war. He came back and became deputy governor of the bank. But what experience did the man have to operate a bank? I do not set myself up as an authority on the operation of a central bank but I was engaged in finance and I do know that two and two make four. I have sometimes wondered in the last year, when I have read Mr. Coyne's speeches, whether he knows that two and two make four. The first speech I read was the one he made in Calgary when he said we were spending far beyond our means. Well, he is the governor of the Bank of Canada and he had a certain amount of control over things. Consumer buying had gone up; consumer credit had expanded and he could have controlled that very easily. He should not have waited until 1960 to start his program.

Another point he made had to do with foreign investment coming into Canada. He said that if we stopped it and lived within our means it would help the unemployment situation. Well, gentlemen, I was at the other place—

Mr. Pickersgill: Don't forget the ladies.

Mr. Cathers: —and I heard the members of the other place try to find out what his solutions were. I wish the hon. member for Essex East (Mr. Martin) could have been there to hear what the governor had to say, because I as the chairman of the banking and commerce committee would have liked to have Mr. Coyne appear before our committee—

Mr. Hellyer: Why didn't you?

Mr. Cathers: I would have liked it but after—

Mr. Martin (Essex East): Because the Minister of Finance would not let you.

Mr. Cathers: Oh, no.

Mr. Pickersgill: That is right.

Mr. Cathers: I will give you the answer. After going to the Senate committee on manpower and listening to the deliberations and Mr. Coyne's cure for unemployment—he said he had all the plans, he had all the solutions for this and that—I came to a different conclusion. Let hon. members ask the senators how much they got out of him; and they were not Conservative senators. The first thing I took exception to after we were elected was his statement when he was accused of operating under a tight money policy. We came in, in 1957. I used the statement because I know I was right. The statement said we were operating the Bank of Canada on a tight money policy. The governor denied it. I understand that the Liberals had some doubts about Mr. Coyne. As a matter of fact, I have heard that they laid a great deal of the blame for losing the 1957 election on the tight money policy.

This morning the Leader of the Opposition (Mr. Pearson) was disturbed. I think the reason he was disturbed was that he would have liked, and those on the other side would have liked, to see Mr. Coyne continue in his position so that his policies might help to defeat us.

Mr. Benidickson: The hon. members have been quite slow in coming to that conclusion; it has taken four years.

Mr. Cathers: I do not know that we have been so slow.

Mr. Hellyer: The hon. member does not mind wrecking the country but he does not want to lose the election.

Mr. Bell (Saint John-Albert): Speak for yourself.

Mr. Grafftey: There are no Mackenzie Kings in our party.

Mr. Cathers: I think that if we had had Mr. Coyne before the banking and commerce committee we would have further advertised what the Liberals have been advertising all over the world, namely that conditions in Canada are not good. They have enjoyed the gloom and this is another example. The hon. member for Essex East has been trying every day to get the governor of the Bank of Canada before the committee in order further to depress foreign credit. I should like to point out to hon. members the danger of weakening our foreign credit. We need the money from foreign investments in this country to develop our resources and we cannot get along without it. I know because I was in the investment business for a long time. I know the attitude of United States investors toward Canada. It has taken a long time to build up and establish the fine credit we have in foreign countries. I think speeches such as those delivered by Mr. Coyne last year have undone a great deal of the good done in past years.

He has made reference to foreign investment in Canada. This foreign investment did not really start until 1949, when the foreign exchange control regulations were lifted and foreign capital came in. It came here because Canada was a safe haven for investment for people all over the world. I recall being in Switzerland in 1951 and talking to the bankers there. The reason they were so inclined to invest in Canada was that they knew us, that we were honest and that we had no exchange regulations.

Mr. Benidickson: And at that time we had a good government.

Mr. Cathers: The good government referred to is the government that is responsible. They saw what was happening. It started in 1949 and continued thereafter and if they thought it was such a bad thing they could have done something to remedy the situation.

There is something else which arouses a great deal of fear in my mind with respect to Mr. Coyne and that is his judgment with regard to foreign investment. In one of his statements he said that in companies in Canada for which the capital has been provided by foreign investment the majority of the directors should be Canadian. Can you imagine people handing their money over to strangers and saying, "Here is the money; you run our business". That is an impossible situation.

Mr. Pugh: He does not believe in directors anyway.

Mr. Cathers: There might be something in that. I have looked at the Bank of Canada Act and I see that the directors of the bank have the right to set salaries and that the governor of the bank has freedom and there is to be no interference by the government. Some 18 months ago the directors of the Bank of Canada took a certain action, on whose prompting I do not know, although I suspect there must have been persuasion on the part of the governor of the bank. They did something that I think is unforgivable. They increased his pension from a little less than $12,000 a year to $25,000 a year. According to the Bank of Canada Act, that action should have been approved by the governor in council. If this had been done in a private company the directors would have had to have their action approved at the annual meeting of shareholders. No approval was obtained in this case and the matter was not heard of until nearly 16 months later.

I should like to ask the hon. member for Essex East (Mr. Martin), who has been such a staunch supporter of Mr. Coyne, what he thinks of this pension of $25,000 a year. Here is a person who started working for the Bank of Canada as a young man in 1938. He is only 50 now and he will have a pension of $25,000 a year. The hon. member for Essex East has been a member of the house since 1935 and I believe I am correct in saying that if he were to retire tomorrow he would have a pension of $3,000 a year. I do not know of a single instance in the business world where a man who started at the bottom in 1938 would receive a pension of $25,000 a year after 23 years.

I think that the way Mr. Coyne has behaved himself since May 30 has been entirely improper. He must have known that a request for his resignation would be made because he had heard from professors, from the banks and from the investment dealers that they were not in agreement with his policies. I admire the Minister of Finance for the way he has protected this man. I cannot condone the action of this group of professors in writing a letter to the press. I cannot approve of their action in belittling the governor of the Bank of Canada in the way they did. If the Minister of Finance had been looking for an opportunity to get rid of Mr. Coyne, it would have been the easiest thing for him to have used the writing of this letter as a reason for doing so. But no, he was protecting a servant of the government, and I commend the minister for it.

I have talked with presidents of the chartered banks and my old colleagues in the investment business and I know they have no confidence in the governor of the Bank of Canada. I also know that the bankers and business people have the greatest confidence in the Minister of Finance.

I should like to point out that after the speech that the governor made in October of last year the price of the 4½ per cent conversion bonds to mature in 1983 started to fall on the bond market. They were then selling at a price of 95. They started to fall a day or two after his speech and continued to fall until on December 1 when they sold at 87. I do not know why we have not had more dumping of securities from the other side of the line when the governor has been going around preaching gloom. He certainly has done everything possible not to sell Canada to foreign investors.

I knew for some time that the governor of the Bank of Canada was paid a salary of $50,000 a year. That is not bad for a young fellow who has had no banking experience. I will give him credit for being trained in the law, but I would ask members of the former administration why he was ever appointed? On what grounds?

Mr. Cardiff: Political grounds.

Mr. Cathers: I know I was told that C. D. Howe did not approve of it.

Mr. Benidickson: He is not here to speak for himself.

Mr. Cathers: No, and I hate to say that. I cannot understand why this man with his background should ever have been appointed to this position with a salary of $50,000 a year and an additional amount of $12,500 a year from the industrial development bank, or a total of $62,500 a year for a man who had no business experience. I do not think he is an economist. I do not think he has ever professed to be an economist. If there is any blame for the situation we are in today with respect to the Bank of Canada, I think it should be put right over there on the doorstep of the opposition.

What were the qualifications of Graham Towers, the first governor of the bank who was appointed by R. B. Bennett? He was a graduate of McGill University and an outstanding student. He went into the Royal Bank and soon rose to the top. In all the years I was in business and while he was the governor of the bank I never heard one word of criticism of his operations in the Bank of Canada. Why?

Mr. Benidickson: Do you think he did not recommend his successor?

Mr. Cathers: Yes, I heard that. At that time, the late C. D. Howe said he had lost

respect for Graham Towers because he recommended Mr. Coyne as his successor. I speak of the things I know.

Now, we could have settled this problem some months ago, but we did not. The Minister of Finance displayed the greatest of patience. I know that if I had occupied his position this man would have been out of here long ago. I believe the actions of the governor were deliberate. The Leader of the Opposition (Mr. Pearson) did not declare himself this morning, and I could not gather from what he said whether or not he was a supporter of Mr. Coyne. He seemed to be annoyed by the fact that we were getting rid of Mr. Coyne.

I think that, for the good of this country, we have to protect our credit. I was in the financial business in 1931, and Great Britain went off the gold standard in September of that year. I remember the event quite well. Government bonds that were selling on a 4½ per cent basis dropped overnight. I recall that every bond house, every bank and every life insurance company, if they had been forced to liquidate their portfolios, would have been bankrupt. I recall that when I started my own business in the dark days of February 13, 1932, these 4½ per cent bonds of 1957, which had a 5½ per cent coupon attached to them, were selling at from $82 to $84.

Now, why did that happen? It happened because we were tied up with the British empire, thank goodness. Great Britain was forced off the gold standard and the world markets dropped so many securities on the Canadian market that the price was knocked down from par to $83 in a very short time. I feel, therefore, that the members of this house should be most careful to follow the example of the Minister of Finance, who has tried not to advertise this rumpus between the governor and the country. The foreign investors are very fickle, and they will soon withdraw money from this country. I would say that if the United States investors started to withdraw from this country, there would be chaos in our bond market. We cannot finance this dumping of our securities on the market. I hope we will be very careful in the way we deal with foreign investors.

Before I sit down, I should like to say that, as a person who was formerly in the financial business, I admire the job that the Minister of Finance has done during the last four years. I know that I speak for a great many of the business people of Canada when I say that.

Mr. Benidickson: Before the hon. member resumes his seat, may I say that we all recall that at the beginning of his speech this afternoon he made reference to his long friendship with a Bank of Canada director, Mr. Bryden. He suggested that the Leader of the Opposition had been rather unfair in his references to Mr. Bryden. I would ask the last speaker who is the chairman of the banking and commerce committee, and who was nominated by the government, whether or not he has read the last sentence of the letter dated June 9 from the governor of the Bank of Canada to the Minister of Finance, wherein this statement is made:

> I will spare your feelings by not referring in this letter to the outraged comment made by the chairman of the committee having to do with pension matters, when I repeated the minister's comments made to me a few days ago.

Has the hon. member who took such umbrage at what the Leader of the Opposition said, read this sentence, and does he know whether or not the chairman of that pension committee was indeed his friend, Mr. Bryden?

Mr. Cathers: I have not read it and I do not know whether or not it is true. I will check with him at the first opportunity.

Hon. Paul Martin (Essex East): I have listened with interest to the hon. member who has just spoken. He will not misunderstand me if I do not follow all that he has said in the course of what I have to say. I will make this observation, however, that as chairman of the banking and commerce committee, to whom I directed questions on several occasions as to when the banking and commerce committee would meet for the purpose of enabling members of that committee to question the governor of the Bank of Canada, I naturally expected that, if he were going to intervene, he would have given us reasons for not giving us the opportunity of confronting the governor of the Bank of Canada. If such an opportunity had been provided, possibly we would not have had the very serious situation that now confronts Canada which has the most serious implications, as the hon. member himself said, when he referred to its influence on foreign investment in this country.

The hon. gentleman made perhaps the most succinct and important statement yet made in this debate when he said that unless this particular matter were handled properly there would be consequences for Canada of a most serious character. He had in mind, I believe, foreign investment and the like. I say to him, and I say to this government that if, as a result of this situation which has prompted this debate, we are confronted with that kind of situation it is because of the actions of the Minister of Finance and the government of Canada, and the way they have handled this regrettable situation.

We have repeatedly asked the government, and we have asked the hon. gentleman who has just taken his seat, to afford us the opportunity of questioning the governor of the Bank of Canada on his annual report, and questioning him on the statements that he made from time to time throughout the country with regard to methods to meet the serious economic problems now confronting the nation. We have been denied that opportunity. Yet the chairman of the banking and commerce committee has just made the statement that he would have liked to have had the governor of the bank appear before a House of Commons committee. One can only conclude that if his desire was not gratified it was because of the difficulties prevailing during the last few months between the Minister of Finance and the governor of the Bank of Canada about which we were not made aware and which the Minister of Finance did not want parliament to become aware of at that time. That is apparently the real reason why the House of Commons was denied this right with respect to a matter which the Minister of Finance had said belonged to parliament under the Bank of Canada Act.

The hon. gentleman who has just resumed his seat also spoke of a side issue, the facts of which are not clear and about which I have no comment to make. That was with regard to the pension of the governor of the bank. All I want to point out with regard to that side issue is this. One of the directors in Quebec, Mr. Baribeau, as reported in today's Toronto *Star* intimated that the dispute over pensions for governors was not a big factor in yesterday's decision.

I do not know whether or not that is the case, but I simply want to say to the hon. gentleman and to the Minister of Finance that the fact is that if there was an increase of pension provided for the governor, that was provided first as a result of the initiative taken by Mr. Bryden, a friend of the Minister of Finance and a political supporter of the Minister of Finance, who thought it was the right thing to do. And it was approved by every director of the Bank of Canada, every one of whom was appointed by this government.

Those are the facts. So that if there is anything questionable about that, my hon. friend can discuss it with the Minister of Finance. He will find that it was as a result of the unanimous decision taken by members of the board of directors of the Bank of Canada who were appointed to their office by the present government.

This is a matter of the greatest importance. Whether or not we agree with the policies of the government in financial matters; whether or not we agree with the attitude the government takes with regard to monetary policy and its responsibility therefor, the fact is that the governor of the Bank of Canada, in our economic system, holds one of the key positions in the public service of our country. Any miscalculation by this government or any government with regard to that office; any act taken by it that is not fully responsible can have the most serious consequences for the economic welfare of this country, as the hon. gentleman who has just spoken knows.

If this situation is as the Minister of Finance sought to indicate this morning, why did he not bring in today the proposal his government has in mind to deal with the governor of the Bank of Canada? Why does the hon. gentleman wait? Why did he not confront us this morning with the proposed procedures he has in mind regarding the attitude taken by the governor of the Bank of Canada following his request for the governor's resignation?

This is a unique situation. I doubt if there will ever be found a parallel in any country which has a central banking system, and where the governor of the bank is given the unusual powers given to the governor of the Bank of Canada, where there has been a withdrawal from office of the governor under circumstances such as those that now confront us in Canada.

The Minister of Finance knows that this man, who is one of those in charge of the investment committee of the unemployment fund; who is a paid official of the industrial development bank as well as being the governor of the bank; who traditionally is consulted by the Minister of Finance in the preparation and formulation of budget policy, holds a post which has to be treated by the government with circumspection and with a high sense of responsibility.

I regret to say to my hon. friend of many years that I do not believe his attitude toward the governor of the Bank of Canada since he has been Minister of Finance, particularly during the last three years, his statement of this morning and his utter disregard of the rights of parliament in this matter establish little reason for having confidence in him as Minister of Finance.

I regret to say, that if there is occasion for any resignation, I believe the circumstances warrant resignation by the Minister of Finance.

Some hon. Members: Hear, hear.

Some hon. Members: No, no.

Mr. Martin (Essex East): All over this country there is disquietude about the financial policies of this government.

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): That has been clear ever since the days of the bond conversion program. This situation today involving the position of the governor of the Bank of Canada only adds to that disquietude and to that concern. If there can be any doubt about this, all we have to do is look at the first paragraph in the statement of the governor of the Bank of Canada given yesterday to the press, in which he said:

> The Minister of Finance has suggested to me that another reason the government wanted me out of the way was that they were preparing certain programs which were apparently thought to be of such a character that I would oppose them.

That is a most serious statement. Is there any justification for that statement, I ask the Minister of Finance? Is that the real reason why the Minister of Finance has created this situation only a few days before the presentation of the budget?

I ask the house to recall the readiness with which the Minister of Finance announced the date of the budget today, and to compare that with the refusal he manifested during the course of the last few weeks in indicating to the house (a) whether there would be a budget in 1961 and (b) if there was, when we might expect it to be introduced. But now the Minister of Finance has no hesitation in giving us the date of the budget. Why? Because he has got the governor of the Bank of Canada out of the way; because he is out of his tracks.

Mr. Fleming (Eglinton): He is still there.

Mr. Martin (Essex East): This is the gentleman who by virtue of his office and with all the skills behind him has been used by every minister of finance, and rightly so, in the presentation of government budgetary policy.

I tell the Minister of Finance I believe there are other reasons for this action. I suggest that the Minister of Finance wants to divert public attention from the character of the budget which inevitably he is going to have to present to this country next Tuesday.

An hon. Member: Tuesday.

Mr. Martin (Essex East): This will be a budget in which he is going to show a deficit of at least $700 million, and it has been suggested that the deficit might reach the $1 billion figure. Another reason is that the Minister of Finance does not apparently propose to do anything about the perilous state into which the unemployment insurance fund has been plunged. That is clear from the reply given by the Minister of Labour (Mr. Starr) the other day to the hon. member for Peterborough (Mr. Pitman) with regard to what course the government was going to follow, if any, regarding the replenishment of the fund. No effort to becloud the issue by the emergence of this situation is going to prevent a clear indication being given to the Canadian people of the state of the financial situation in our country. This will be revealed by the budget.

The Minister of Finance cannot say that he and the governor of the Bank of Canada have not shared the same views. It is only within the last few months and particularly within the last few days that the Minister of Finance has taken the position that he and the governor of the Bank of Canada have opposite stands. It will not be forgotten that the former minister of trade and commerce, the present Minister of Veterans Affairs, expressed views not very long ago, in 1960 and late 1959, which were contrary to those expressed by the Minister of Finance and the governor of the Bank of Canada. The Minister of Finance said in this house, and he said in Toronto before the Canadian club in January 1959, that he shared the views expressed by the governor of the bank, forgetting, of course, that the Minister of Veterans Affairs had in this house clearly expressed views which were contrary to those held by the Minister of Finance and the governor.

Mr. Fleming (Eglinton): May I ask the hon. member a question?

Mr. Martin (Essex East): At the end of my speech.

Mr. Fleming (Eglinton): Would the hon. member be good enough to quote my exact remarks?

Mr. Martin (Essex East): At the end of my speech. Will the minister deny that the baby budget of last December incorporated very important considerations which had been put forward by the governor of the Bank of Canada? I mention these things only so the record may be clear. The criticisms of Bank of Canada policy which have been expressed in this house have been expressed by the former minister of trade and commerce and by the Liberal opposition. That is a fact. We are here not as protagonists of current Bank of Canada policy but to challenge the minister in the particular course he has taken and for the reasons the Leader of the Opposition has mentioned today.

Another reason why the minister perhaps wishes now to give the impression that there is a real issue between himself and the governor of the Bank of Canada is because that gentleman has been saying repeatedly in this country that Canada does have the capacity to meet the problem of unemployment which confronts us at this time. It is

true that when he appeared before the manpower committee of the other place he declined to expand on that subject notwithstanding that he had said on at least five occasions that we could adopt policies—the implication was that the government had not adopted them—to meet the unemployment problem. The reason given by the governor for not going into details before the committee of the other place was that the Minister of Finance had asked him not to express views which were at variance with declared government policy. That is what the governor said in a statement he gave to the press yesterday.

But the Minister of Finance cannot hope to escape responsibility for explaining, either in this debate or in debates relating to this matter in the future, why he has never disclosed to this house the nature of the consultations between himself and the governor of the Bank of Canada with regard to the latter's solutions of the problem of unemployment and the like. Is it because the government, closer to an election than it was a year ago, has now decided to embark on policies which it hopes will extricate it from its present difficulties? Clearly the minister does not want to have the governor of the Bank of Canada in his way. Is this the reason? There are good reasons for this thinking. As a matter of fact, Mr. Harris, the former minister of finance, apparently foresaw this when he said on May 18 of this year as reported in the Toronto *Star*:

> "Mr. Fleming is so far in debt he is still looking for words to explain why."
>
> He criticized the finance minister's refusal to accept responsibility for the decisions of the Bank of Canada. He said if the Liberals are elected they will co-ordinate the actions of the government and the bank which is intended to offset the effects of high and low swings in the economy.
>
> Mr. Harris said when he was finance minister the unemployment insurance fund had nearly a billion dollars. In the 3½ years since the Conservatives took over, $750 million has been taken from the fund.

Are these not the real reasons for this situation? Of course, if there had been a difference between the government of Canada and the governor of the bank over monetary policy then, of course, it would have been proper, as the Leader of the Opposition said, for the government, through the Minister of Finance, to have taken steps either to bring about the retirement of the government itself or that of the governor of the bank. There can be no doubt about that right, in the event of any difference with regard to policy, that is monetary policy. But what is the reason in law for the course which the government has now taken? The minister told the governor: we do not want you to be making these general speeches. Apparently

that form of discipline—a discipline which I urged many months ago in this house—has had its effect and properly so. But now that has been removed, what is the reason for the unique action, the cataclysmic action, almost, which is now being taken by the government? It cannot be the governor's pension because apart altogether from the merits of that issue, under the Bank of Canada Act this is a matter for the directors of the bank. What other reason can the Minister of Finance give for the unusual and dangerous course he has taken or proposes to take? Is it because, as the governor of the bank says—

> The Minister of Finance has suggested to me that another reason the government wanted me out of the way was that they were preparing certain programs which were apparently thought to be of such character that I would oppose them.

If this is the real reason, I say to the Minister of Finance that he is failing in his duty, that he is violating his oath and that he must explain to this house and to the people of Canada why he has assumed the authority to eliminate from his path the governor of the Bank of Canada. The minister cannot say justifiably it is because the latter might express views contrary to those which the Minister of Finance may be taking with regard to problems facing the country at this time.

The words used by the Prime Minister over the television network on October 1, 1959, bear repetition here. The Prime Minister said, when he was confronted, as he had been in western Canada earlier, with questions concerning the tight money situation and, in particular, the developing problem of unemployment:

> The question might be asked as to whether there should be a substantial increase in the money being used in Canada. Well, let me make this clear. An excessive increase in money supply at any time means inflation. We do not intend to encourage a situation whereby the dollar value will be drained away, thereby bringing hardship to all, and particularly to the pensioners, the retired people, and others with fixed incomes.
>
> I should point out, too, that the Bank of Canada, not the government, controls the money supply in Canada. The bank was set up under law, by act of parliament. It is independent and autonomous. It has one master, though: parliament, and through parliament the people.
>
> That's the law. It has been the law for almost 25 years. But as with any law passed by parliament, the Bank of Canada Act is, of course—as the Bank Act is—subject to review and amendment.

Contrast that statement with the statement made this morning by the Minister of Finance when he said that the government's policy is expansionist, aimed at the creation of more trade, more production, and more jobs.

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): Hon. members applaud. That is the very kind of thing that the Leader of the Opposition and this party have been urging on this government for three and a half years. It has now discovered it. The Prime Minister said in 1958 that was something which belonged to the Bank of Canada, and to avoid inflation the matter must be left to the Bank of Canada. Yet the Minister of Finance (Mr. Fleming), now obviously being coached by the Prime Minister in preparing for an event some months away, seeking to curry public favour, and is now resorting to an expansionist policy along lines urged by the Liberal party, which would have corrected many of our current economic problems, particularly unemployment. Then the Minister of Finance made the following statement:

> During Mr. Coyne's period in office, there has been a steady and deplorable deterioration in the relations of the Bank of Canada with the public.

When did this begin, on May 31, or in the month of March? We have been talking about the relations between the bank and the government, and particularly between the governor of the bank and the Minister of Finance, for over two and a half years. We have been saying that there was a deplorable deterioration in these relations for a long time, but the Minister of Finance has denied this. Now because he is confronted with this situation, and wishing to see it develop along particular lines for reasons I have suggested, he acknowledges two and a half years later that the relations between the governor of the bank and himself have been deplorable. Whenever that was suggested in this house by anyone, the Minister of Finance indignantly rose to say hon. gentlemen knew perfectly well that relations between the governor of the Bank of Canada and the Minister of Finance were those of two colleagues working together in the public interest.

Mr. Pearson: Like Damon and Pythias.

Mr. Martin (Essex East): As the Leader of the Opposition points out, the Minister of Finance gave the impression that he and the governor of the bank, up until a few months ago, were as Damon and Pythias.

The minister's statement then contains the following:

> Mr. Coyne, has, as I shall explain shortly, lost the confidence of the board of directors of the Bank of Canada. He does not possess the confidence of the government.

The latter is perfectly clear. I indicated, two months ago in this house, my attitude with regard to ex parte statements of the governor of the Bank of Canada. But there is no evidence to support the statement that the governor has lost the confidence of the board of directors of the Bank of Canada.

Under the Bank of Canada Act the governor is appointed by the board of directors, subject to the governor in council, to hold office for seven years during good behaviour. The resolution passed by the board of directors yesterday indicates nothing about good or bad behaviour. As Mr. Baribeau clearly indicated today, the reason for the resolution of yesterday which, by the way does not and cannot legally constitute any procedural basis for dismissal, is that the government and the governor cannot get along and one of them should get out. There is no advantage if the governor works one way and the government another, he noted.

There is no evidence to support the Minister of Finance in his statement that the governor of the Bank of Canada lost the confidence of the board of directors of the Bank of Canada. I should like to ask the Minister of Finance to tell me under what authority he has the right to approach one director of the Bank of Canada, as he has done—I presume it was Mr. Hill—and to tell him and two others, as Mr. Baribeau again indicated today, that the government wanted the resignation of the governor of the Bank of Canada? The Prime Minister says the Bank of Canada is an autonomous body, yet the Minister of Finance interferes with the operations of the Bank of Canada by this clandestine relationship with certain of the directors of the Bank of Canada. That is a situation which calls for condemnation and explanation. We are told that this liaison between the Minister of Finance was through three directors; Mr. Bruce Hill of St. Catharines, Mr. L. Patrick of Calgary, and Mr. J. H. Mowbray Jones of Liverpool, Nova Scotia. By what authority did the Minister of Finance go to any director, or any privileged group of directors of the Bank of Canada and reveal the government's desire with regard to the resignation of the governor of the bank?

The minister cannot deny what I am saying because at the bottom of page 2a he makes the following statement:

> I am informed that Mr. Coyne was made fully aware on Monday that the board would ask for his resignation if he did not choose to submit it.

I suggest to the Minister of Finance that he asked the board of directors to pass the resolution of yesterday; a resolution, however, that does not declare that the governor of the Bank of Canada had acted within the mischief of the words "good behaviour" as I understand them in the Bank of Canada Act.

Let me ask the Minister of Finance this question. When did he first discuss directly with the governor the divergence of views

as to policy which now require his resignation? Let him tell us that when he replies. I think his reply will reveal the basis for much of what I have had to say today.

Then the minister had this to say:

> With Mr. Coyne in the chair, the board then proceeded to vote on the following resolution:—

I intend to read out this resolution because it confirms what I have just said about the question of behaviour. The resolution reads as follows:

> That it is in the best interests of the Bank of Canada that the governor do immediately tender his resignation to the board of the directors of the bank and further that this action and decision on the part of the board has been taken after prolonged consideration and with regret.

The minister did not suggest regret. The board of directors had at least that much confidence in the governor that they expressed their regret and were apparently acting as Mr. Baribeau suggested only because of the differences between the government and the governor of the Bank of Canada, and that they had to take this course because the Minister of Finance would not talk to the governor. It is difficult to appreciate how the Minister of Finance in the preparation of his budget should not have found time to discuss this matter of national interest with the governor of the Bank of Canada. I suggest to the Minister of Finance that he will have much difficulty in explaining his refusal to see the governor of the Bank of Canada to the people of this country who, I repeat, are increasingly showing their disquietude over the irresponsible way in which the financial affairs of our country have been conducted by this government.

Mr. Churchill: Did they show it in the by-elections?

An hon. Member: They sure did.

Mr. Martin (Essex East): The Minister of Finance in his statement then said the following:

> Mr. Coyne may have left a certain false impression with the public. Perhaps the best way to dispel this impression is for me to say at once that Mr. Coyne has not been told of the contents of the forthcoming budget and, therefore, has no right whatsoever to express views about it.

I agree fully with the hon. member for Burnaby-Coquitlam (Mr. Regier) that the governor of the Bank of Canada is still the governor of the Bank of Canada. As the minister said earlier, he is responsible to parliament. What right has the minister to refuse to consult on matters of high economic policy, in the presentation of his budget, with one who still occupies the important post of governor of the Bank of Canada.

Mr. Speaker, this matter might well have been resolved if the government had acted on the request that this whole matter, involving differences between the government and the bank, and the views that the governor had with regard to matters outside the field of monetary policy, be referred to a parliamentary committee of this house and not to a committee of the other place. That had been denied us, and therein lies the reason at least in part, why this present situation has resulted. I say to the Minister of Finance, not only is it fair to the governor of the Bank of Canada but it is in the national interest that the members of this house be given an opportunity to assess not only by way of debate in this house but by examination in a committee of this house what are the true facts. The institution of the Bank of Canada is too important to have it shelved or dealt with today or tomorrow merely by a majority of this house acting obviously for political purposes and not for any other purpose.

The Bank of Canada is a vital institution in our national life and the resignation of the governor of the Bank of Canada is vitally important to that institution. Before this matter is finally disposed of we should have the opportunity of confronting the governor of the Bank of Canada and, if need be, the directors of the Bank of Canada, to ascertain precisely what is the situation. We should not have to rely merely upon the obiter dicta of the Minister of Finance, obviously a prejudiced party, a member of a government obviously moved at this time by political considerations. We should have an opportunity in the national interest of acting under the chairmanship of the hon. member who has just spoken, and putting questions to the Minister of Finance, to the governor of the Bank of Canada and to others, to ascertain all the circumstances in this unfortunate incident, an incident that is going to reflect seriously on the financial policies and the prestige of this government and in consequence on the people of Canada.

The Minister of Finance has taken the position, of course, that neither he nor the government has any responsibility in any way for monetary policy. It is only in that field that the Minister of Finance would have the right to call for the resignation of the governor of the Bank of Canada through impeachment or by an amendment to the act. In these circumstances I am sure, as Mr. Towers indicated, and as Mr. Coyne himself said, there would be no hesitation on the part of the governor to voluntarily withdraw where such differences prevailed. But the Minister of Finance is in this unhappy position, he has maintained that the government of Canada, notwithstanding what the Prime Minister said in a television broadcast in

1959, is not in any way responsible for monetary policy; that this is exclusively the responsibility of the Bank of Canada and the parliament of Canada. I wish to remind the Minister of Finance what he said in the banking and commerce committee on March 18, 1954, when he put this question to the governor of the bank:

> For instance, in 1948 and in 1951, when you urged the chartered banks to restrict credit, was that advice given without the government first having been consulted by you?
>
> A. The government would be aware that we were going to have the conversations. They would be aware, at least through the deputy minister.
>
> Q. And having offered no objection, I suppose one could say they were parties to it, at least in the sense that they did not interfere?
>
> A. Yes, because automatically, indeed, they must be parties to everything the central bank does unless they signify to the contrary.

I throw these words back to the Minister of Finance. They apply to the present situation. Every act of the present governor of the Bank of Canada is an act the responsibility for which must be assumed by the government and by the Minister of Finance. That being so, under our democratic system, notwithstanding the whimsical denial of the Minister of Finance at the moment, in the condemnation which he made this morning of the governor of the Bank of Canada he also indicted himself because the responsibility is one that cannot be divided. If the bank takes a particular course it is a course which the government must accept unless it takes steps to remove the governor of the Bank of Canada. Now it is taking steps to remove the governor, but not on the basis of the only ground which under the act and under our system of government it can take, but on pretexts that destroy any confidence that we legitimately might have had in the financial administration of this government. This government has dealt a death blow to the strength of the Bank of Canada.

Mr. Bell (Carleton): Ridiculous.

Mr. Martin (Essex East): It has confirmed the public uneasiness with regard to the way in which our financial policies have been conducted. That uneasiness began when this government imposed an added fixed charge of $100 million a year as a result of the costly and ill-conceived bond conversion program which is at the basis of so much of our trouble, so much of the very trouble which the governor of the Bank of Canada has sought to correct by methods which he publicly declared in speeches outside of this house, and contrary to government declared policy. Let the government then not stand today as an accuser. Let the government stand in the position in which it really must be placed, and that is as the accused. The governor of the Bank of Canada is not the accused in this case; it is the Minister of Finance; it is the government of Canada. They stand accused as a result of those ill-conceived policies which have now come home to plague them.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I should prefer to speak on an occasion of this kind with restraint. I do not wish to—

Mr. Hellyer: The minister does not know how.

Mr. Fleming (Eglinton): —add to the injury which I believe, and believe with deep regret, the governor of the Bank of Canada has done to himself. Least of all would I wish to see any prolongation of controversy, particularly political controversy, in relation to the Bank of Canada. But some things stand out today, Mr. Speaker, as a result of this debate, and I think the significance of them will become more and more clearly apprehended as the days pass.

First and foremost stands out this fact, regardless of what may have been said in the past by certain hon. members. The fact is that the Liberal party and the C.C.F. or New party in this house, are in this situation. They have chosen to make themselves the declared champions of Mr. Coyne. There is no half-way position in this situation, Mr. Speaker, and hon. members opposite in the opposition, both wings of it, have gone the full way today. There is an issue that has become sharper and clearer as this debate has proceeded.

One wonders how it was that for participation in a debate of this kind the opposition could have chosen as their spokesmen the Leader of the Opposition and the hon. member for Essex East. If there are two members in the official opposition whom the opposition would have been well advised not to have called upon to participate in this debate today it is the Leader of the Opposition and the member for Essex East. They have rung the changes today on the assertion, if it be such, of Mr. Coyne that he was unaware of differences between himself and the government.

Mr. Benidickson: Parliament was.

Mr. Fleming (Eglinton): The Leader of the Opposition said that we should not have asked for the resignation of Mr. Coyne under those circumstances. We also heard this afternoon from the hon. member for Essex East that parliament had not been made aware of differences between the government and the governor in relation to matters of policy. The Leader of the Opposition claimed he had never heard of the deep-seated differences on policy between the government and the governor of the Bank of Canada.

Such innocence, Mr. Speaker, is most unimpressive. I prefer to base my impressions upon the record. Let us look at the record. Let us turn back to a debate which has been referred to frequently by hon. members opposite and from the record of which they have read copiously today, a debate in this house on February 20, 1961. Was the Leader of the Opposition unaware of deep-seated differences between the government and the governor of the Bank of Canada? Let me read you this, Mr. Speaker.

—the Minister of Finance so far has refused to say whether or not the governor of the Bank of Canada is speaking for the government.

Mr. Benidickson: Page?

Mr. Fleming (Eglinton): You will get it. And further:

One contradicts the other in this field—

This is a reference to the governor and the Minister of Finance. Note these words.

One contradicts the other in this field, and the result obviously is a feeling of instability, a feeling of uncertainty—

These are the words of the Leader of the Opposition uttered in this house on February 20, 1961, as found on page 2198 of *Hansard*. He was not satisfied then with exhibiting his complete knowledge of the existence of these deep-seated differences because he returned to the subject in the same debate as found on page 2206:

It is most regrettable indeed that the Bank of Canada has become the centre of the present controversy because it may weaken seriously the prestige and the authority of a most essential institution whose prestige and authority in this country since it was established have been strong and which has commanded the highest respect.

Yet the Leader of the Opposition has the temerity to make the pretence before this house today that he was unaware of differences between the government and the governor of the Bank of Canada.

Mr. Benidickson: Mr. Speaker—

Mr. Fleming (Eglinton): My time is limited and I will have to ask the hon. member to reserve his question until I have finished.

Mr. Benidickson: Would the minister give us the page again?

Mr. Fleming (Eglinton): Page 2206. The story does not end there, Mr. Speaker.

Mr. Benidickson: I do not think the page number is accurate.

Mr. Fleming (Eglinton): I have given it twice. It is on the record. Let us look a little further at these interesting statements. There were more of them that day. In stressing this difference of points of view the Leader of the Opposition went so far, as found on page 2200 of *Hansard*, that he got on the subject of the appointment and removal of the governor and the directors of the bank. So completely conscious was he of the differences between the government and the governor in relation to questions of deep-seated policy that he said:

The governor and the directors are appointed by the government. They can be removed only by parliament, it is true.

This was very much in his mind. His mind has changed. He has been very forgetful today, perhaps conveniently so. We are indebted to the Leader of the Opposition for not having contented himself with exhibiting his complete knowledge of the fact that there were these deep-seated differences. He went on to prescribe the remedies that should be followed in such a case and to deal with what should be the proper course. As found on page 2201 of *Hansard* for February 20, the Leader of the Opposition said:

If the governor cannot agree with the general policy which the government desires him to implement, then the government (governor; see page 7039) has no alternative, of course, but to resign.

Mr. Benidickson: There is no question about that. We have said that for four years.

Mr. Fleming (Eglinton): So much for that hollow assertion of the Leader of the Opposition. I have something to say as well about the hon. member for Essex East. This debate, of course, would not have been complete without his participation, and he regaled us today with the same kind of speech that he turns on about every second day in the house. Let us look back and see what he said when he said something to which I think he had given some thought. I refer to page 3242 of *Hansard* for March 22 of this year. This is under the name "Mr. Martin (Essex East)":

If the observations made by the governor of the Bank of Canada do not stand in the position of opposing the policies of the government, they at least stand in the position that there are no known declarations made by any of the ministers of the government, more particularly the Minister of Finance, that support the contentions made by the governor of the Bank of Canada.

Mr. Martin (Essex East): Hear, hear.

Mr. Fleming (Eglinton): Lest you in your innocence, Mr. Speaker, should think that is a pretty weak statement made by that hon. member, let me tell you that there is another one that follows three pages later. As found on page 3245 the hon. member had this to say:

The governor of the Bank of Canada is a very able man and has been well trained for the high post he occupies. He must know the extent of his authority. He must know that his authority is limited to monetary policy.

Mr. Martin (Essex East): Hear, hear.

Mr. Fleming (Eglinton): You see, he was talking about the speeches that the governor had been making on the subject of fiscal policy—

Mr. Martin (Essex East): That is right.

Mr. Fleming (Eglinton): —which, of course, is the responsibility of the government.

He must know that his authority is limited to monetary policy. If he persists, as he does, in making these declarations on such a wide economic front, he must be doing it for a purpose. I suggest that purpose is clear. He is concerned about the results of government policy and particularly the policy of the Department of Finance and the consequences of those policies. He must feel that he is serving his country best by making these declarations which are tantamount to warnings to the Canadian people. What other conclusion can one come to?

Then I rose and asked this question:

If that is what the governor is seeking to do, does the hon. member approve of such a course of action?

Mr. Martin (Essex East): Finish the sentence.

Mr. Fleming (Eglinton): This was the answer of the hon. member for Essex East:

I certainly do not approve.

Note this, Mr. Speaker.

I am stating that I do not believe that under our system of government it is right or proper for a government official, in areas of authority not specifically extended to him by parliament, to take in public a position that puts him in disagreement with the government of the day.

Mr. Martin (Essex East): Hear, hear. That is our position.

Mr. Fleming (Eglinton): Out of thine own mouth hast thou condemned thyself.

An hon. Member: St. Paul.

Mr. Martin (Essex East): Why did you not follow that policy?

Mr. Fleming (Eglinton): No one, of course, would expect the hon. member for Essex East to confine his vocal effusions to the House of Commons, and he did not. The Ottawa *Citizen* of March 15, 1961, contains the following news item under the heading, "Make Government or Governor Quit: Martin":

Toronto (C.P.). Paul Martin, Liberal member of parliament for Essex East, said Tuesday a difference of opinion between the government and the governor of the Bank of Canada should result in the resignation of one or the other. Mr. Martin told the Liberal businessmen's club governor James Coyne's responsibility was restricted to monetary policy and he had transgressed this in recent speeches.

But, Mr. Speaker, what of the brain trust?

Mr. Martin (Essex East): How about dealing with the question?

Mr. Fleming (Eglinton): What of the arch adviser, what of the high priest of economic Liberalism? Here is the Ottawa *Citizen* of April 12, 1961. The heading of the article is, "Dead End, Pearson Economic Aide Joins Attack on Coyne". This is a Canadian Press dispatch from Toronto.

Maurice Lamontagne, economic adviser to Liberal Leader Pearson, said Tuesday the economic policies advocated by the governor of the Bank of Canada "would lead our country to a dead end."

Yet we heard the hon. member for Essex East a few minutes ago talk about our ruining the country. The article went on to say:

Bank governor James Coyne has made a wrong assessment of Canada's long term difficulties, Mr. Lamontagne said in a speech to the Liberal businessmen's club of Toronto. He took issue with Mr. Coyne's arguments in favour of reduced imports of goods and capital.

And further, Mr. Speaker;

"We can safely assume therefore that the governor is speaking for the government in this debate."

I interpolate, Mr. Speaker, that this has been Liberal strategy all the way through the session, to try to bedevil the relationship in this field by trying to pin on the government responsibility for the things that the governor was saying, and which were quite outside the field of central banking.

The article continues:

Mr. Lamontagne said that in his view "Mr. Coyne's assessment of Canadian long term difficulties is wrong, and the direction he would like the Canadian economy to take would lead our country to a dead end.

"It is wrong to explain our recent stagnation by the current high level of our imports.

"The volume of our imports has always been high throughout our history and Canadian experience shows very clearly that increased exports have been a consequence of expansion, not a cause of stagnation."

Mr. Lamontagne rejected the argument in Mr. Coyne's last annual report that recent high levels of unemployment are a consequence of "diversion of purchasing powers from domestic production to foreign production".

There had not been any such diversion. Since 1956, when the first signs of stagnation and high structural unemployment began to appear, the volume of exports had risen nine per cent and the volume of imports had declined four per cent.

He added that it is difficult to accept Mr. Coyne's statement that high unemployment has not arisen from a deficiency in capital investment spending.

Total capital investment in volume terms had declined 13 per cent since 1957 and business investment had declined 25 per cent.

Mr. Coyne's proposal for reduced imports and greater self-sufficiency was an "invitation to a narrow economic nationalism". This program "would only make our situation worse".

These, Mr. Speaker, are the authentic voices of Liberalism, but they are not the voices to which we have been listening today, not these hollow sounds that we have heard today. These are statements made under circumstances in which hon. members opposite

and their advisers were not so ready to yield to the temptation of trying to score a political advantage, even though in so resorting they might be doing severe damage to an important public institution in this country.

In the face of these facts, Mr. Speaker, which are known, what was the government to do? In the face of a plain contradiction of policy, deep-seated differences of policy at a time when these deep-seated differences became more and more serious in their consequences, at a time, as I tried to suggest this morning, when the necessity for teamwork and co-operation between the Bank of Canada and the government is greater than perhaps ever before in our history, what was the government to do? At a time like this, to be faced by contradictions in policy in the case of a man who has made so many statements, very strong statements, was the government to wait until December 31 and let his term expire?

Mr. Martin (Essex East): Why did you not act a long time ago; that is the point?

Mr. Fleming (Eglinton): Possibly we could have waited until that time, but by then we would have been into another winter.

Mr. Martin (Essex East): You have waited for a year and a half.

Mr. Fleming (Eglinton): The hon. member has obviously not finished his speech. I do not wonder that he wishes to amend the last one he made.

We considered it to be our duty, under these circumstances, to take the course which we did. Let me say this: We had every right to assume that when the governor of the bank spoke as he did and made firm assertions, very firm assertions as he has been making for months now, these represented deep-seated beliefs on his part. Out of respect for those deep-seated beliefs, it was impossible for us to expect that a governor holding these views could extend to the government, under existing circumstances, the co-operation that is so essential.

In recent days we have heard about letters of the governor which the opposition now has containing professions of a willingness to co-operate. I think hon. members will wish to be realistic about this and ask themselves whether these important statements and firm opinions extending over a period of a year and a half should be just ignored under these circumstances.

It is said, and said wrongly, that there have been no warnings given to the governor of the Bank of Canada. As to this, it is of interest that even hon. members opposite could recognize what they called a contradiction so deep and clear resulting from a difference of opinion. Perhaps I may expect the governor of the Bank of Canada to be aware of what the Minister of Finance says in his speeches or in his budget speech. Certainly there were all the indications there in the past two budgets, of deep-seated differences of opinion.

The governor of the bank communicated with me frequently with a view to trying to persuade me to accept his ideas. We have heard today talk about conversion loans. Well, there was an attempt made to convert me to the views of the governor of the Bank of Canada. If a complaint is made that I did not encourage this gentleman to sit down and spend a lot of time listening to those views and submit to the attempt to be converted to them, I am not going to apologize for that. I think most people, under the circumstances, would have drawn some pretty obvious conclusions from the fact that I had not indicated interest in being converted to those ideas which the governor of the Bank of Canada had been proclaiming in public.

I did not attempt to muzzle him in making his speeches. I was not responsible for his speeches. I was never once consulted about those speeches. Hon. members opposite in playing politics, the low political game they have been playing all the way through, have been trying to pin on me and through me on the government responsibility both for the making of those speeches and for the contents of those speeches. I reject these contentions in their entirety. When you see hon. members opposite playing this shilly-shallying game of politics in this house today, can you imagine what a field day they would have looked forward to if they could have come to this house and said that the Minister of Finance had tried to muzzle the governor of the Bank of Canada and prevent him from speaking in public?

Yes, there were warnings, Mr. Speaker. I have been told by certain members of the board of directors of the Bank of Canada, to whom the governor is in a certain sense responsible, that some of them had given him warnings about these speeches. I have been informed by one of them that the governor was told if he went on making these speeches, he would be out.

I pass now to the manner in which certain events have been brought to pass. Questions have been asked as to what happened on May 30. I will give the house an account. I had no authority or power, and the government had no authority or power to discharge the governor or dismiss him from office. This is what I said during the debate on a former occasion, that the government had no power to dismiss him and that only parliament can do that. The Leader of the Opposition thought he had laid an egg this

morning when he came across my statement. If the government had had the power through parliament to terminate the tenure, under those circumstances that power would have been exercised. The government would have taken this responsibility and have discharged that duty. But, Mr. Speaker, we did not have the power to terminate; we did not have the authority to terminate. Parliament has not given that to us and for that reason I asked Mr. Coyne for his resignation; it was not a demand as the Leader of the Opposition has suggested, as though I had taken the governor by the throat, abused him and demanded his resignation.

Let me give the facts, and not the distorted impressions the Leader of the Opposition has sedulously been endeavouring to create in the minds of hon. members. The meeting lasted about an hour. The tones in which the three persons present spoke were quiet. I expressed regret that it was necessary for me to perform the duty that it was so essential I should perform under those circumstances. I gave Mr. Coyne the reasons in detail.

At the conclusion of the meeting he asked if he might think the matter over. He asked me three questions before the meeting broke up and before he went on his way. He asked whether the government had decided on his successor. I said, "No". He asked me whether the directors had been consulted, and I said no, that I was trying to spare him all the embarrassment I possibly could. When the discussions ended it was Mr. Coyne, not I, who carried the information about the request for his resignation to others. I did my best all the way through to play this matter down and to spare the governor every possible embarrassment that I could.

The third question he asked me was in regard to his pension. Here, contrary to the very unfair reflection cast by the hon. member for Burnaby-Coquitlam (Mr. Regier) this afternoon, there was no suggestion to him, as the hon. member put it, that if he would be a good boy he would get his pension. On the contrary, we had discussed the events of February 15, 1960, in the board of directors' meeting and I had expressed to Mr. Coyne the shock and consternation of the government in discovering what had happened that day, that a governor who went into a meeting entitled to a pension worth a little under $12,000 a year for life on retiring, even if he retired at 50 years of age, came out of that meeting with a pension, according to his contention, worth $25,000 per annum for life commencing at the date of retirement.

I expressed to the governor my view and the view of the government that under the circumstances, having regard to the high office he held and the high degree of responsibility attached to that office, it was not an adequate discharge of the responsibilities of that office that the governor did not see that this was brought to the attention of the government.

Some hon. Members: Hear, hear.

Mr. Fleming (Eglinton): The Leader of the Opposition says there was an official there from the Department of Finance. Yes, it was one substituted on very short notice for the deputy minister—

Mr. Pearson: The assistant deputy minister.

Mr. Fleming (Eglinton): Yes. He was substituted on very short notice because of a crisis which existed the day before, and he went to that meeting. It was not reported to me; I did not hear about this.

The Leader of the Opposition talks about minutes. I can give him this information, because he needs plenty of it,—

Mr. Pearson: You did not give it.

Mr. Fleming (Eglinton): —that the bank does not circulate minutes.

An hon. Member: Make a note of that.

Mr. Fleming (Eglinton): The bank does not circulate minutes. I have never seen a minute of the Bank of Canada except when this spring, I asked for minutes of the meeting of February 15, 1960, and it was then that we had the full information with regard to the pension.

Mr. Pearson: You just said there were no minutes.

Mr. Fleming (Eglinton): Those are the facts, Mr. Speaker.

Mr. Henderson: Take your medicine.

Mr. Fleming (Eglinton): The government became aware in the spring of the voting of this pension. Those are the facts, Mr. Speaker, and I have told the house the views I expressed to the governor on May 30.

The third question Mr. Coyne asked me that afternoon before he left was, "Well, what about my pension?" I said, "I cannot tell you anything as to what you may expect in regard to pension", and I made that very clear and emphatic. I said, "The government has learned of this situation. The pension may be of doubtful validity and no decision has been reached yet, and you must realize that". I do not know how much clearer I could have been.

So, Mr. Speaker, we move on. After May 30 I did not hear from the governor. I am told I should have seen him. I was expecting, or hoping I would hear from him, but not a word did I hear from him. With regard to this

request for a hearing made yesterday, that request did not come to me from Mr. Coyne at all. One of the directors called me from Quebec in the morning to say that Mr. Coyne had proposed that the board should rise and that he should come back to Ottawa and talk to me.

It was perfectly clear that what this meant as it was conveyed to me was that the board was asked to terminate its meeting without having taken any action on this matter, even though we considered action to be necessary, and urgently necessary. While he would come back and talk to me, the net effect would come that the matter would ride over to the next meeting, and that might be September. I interpreted it so, and I thought I correctly interpreted it so on the information that was given to me. I said there was just no sense in that. "What is required is a decision". It was hoped even up to that time that good sense would prevail on the part of Mr. Coyne. I have related the later events of yesterday.

In taking the course that he has, Mr. Coyne has gone contrary to advice that was given to him by gentlemen whom he well knew on the board and who talked to him in a manner designed to serve both his own good and the good of the Bank of Canada. I regret very much the manner in which Mr. Coyne chose to make this a matter of public controversy. The fact is that he had prepared his statement in advance. It was only slightly revised yesterday; it had been prepared prior thereto.

I regret very much the fact that he excused himself from the meeting while the matter was under discussion and went out and released the statement, and released it, according to his later admission, at 11 o'clock so it would be known in parliament that morning, and also so that the release would come from him before the Minister of Finance had the opportunity to make any release on the subject.

Mr. Deschatelets: This is your weakest speech in a long time.

Mr. Fleming (Eglinton): This gentleman's regard for deliberate timing I must say I regret. I had no thought of rushing into print on this. My whole attitude had been to try to spare Mr. Coyne all the embarrassment possible and it is he who has chosen to bring the matter onto this stage. I will have some further comments in that regard.

Mr. Coyne saw fit to write me a letter dated June 13. It must have been written after he came back to the city late last night, and evidently a copy of that letter came into the hands of the Leader of the Opposition as soon as it came into my hands this morning.

Mr. Martin (Essex East): It was distributed.

Mr. Fleming (Eglinton): This is all part, I regret to say, of a clearly calculated attempt to build up controversy and, I think it is quite clear, to attract as much public attention as possible, and this notwithstanding any effect it may have upon the Bank of Canada.

I cannot adequately express my, shall I put it mildly and say "profound regret" that the governor has chosen this manner of embroiling himself, and I am afraid to some degree the Bank of Canada, in controversy; and indeed, if you please, political controversy having regard to what has happened in the house today. Any gentleman of the intelligence of the governor must have been aware that this would be the result, and anticipated it.

Mr. Fulton: And had intended it.

Mr. Fleming (Eglinton): And it will not be difficult, I think, for many to infer that it was so intended, regardless of the effect it might have upon the Bank of Canada or upon public confidence.

I shall endeavour to conclude, Mr. Speaker. I think I need say no more on the subject of pension except to recall to the minds of hon. members a fact that I mentioned this morning. The final clause of the Bank of Canada Act calls for the gazetting of by-laws. This particular by-law was interpreted by the board, evidently, as not being governed by that clause. But that clause provides that by-laws shall not come into effect until they appear in the *Canada Gazette*.

This by-law was not gazetted at the time. The responsibility for seeing to the gazetting is the responsibility of the governor. It is not the responsibility of the board of directors; it is the responsibility of the governor. It was after my discussion with him on May 30 and after I had pointed out to him that this by-law had never been gazetted and that the effect of gazetting at that time would have been to bring the contents of this by-law and his handsome increase in pension to the attention of the government, to the attention of parliament and the public—it should have been gazetted back in February, 1960—that the governor apparently then decided to have it gazetted—

Mr. Benidickson: You did not read the minutes.

Mr. Fleming (Eglinton): —and caused it to appear in the *Canada Gazette* published last Saturday. I regret it very much if a man who has held the high and responsible office of governor of the Bank of Canada seeks to make a martyr of myself in this situation, because the role of martyr does not fit under

these conditions. There are many Canadians who will find it hard to associate the mantle of the martyr with a gentleman who according to his claims under the by-laws is now entitled to an immediate pension of $25,000 a year for life.

Finally, I wish to say a word about the institution itself, the Bank of Canada, one of the most important of our national institutions. I said this morning, Mr. Speaker, and I hope you will not mind my saying it again, that throughout this entire period both when there were difficulties and when the difficulties took on changed forms, in periods when there was co-operation and in periods when there was difficulty, in all these situations and, above all, at times when the opposition in its irresponsible and callous way was trying to exploit these difficulties and turn them to their own base political advantage, I did my best to stand between the bank and political controversy. There were times when I might have spoken more freely in this house than I did but, perhaps unwisely in the light of recent events, I forebore from making contentious statements in these circumstances because even at the expense of being a target for criticism and, frequently, abuse, I felt I had the duty to try to the limit of my power and patience to keep the Bank of Canada from becoming a subject of political controversy.

I have respect for the office of governor of the bank. It is one of the most important public offices in Canada besides being one of the most powerful offices in Canada and one calling for the greatest measure of responsibility. I can say for the government that as soon as this office becomes vacant, a strong successor will be chosen. That, I can assure the house, is the wish of the board of directors of the bank and it is certainly the wish and the intention of the government. In these circumstances, with a new governor appointed without delay as soon as the office becomes vacant, I believe we can look forward to a new era of improved relations between the government and the Bank of Canada, a new era of co-operation, a new era of joint effort in meeting the economic problems of Canada. I believe we can look forward to a measure of team work of the kind that prevailed in the days when Mr. Graham Towers was governor of the bank. I believe that in this situation the confidence of the Canadian people and the confidence of business in Canada will not be shaken, notwithstanding the effort of the governor to make this matter one of supreme political controversy and notwithstanding the irresponsible efforts of the opposition to exploit and exaggerate the situation regardless of the effect upon our institutions.

I believe that in spite of these efforts on the part of hon. members opposite to profit from the events—the unpleasant and regrettable events—through which we are passing, the people of Canada and especially the business community of Canada will find renewed reason for confidence, not only in our institutions generally but in the Bank of Canada and the responsible way in which its affairs will be administered. I trust, as well, there will be renewed confidence in the determination of this government to see that the Bank of Canada is not made a target of political controversy but that it will be made, as far as the present government can contribute towards this end, a partner with the government in serving the best interests of Canada.

Mr. Martin (Essex East): Would the minister kindly answer the question I put to him earlier: when was the first occasion when he directly discussed his difficulties with the governor of the bank?

Mr. Fleming (Eglinton): It depends what the hon. member means by "discuss", whether it is a matter of sitting down to talk.

I think the hon. member has some wrong conceptions about what happened. The governor and I met from time to time in the ordinary course to discuss financing and bond issues and having regard to the greater frequency with which those issues have been put out, our meetings in that respect have been increasingly frequent since 1960. In addition I have frequent meetings, of course, with the deputy governor, Mr. Rasminsky, to discuss matters pertaining to the international monetary fund, the International Bank, the international development association, the Industrial Development Bank, O.E.C.D. and so on, and with other deputy governors with regard to other matters of financing of which I have spoken. I have received numerous communications from the governor in regard to his suggestions in this field and, of course, I was not unaware of the fact that he was making numerous public speeches. He heard from me, with certain comments on the views he was expressing in his communications to me, and I may say that at Easter, when the hon. member for Essex East was enjoying a thoroughly good holiday—

Mr. Martin (Essex East): I was in hospital, incidentally.

Mr. Fleming (Eglinton): While the hon. member was enjoying a well deserved holiday.

Mr. Martin (Essex East): I said I was in hospital.

Governor of Bank of Canada

Mr. Fleming (Eglinton): Oh, that is right. The hon. member was in hospital at that time. He was not on holiday. It was an enforced lay-up and we are all glad to see him back after it.

Mr. Martin (Essex East): I do not think you are.

Mr. Fleming (Eglinton): The governor, the deputy minister and I had a long discussion at that time with regard to all these matters.

Mr. Martin (Essex East): It began at Easter.

Mr. Fleming (Eglinton): I did not say it began at all. There is a fine example of the way hon. members opposite time and time again distort what are the facts of the case.

Some hon. Members: Answer the question, then.

Mr. Fleming (Eglinton): I have referred to a long series of communications which passed between us and the fact that we had occasion to see each other on matters of common concern. I do not intend to sit back and see hon. members opposite distort my remarks. I think that the governor of the Bank of Canada is quite intelligent enough to understand fully the views of the minister in this matter upon which he, the governor, expressed contrary opinions. Indeed, Mr. Speaker, his previous hope was to convince the Minister of Finance that he should embrace the ideas that the governor was espousing and publicly declaring.

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Mr. Speaker: Does the Leader of the Opposition (Mr. Pearson), who proposed the motion, agree that it be withdrawn with the unanimous consent of the house?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Speaker: If he is not willing, I shall put the question.

Mr. Pearson: Put the question.

Mr. Fleming (Eglinton): Mr. Speaker, if the mover of the motion wishes to withdraw it I am sure there is no objection on this side of the house.

Mr. Pearson: There were objections.

Mr. Harkness: The objection was raised by the hon. member for Ottawa West (Mr. McIlraith).

An hon. Member: There were objections from your backbenchers.

Mr. Pearson: Put the question.

[Mr. Martin (Essex East).]

Mr. Speaker: The motion can be withdrawn only by unanimous consent.

Mr. Martin (Essex East): Question.

Mr. Speaker: If the house does not give unanimous consent the motion must be put.

Motion negatived on division.

MOTIONS FOR PAPERS

C.N.R. PROPERTY RENTAL

Motion No. 144—**Mr. Pigeon:**

For a copy of the contract, correspondence, and other documents exchanged between the Canadian National authorities and the Meunerie Coopérative de Joliette (Joliette Co-operative Flour Mill), following the acquisition by, or rental to, the Meunerie Coopérative de Joliette, of the Canadian National property.

(Translation):

He said: Mr. Speaker, I wonder if the house would grant me leave to withdraw this notice of motion for production of papers?

(Text):

Motion dropped.

WORKS PAYROLLS, SOLITAIRE RIVER, QUE.

Motion No. 145—**Mr. Dumas:**

For a copy of all payrolls, with names of employees, duration of employment, and amount paid in the case of each, with respect to works carried out in 1958 and 1959 on the Solitaire river, at Rollet, in the township of Désandrouins, province of Quebec.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, the project referred to is one of those being investigated by the Royal Canadian Mounted Police in the general area. We have made many investigations and will be making many more. I suggest that this order can be accepted with the reservation that the return be tabled after the investigations are completed.

Mr. Speaker: Is the hon. member prepared to have the motion put subject to that reservation?

Mr. Dumas: Yes, Mr. Speaker.

Motion agreed to.

BUSINESS OF THE HOUSE

INQUIRY AS TO SETTING UP OF SPECIAL COMMITTEE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Finance whether the government would consider setting up a committee to discuss the situation surrounding the request for the resignation of Mr. Coyne.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, it is interesting to have this confession from the Leader of the Opposition that after the long harangue he delivered here today, he did not have the facts.

Mr. Speaker: Perhaps I should remind the hon. minister that the debate is over.

Mr. Pearson: Mr. Speaker, may I ask the minister whether we are going to get the facts from Mr. Coyne?

Mr. Fleming (Eglinton): Mr. Speaker, the hon. gentleman has evidently indicated a preference for that source. I can only offer the house the facts, and I have done that today. It still rests with the hon. gentleman to make a choice where he finds differences.

Mr. Pearson: Does the minister realize there is a complete contradiction between his opinion of the facts and the version the governor of the bank has, and does he not agree that this contradiction should be resolved?

Mr. Fleming (Eglinton): Mr. Speaker, I did not agree that there has been a contradiction of facts as he has asserted. In the letters that Mr. Coyne has chosen to write there certainly is a slanting of the matter and a selection, and they were written from a partial point of view. Perhaps that is natural in a situation where a man is pleading his own case. It is certainly a good example of the fact that no man is the best judge in his own cause.

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Minister of Finance a supplementary question. If and when the banking and commerce committee commences its work, will the Minister of Finance place any obstacle in the way of that committee interrogating the governor of the Bank of Canada?

Mr. Fleming (Eglinton): Mr. Speaker, I do not think I have ever placed an obstacle in the way of anyone, and least of all in the way of the hon. member for Essex East.

An hon. Member: Answer the question.

Mr. Fleming (Eglinton): I leave it to him to hang political millstones around his neck, and I put no obstacles in his way.

PUBLIC BUILDINGS

BROCKVILLE-PORTLAND, ONT.—INQUIRY AS TO NEW BUILDINGS

On the orders of the day:

Mr. John R. Matheson (Leeds): Mr. Speaker, I wish to direct a question to the Minister of Public Works. Can the minister inform the house what progress has been made with respect to the new federal building at Brockville, and the new post office at Portland, promised by the Minister of Public Works on Wednesday, May 24, last.

An hon. Member: An eager beaver.

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, I should like on behalf of all of us on this side of the house to express a very hearty welcome to the very gallant member who now represents Leeds, and tell him that I hated to have to correct the open letter that he wrote in a Brockville newspaper which misled the public in connection with all matters about which he has spoken, because the federal building has been under way for some time. I refer to the acquisition of the property and the completion of plans for the federal building at Brockville as well as plans for the post office at Portland. Perhaps he should be excused on the grounds of ignorance at that time. But now that he is in the House of Commons, he will have the opportunity to avail himself of all the information obtainable here, to keep himself completely up to date, and will find out that things do move along, particularly now that we have a Conservative government.

THE CENSUS

INQUIRY AS TO SUSPENSION OF COMMISSIONER

On the orders of the day:

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I should like to ask a question of the Minister of Trade and Commerce or, in his absence, of his parliamentary secretary, arising out of information given to me this morning in answer to a starred question. Could the parliamentary secretary tell the house the reason why Mr. Sasseville was suspended as a census commissioner on June 8, 1961?

Mr. E. L. Morris (Parliamentary Secretary to the Minister of Trade and Commerce): Mr. Speaker, Mr. Sasseville was, as I understand it, charged with an infraction of the Criminal Code for the operation of an illegal distillery.

Mr. Robichaud: Was he selected?

Mr. Morris: I hear the interjection in regard to his being selected, and therefore take the opportunity of stating that he was selected after being interviewed by the dominion bureau of statistics, and that he alone, of 28,000 Canadians, has been suspended from this activity, which is rather a good record.

Mr. Peters: That just goes to show that there are not very many stills in Canada.

Mr. Morris: The operation of an illegal distillery, Mr. Speaker, is an infraction of the

Criminal Code but not of the Statistics Act. Mr. Sasseville was suspended for non-availability to the general public.

Mr. Deschatelets: Mr. Speaker, I should like to ask a supplementary question. Could the parliamentary secretary inform us when Mr. Sasseville was interviewed as to his tact and judgment, and as to whether it was known then that he has been wanted by the Royal Canadian Mounted Police since October 24?

Mr. Morris: No, Mr. Speaker. The interview revealed that he was a man who was considered to be above average intelligence, which is borne out by the activity in which he was engaged.

Mr. Hellyer: How did he get in the Conservative party in the first place?

SHIPPING

HALIFAX-ST. JOHN'S, NFLD.—INQUIRY AS TO PROPOSED CANCELLATION OF AGREEMENT

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, may I direct a question to the Minister of Transport. In his absence, may I direct it to the acting minister. Can the minister advise whether the C.N.R. proposes to cancel the agreement between the shipping companies chartered during the winter months, plying between Halifax and St. John's, Newfoundland, thereby causing the loss of approximately $250,000 to longshoremen in St. John's and over $250,000 to longshoremen in Halifax?

Hon. E. D. Fulton (Minister of Justice): Perhaps in the circumstances I may be allowed on behalf of the Minister of Transport to say that we shall take this question as notice and bring it to his attention. I understand it is under close study; therefore the answer should be forthcoming very shortly.

(Translation):

PUBLIC WORKS

MONTREAL—INQUIRY AS TO NUMBER OF EMPLOYEES AND BUILDINGS

On the orders of the day:

Mr. J. G. Ratelle (Lafontaine): Mr. Speaker, I wish to direct a question to the Minister of Public Works.

Could the minister indicate how many people were employed in his department in 1957 and 1961 as carpenters, painters, plumbers, etc? Could he also indicate how many buildings located in the city of Montreal and suburbs, including Longueuil, St. Lambert and Ville Jacques Cartier, came under the responsibility of the Department of Public Works?

The reason I am asking this question, Mr. Speaker, is to avoid having to ask a number of questions of the minister when the estimates of this department come up.

(Text):

Mr. Speaker: The hon. member seldom troubles the house with a question. He is asking for statistical information which he could not expect to receive without notice. Does the minister prefer that the question be placed on the order paper?

FINANCE

INDUSTRIAL DEVELOPMENT BANK—INQUIRY AS TO REDUCTION IN INTEREST RATE

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to address a question to the Minister of Finance. Having regard to the rather new views on policy expressed in the debate today by the minister, will he indicate to the house whether he is prepared to recommend to the Industrial Development Bank that its rate of interest be reduced in conformity to the rate of reduction which has been initiated by the commercial banks as a prime lending rate?

Hon. Donald M. Fleming (Minister of Finance): Obviously that is not a proper question at all to ask on the orders of the day. I reject altogether, Mr. Speaker, the assertion in the first part of the question that some new policy has been enunciated today by the Minister of Finance in relation to interest rates. We have, as the hon. member well knows, expressed our opposition to high interest rates and our determination that interest rates should not be one degree higher than is necessary under all circumstances. I expressed the satisfaction of the government some days ago when the chartered banks reduced the prime lending rate in this country.

SUPPLY

The house in committee of supply, Mr. Flynn in the chair.

DEPARTMENT OF PUBLIC WORKS

329. General administration including a grant of $2,000 to the Canadian good roads association, $10,667,720.

The Chairman: This item will be found on page 67 of the blue book, and the details on page 452. Shall the resolution carry?

Mr. Bourget: Is the minister not going to make a statement on the activities of his department?

Hon. D. J. Walker (Minister of Public Works): Mr. Chairman, if the hon. member for Levis would like me to, with the permission of the committee, perhaps I should say

a few words. I do not propose to be long because I think hon. members are girding their loins for many questions and I shall just outline, as the hon. member for Levis suggests, some of the highlights.

In the first place, may I make a few general remarks concerning the activities of the Department of Public Works. I should like to mention at this time some of the more important developments in the department's activities in the year 1960-61, and to indicate, if I may, the salient features of our construction and development plans as reflected in the 1961-62 estimates which hon. members will be asked to approve.

I shall review briefly the activities of the year 1960-61. I am very pleased to be able to say that the department's record of work carried out this year, as measured by the amount expended, compares quite well with the construction program as it was envisaged when the estimates were introduced in the house last year. This comparison of expenditures with appropriations does, I think, indicate the extent to which we have been successful in carrying on a 12-month works program which would compare in complexity and extent with any construction program ever undertaken in Canada.

In 1959-60,—this may be of interest to the lone member of the New party; if he will give me his attention I will outline it—90.7 per cent of the total moneys appropriated were paid out for work done during that year. In the next year, that is, 1960-61, a considerably better record was achieved. In that year total appropriations were $216,203,000. Total expenditures for work done during that year were $203,899,000 or 94.3 per cent. Hon. members will appreciate that the execution of the variety of tasks as they are planned depends on a number of factors, not the least among them being weather sufficiently favourable to permit certain types of work to be done. In view of this and other factors, 94.3 per cent is a good record, and I say this with all modesty.

I turn now to building construction. In the construction of new buildings to provide needed accommodation for government services good progress was made during the year 1960-61 on several large projects for which contracts had been awarded previously. With your permission, Mr. Chairman, I should like to account for them. New contracts were awarded during 1960-61 for a number of buildings which will also be of interest. These included, in Nova Scotia additional alterations to the federal building at Halifax, $895,000; in New Brunswick, addition and alterations to the Moncton building, $1,674,000; in Quebec, a contract of more than $3 million for the new postal terminal at Quebec city; in Ontario, a contract for a new postal terminal building at London to cost more than $3 million; in Saskatchewan, a new building to accommodate the taxation division of the Department of National Revenue, at a cost of $835,000; in British Columbia, a contract for a new federal building at Penticton, $600,910; in the Northwest Territories, construction of federal housing and related work at Inuvik, $369,694.

In dealing with this building construction, I should mention that the work was completed during the year on two of the buildings in the new Riverside drive development at Ottawa. One of them is a headquarters building for the Department of Public Works and the Department of Fisheries, the Sir Charles Tupper building as it is now known, and the other houses the department of insurance. A testing laboratory building for the Department of Public Works, which is also in the development, was completed earlier. Work is still in progress on a headquarters building and two smaller structures for the Post Office Department, a cafeteria building, a communications laboratory for the national research council and the heating plant itself for the development as a whole.

A considerable amount of landscaping work has been done on the grounds and more will be required as these buildings are completed. I invite hon. members to take a look around when they are on their way to the airport or if they are out that way they can drop in to see me and I will show them around the very wonderful development at that location. We hope to call it confederation heights. We think that might be an appropriate name under all the circumstances. When the whole development is finished it will, I think, be one of the most important fruits of the national capital planning which has been going on now for some time. I repeat my invitation to hon. members to visit the project. If they have not yet done so, I assure them that they should. As the national capital commission has made a tour available, I think we should all avail ourselves eventually of the opportunity to see Ottawa.

The department continued during the year the program of construction of standard post office buildings in the smaller communities of Canada with the work being done during the cold weather to provide winter employment. A total—and this seems remarkable—of 90 contracts for these buildings was awarded in the past winter. This means that a total of 220 of these small post office buildings will have been constructed under this section of the winter works program since it was begun in 1958.

I come now to harbour and river works. In harbours and rivers engineering projects

a very large program was carried out during the year 1960-61, and in particular I should like to mention some of the most important projects. In Newfoundland, for instance, work was continued on the tremendous harbour development at St. John's with the aim of providing the port with modern cargo-handling facilities. The Department of Transport agency wharf and the mooring basin were completed in this year. A number of old buildings and wharves were demolished and a sunken ship was removed. Work was well under way on the main terminal structure.

In Nova Scotia work was continued on the harbour repairs at Cariboo, reconstruction of the harbour facilities damaged by fire at Pictou and reconstruction of the wharf at Sydney. In Prince Edward Island construction of a breakwater and dredging were carried on at Wood islands.

In New Brunswick harbour improvements were completed at Caraquet and work was under way on an extension to the breakwater and dredging in the Saint John area at Negro point.

With respect to Quebec, in the development program for the winter port at Pointe-au-Pere dredging and construction of the substructure for the wharf were carried out. At Newport point harbour improvements were completed. In Ontario, at Hamilton and Toronto construction of important facilities, including provision for seaway shipping, was continued. At the lakehead access roads and bridges for the new harbour terminal were completed and other work connected with this large project was carried on.

In British Columbia work was continued on the assembly wharf and fishing harbour at Port Alberni and on the boat harbour at Westview. Dredging on the Fraser river was also carried out.

I should like to say a word or two now about the trans-Canada highway. In activities under the Trans-Canada Highway Act there were two very important developments during this year. One was the signing of a construction agreement with the government of the province of Quebec. May I say now how delighted I am to have them participate in this project. Vive Quebec!

(Translation):

Mr. Bourget: Vive Quebec!

Mr. Walker: Vive Quebec. You are right. The province of Quebec, not the government, not necessarily.

(Text):

I cannot be political here.

Mr. Bourget: You are never political.

Mr. Hellyer: Will you speak up? We do not want to miss anything you are saying.

[Mr. Walker.]

Mr. Walker: I am so pleased to hear that. If the hon. member was not able to understand, I will send one of my officials to see him at six o'clock.

Mr. Hellyer: I would appreciate that very much.

Mr. Walker: In activities under the Trans-Canada Highway Act, as I say, we at last have the province of Quebec taking part. I know the hon. member for Levis was interested in this matter when he was parliamentary assistant. All ten provinces are now participating in the project and the highway has become, so to speak, a truly national highway. Until this agreement was signed the highway did not completely traverse the nation, nor did it provide, as it now does, an additional link in the ties which unite the French and the English speaking parts of Canada.

The other main development was that one of the two gap sections which I mentioned when I introduced the department's estimates in the house last year, the section north of lake Superior in Ontario, was finally opened to traffic. It was a tremendous project. This means that, although not completed yet, the whole highway, 4,876 miles in length, is now open to traffic winter and summer with the exception, of course, one 90-mile gap in the Rocky mountains between Donald and Revelstoke in British Columbia. This latter section passes through spectacular scenery but I should add that it involves construction problems equally spectacular, problems which at times have appeared almost insurmountable. It will not be completed until 1962 but if the weather permits progress in the present fiscal year may enable sufficient work to be done for it to be opened to traffic. I should mention that a good alternate route for those hon. members who are going to be among the first to travel the trans-Canada highway is available around this gap in the summer by way of the big bend highway in British Columbia.

In construction of those sections of the trans-Canada highway which pass through the national parks, the work, as hon. members know, is entirely a federal responsibility and excellent progress has been made. Work in Terra Nova national park in Newfoundland was completed during the year to the extent that the road has been opened to unrestricted traffic. Some of the final paving has been laid in Banff national park while in Glacier and Revelstoke the grading, several of the structures and the base course were substantially completed.

In the bridge construction field an agreement was signed with the government of the province of New Brunswick during the

year for the construction of the Campobello island bridge to the state of Maine. As you know, this is a very interesting spot for tourists. As you also know, another agreement between the provinces of Quebec and Ontario and the dominion was signed for the construction of the new Macdonald-Cartier bridge between Ottawa and Hull. This is an achievement of which I think we can all be proud, particularly because of the co-operation of all five levels of government in bringing this matter to a successful conclusion.

I come now to the program for 1961-62. The total amount requested for the Department of Public Works in the main estimates is $220,565,554. As in previous years, this includes the estimates of Central Mortgage and Housing Corporation. I should mention, however, that it also includes this year for the first time the estimates of the national capital commission. However, they are all segregated, as hon. members know.

In the estimates of the Department of Public Works proper the total amount requested is $209,565,304. This is approximately $5,600,000 more than the amount appropriated by parliament for the department last year in the main and supplementary estimates.

There is a decrease in the amount requested for public buildings in 1961-62. This is caused mainly by the completion of a number of large building projects in some of the major population centres in the past few years. This decrease, however, will be more than offset by increases in other categories of work, mainly in harbours and rivers engineering and in the expenditures anticipated for the trans-Canada highway.

In harbours and rivers work, the increase of approximately $4 million is due mainly to a number of large projects on which expenditures are expected to be heavy during the present fiscal year. In trans-Canada highway work, expenditures on those sections which pass through national parks are expected to be about $2 million less because of the extent to which construction has been completed. This is more than offset, however, by expenditures anticipated because of the entry of the government of the province of Quebec into a trans-Canada highway agreement. Hon. members will be asked to approve smaller increases in other categories, including building maintenance and furniture and furnishings.

In connection with building construction I mentioned a decrease in the amount required for building construction because of fewer really large buildings being in progress. There are, however, a number of noteworthy building construction projects which will be of interest to hon. members. Foremost in this category is a building for which preparations will be completed during the present fiscal year, with construction scheduled for 1962. I am sorry the Minister of Citizenship and Immigration is not here because she has been one of the many members who have been importuning us with regard to the national library building which will be located on Wellington street on the site of the No. 1 temporary building. It is expected to cost between $10 million and $12 million, and will be of supreme interest to Canadians everywhere.

The accommodation requirements for various government agencies following the explosion damages to the Jackson building made it necessary to continue using the No. 1 temporary building. However, plans are now being prepared, and we have an item in the supplementary estimates to provide funds for a building at Tunney's pasture for a unit of the Department of National Revenue. This unit is now in the No. 1 temporary building. We hope to have construction of the new building in progress this summer. This will make it possible to clear the No. 1 temporary building site by calling tenders and having it demolished ready for the start of construction on the new national library building. Thus, it has only now become possible for us to schedule construction of the national library and while funds for the building will not be sought until the main estimates are presented for the next fiscal year, I thought the committee would be interested in having a general description of the plans that have been made for this nationally important building.

The building will be approximately 300 feet by 210 feet and will contain an assembly and theatre hall capable of seating 300 persons. The exterior walls will be faced with Canadian granite—which seems to be appropriate under the circumstances—and the building will be air conditioned because of library requirements. It will be capable of handling some two million volumes as well as many manuscripts on its 15 stack levels, three of which will be below ground. The ground floor will provide offices for the Royal Society of Canada and exhibition halls and offices for the national library. Reading rooms and rare book displays will be included on the second floor, while the third floor will be used for the dominion archives displays and offices. The fourth floor will be used in part by the national library and may, for a period, be used as well as office space for other government departments.

Hon. members will be interested also in a number of other building construction projects in various parts of Canada on which work

is expected to start during the present fiscal year. I will run over them very briefly, and I hope to get through by six o'clock. Then, the hon. member for Trinity or the hon. member for Levis can follow if they so desire. The list is as follows:

Newfoundland—construction of a new public building at Dark Cove.

Nova Scotia—a new public building at Kentville.

New Brunswick—a public building at Florenceville.

Quebec—new public buildings at Beauharnois and Magog and an addition and alterations to the public building at Marieville.

Ontario—new public buildings at Acton, Bolton, Smiths Falls, and Weston and a new postal terminal at Kitchener.

Saskatchewan—new public buildings at Cabri, Carlyle and Kerrobert and an addition and alterations to the public building at Nipawin.

Alberta—new public buildings at Lacombe and Saint Albert.

British Columbia—new public buildings at Clinton, Creston and a building for the unemployment insurance commission at Vancouver.

The program for construction of small, standard post office buildings in the smaller communities of Canada during the winter has been, I believe, highly successful and has been particularly well received in the communities affected. This program will be continued during the winter of 1961-62 and according to present indications it will be of approximately the same order as those for previous years. I want to thank hon. members, including members of the opposition, for giving me so many opportunities to provide post offices for places in their particular ridings.

In so far as harbour and river works are concerned, the committee will be asked to approve appropriations for the continuation of several noteworthy projects, as well as for the beginning of new ones which have an important bearing on the economic growth and development of the communities concerned. Some of these will be of more than usual interest to the committee. They are:

Newfoundland—the main terminal in the St. John's harbour development is expected to be completed as well as the marginal wharf on the north shore and two large transit sheds. In addition, the construction of a breakwater will be undertaken at Fortune.

Nova Scotia—at Dingwall, construction will be undertaken on a novel system of breakwaters designed on the basis of a model study carried out by the national research council. We get tremendous help from this council. It is hoped that this system will provide protection and prevent the silting of the harbour which has caused very difficult maintenance problems in the past. In addition the reconstruction of the wharf at Pictou should be completed during the year, and a new public wharf will be started at Yarmouth.

Prince Edward Island—the breakwater at Wood islands will be completed and dredging undertaken.

New Brunswick—dredging will be carried out at Saint John and an extension built to the breakwater there.

Quebec—harbour improvements will be carried out at the Magdalen islands, at Etang and Caps and Havre Aubert, and reconstruction of the wharf will be undertaken at Les Eboulements. Also several important projects will be carried forward which are associated with the industrial development of the north shore generally. These include harbour improvements at Baie Comeau—which is a tremendous community and becoming more and more so—completion of the harbour construction at Pointe-au-Pere and enlargement of the wharf at Sept Isles.

Ontario—a harbour development will be undertaken at Cornwall and work continued on the new harbour terminal at the lakehead. In Toronto dredging and other harbour improvements will be undertaken including an eastward extension of the existing ship channel to provide extra berthage.

Manitoba—construction of a new breakwater will be undertaken at Gimli.

Alberta and Northwest Territories—we expect to begin construction of wharves at Fort Good Hope, Fort Norman and Fort Providence.

British Columbia—dredging in the Fraser river and maintenance on the river control works will be carried out as well as reconstruction of the assembly wharf at Nanaimo. Harbour improvements will be undertaken at Qualicum Beach.

Then, in so far as trans-Canada highway construction is concerned, I may say that in actual practice the section through Terra Nova will be fully completed this year. A substantial amount of the final paving is expected—

The Chairman: Order; it is now six o'clock and the minister seems to have a good deal more to complete his statement.

Mr. Churchill: I wonder whether we could have another two minutes, Mr. Chairman, to complete this statement.

Mr. Walker: Mr. Chairman, I do not want to take advantage of the good nature of the

hon. members of the committee. There are two more pages and it would take approximately five minutes.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Hellyer: Mr. Speaker, I wonder whether the house leader would indicate if there is any change in the business announced for the rest of the week.

Mr. Churchill: There is no change, Mr. Speaker; we will continue with the estimates of this department tomorrow.

It being two minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

C.N.R. PENSION ACCOUNTING PRACTICE

Question No. 218—**Mr. Fisher:**

1. What would the 1960 Canadian National Railways charges for pensions have been if the company's practice with regard to funding pension liabilities had been on a basis consistent with that of the preceding year?

2. What would the 1960 C.N.R. deficit have been if the company had not, in 1960, changed its method of accounting for charges in respect of certain of its pension plans?

Answer by: **Hon. Leon Balcer (Minister of Transport):**

Parts 1 and 2. The management of the Canadian National Railways advise that an explanation of this matter is to be found on page 12 of the annual report of the railways for 1960, and that Note 4 to the balance sheet on page 18 of the same report is also explanatory of the situation.

The Minister of Finance also answered a question on this subject in *Hansard* of 26th April, page 4011.

HOUSE OF COMMONS

Thursday, June 15, 1961

The house met at 11 a.m.

RAILWAYS, AIR LINES AND SHIPPING

CONCURRENCE IN FIRST REPORT OF SESSIONAL COMMITTEE

Hon. W. Earl Rowe (Dufferin-Simcoe) presented the first report of the sessional committee on railways, air lines and shipping, and moved that the report be concurred in.

Motion agreed to.

PUBLICATIONS

TABLING OF REPORT OF ROYAL COMMISSION

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I wish to table copies in English and in French of the report of the royal commission on publications. Copies of this report are being distributed to members forthwith and released for publication. I shall not, of course, at this time endeavour to summarize or interpret the report, or give any indication of the government's intentions concerning its recommendations. However, I might say that the government is giving careful study to this report and its recommendations in the light of its objective to foster a sound and strong Canadianism.

The report speaks for itself and should be of the greatest interest to hon. members and to the public generally. May I also add a word of commendation to the membership of the commission. All members applied themselves with diligence and commendable zeal to the problem they faced and deserve the thanks of the people of Canada for the work they have done.

NORTHERN AFFAIRS

ARCTIC ISLANDS—ANNOUNCEMENT OF DRILLING OF EXPLORATORY WELL

Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources): Mr. Speaker, I wish to announce that a well in search of oil and gas will be drilled in the Arctic islands this year. This is the first exploratory well to test this major northern sedimentary basin, one of the last great untested potential oil and gas producing basins in the world. The decision to commence drilling operations follows two years of broad scale geological work in the Arctic islands.

90205-6—402

The project represents an outstanding example of initiative on the part of private enterprise in Canada. The necessary capital has been raised by Dome Petroleum Limited on a co-operative basis. This investment under the leadership of a Canadian company in the development of our resources is an encouraging response to the government's program of northern development, and suggests that the recent amendments to the oil and gas regulations have had a beneficial effect.

There are many difficulties to be overcome, not the least of which is transportation. The drilling rig will be loaded on freight cars in Calgary to be shipped to Montreal. From there it will be transshipped to a freighter which will take it to the islands during this summer's shipping season. Depending on ice conditions, drilling will take place in the high Arctic on either Melville island or Bathurst island.

Oil and gas exploration in the north is now entering a new phase. Should success result from this first venture, it will be the first of many wells to be drilled in the islands and will mark the beginning of a new era in the economy of Canada's Arctic. I am sure that Canadians everywhere will watch the operation with keen interest.

BUSINESS OF THE HOUSE

BANK OF CANADA—INQUIRY AS TO INTRODUCTION OF LEGISLATION THIS SESSION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Finance whether he can give the house an undertaking that the legislation referred to yesterday by him, dealing with the Bank of Canada, will be introduced before the introduction of the budget.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I do not see any reason why that legislation should precede the introduction of the budget. Hon. members opposite have been screaming for weeks now urging the early introduction of the budget. Now that they have got it apparently they want other business introduced which may have the effect of postponing the budget, because evidently they want to debate such legislation at great length.

Mr. Pearson: May I just say that the minister's reply is both irrelevant and offensive.

Inquiries of the Ministry

Mr. Fleming (Eglinton): I can assure you, Mr. Speaker, and the Leader of the Opposition that it was not meant to be irrelevant.

Mr. Pearson: But naturally offensive.

UNEMPLOYMENT INSURANCE ACT—INQUIRY AS TO REVISION THIS SESSION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Minister of Labour whether the amendments to the Unemployment Insurance Act forecast in the speech from the throne will be introduced before the adjournment or prorogation of this session of parliament.

Hon. Michael Starr (Minister of Labour): Mr. Speaker, that is a matter of government policy. As soon as a decision on that policy is arrived at, action will be taken and communicated to this house.

Hon. Paul Martin (Essex East): A supplementary question, Mr. Speaker. In view of the fact that the policy was announced in the speech from the throne, is the minister's reluctance now an indication that there has been a change of policy?

Mr. Starr: Mr. Speaker, as I said previously, any decision on that policy that is made by the government will be communicated to this house. The intention of the government in respect to this matter will be made known.

THE CENSUS

STATEMENT ON CENSUS COMMISSIONERS ACTING AS ENUMERATORS

On the orders of the day:

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, in reply to the question asked on Tuesday by the hon. member for Nipissing, as shown at page 6250 of *Hansard,* I have ascertained that in some instances a census commissioner may be required to enumerate people in the course of his or her duty as a census commissioner. As this is part of the duty of a census commissioner, he or she does not receive any extra pay.

Mrs. Margaret G. Priest of 147 Riverdale avenue, Toronto, is the commissioner in census district 575B. Her son, Mr. W. G. Priest, is an enumerator in census district 575C. In the selection test for enumerators he scored 100 per cent. Another son, Mr. E. H. Priest, is an enumerator in census district 575A. In the selection test for enumerators he scored 96 per cent. Both these census districts are under other census commissioners.

[Mr. Pearson.]

The dominion bureau of statistics reports that Mr. G. W. Priest has finished his assignment and has been checked out by their officials, and his work has been classed as excellent. Mr. E. H. Priest has almost completed his assignment and his work has also been classed as excellent.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Could I ask the minister a supplementary question—

Mr. J. R. Garland (Nipissing): I wonder whether I might ask a supplementary question.

An hon. Member: Make up your minds.

Mr. Speaker: Order.

Mr. Garland: The minister seems to be in a good and informative mood this morning. Would he confirm that this is the same Margaret G. Priest who is president of the Broadview-Riverdale Progressive Conservative Association?

Mr. Hees: Yes, I am very proud to do so. Mrs. Priest has the honour of holding that very distinguished and important post.

Mr. Pickersgill: Mr. Speaker, when the hon. member for Nipissing rose I was also going to ask the minister a supplementary question and mine was, is this the restoration of the family compact in Toronto?

THE BUDGET

REFERENCE TO COMMENTS OF FINANCE MINISTER ON JUNE 14

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like to ask the Prime Minister a question. I know the appreciation he has for what happens in the mother of parliaments. Will he admit that in yesterday's debate our Minister of Finance revealed the major aspects of the budget even though the details were omitted?

Mr. Speaker: Order. The hon. member's question did not seem to me to start out as one asking for information when he asked the Prime Minister to admit something. As I heard it, the question of what was said in the house did not appear to me to be an administrative responsibility of the Prime Minister.

INDUSTRY

AUTOMOBILES—INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask the Minister of Finance

a question. In view of the fact that the Prime Minister was able to table the O'Leary commission report, which was received much later than the Bladen report, will the Minister of Finance now or before the budget table the Bladen report on the state of the automobile industry in Canada?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think the question should come to me. Again I would say to the hon. member that it will be tabled at the time felt to be appropriate in the opinion of the government.

TRADE

STRAWBERRIES—INQUIRY AS TO IMPORTS FROM U.S.

On the orders of the day:

Mr. Harold Hicks (Fraser Valley): Mr. Speaker, I have a question about strawberries.

Mr. Martin (Essex East): Address it to the government.

Mr. Hicks: This does not mean we are going to get some crates of strawberries. The question has to do with strawberries coming into Canada. A large tonnage of strawberries is being imported from the United States by local canneries. This will mean a cut in the price to local growers if it is not stopped at once. I should like to ask the Minister of Agriculture whether any action is being taken in connection with this matter.

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, I just heard about the matter this morning. I am taking it up with the fruit and vegetable division and I should be able to have the information for the hon. member shortly.

CUBA—INQUIRY AS TO SEIZURE OF EXPORTS BY CANADIAN CUSTOMS

On the orders of the day:

Mr. Lucien Cardin (Richelieu-Vercheres): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. I wonder whether the minister is now in a position to report to the house on the investigation the minister claimed was being made by the customs department into the seizure of 165 tons of spare parts and materials on board a ship destined for Cuba a few weeks ago?

Hon. George H. Hees (Minister of Trade and Commerce): I do not think I have received that report, Mr. Speaker, but I shall check up on it and give the hon. member an answer tomorrow, if possible.

DEFENCE PRODUCTION

TENDER NO. 43-1-1977-D—REQUEST FOR PARTICULARS

On the orders of the day:

Mr. J. R. Garland (Nipissing): Mr. Speaker, I wonder whether in the absence of the Minister of Defence Production I might direct a question to the Prime Minister. In view of the assurance given to the house on Thursday last by the Minister of Defence Production that priority is given by his department, when purchasing, to goods made in Canada provided prices are competitive, can the Prime Minister say whether a price difference of $3.14 on a $600 item is sufficient reason to deny jobs to Canadians by giving the order for goods made outside Canada?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, naturally I would not answer that question in hypothetical form. If the hon. gentleman will give particulars of the specific contract he has in mind an answer will then be secured.

Mr. Garland: A supplementary question, Mr. Speaker. In view of what the Prime Minister has said I wonder whether the hon. gentleman would be good enough to look into tender No. 43-1-1977-D, which closed on June 5, and give the particulars to the house.

SUPPLY

The house in committee of supply, Mr. Chown in the chair.

DEPARTMENT OF PUBLIC WORKS

329. General administration including a grant of $2,000 to the Canadian good roads association, $10,667,720.

The Deputy Chairman: This item will be found on page 67 of the blue book, and the details on page 452.

Mr. Walker: Mr. Chairman, I had almost completed my remarks last evening and was dealing with the trans-Canada highway construction program in the national parks. The section through Terra Nova will be fully completed during this year. A substantial amount of final paving is expected in the Banff national park, and a start will be made in paving in Yoho. In Glacier and Revelstoke national parks we expect by the end of the year to have a bituminous stabilized base course to provide a paved surface in both sections. The construction of snow sheds for avalanche protection begun in 1960-61 will be continued and, as you know, Mr. Chairman, this is a novel and large undertaking.

May I briefly summarize the work for the other departments. I went into the other

matters in some detail yesterday. Hon. members will recall that when I introduced the department's estimates last year I mentioned a new departure, namely the planning and construction of embassy and chancery buildings abroad in co-operation with the Department of External Affairs. I know hon. members of the committee will be pleased that a further step has been made in this direction. We are now working in co-operation with the Department of Justice on construction plans for new buildings associated with certain penitentiaries in Canada. More and more the Department of Public Works is being used by the other departments of government for the construction of whatever buildings they find necessary, and a complete rapport exists among the departments in this connection.

Mr. Hamilton (Notre Dame de Grace): I agree.

Mr. Walker: At least the Postmaster General agrees with that statement. We have been working with him for a long time, however. In 1961-62 the department expects to do a substantial volume of construction work for other departments using funds from their appropriations. On the basis of present information, 470 projects in this category are expected to be carried out for 15 other departments with a total expenditure in 1961-62 estimated at $37¼ million. Some of them are new and others are to be continued from 1960-61. The larger projects in this category will be of interest to hon. members, and I will summarize them briefly. In other words, this is work outside the Department of Public Works, and outside what we would ordinarily do in the past.

Department of Agriculture: a science service laboratory at Vancouver.

Department of Citizenship and Immigration: a large number of schools and residences, including a school at Pointe Bleue agency, Quebec; hostels at Whitehorse; a residential school at Mission, B.C.; a school at Pelly agency, Saskatchewan, and a water supply system at Fort George, James bay agency.

Department of Fisheries: construction of several community fishing stages in Newfoundland; a gear research Laboratory at Nanaimo, B.C.; a workshop building at St. Andrews, N.B.; and conversion of the electrical system at biological station in Nanaimo, B.C.

Department of Forestry: a garage and office building at Quebec city.

Department of Mines and Technical Surveys: construction of the Bedford institute at Bedford basin, Dartmouth, N.S. and road construction at Victoria, B.C.

Department of National Defence: reconstruction of the jetty at Esquimalt, B.C.; reconstruction of a naval radio station at Inuvik; repairs to the jetty at Patricia Bay, B.C.; and repairs to the fuel oil depot at Colwood, B.C.

National research council: communications laboratory building at Riverside drive, Ottawa, and applied physics building at Montreal road.

Department of National Health and Welfare: a hospital at Inuvik, N.W.T.; a hospital at Whitehorse, Y.T.; a nursing station at Habay, Alberta; repair of civil defence building at Arnprior.

Department of Northern Affairs and National Resources: large contracts for highway construction, other than trans-Canada, in the national parks—Banff, Kootenay, Cape Breton, Prince Edward Island and Yoho; a school and hostel at Fort Simpson, Northwest Territories; road reconstruction in the Yukon, on the Keno road at Whitehorse and on the Flat Creek—Eagle Plain road. In addition, a survey and some new construction will be undertaken on the road from Watson Lake to Ross. In the Northwest Territories, road work will be undertaken on the Mackenzie highway from Frank Channel to Rae, and on the road from Yellowknife to McKay Lake.

For the R.C.M.P., for which my colleague the Minister of Justice is responsible, a large number of detachment quarters are to be built, among them buildings at Queen Charlotte, British Columbia; Carmacks, Yukon Territory; Summerside, Prince Edward Island; Grand Manan, New Brunswick; Shelburne, Nova Scotia; Lillooet, British Columbia and Rock Island, Quebec.

For the Department of Transport the program includes marine agency buildings at Saint John, New Brunswick, and St. John's, Newfoundland; wharf and sheds at Corner Brook and Lewisporte, Newfoundland; work on the Toronto island airport and dredging at Cape Tormentine, New Brunswick.

For the Department of Veterans Affairs the program includes a therapeutic wing at the Shaughnessy hospital, Vancouver; a laundry at Ste. Anne de Bellevue, and a new hospital wing in London, Ontario.

I wish to thank the ministers in charge of these various departments of government for their complete co-operation in entrusting to the Department of Public Works so many important projects. I have outlined to the committee only the highlights of the department's work program. I know that hon. members will have questions to ask concerning individual items which are of particular interest to them and about which they may require additional information from me. I shall be glad to give them all the information I can at this time.

Finally, since I understand some hon. members are concerned about this, I can assure the committee that I feel very good natured today.

(Translation):

Mr. Bourget: Mr. Chairman, I should like to thank the Minister of Public Works (Mr. Walker) for the information he has just given us. It will prove useful, I expect, for the discussion that will follow.

I was glad to hear him say a moment ago that he is fully willing to discuss matters related to his department.

He realizes, I suppose, that since he has been Minister of Public Works, he often loses his temper. I hope that in this debate, he will manage to contain himself so that the discussion will be intelligent and serious.

I was somewhat surprised by the brevity of his remarks on the activities of his department. He is usually more talkative. He certainly has no reason to be, especially where the accomplishments of the government or his department are concerned.

I think I understand him on that point because ever since he took charge of the Department of Public Works, both activities and expenditures have been decreasing year after year.

(Text):

Mr. Boulanger: Shame, Shame.

(Translation):

Mr. Bourget: As last year, I will limit my remarks to general observations and then add to them as each item is considered separately.

As in the past, I should have liked to make an analysis by using charts to show what percentage of the appropriations were actually used during the last fiscal year, namely 1960-61.

That would have enabled us to better appreciate the efficiency of the department during the past year.

These analyses showed that in 1958-59, the expenditures amounted to 89.5 per cent of the appropriations, while they amounted to 90 per cent in 1959-60.

For 1960-61, in view of the fact that the estimates of the department are being examined before the budget speech, it is impossible to make such an analysis, since we lack the required data, which are contained in papers tabled by the Minister of Finance (Mr. Fleming) when he introduces the budget.

It seems appropriate however to bring to the attention of the members of the committee the fact that during the current year, the number of unemployed reached a record percentage, that is 11.3 per cent of the labour force in February 1961. Yet this government, which advocated full employment and whose leader had said that no one would suffer because of unemployment, had requested for the Department of Public Works appropriations exceeding by only $7.9 million the amounts voted for 1956-57, the last year of the former administration.

This amount of $7.9 million does not include, of course, amounts provided for the construction of the trans-Canada highway, which are statutory expenses depending upon the activity of the provinces.

Thus I had every reason to say, as we have every right to repeat now, that there has been a reversal of the policy that the government was supposed to lay down, since it has renounced its famous public works program which was to supply jobs for everyone.

As I pointed out last year, if you analyse the estimates of the Minister of Public Works for the years 1958-59, 1959-60 and 1960-61, you find that instead of going up, as was the case under the Liberal administration, the expenses of the department have steadily declined from year to year. In 1958-59, expenditures ran to a total of $220 million whereas for the year 1959-60, the total was only $203.8 million. Finally, for the year just ended, we had been asked to vote $195.9 million including expenses for the trans-Canada highway, a decrease of $25 million in relation to the previous year. Under the Liberal administration, the amounts voted showed an increase every year, going from $37.2 million in 1946-47 to $147.5 million for the year 1956-57.

Last year, when these estimates came up, I asked the minister whether he could justify the fact that there had been such a drop in the work of the department at a time when unemployment was reaching alarming heights and when future prospects were none too bright. Here was the minister's reply, as recorded on page 6619 of *Hansard* for July 20, 1960:

> The hon. member for Levis asked me why we cut $25 million from last year's public works budget. There are two reasons. The first reason is, of course, that in the two previous years, in an effort to get out of the recession, a great spending program, although a proper and well directed spending program, was initiated. It was felt that this could not be kept up forever and that it was a very good thing to cut back this year because we had hopes of having a very prosperous year and, aside from the unemployment figures, the gross national product is going to be exceptionally good.

The minister went on to say:

As my hon. friend also knows, when the Minister of Finance made his budget address the hon. member for Levis was one of those who voted for a balanced budget. I am not always in favour of the suggestions made by the Minister of Finance. Sometimes we are at odds. Naturally, all the backbenchers are on my side because they want things I am convinced they should have. Sometimes I have to bow to the Minister of Finance and you are quite right when you suggest that.

At that point, I reminded the minister that he was forgetting the promises made in 1957 and 1958. Here is his reply:

Hon. members not only got promises, but they got results. The benefits of a balanced budget are obvious, even to my engineering friend the hon. member for Levis. I do not need to go into that. What would have happened in the country so far as finance is concerned? We have to have our financial institutions operating properly if we want to have business operating as well as possible. I need not go into that.

Indeed, Mr. Chairman, it was better at the time for the minister not to go into that, and I feel sure that when he is reminded today of the statements he made last July, he wishes he had never made them, because they were just another vision or dream that never came true.

The Minister of Public Works was at that time completely in error. I have shown a moment ago on the basis of statistics that the amounts spent by the Department of Public Works, instead of rising as should be the case in view of the fact that the expenses of the department should expand along with the development of the Canadian nation, have been steadily dropping since 1958-59.

This is why I say that the extensive public works program which we heard so much about has never existed except in the minds of government supporters, in spite of the goodly number of unemployed that kept increasing from year to year.

Moreover, I suggest that the prediction about the tremendous increase in the gross national product has proved altogether false, since the 6 per cent rise expected by the Minister of Finance reached only 3.2 per cent, or 2.1 per cent, if price increases are taken into account.

As far as the matter of a balanced budget is concerned, the minister must agree with us today that he was entirely wrong since the expected budget surplus of $12 million has turned into a deficit of almost $300 million.

[Mr. Bourget.]

I recognize, of course, Mr. Chairman, that a balanced budget has certain advantages. But, in spite of all their promises, did we have any balanced budgets since the Conservatives came into power? No, not even one. On the contrary, we had an uninterrupted series of deficits now exceeding $2 billion. That is why our country finds itself in a bad financial situation, the interest on the national debt is going up in a frightening way, the interest rates are prohibitive and our manufacturers, businessmen, workers and farmers find it difficult to borrow money. It is also because of the lack of action and foresight on the part of the government and the absence of any well conceived and orderly plans that we have today 700,000 unemployed in Canada.

Therefore, we have a right to say that the government has failed in its duty, that it is proceeding in a fog toward an unknown destination.

The minister also stated that he was not always in agreement with the suggestions of the Minister of Finance and that sometimes he had to give in to him. Then, how can he reconcile his remarks with what the Minister of Finance (Mr. Fleming) himself said as recorded on page 3569 of *Hansard* for January 21, 1958, and I quote:

While next year we would unquestionably like to have a balanced budget, let me make it abundantly clear that we are not going to put a balanced budget above our firm determination to provide, through the agency of public works, jobs for unemployed Canadians.

I would then advise the minister to remind the Minister of Finance of those words when he has to justify his department's appropriations before the treasury board. Then, he will not have to give in to him or to give reasons which do not stand by themselves to justify his conduct.

Mr. Chairman, I should now like to analyse briefly the estimates for the fiscal year 1961-62. I say briefly because they are neither numerous nor impressive. We are asked to vote an amount of $166,548,544, that is only $2.3 million more than last year's vote.

On the other hand, if we subtract from those appropriations $2.7 million for the national capital commission which came under the privy council until last year, we find that the Department of Public Works' appropriations were, in fact, again

reduced this year by some $400,000. In other words, they are $25.4 million less than for the fiscal year 1959-60.

Incidentally, I should like to point out, Mr. Chairman, that this amount of $25.4 million is about the equivalent of the government's appropriations for the winter works program, which bring me to the conclusion that what the government gives us with one hand, they take away with the other.

Mr. Valade: Who said that?

Mr. Bourget: By analysing the two major services, that is the one which looks after the construction, acquisition, maintenance and improvement of public buildings and the harbours and rivers engineering services, I find that, in the first case, appropriations have been pared by $5,447,000 whereas in the second case, they were increased by $3,558,000. In other words, appropriations for the two major services of the department have been cut down by nearly $2 million.

This year again, I would like the minister to give us the reasons for such a decrease in his estimates, when unemployment is known to be increasing, year after year. Is he trying to help the Minister of Finance balance his budget, as he said last year? He should then put an end to all expenditures, cut all building projects in his department, for if the experts are right, the deficit for the current fiscal year will be twice as high as that predicted for 1960-61. Or is it that the department is short of projects?

Yet the minister's predecessor said in the house on June 6, 1958, that he was going to have a reserve of public works to be undertaken on short notice. Where are those projects? Where are they? Is the reserve already depleted? Is the minister feeling tired? Or are the projects being kept for an election year?

I could easily, Mr. Chairman, point out a few to the minister that could be undertaken immediately and could even have been undertaken last year if the department had seen to it.

As a matter of fact, in the department's estimates for 1959-60, a sum of $600,000 was earmarked for the construction of a building in Quebec city for an unemployment insurance office there. Nothing has been done so far, except that the old hospital has been demolished.

Last year, another amount of $500,000 was provided for the same purpose, and nothing has been done.

I then asked the minister why construction had not been started. He answered that the accommodation committee looking into this matter had needed time to decide if the building would house only the unemployment insurance commission or several government services. He added that the committee had settled the problem and that the building would only be used to accommodate unemployment insurance. Well, that was in July last year and nothing has been done so far.

Another item of $575,000 is provided again this year for the construction of that building. If the same eagerness is shown this year as in the last two years, I can guarantee that nothing will be done. I even wonder if the plans have even been started. If not, it will take at least five to six months to complete the plans and specifications, a month and a half for the calling of tenders and another month to consider the tenders and award the contract. That means that even if the plans were started immediately, actual work could not begin before the end of this fiscal year.

And yet, the minister has certainly not forgotten that when visiting Quebec in January 1960—i.e. a year and a half ago—he announced the site where the building was to be erected and said that $500,000 had been provided in the last estimates for that construction. His parliamentary secretary and representative for the riding was present. Unfortunately the Quebec East constituents are still waiting. They may find some consolation, however, in the fact that they are not the only ones waiting for this government to honor its promises.

Indeed, in the city of Toronto where the minister lives, construction of a building to accommodate unemployment insurance had been announced in the 1959-60 estimates. It was supposed to be erected at the corner of Dundas and Jarvis streets and $400,000 had been voted for that purpose.

I want to point out that this was another building to house unemployment insurance. And accommodation for that department is badly needed under the Tories because they have so many unemployed.

Well, the following year, that is in 1960-61, the same amount of $400,000 was voted again for the very same building. And this year, we are asked to vote $900,000.

Now, on February 22 last, I put a starred question asking whether the plans and specifications of the Toronto unemployment insurance office were ready. The minister's parliamentary secretary answered as follows:

Mr. Speaker, the answer to this question is that it was originally expected that the plans and specifications would be completed by April 1, 1961. A basic change in the accommodation requirements has been proposed, and until this has been dealt with it is not possible to say when the plans and specifications will be completed.

That is another project for which we have been called upon to vote estimates for two years and a half and they do not know yet when the plans will be completed.

Surely, you cannot expect the hon. members of the committee to believe that during that long period, it could not have been possible to have the plans completed and the building started. Well, either they do not want the project carried out now or there is carelessness. The delay in carrying out that project cannot be explained otherwise.

The minister seems to be in need of suggestions about new projects the department would like to carry out. Well, I should like to make a very interesting suggestion which, I hope, will meet the approval not only of the minister but also of all hon. members, whether they sit on this side or on the other side of the house.

We know that, in Ottawa, the capital of this country, many conventions are held and that, unfortunately, there is no suitable building or local for that type of meeting. Since in six years from now, that is in 1967, we will celebrate the 100th anniversary of the Canadian confederation, would it not be wise to consider, right now, the possibility of erecting a federal building which might be used for that purpose and which, at the same time, could be considered as a monument erected in our capital properly to mark that important event in the life of our country?

Furthermore, I suggest that all provinces get together with regard to that project, in the sense that the name of each be given to one of the halls of the building.

Mr. Deschatelets: Hear, hear.

Mr. Bourget: The minister could at the same time take the opportunity to organize a competition open to all Canadian architects. I am sure they would be only too glad to cooperate to a project of such scope. I do not intend to say any more about that project for the time being, but I think this suggestion should be seriously considered by the minister and his officials.

And now, Mr. Chairman, I should like to say a few words about the possibility of building a causeway that would cross Northumberland strait to link New Brunswick and Prince Edward Island.

As all members of the committee, I noticed that in the remarks he made this morning and yesterday the minister had nothing to say about that important project which has been under consideration for four years.

Last year, on the discussion of these estimates, I mentioned a number of studies carried out by various government departments and firms of consulting engineers. I also pointed out to the minister that in my opinion with that data available the approximate cost of the project could be estimated so that it could be determined whether it was economically feasible or not. I added that studies and research in the future would affect only in a small way the estimate of cost for the project.

Later on, in the same debate, I asked the minister when he expected to be in receipt of a final report on the feasibility of that project, or when he expected the termination of research carried out by the national research council to ascertain whether this project was economically feasible. Here is the answer the minister gave me. I quote:

This week, the N.R.C. told us they hoped the results would be available next fall. As soon as possible afterward—

It is always as soon as possible.

—we shall decide whether the work is feasible and we will then be in a position to give a definite answer to the hon. member as to the total cost of the project.

Now, Mr. Chairman, I feel that after three and even four years of study, which cost almost $700,000, members of the committee, and particularly the public in New Brunswick and Prince Edward Island, have a right to know whether the project is feasible and what the government intends to do in that regard.

I hope the minister will make up his mind and tell us exactly what the situation is, now that the by-election has been held in Prince Edward Island, because after four years of consideration—and I repeat—after

expenditures of $700,000, we have a right to know what are the intentions of the government about that important project.

Mr. Chairman, may I now—

(Text):

The Deputy Chairman: Order. The hon. member's time has expired. Will the committee give unanimous consent to his continuing?

Some hon. Members: Agreed.

Mr. Bourget: Thank you, Mr. Chairman, and I also want to thank the members of the committee.

(Translation):

Mr. Chambers: It is the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) who is in favour of it.

Mr. Bourget: In that case, I have unanimous consent.

Mr. Martineau: You have at least one follower.

Mr. Martin (Essex East): We are in favour of extending your speaking time and also agree with everything you say.

Mr. Ricard: I am afraid he will shout himself hoarse.

Mr. Bourget: Mr. Chairman, my hon. friend from Essex East (Mr. Martin) says that he entirely agrees with me.

Mr. Chairman, I now come to the program for the construction of smaller post offices in some communities. The minister knows that the program was approved by all hon. members and that the citizens want those post offices in many places.

In 1960 and 1961, I received from two municipalities in my riding, that is St. Lambert and St. Louis de Pintendre, requests for small post offices in those two municipalities. I then referred those requests to the Post Office Department and to the Department of Public Works with the reasons which, in my opinion, could justify the departments to agree to them. Later, I received very polite answers saying that those two post offices were of the class called revenue post offices and that in those cases, the quarters were usually provided by the local postmasters.

I have no criticism in the case of the request from St. Lambert parish, for the revenues of that office in 1959-1960 were only $2,076.54, or almost $1,000 less than the required amount of $3,000, according to the information given to me last year by the minister.

However, I fail to understand why the St. Louis de Pintendre request was turned down by the minister, because, according to the Post Office Department publication "List of Post Offices with revenues", that office's revenues in 1959-60 reached $3,411.23. Besides, I am convinced that there is just as much work to do in that post office as in others that have been built by the government under this policy.

I know from experience that it is difficult to grant all requests during the same year, but I think that if they meet the required standards, they should be granted even if construction has to be deferred until the next year. The municipalities concerned would then feel that they are all being treated in the same manner.

Unless there are reasons that I am not aware of, I ask the minister to reconsider his decision on the request of St. Louis de Pintendre so that the citizens of that municipality may feel they are given the same treatment as those in other municipalities.

And while I am on the subject of small post offices, I would like to draw the minister's attention to the general appearance of the post offices built in recent years.

Members of the committee will recall that in May I told the house about the complaints of the population and public organizations of Rouyn, in the province of Quebec, about the drab appearance of this town's new post office building.

The following day, the minister replied that he had received the particular complaints and that the department would improve the looks of the building by the removal of a construction shack and the contractor's signs. He added that efflorescence on the brickwork would be removed and a general cleaning up around the building would be carried out.

You do not have to be an architect or an engineer to realize that the minister paid little attention to the complaints of the people involved, because otherwise, his reply would have been different.

The complaints made in the circumstances had nothing to do with the normal cleaning up job to be done after a building is completed. As I have indicated, they referred to the disgraceful appearance of the building itself, in other words to its exterior design, its architectural design.

Foundations had been laid, then a floor and after that four walls had been set up and a roof put on top. But no attention had been paid the building's architectural design, in order to make it attractive.

I hope there is no need to belabour the point. I am sure the minister, and particularly the officials of his department, know what I

mean. I also hope that in the future we will hear no more such complaints, and even if it costs a few thousand dollars more to the government, I hope they will be spent, so that the municipalities may be proud of their public buildings.

The last point I wish to discuss briefly—I shall refer to it again when the relevant item comes up—concerns the trans-Canada highway.

At long last, after 11 years of waiting caused by the stubborn refusal of the Conservative government in the province of Quebec, a Liberal government has been elected to office in that province and an agreement has been reached on this highway.

That agreement between the federal government and the provincial government was signed on October 29, 1960.

For a period of 11 years, the late government of the Union Nationale had refused the benefits of this plan under the fallacious pretext that this project was altogether unacceptable and inconsistent with provincial autonomy. I may even go on to say that the great majority of Conservative members from the province of Quebec now sitting in this house supported the views of the late great leader of the Union Nationale. But now they do not utter a word. In their opinion, this project does not now infringe upon any aspect of provincial autonomy, probably because it is introduced by a Conservative government.

This 11 years of stubborn refusal has cost the province of Quebec millions of dollars—

Some hon. Members: Shame.

Mr. Bourget: It is difficult to estimate the exact amount so lost, but I can say that a considerable part of the Montreal metropolitan boulevard, which will cost almost $130 million, could have been paid by the federal government. It is thus easier to see now that such stubbornness on the part of the previous provincial administration was most costly.

Some time ago the hon. member for Montmagny-L'Islet (Mr. Fortin) put a question to the Minister of Public Works. He wanted to know whether the Department of Public Works intended to pay part of the metropolitan boulevard under the trans-Canada highway program.

He apparently was happy to hear the minister say that he would not pay that part which was built before an agreement was entered into by the federal and provincial governments.

I regret that an hon. member from the province of Quebec has put such a question to the minister, for I know that his intention was to say that Mr. Lesage—

[Mr. Bourget.]

Mr. Martineau: I rise on a point of order, Mr. Chairman. I believe that you have allowed the hon. member for Levis the greatest latitude up to now.

However, it seems to me that, according to our rules, he does not have the right to pass judgment on the intentions of a member who voted for or against a bill.

The rules of the house are very clear on that point. I therefore believe the hon. member for Levis should refrain from passing judgment.

Mr. Bourget: Mr. Chairman, I am of the opinion that there is no point of order in the circumstances.

I simply noted that a member from the province of Quebec had put a question in this house concerning the metropolitan boulevard. Being a Quebecker, I was sorry to hear that question.

I have been a member of this house for 21 years, Mr. Chairman, and I have always asserted the rights of my province, without playing politics.

Mr. Martineau: Mr. Chairman, would you give your ruling on the point of order I have raised, to the effect that the hon. member is imputing motives to other members?

I believe that the hon. member for Levis is out of order; besides, according to our rules, his time is up.

(Text):

The Deputy Chairman: We have under consideration the first item of the Department of Public Works. I have noticed that the hon. member has strayed on one or two occasions but has come back to the point. As I say, we are dealing with the administration item which is related to the forthcoming fiscal year, not any year in the past to which the hon. member was making reference, so I would ask him to co-operate with the Chair and endeavour to stick more closely to the item under consideration for the forthcoming fiscal year.

(Translation):

Mr. Johnson: Tell us something about the Salvas commission.

Mr. Bourget: How that Salvas commission gets under your skin. That is why you have taken an injunction to try and stop it. The commission will keep on getting under your skin. There we see what has been happening for 16 years in the province of Quebec.

Mr. Ricard: The judges are also the accusers.

Mr. Bourget: You see, Mr. Chairman, the respect they have for judges in the province of Quebec.

(Text):

The Deputy Chairman: Order. If the hon. member for Joliette-L'Assomption-Montcalm wishes to ask a question, then the hon. member for Levis who has the floor must be prepared to yield before the hon. member is entitled to ask his question. I have not noticed that the hon. member for Levis has yielded the floor.

Mr. Bourget: I will be glad to answer any question the hon. member cares to ask.

Mr. Pigeon: It is a question of privilege.

Mr. Bourget: Do you know what a question of privilege is?

(Translation):

Mr. Pigeon: Mr. Chairman, the house agreed—

Mr. Bourget: No, no. I allowed the hon. member to ask me a question, but—

Mr. Pigeon: The house agreed to allow the hon. member for Levis a few more minutes. But, as he is out of order, I object to his pursuing his remarks. Anyway, his time has expired.

(Text):

The Deputy Chairman: Order. Would the hon. member take his seat, please. If the hon. member for Joliette-L'Assomption-Montcalm has a point of privilege, I cannot hear what the point of privilege is if two members are speaking at the same time.

Mr. Bourget: I have only about 20 seconds left, Mr. Chairman.

(Translation):

Well, Mr. Chairman, I think we may conclude that people realize better today what the Union Nationale government cost Quebec. On the other hand, I rejoice at the thought that the Liberal government of our province will try to regain any lost ground by earmarking $50 million, for instance this year of which $20 million—

Mr. Martineau: Mr. Chairman, on a point of order.

(Text):

Mr. Chairman, we are not at the moment discussing the estimates of the Quebec legislature, and that is exactly what the hon. member is trying to do. I submit that he is out of order and should not be allowed to continue.

Mr. Ricard: The usual small Liberal tactics.

Mr. Bourget: In so far as the point of order is concerned, Mr. Chairman, I think the hon. member is not listening to what I am saying. I am referring to the program for the trans-Canada highway.

Mr. Johnson: Stop playing in the farm clubs; you are in the big league here.

The Deputy Chairman: Order. To the extent that the hon. member for Levis is referring to the joint responsibility for the trans-Canada highway, he would be in order under this item. I would be obliged if he would stay closer to the subject matter under discussion, particularly in view of the fact that his time has been extended. Perhaps the hon. member could bring his remarks to a conclusion on that particular aspect of the subject as quickly as possible.

Mr. Bourget: Thank you very much, Mr. Chairman. I do not like to abuse the rules. I would say that I am perfectly in order when I deal with that joint program and say that the province of Quebec is going to spend $50 millions this year and that, out of that $50 million, $20 million will be contributed by the federal government. Where am I out of order? You are a good lawyer, Mr. Chairman. You tell me where I am out of order.

An hon. Member: He does not know.

Mr. Bourget: I do not know.

(Translation):

It will be admitted, Mr. Chairman, that this is an excellent start which proves that the government of Quebec wants to give our province a highway system which will answer the needs of our people.

Well, Mr. Chairman, those are the few remarks I wanted to make under the circumstances. I hope my fellow members from the province of Quebec will have an opportunity of making themselves heard and expressing their views. I shall have the opportunity to say a few words when we discuss the various items.

(Text):

Mr. Walker: Answering the hon. member for Levis, as he asks this specific question, may I say that the average expenditure by Department of Public Works from 1945 until we took over in 1957 was $90 million a year. Since we took over the average has been $218 million a year. For the Department of Public Works and other departments for the period under the Liberals from the war until the Conservative party took power, the average was $109 million a year and under the Conservatives it has been $234 million a year. That is the answer to the allegation that we have cut down on public works.

Mr. Bourget: You certainly have cut down.

Mr. Walker: We have increased them by 113 per cent in our own department without any of the other work that we are doing for other departments. I do not want to engage in any controversy, because I am not in the mood for it. However, these are just some of the facts.

Mr. Bourget: If the minister would look at the figures that appear in the blue book I think he would realize that since 1959, since he has taken over as Minister of Public Works, the estimates of his department have been going down. I said the situation was contrary to that under the previous administration. I have here the estimates of the department from 1946-47 to 1957-58. If the minister would like to have a copy I will give it to him, so he will be able to see that the situation was different under the Liberal administration. Even last year the minister himself admitted—and this admission can be found in *Hansard*—that the estimates of his department had gone down $25 million. That he cannot deny. He admitted it himself.

Mr. Herridge: Speaking for this group I wish to make a few non-partisan and objective observations on the activities of our multi-use minister and his multilateral department. The scope of the minister's activities is really remarkable. Not only is he Minister of Public Works; he is the minister responsible for the activities of the Central Mortgage and Housing Corporation. I found out that he had also been the curator of a miniature art gallery on behalf of the people of Canada, unknown to himself. I now find that he is also custodian of the red carpet for this government. I discovered that fact quite lately. I am always interested in the scope of the minister's activities.

Before proceeding I wish to say that I understand that the parliamentary secretary to the Minister of Trade and Commerce, who is one of the members for Halifax, usually warms up the minister's audiences when he visits the maritimes. It might have been a nice gesture if he had made a sort of introductory speech on the minister's estimates in order to excite or warm us up a bit. However, possibly that is not necessary in view of the furor displayed in the last few minutes.

I was pleased to listen to the review by the minister of the building activities of the department, of the buildings that are being built in the country and of the proposals for certain buildings at headquarters in Ottawa. I must say that this group is particularly interested to hear of plans for the commencement of a national library building. This has been advocated by a good many members in this House of Commons and others and we are very pleased to hear it.

I must say this, and in this respect I think I am speaking generally for the members of our group. We appreciate the minister's courtesy when dealing with representations made to him by various members, and his prompt attention to those representations. Whether or not he is successful, it is rather heartening to a member to have a minister undertake to look into the question and give him a prompt and complete reply with respect to all these circumstances. We also appreciate his readiness to discuss even small problems that are brought to his attention in connection with his department. I also wish to express our appreciation of the attitude and the approach of the deputy minister, the senior staff in Ottawa and the district staffs throughout the country.

In connection with staffs I want to make two observations. As far as the professional technical and trained staffs are concerned, I hope their salaries are in line with the salaries being paid by private industry to persons performing the same type of service. I have had brought to my attention on one or two occasions in British Columbia recently instances in which we have lost extremely good men because private industry made them very attractive offers. In order to maintain the efficiency of the department I think the salaries of technical and professional personnel must be in line with those paid by private industry.

I have one other matter to mention in respect to men employed on public works contracts throughout the country. I think there must be a little stricter policing of the fair wages clauses of the contracts signed by various contractors. No doubt the labour department supplies the Department of Public Works with information as to the prevailing rates and the circumstances in any particular community. However, I suggest that a very close watch be kept upon contractors, under certain circumstances, in order to make sure they are paying the prevailing rates and that the working conditions are those accepted in the area in which the work is being done.

Another thing I wish to mention is this. I understand that under these contracts a contractor undertakes to engage, as far as possible, local labour. I have noticed a few cases in which the bulk of the labour—and I am speaking of circumstances within my own knowledge—were employees who came from the coastal area into the interior while there were men in the community, carpenters and other artisans, who were quite capable of doing the work. I can understand the need for bringing in certain supervisory personnel. However, I think the department must watch this aspect of contracts more closely than it has been watched in the past.

I understand the difficulties. District officers must depend upon correspondence, and the administrative staff is some distance from these operations in isolated and smaller communities. In this respect I suggest that it would be a good idea to ask the inspector or the clerk of works, as I think he is properly

called, to inform the department of the number of local persons who are employed and the number of imported personnel. I think the clerk of works on the job could keep the district architect informed of any particular violations.

We are very pleased to note that it is increasingly the policy of the Department of Public Works to undertake the greater part of the construction work for the government of Canada. That is a very changed situation compared with the situation of only a few years ago, when I think most of the outside work undertaken by the department was for the Post Office Department. I think it is an excellent development. It will add to efficiency and give some continuity to the approach of government toward public construction, and provide for the building up of an efficient and satisfactory staff instead of having pockets of staff in various departments concerned particularly with the construction of buildings and projects of that type. I think the present policy has been proven wise by results.

In this connection I cannot resist quoting briefly from an item in the Ottawa *Journal* of Saturday, May 13, which touches on this point. I think it deals with the subject very well:

> Another feather in the efficiency hat of the public works department has been the decision to have it take over the architectural and engineering branch of the penitentiaries commission from the justice department.
>
> It was only seven years ago that public works built only for the Post Office Department, and, of course, took care of its own construction.
>
> Now it's the builder for every federal department and agency except national defence and transport, and even for those it does all but the big basic construction jobs.

I endorse wholeheartedly the sentiments expressed in that item, and I suggest that the Department of National Defence, from my knowledge of certain circumstances, would save a lot of money if they let the Department of Public Works build their buildings from now on. I must say this all demonstrates that the minister and his officials are applying the principles of socialist planning to the operations of the Department of Public Works and that is why we in this group are so pleased with the purpose and activities of this department.

I have a few other suggestions to make. My remarks at this stage will be directed mainly to administration, but later on I shall have some more parochial comments to make on the appropriate items. One other suggestion I have is this. I think it would be a good idea if the minister found an opportunity to travel more than he does to various parts of the country. I know he is a very busy person, but I think his presence would be welcomed at outside points. I know it would in the Kootenays; we would give him a rousing welcome, as we do all prominent persons. But we see so few of them. The minister goes to Vancouver, spends a day or so with his officials there and drives around the city, but how rarely does either he or other ministers come into the southeastern interior. I do suggest he should find an opportunity to do that.

The same applies to the deputy minister. I think there is nothing like seeing the projects on the ground and the country in which the department is carrying on its activities in order to understand the local problems and difficulties. I suggest that more of that be done wherever possible. But even if it is limited, for heaven's sake let us have a visit from the minister or the deputy minister at least once in ten years in the southeastern portion of British Columbia.

With respect to the staff in British Columbia, I am a great believer in decentralization in administration and, as you know, in the southeastern part of British Columbia and in the Kootenays particularly there has been tremendous development. We had a very busy period in the early days of this century, when we had a district engineer and an assistant district engineer, who had a palatial boat and used to arrive in style at all the smaller places. Over the years the steamers disappeared and there was a certain stability, shall I say, in population and activity. But the area is now developing very quickly indeed with the expansion of the mining and smelting industry and the forest industry.

I have been asked to mention this by various chambers of commerce, business people and community organizations whose members are long time residents who remember the early days and are interested in future developments. We suggest there should be a district engineer living in the southeastern portion of British Columbia. There is more work to be done, and I think an engineer needs to live in a district in order to understand the circumstances which arise particularly with respect to rivers, waters, erosion, floods, local building conditions and other local circumstances.

I have been asked to bring this to the attention of the minister and suggest that it might be appropriate as soon as possible to have a district engineer responsible for the southern interior living in the southern interior, instead of him finding it necessary to come from Vancouver periodically to make a hurried visit to the district. There is nothing like getting the feel of the district and a knowledge of the people, and also belonging to certain of the local organizations in order

to gain closer contact, appreciation and understanding of district problems and requirements.

Because of these recent developments I have another suggestion to make. I think there has been a bit of slackness in this regard both on the part of the Department of Public Works and the Department of Transport throughout the years. I should like the minister to tell us, when he can find time—I do not expect an early reply—how many complaints he has received from any officials in the last 50 years with respect to violations of the provisions of the Navigable Waters Protection Act in so far as they affect the responsibility of the Minister of Public Works. I intended to ask the Minister of Transport the same question.

These things were not serious years ago. People would drive piles without permission and string booms without permission. They would dump sawdust into our lakes, and it would go unobserved and unreported. I do suggest that because of the development which has taken place, in order to prevent the pollution of our rivers and the dumping of slabs and logs and things of that sort, the officials responsible should be told to watch carefully for any improper driving of piles or any improper stringing of booms and to make certain that saw mills—there are very few offenders in this respect—are not dumping their slabs into the river. I am not sure where the division of responsibility lies. I mentioned this when the estimates of the Minister of Transport were before the committee, and I mention it again now so the minister may consider just what aspect of this question comes under his jurisdiction.

I must say I read the annual report. You know, I am interested in public works. It is the sort of concrete subject that a simple mind like mine can understand. I am not much on the abstract art they have down at the national gallery, but I do know what a wharf is and what a highway is, or a building, and I must say that the annual report reflects the spirit of organized purpose which has been developed in this department since Mr. Winters took over as minister. That was the time when there was a change in direction in the administration of this department. I found the report informing, and the explanation of the activity of each branch and division interesting. The details are clear and understandable.

I am interested in knowing what is being done with respect to appropriate designs for public buildings. I mentioned this last year at somewhat greater length. Are competitions held? I am interested in the design of public buildings, and for this reason I should like the minister to tell the committee what the policy is in this regard. The smaller buildings are, I think, most suitable and attractive; the smaller post offices and R.C.M.P. buildings, for example. They are generally appreciated through the country, and there are many favourable comments.

However, I do not see any definite policy with respect to the design of the larger buildings to the end that when you go into a city you will know that certain buildings have been built by the federal Department of Public Works, buildings which are not only functional but which are attractive to look at as well. I should like the minister to tell us what is the policy with respect to the design of public buildings, particularly the larger ones, and also what is the policy with respect to air conditioning in federal buildings. I think air conditioning is very necessary in Ottawa and it is necessary, also, in some other points throughout the country, particularly in the larger buildings.

Then I should like him to tell me what the policy is with respect to the administration of public buildings. Take the example of a building occupied mainly by the Post Office Department, with the offices of four or five other branches of the federal government located in the same building. Who is responsible for the administration of that building? Suppose there is a parking lot available, who should have the right to say that certain cars shall be parked there and certain cars shall not be allowed to park there, and so on? This is a problem that has created a little fuss and furore on one or two occasions, because apparently there is not a clear line of responsibility. At times the janitor in charge of a building has fought with another official of the Department of Public Works who claimed he had the first right to park his car in a specific area and the postmaster had to take his car around to the back door. I feel that individuals in charge of buildings should be informed as to who is responsible, on the spot, for the administration of these buildings and the decisions as to what preferences exist for the parking of cars and so on.

In regard to designing policy, I should like to know whether certain architects are studying this question, and whether at any time there is consultation with the Royal Architectural Institute of Canada as to a policy respecting the design of public buildings. I should also like to know whether any competitions are being held or are anticipated regarding suitable designs for public buildings.

I have one or two other matters to mention, following which I shall have practically completed my few remarks on the administration item. Last year I made a plea for

the rehabilitation of lover's lane between the back of parliament hill and the Ottawa river; not that I have any particular interest in or use for this area, but as it is now it is a very unsatisfactory view for anyone travelling along the Ottawa river by boat.

At the time I mentioned this situation last year the minister stated that he would give the question consideration, and I should like him now to tell this committee what consideration has been given to clearing up this rather unsightly area in order to make it available for people who wish to legitimately enjoy it. I am of the opinion that this project would not cost a great deal of money, although there are certain walks and rails which would have to be repaired and put back into proper condition, and I cannot understand why there is so much hesitation in improving the area.

I have another query with respect to what I am pleased to term "operation statues and lemon juice". I brought this matter to the attention of the minister last year, after the department started a program of rubbing the statues, beginning with that of D'Arcy McGee, with lemon juice, I believe. In this regard I should like to read an article which appeared in the Toronto *Globe and Mail* of June 3, 1960. When I raised this question in the committee last year I received a report that this most unusual operation was proceeding satisfactorily. I later received a letter to the same effect. The article to which I have made reference reads as follows:

Ottawa, June 2—Satisfied with the scrubbing job on D'Arcy McGee and the fair maiden they call Mollie, senior officials of the Department of Public Works have given permission to clean up the remaining eight bronze statues on parliament hill.

The father of confederation, standing on a concrete pedestal, with the buxom Mollie draped at his feet, was recently given a test bath. McGee was chosen because he is at the rear of the centre block, hidden from most of the tourists. Had the test failed it would not have been noticed as readily as the others.

A scrubbing crew removed years of grime from the statue and then rubbed McGee and Mollie with lemon oil.

"We've been trying to get them the colour of a Sam Browne belt,"—

That is a peculiar Sam Browne belt colour which exists there now. The article then continues:

—a department official said.

Mollie is well browned all over, but McGee's bronze locks have turned grey. The officials said they have yet to touch up McGee's hair.

Throughout the summer, work crews will concentrate on the remaining statues, including former prime ministers Borden, Laurier, Macdonald, Mackenzie, Lafontaine and Baldwin, Queen Victoria, George Brown, another father of confederation and founder of the *Globe*, and explorer Jacques Cartier.

Mr. Chairman, I have made periodic visits along with other individuals interested in this project, and have noticed that only one statue has been tackled. I think anyone, in fairness, will say those which still retain their original patina are much more attractive than the statue of McGee and Mollie with the verdigris showing them in a most dilapidated condition. I think Mollie's complexion is really out of this world.

In view of the comments made last year and the information I received from the minister at that time as to the success of this very interesting project, and in view of the report appearing in the *Globe and Mail* in regard to the appearance of that lone statue in question which the department has scrubbed and rubbed, I should like the minister to inform me what is the policy of his department in respect to this operation.

Mr. MacLean (Winnipeg North Centre): Mr. Chairman, this is the first time I have spoken in committee since your appointment, and I should like to take advantage, at the outset, of the opportunity to congratulate you in respect to this very high appointment. I do so as one Manitoban to another.

I have a very few brief remarks to make to the minister and his officials this morning, and I hope he will forgive me if I become a a little parochial, inasmuch as I may not be here later on in the day, in making suggestions regarding two or three matters of importance at the present time to the people of the city of Winnipeg.

I believe the minister is aware of the fact that at the present time the Red and Assiniboine rivers which flow through the city of Winnipeg are at very low and dangerous levels, and that the water pollution at the present time in the city of Winnipeg has become very dangerous. There is no effective treatment unit to remove the sewage from these two rivers, and because of the low rate of flow there is a very great possibility of the spread of bacteria followed perhaps, by sickness.

There has been some discussion about the locks at Lockport lower down the river, which were used some months ago and perhaps are still being used to increase the rate of flow so as to raise the level of the water in the rivers at the city of Winnipeg. If at all possible I should like some information from the minister or his officials in this regard.

In addition to that suggestion, but having regard to the sewage treatment unit, I understand that at the present time the city of Winnipeg and the metropolitan council of greater Winnipeg are making application to the minister and his department in relation to the financing of these units, by virtue of the amendment made last fall, under the

National Housing Act. When these applications are received I should like them to be given high priority and consideration so that these facilities may be installed at the earliest possible opportunity.

The next subject I wish to refer to, which is of great interest to our senior citizens of the city of Winnipeg, has regard to the expansion of housing facilities for our elderly people. I am sure the minister is aware of the great work done in Winnipeg by the age and opportunity bureau, and will remember receiving a brief from that association with respect to an amendment to the National Housing Act to increase the provision of housing facilities for our senior citizens through Central Mortgage and Housing Corporation.

This organization has made a comprehensive survey of the existing needs of our elderly citizens for increased housing facilities in the city of Winnipeg. Perhaps I may just take a moment or two to place on the record two or three points made manifest by the study carried out by this excellent organization. First of all it discovered that old age assistance and old age pensions are the main source of income of a large percentage of aged persons. They found that those who need accommodation most cannot afford to pay the rent being charged aged persons in limited dividend housing projects provided under existing legislation. They found that the existing regulation for the accommodation of single aged persons is not realistic in that it is impossible to provide the required standards of accommodation at rents compatible with their incomes. They also found that single aged persons constitute a majority of the population over 70 years of age, and that single aged persons cannot live in those units.

I am not going to deal with this matter at great length. The minister has full knowledge of my views and my interest in the matter, and the fact that something should be done with regard to amending or expanding section 16 of the National Housing Act to provide for some type of accommodation which would cover those people. The accommodation would be the hostel type which at the present time is not included under the National Housing Act.

This is not a situation which is signally evident only in the city of Winnipeg. From the information I have I would say that it exists in the larger cities right across Canada. I wonder whether perhaps for a start the minister might take into consideration the appointment of someone—not necessarily from C.M.H.C.; perhaps someone from the Canadian welfare council—to make a study in the larger cities across Canada to see if the National Housing Act is providing adequate housing facilities for our senior citizens, and whether the hostel type of accommodation is the solution to the problem, if those facilities are not adequate at the present time. I believe most of this information is available now. On the basis of the report on such a survey I think it would become only too apparent that the need is not being fulfilled and something should be done about it. Perhaps the time has come, Mr. Chairman, to give consideration to applying one section of the National Housing Act, or indeed introducing a special act, to housing for aged and senior citizens. This might cover people over 60, 65 or 70 years of age.

I will not dwell any longer on this subject, inasmuch as the brief and the views of the aged and opportunity bureau and myself have been distributed among hon. members. The minister was kind enough to receive the brief, sit down with me and other interested members and explain to us the present provisions of the act and the fact that Central Mortgage and Housing Corporation itself, the government and his officials are always interested in looking into things of this sort. I hope he takes heed of what I have said today and perhaps takes a longer look at it.

I might move on to my third and last point, which has to do with slum clearance and urban redevelopment in the city of Winnipeg. Hon. members know that a few days ago I had the special privilege of looking at the Mulberry housing project in the city of Halifax. I was happy to have the opportunity to go down and see it. When I saw it I was astounded to realize that in the city of Winnipeg we probably have some of the worst housing conditions to be found in any of the major cities across Canada. Yet for the last three and a half or four years the city council of Winnipeg has done nothing approaching the Mulberry project in the city of Halifax. The Mulberry project contains 348 units and I am told it will house around 1,500 persons. A project of this kind could be used in the city of Winnipeg at the earliest possible moment.

I am told by the minister and by Central Mortgage and Housing Corporation that they are ready, willing and only too eager to get going on the same sort of project for the people in those areas in the city of Winnipeg where more adequate housing and redevelopment are needed. I am sure such a project would bring new business and provide greater economic opportunity for the depressed slum areas. I trust the offer still stands. I should

like to receive the assurance from the minister that Central Mortgage and Housing Corporation and his officials are interested in this problem. Perhaps he could bring us up to date on just what progress is being made in the city of Winnipeg in regard to this matter.

Mr. Garland: Mr. Chairman, I should like to make a few remarks this afternoon on one of the divisions of the department which comes under the jurisdiction of the minister. I hope to be as objective as possible. I wonder whether you would call it one o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Garland: Mr. Chairman, perhaps my first words should be words of congratulation to you, sir, on your recent appointment, one that I feel is very well deserved and which I am sure you welcome as another opportunity for service.

In order to appreciate fully the situation in which the housebuilding industry and the government find themselves today, I believe it will be very helpful to review very briefly government activity in this field in the past year. It will be recalled that during almost the first half of 1960 housebuilding had virtually collapsed as the result of government policy. The annually adjusted rate at that time, I believe, averaged something in the order of 60,000.

First there was the reluctance of the government approved lenders to put their money into long term mortgages when more attractive terms and rates were available elsewhere. It will be recalled that the banks stopped lending. The fact that more attractive interest rates and better investment opportunities were available caused the parliamentary secretary to the Minister of Finance to say that these institutions were abdicating their social responsibilities. Yet it was the government's monetary and fiscal policies that had resulted in these higher interest rates throughout the economy.

Further, it will be remembered that during this very period when the approved lenders drastically reduced their lending on housing and the banks refused to lend, the government decided to cut in half the amount it had made available for direct lending during the previous year. Despite the fact that the then minister of trade and commerce had indicated that there would be 140,000 starts in 1960, and the Minister of Public Works at that time forecast 125,000, the government announced its intention to reduce from $330 million odd to $175 million the money it would make available for direct lending in 1960.

It was hoped—and they had the benefit of good advice, of course—that construction in other fields would take up the slack, but the fact of the matter is that it did not. Therefore at a time when mortgage money could scarcely be found from normal sources, the government sliced in half its lending activity. Little wonder that we ended up the year with 108,000-odd starts. Little wonder that this year, when housebuilding is showing some signs of recovery toward a volume that we might normally expect, the minister is able to stand up and announce increases over last year's depressed figures. But these announcements by the minister only tell part of the story. Despite the minister's fine words, and despite the artificial stimulation that has been given to housing by government legislation, starts have been actually declining since February. I have here the latest figures that are available to me, the dominion bureau of statistics figures for June 7. These are the seasonally adjusted rates: February, 119,000; March, 110,000; April, 90,000.

Hon. members will also realize that more than a shortage of mortgage funds developed in the housebuilding industry last year. During the last half of the year there was a great shortage of buyers which resulted from the overexpansion and overstimulation of the housebuilding industry by the government during 1958 and 1959. Further, I believe that during 1960 and again this year there was and is a growing awareness on the part of the buyers of the tremendous burden of high interest payments at today's 6¾ per cent rate, which we all know is the highest interest rate in the history of the National Housing Act.

Certainly the government cannot blame the governor of the Bank of Canada for this rate, which was set by the government itself. It is little wonder, then, that the government was desperate last fall in an attempt to find ways and means to get the housebuilding industry back on the rails. It is little wonder that they found it necessary to introduce amendments to existing legislation during the last quarter of the year, and particularly the changes in December.

May I say at once, as I said at the time the legislation was before us in the house, although it was a year too late, to the extent that it increased housebuilding it was welcome. We also recall the imposition of the ceiling on wages. Finally the government raised the ceiling on wages, and then removed it. However, I am not going to go into all these things now.

I have referred to these activities of the government during the past year or more in order to point out the power of the federal government in this field. The results of the past 17 months have clearly shown the degree of control over housing that can be exercised by any federal government. Where it would appear that total activity might lag, housebuilding can be stimulated. Where it appears that total activity in the economy is straining our total resources, steps can be taken to curtail housebuilding. The degree to which this stimulation or curtailment might be applied is, of course, highly debatable. The power of our federal government to control the rate of housebuilding comes largely from its control over the N.H.A. mortgage market. It controls the supply of mortgage funds by making N.H.A. mortgage rates attractive or unattractive to private lenders by varying the volume of its own lending.

It has been clearly shown in recent years that the volume of housebuilding responds very quickly to changes in the quantity, availability and of course the terms of N.H.A. mortgage money. Restricting housebuilding in times of prosperity while stimulating housebuilding in times of recession is splendid in theory. The difficulty lies in the policy of attempting to produce total stability by deliberately creating instability in housebuilding. These violent fluctuations are indeed costly to the industry and of course ultimately to the purchaser. When the housebuilding industry is overstimulated, inefficient, inexperienced people are attracted into the industry. They often produce homes that regardless of their price, are expensive.

However, it is not this particular aspect of the high cost of housing that I want to pursue here, Mr. Chairman. As I mentioned earlier, today's main deterrent is not the scarcity of mortgage funds but rather the high cost of mortgage funds. In an earlier debate I dealt in some detail with this 6¾ per cent N.H.A. rate. Suffice it to say today that a person buying a $15,000 home over a 35 year period will pay $22,476 in interest. If the average age of a purchaser under N.H.A. today is slightly over 35 years, he will pay $37,754 for a $15,000 house, will be collecting his old age security pension and may well have his house fall down before the final payment is made.

I would ask hon. members to compare the interest payments made on a specific amount over a period of time at 6¾ per cent as compared to 5¼ per cent. I point out that on a $12,000 mortgage amortized over a 30 year period, there is a difference of $4,056. I point out further that the monthly payment for this amount of money and for this particular term at 5¼ per cent, is $65.85 as against $77.10 at a 6¾ per cent rate.

I remind hon. members of the F.H.A. rate in the United States, which is 5¼ per cent. I remind hon. members also that N.H.A. rate was 5¼ per cent under the Liberal administration in 1954, during a period of mild recession. I appeal to the government again, as I have tried to do for the past year, urging them to reduce at once this 6¾ per cent N.H.A. rate. What possible justification can there have been during the past year of recession and during a period when three quarters of a million people were unemployed, for maintaining this unnecessarily high N.H.A. interest rate? I hope now that we see signs of a professed change of heart on the part of the government, that there will be early action in this regard.

Surely, Mr. Chairman, the government must be aware of their responsibility in monetary and fiscal matters. Let us just for a moment take a peek at how the young, aggressive administration south of the border tackled this matter immediately after taking office. They had inherited a similarly stagnant situation from the previous administration. I should like to refer very briefly to some quotations. The first is from the New York *Times* of February 28:

United States acts to cut mortgage rates
The government started a direct and high powered effort today to bring down mortgage interest rates.

The same article continues:

The administration's first move was a package of stimulants through federal housing program channels. The most prominently noted part of that package was a reduction of the permissible maximum for rates on mortgages insured by the federal housing administration—to 5½ from 5¾ per cent.

In the Ottawa *Citizen* of March 15 we find this:

United States driving to lower interest on mortgages
The Kennedy administration is intensifying its campaign to drive down mortgage interest rates. Home owner's borrowing costs have been edging lower but the decline has been too sluggish to satisfy top officials.

In the New York *Times* of May 22 we find this:

Mortgage rates are moving down
A new phase of the administration's efforts towards lower mortgage interest rates has started bearing fruit already. Another step is under serious consideration.

The Montreal *Star* of May 27 has this to say:

Kennedy cuts mortgage rates.

That article covered the announcement by the administration of a reduction from 5½ per cent to 5¼ per cent in interest rates. Surely

the most important component of the real cost of housing is the cost of money. A reduction of only 1 per cent in the interest rate would have more impact on the annual cost of a house than any conceivable improvement in technology. This government should carry out its debt management policy and its monetary policy in such a way as to create the proper kind of economic climate for capital expenditure and investment in housing.

Mr. Chairman, at this point I should like to say a few words concerning the proposed secondary mortgage market. It will be recalled that for the past three years we on this side of the house have recommended the establishment of an effective secondary mortgage market. I can recall that on at least three occasions. I spelled out in some detail my version of one effective phase of a secondary mortgage market. I referred to an institution that would purchase N.H.A. guaranteed mortgages and use them as collateral against the issuance of certificates in small denominations that would be made available to a new type of investor in housing, the small investor. To the extent that this would attract new investors into the mortgage lending field, it would be effective. However, at no time did I envisage the government unloading long term mortgages at discounts that would have the effect of earning handsome profits for the purchaser at the expense of the taxpayer.

Now, I know the Minister of Public Works will say that this is not the case. It should be noted that in his statement to the house on April 17, this matter was not covered. But in a press release outside the house it apparently was stated, as reported in the press throughout the country, that there would be no loss because the money from the sale of these mortgages would be reinvested at these abnormally high rates. Since that time the minister, in response to questions of mine, has refused to say how much of this money will be reinvested.

There is the picture. After a favourable press release, we have silence on this point. I am watching with considerable interest, therefore, the action of the government in this offering of a $15 million nibble which is currently being made. It will be interesting to note the price at which they will be prepared to pass on to the purchasers these $750 million worth of mortgages—

Mr. Grafftey: Will the hon. member inform the committee from what document he is reading?

Mr. Garland: Mr. Chairman, I hear a series of squeaks.

Mr. Grafftey: You hear a question being asked. You were reading from a document.

An hon. Member: Sit down; you're rocking the boat.

Mr. Garland: Perhaps I should say it was a squawk.

Mr. Grafftey: You hear a question.

An hon. Member: Don't take yourself so seriously. Nobody else does.

Mr. Garland: I hear squawking from Brome lake. I was under the impression that the Brome lake area produced better ducks than that.

Mr. Grafftey: Mr. Chairman—

Mr. Harkness: I rise on a point of order. The hon. member for Brome-Missisquoi has raised a point of order which I think should have been raised at least 10 minutes ago. The hon. member for Nipissing has been reading his speech, every word of it—I have been watching him closely—for the last five or ten minutes. This procedure, of course, is directly against the rules of the house.

Mr. Bourget: So did the minister.

Mr. Harkness: As the hon. member for Brome-Missisquoi has raised the matter, instead of him being abused for doing so I think the rules should be observed.

Mr. Winch: May I add a word here on the point of order. I think I can do so because I never read a speech; I speak extemporaneously. I want to tell the hon. member who has just spoken that almost every speech made from the government side of the house is read. If he wants that rule enforced, as I think it should be enforced, inasmuch as he has raised the point I intend to challenge everyone on the government side henceforth who reads his speech, and 95 per cent of the speeches made from his side of the house are read.

Mr. Harkness: Mr. Chairman, I raised the point of order. The hon. member who has just spoken was not speaking to the point of order; he was making an attack on unspecified members on this side of the house. The point of order having been raised by the hon. member for Brome-Missisquoi, I think it should be dealt with.

Mr. Caron: While we are on that point of order may I say this, being one of those who never reads a speech. It might be better if I did so. However, I maintain that this is something that has been done over the years from the beginning of the House of Commons. I think it is an advantage to those who are

listening when a speech has been well prepared. Just because it is foolishly provided in the rules that nobody should read a speech, I can say this. If the rule is enforced today, as has been requested by the minister, he will be obliged to sit down for quite a while, because I will watch him and I will watch other ministers, even the Minister of Finance and the Prime Minister, when they read from this time forward.

Mr. Ricard: I want to speak on this point of order. The point has been raised with regard to the identification of a document from which the hon. member was reading. We should not allow ourselves to be diverted from the question. The hon. member was asked to identify the document from which he was reading. With all deference to your authority, Mr. Chairman, I think you should enforce this rule.

The Deputy Chairman: I have no difficulty in identifying the document to which the hon. member is referring. I can only presume that they are notes he has prepared for giving his discourse on item No. 1 of the estimates. Inasmuch as he is the official opposition critic of the department under consideration, and because I was watching him very closely and observed that he spoke extemporaneously on several questions apart from the notes he had, I do not think I should do other than caution him not to read, as I would have to caution other members of the committee, on a regular basis; and in the interests of proceeding expeditiously with this item of the estimates I think we should allow the hon. member to have the floor.

Mr. Grafftey: Mr. Chairman, I rise on a question of privilege.

Mr. Habel: Are you appealing his decision?

Mr. Ricard: Sit down; he is raising a question of privilege.

Mr. Grafftey: On a question of privilege may I say this. In good faith I rose in my place and put a question. I politely asked the hon. member a question, as I was following his remarks very carefully. I asked him most politely if he would identify the document from which he was reading. He then went on and abused my district in general and me in particular. I am not asking him to withdraw this abusive language; I am considering the source from which it came. I draw that matter to the attention of the committee, but let it be quite clear. I was not facetious. In a serious manner I asked the hon. member to identify the document from which he was reading. In reply he was abusive, as I say, to me in particular and to my riding in general. That is on the record, and I let it stand as I take my place.

Mr. Ricard: He has let his Grit spirit come through.

The Deputy Chairman: I do not wish us to get into a controversial debate on this matter. If I know the hon. member for Nipissing I am sure he will soften the reference he made to the hon. member who raised the question of privilege. I also know that a number of interjections occurred before the hon. gentleman had an opportunity to answer the question that has been raised as to identification of the document to which he was referring. I think we will give the hon. member for Nipissing the floor and let him take what course he deems fit.

Mr. Garland: Thank you, Mr. Chairman. I thought I had properly identified the quotations I had used in trying to make my point. On that point, may I say that I offer no apologies for coming to the house prepared to speak on a subject in which I have a very genuine interest. I do not think it is necessary to make any further explanation. I noted carefully that yesterday the minister read every word he uttered. We made no objection to that procedure. At least I prepared my own notes to which I have been referring.

Mr. Ricard: Are you implying that he does not do so?

Mr. Walker: I was not going to intervene but with your permission, Mr. Chairman, I should like to do so.

Mr. Garland: Have I the floor, Mr. Chairman? Twenty minutes are gone now.

Mr. Walker: This is a point of order.

The Deputy Chairman: Is the minister raising a point of order or a question of privilege?

Mr. Walker: I am raising a question of privilege. Under the rules every minister has the right, because of the need to quote figures that he has to give and to go into the details that he has to mention, to read any part of a statement. That is exactly what I did and what any other minister must do. If the hon. member will peruse my speeches he will find literally hundreds and thousands of figures. To take the objection that I had to read part of that statement is illogical and cannot be compared to what is being done now. I have no objection to the hon. member for Nipissing reading his speech, but I object to him pointing out that I have been doing so contrary to the rules. The rules specifically state that the minister may do so.

Mr. Caron: What is the authority?

Mr. Pallett: The hon. member for Hull, speaking from his seat as is not unusual, asked for authority for the minister's statement. If he will read Beauchesne, page 124, paragraph No. 144, he will find it.

An hon. Member: Fourth edition.

The Deputy Chairman: I recognize the hon. member for Nipissing.

Mr. Garland: I should like to deal with a matter that is occupying the attention of many of the leaders of the housebuilding industry, namely finding some satisfactory means of facilitating the financing of the older type homes. Surely it cannot be argued that everyone buying a home wants a new house in a new subdivision far removed from his place of work or daily activity. It is becoming daily more and more apparent that this ever spreading development into new raw land is creating tremendous costs in respect of services required and in respect of transportation, etc. However, this has been the trend since the war, and understandably so. The N.H.A. was designed primarily to assist in the construction of new homes, to take care of the tremendous backlog that existed as the result of little or no construction during the war years and indeed during a great part of the thirties.

Today the situation is entirely different. For the first time in 15 years we have seen evidence during the past year that the effective demand has been met. I am not for a moment suggesting that the facilities of the National Housing Act should be diverted from the encouragement of new construction. However, I am fully convinced that the facilities of N.H.A. should be expanded to the extent that the C.M.H.C. could assist in the financing of older type homes along the same lines as is now being done with regard to new construction.

In nearly every Canadian town and city we find older people who have raised their families and who are now living alone in homes much too large for their physical and financial capabilities. Yet these people are forced to live on in these larger homes because no convenient way has been developed to finance the sale of such houses with a small down payment, as is the case with new homes. Therefore the older folks stay on and the younger prospective purchasers are compelled to forgo the opportunity of buying larger homes which might be more in keeping with their family requirements, or resort to some loan shark who will extract the last pound of flesh through a second mortgage. In countless cases families could purchase and properly assume financial responsibility for a moderately priced home but, goodness knows, there are plenty of statistics to prove that many find the burden of the newer and more expensive homes too great for their incomes. I think the housing statistics put out by the dominion bureau of statistics provide ample proof that 92 per cent of all N.H.A. buyers are earning more than $4,000 a year, so we have reached the point where the National Housing Act in this respect is practically useless to those in the lower income group. I believe that making loans available on existing houses would result in a substantial increase in the number of Canadian families owning their homes and this, as I am sure hon. members will agree, would be a highly desirable situation.

As I mentioned earlier, not all families want to live in a particular area that is being developed at the time they are buying a home. It is therefore understandable that under the system I propose, prospective purchasers could buy homes in the locality they prefer.

I think it is apparent to all that if the sales of older homes were encouraged, it would result in an increased demand for new homes. This conclusion is based on the assumption—a proper one, I believe—that the number of potential buyers for older homes would be greatly increased and as a result present owners could sell more easily, cash in their equity and have it available for the purchase of a new home. I therefore urge the government to amend the National Housing Act so as to enable C.M.H.C. to make loans in respect of existing homes along the same lines as loans are presently being made available in respect of new housing. Let us put an end to this discrimination against the owner of an existing house.

Now I should like to turn from something new to an old complaint involving the government's stubborn insistence in clinging to a 2 per cent insurance premium to insure its own mortgages. This is as unrealistic as it is unnecessary, and the record proves it. I will not go as far as some and say that the premium should be eliminated, but most certainly the rate should be reduced. The government's insistence on maintaining the present premium rate adds several hundred dollars to the cost of every home purchased in Canada, not only to the original purchase price but in the financing.

The fund resulting from this premium now stands, I believe, at some $70 million. I believe this fund should be used to assist in making low cost housing available to some of our elderly citizens. The need in this field is great, and with the increase in life expectancy now being experienced the problem will increase. However, I hope to have more to say on this subject at another stage in the examination of these estimates.

I should like to make a further new proposal to the government, namely that home owners who are unemployed for six months or more and who are threatened with foreclosure and the loss of their homes and equities be given special consideration. I propose that a moratorium of 12 months on payments be guaranteed by the government under N.H.A. to home owners who are out of work for a period of more than six months. The slackening of our economic development and the unprecedented level of unemployment demand that attention be given to this problem. The relief I propose should be extended until national prosperity has been restored. This problem is particularly acute in areas where there is long term unemployment. However, losing one's home is a tragedy in any area of this rich young country.

Mr. Pallett: Would the hon. member care to indicate the particular areas he has in mind?

Mr. Garland: It would be Canada-wide.

Mr. Pallett: The hon. member said that in certain areas this would apply particularly. Does he have any particular areas in mind.

Mr. Garland: I think the hon. gentleman has misunderstood me.

Mr. Pallett: Well, he certainly cannot say that for the area which I represent, and I do not want him to include a lot of others.

Mr. Garland: The hon. member may read what I have said in *Hansard*. The assistance I have proposed could be given at no cost to the federal treasury, because the borrower at the end of the mortgage term could repay the money which had been advanced on his behalf. Unless something is done in this regard it is my intention at the next session of parliament—and I am assuming there will be another session of this parliament—to introduce a bill incorporating the kind of assistance I have just mentioned. Surely there is something missing in legislation which permits a wage earner who becomes unemployed through no fault of his own to lose his home and, in many cases, a major portion of his savings.

I should like now to say a few words in respect to slum clearance and related matters, and in particular to the financing of renewal projects. I was interested to note that the minister, speaking in Halifax on June 1 to the Canadian Federation of Mayors and Municipalities, urged that they speed up the job of weeding out blighted areas within their borders. If I may, I should like to quote the minister, as follows:

[Mr. Garland.]

Let me say straight away that in my opinion we are not making nearly enough progress in getting rid of slums.

Well, I can tell the minister that we on this side of the house heartily agree with this statement, and have been saying so for some time. In his speech at Halifax the minister went on to reprimand the municipalities for not moving fast enough. As most people know, however, our municipalities would like to move more quickly with regard to these matters, but they are handicapped in their financing by the way the federal government gobbles up the investment dollar at high interest rates. I should like to refer to a publication put out by the Canadian Federation of Mayors and Municipalities dated May, 1961, and to quote very briefly these words:

The obstacles to municipal borrowing and to the financing of more comprehensive programs of renewal can only be removed by appropriate federal legislation.

The minister might more properly have directed his reprimand to his colleagues who have pursued monetary and fiscal policies leading to higher and higher interest rates. But I do not wish to deal with the shortcomings of the present administration.

The Canadian housing requirements of the future must meet the needs and satisfy the population as a whole rather than any particular segment. At the same time, government must recognize that the earnings of all are not equal. It must also be realized that within each income group there are wide differences or responsibility, due to family numbers, basic managerial ability, incidence of illness and many other relative factors. Any pattern for the future should attempt to provide housing at a price that will afford the greatest opportunity to the greatest number in purchasing their own homes. Such plans must also recognize that there is a large segment of our population which must rent accommodation. Future plans must further recognize the fact that there will also be an increased demand for public housing. This is an economic fact.

In conclusion may I say that we regret the miscalculation and fumbling of the government during most of 1960. We stand ready to commend them, as we have already done, for the worth-while legislation they introduced toward the end of the year. We have for many years urged the establishment of an effective secondary mortgage market which would have the effect of garanteeing a steadier flow of mortgage funds. We think the National Housing Act under both administrations has done an effective job, but believe it should be extended to provide for the financing of older type homes. What was satisfactory in

1954 no longer meets the requirements of 1961. We believe the insurance premium should be reduced. We believe that a moratorium of up to 12 months if necessary be extended to a home owner under N.H.A. who is out of work for six months or more. We believe in a concentrated drive on slum clearance and assistance to municipalities by the establishment of a municipal loan fund, both of which would allow our municipalities to get on with projects badly needed, and which would provide much needed employment in these distressed times.

As I have said on earlier occasions, housing is a most interesting and complex subject and one that will be occupying more and more of our attention and resources as time goes on. Much has been done in the past, but much more remains to be done in the future. When one considers all the social and economic ramifications of this subject in the light of the rapid development in housing which is bound to take place in the foreseeable future, future governments would do well to consider the desirability of a separate department with cabinet status. In this way the housing needs of our people and the economic influences resulting from adequate programming would be assured of a strong voice in government policy, and not just be something tagged on to the end of another department.

Mr. Walker: Mr. Chairman, I intend to take but a moment, but I know the hon. member for Nipissing would want me to say a word in respect to the National Housing Act interest rate. I should like to tell him again, sir, that this interest rate is based on the yield on long term government bonds and under the N.H.A., as framed by the Liberal government, the yield cannot be more than 2¼ per cent above long term government bonds. The present long term yield on government bonds is approximately 5.2 per cent. Therefore the maximum N.H.A. rate, under the rule promulgated by the late Liberal government could be 7½ per cent.

However, under our government the present rate is 6¾ per cent, which is considered to be the lowest competitive rate possible, as compared with other bonds and industrial yields. The decision to adjust the rate twice yearly, which I announced on April 17 last, should keep the N.H.A. rate in relation to other yields. There is no one in Canada who would be more delighted to make it possible to reduce interest rates on N.H.A. loans than myself, as the minister. Having gone through the experience, however, of the approved lenders' funds completely drying up just a few months before I became the minister, when the rate was at 6 per cent, I know what a hazardous expedient it is to reduce interest rates, as a result of which we can get no money from approved lenders. I am sure my hon. friend, with his knowledge of these matters, and as critic of the opposition in respect to this subject, would not wish the government to exclude private lenders from the market. Otherwise it would cost the federal government hundreds and hundreds of millions of dollars per year extra.

In connection with the other suggestion of my hon. friend, that he intends to introduce a bill to declare a moratorium for the benefit of certain people under certain circumstances, might I ask whether he proposes having that measure introduced in each of the provinces or only in the federal parliament? Because it is purely a provincial matter. This is a matter involving property and civil rights, in respect to which the federal government has no authority. Is it his proposition to have someone introduce this measure in the provincial house, or does my hon. friend propose to run for a seat in the legislature of the province of Ontario?

In any event may I say that there are millions of dollars which the approved lenders have invested in N.H.A. mortgages. Is my hon. friend suggesting that the guarantee which has been given to the investor should be done away with, and that a moratorium should be declared so that the mortgage loans which those investors have made in good faith under the terms of the N.H.A., inaugurated originally by the Liberal government and taken advantage of, of course, by the Conservative government, will be seriously affected. Is my hon. friend seriously suggesting there now should be a moratorium in respect of this act?

Mr. Garland: Mr. Chairman, since the minister has asked me a question I should like to attempt to answer it. First I should like to say that it is surprising how he reconciles his words this afternoon with the criticisms directed toward some of us in this house when the present government was on this side.

In respect to the legislation I proposed, surely it is within the capabilities of a society such as ours to introduce legislation which would have the very humane effect of preventing the wage earner of a family from losing his entire savings as a result of being out of work through no fault of his own.

Mr. Winch: Mr. Chairman, there are a number of matters of concern to me which are very much related to housing and certain aspects of the housing industry which come under Central Mortgage and Housing Corporation, the estimates for which are contained in vote No. 373. It is not my intention now, during consideration of the first vote of

the Department of Public Works estimates to raise matters which I think should be raised in respect to vote No. 373. However, there is one matter of principle in respect of which I would very much appreciate the comment of the Minister of Public Works.

I should like to ask the minister whether, in his position as minister and under his oath of office, he could give information to this house relating to the letting of contracts under his jurisdiction. I believe I am correct in saying that on tenders being called, they shall be opened on a national basis, that no tender is opened until after a certain deadline, and that those who have tendered have a right to be present at that time.

If I am accurate in suggesting that the tenders must be opened on a national basis, I suggest it would be rather difficult for many individuals who have tendered to be present when they are opened. I should like the minister to inform this committee whether some tenders are opened on a provincial basis and, if so, whether the minister approves. There is a general understanding among subcontractors across Canada that this government, with all its sanctimonious utterances, has a selected list of subcontractors in various fields. Is the minister prepared to stand up before this committee of the whole and state that there is no such selected list at his divisional headquarters?

As my second question I should like to ask on what basis contracts are let by his department at a provincial or divisional level. I know something of the construction industry and I travel in this country a good deal, as a result of which I have come to certain conclusions regarding the letting of contracts. I do not think it will be too much of a shock to the minister when I suggest that the subcontractors of this country are convinced that there is some dirty work going on in the Department of Public Works in respect to the letting of subcontracts.

According to my information subcontracts are handled in a different way from contracts on a national basis in so far as opening the bids is concerned. National bids are not opened until the deadline is reached and those who tender are present. I am informed that in more than one province the situation with respect to subcontracts is most peculiar. Certain people who tender never put in their tender until a few minutes before the deadline. Some of them know what the other tenders were and their tender, put in in the last few minutes, is always just a few dollars lower than the other tenders. I have heard this said in more than one province of Canada. Subcontractors want to know just what is going on.

If my information is correct, and I think it is, I say to the minister that no contract on the national level should be opened until the deadline is reached, and anyone who tenders can be there. What is the policy on contracts let outside of national headquarters of the Department of Public Works? Is it not possible to have a policy in the provinces or at divisional headquarters which would not only remove the suspicion in the public mind and in the contractors' minds that there is the selected list which I mentioned previously, but also remove the definite suspicion and understanding that before the deadline is reached certain contractors know the amount of the tenders of the other subcontractors, and in the last half hour or last few minutes put in their tenders just below the lowest of those that have already tendered?

Through you, Mr. Chairman, I say to the minister there were grave misgivings in many quarters with respect to this matter. I would like the minister to explain the situation in his department with respect to subcontracts and tenders. If the situation is as I am told it is, then there is a lot of dirty work going on and people are getting contracts at the last minute by underbidding because somehow they get previous information. If this situation exists, then this loophole should be plugged so the system of tendering would be put on a honest basis and contracts would be granted honestly.

Mr. Walker: Mr. Chairman, the situation in connection with tendering in the Department of Public Works is well known and recognized across Canada. Let me start in Ottawa, or on the general level. If there is a contract with an estimated amount of $15,000 or more a universal tender is called. That goes out together with the specifications, and anybody across Canada in entitled to tender. If the project is to be undertaken in a certain area the people in that area naturally would like to see the tender go to a local contractor in that particular area. This is what we would like to do and we get criticism, of course, if it is not done. But we have found that we can save the people of Canada a great deal of money by having the tender open for everybody to bid on.

For the information of my hon. friend who has just made a statement without any supporting facts, and who is simply asking questions, which he is entitled to do, may I say that when the tender is called the date is set out and the hour up to which a tender or bid can be made. At that hour the tenders are closed. After that hour bids which come in, even a couple of minutes after the hour, are too late. The tenders or bids are then

opened by a department official, or two department officials, sometimes three, and in the presence of a representative of the Canadian Construction Association.

I wish to pay my tribute to the Canadian Construction Association for the tremendous assistance they have been to me during my two-year period as Minister of Public Works, for the suggestions they have made and for the advice I have able to get from them from time to time when I have asked for it on certain tenders. We have found it a wonderful thing. We also have present the people who have bid on the project. Until the bids are opened they are under seal. They are all opened together and there can be no complaint, lest anybody should suspect that favouritism is shown, because they see them all opened. Each of the bidders can be there with the representative of the Canadian Construction Association.

My hon. friend referred to subcontracts. May I tell him that when a bid is made in response to a universal tender the applicant has to set out the subcontractors specifically, and he is not entitled to change those. He has to go ahead with them and use them if he is awarded the contract. In the old days it used to be possible to set out certain subcontractors when the tender was put in and then change them later on. That has all been done away with. We feel we have a fool-proof and, let me say, an honest system.

In connection with local tender calls for small undertakings, there are day labour jobs, as the hon. member for Vancouver East knows. We do not undertake these projects if it is at all possible to avoid them because sometimes they are quite costly. On smaller undertakings in a local area we call for local bids, where anybody can and is invited to bid. The undertaking is advertised in the local newspaper and in the local post office, and the lowest of the bids is accepted. On very small undertakings, such as supplying material or doing a small job, we have what are called invited tenders, where the official engineer in charge of the local office in the area can decide who in that area could supply, shall we say, a stove or some other material.

Mr. Winch: Does he have a list in front of him?

Mr. Walker: No list from our department, no. Under no circumstances has he a list.

Mr. Winch: Will you stand there and say there is no selected list?

Mr. Walker: Do you need to repeat that more than once?

Mr. Winch: Yes, I do.

Mr. Walker: I have stated that there is no list. Is my hon. friend suggesting that the Department of Public Works would send out lists to our local engineers all over Canada containing names of those whom they should ask to bid on these local projects? The low bidder among the invited tenderers in the local area gets the contract, whatever it happens to be. We have found this practice eminently successful.

I know that I am bitterly criticized time and time again, week in and week out, for being so strict. If there is anything of which I am perhaps guilty it is the fact that I have been as strict as I have in my two years as minister. I know that many of the backbenchers on my side of the house feel that I am unnecessarily strict.

Mr. Robichaud: They seem to enjoy it.

Mr. Walker: However, those are the rules in the Department of Public Works. We have tried to work out rules and if at times I appear to be too strict it is because I am endeavouring to follow the rules.

As far as any complaints are concerned, it will be recalled that last year the hon. member for Villeneuve referred to a situation involving day labour work, and as the hon. member for Vancouver East knows this is sometimes difficult to deal with. Away off in the hinterlands you will have a foreman running a job and hiring help. The hon. member will realize how difficult it is to supervise these matters even though they involve small projects. The result is that trouble can arise. In that instance we not only investigated but we prosecuted and put certain people in jail. Some of them are still in jail.

I should like to make a suggestion to the hon. member who has been a member of the house for many years and who, when he led the C.C.F. party in the province of British Columbia, was within one seat of being the premier of that province. I know he will not put a bogus case before me because there is nothing bogus about the hon. member. I would ask him to give me any information he has about any situation which he himself has investigated, not just the wild statements of people who have missed out because they did not make the low bid or because, as I pointed to the hon. member for Hull last year, they were incompetent to carry out the contract, or because they were financially incapable of doing so. If the hon. member has any instance where the government has not followed the rules on which I have elaborated at some length because of the respect I have for the hon. member, I would ask him to let the department know and we will investigate the matter and, if necessary, we will prosecute.

If there is any misconduct on the part of our officials, we will fire them, and every official of the department across Canada knows that. General Young, my deputy, summons the engineers to Ottawa every year and we go into these matters carefully and fully. Every official knows where we stand on this subject. If the hon. member does not mind me saying so, he will appreciate that unless we have specific examples to verify, support or bolster statements made it is very hard for us to do anything except to outline the general situation. I invite the hon. member and all other hon. members at any time and under any circumstances to bring to my attention any variation from these rules. The department is, of course, a vast one. We are spending more than twice as much as the Liberals did in an effort to solve unemployment and develop the country.

Mr. Martin (Essex East): With less consequence.

Mr. Ricard: He is reading aloud.

Mr. Walker: I wish the hon. member for Essex East would note that I have not had any notes for this particular discourse. I say to hon. members that they should bring these things to our attention. It will be appreciated that there may be some derelictions as we found in a certain township away off in the hinterlands last year in connection with a day labour contract. Bring these matters to our attention and we will investigate them. In the Department of Public Works we feel that by following this system we are saving the taxpayers of Canada millions of dollars every year.

The Deputy Chairman: The hon. member for Comox-Alberni.

Mr. Ricard: Mr. Chairman, I should like to pose a question to the minister on this subject. I am glad that the minister brought up this question because in my riding there is a case that has been dragging along for many years. It involves a contractor who padded payroll lists before 1957 with the names of school children and other persons who never worked and for whom money was drawn. I am very anxious to have some information with regard to this case.

Mr. Cardiff: That was under the former government.

Mr. Ricard: Yes. It was the Liberal organizer for St. Charles-Richelieu. I should like the minister to give his immediate attention to this case so that justice will be done as soon as possible.

The Deputy Chairman: Order. I think it would be fairer to the members of the committee if they would follow the rotation which is listed before me here in the order that they have presented their names to me. I know all hon. members will have chances to ask specific questions when particular items are being dealt with but at the present time I think we should limit ourselves to the usual debate that takes place and which is the practice of the committee under item 1 of the estimates of a department.

Mr. McQuillan: Mr. Chairman, since over half of British Columbia's 15,000 miles of coast line lies within the constituency of Comox-Alberni, I feel called upon to make a few remarks on this item. In the constituency of Comox-Alberni in particular there is a multitude of scattered communities without, in many cases, interconnection by roads. This results in the Department of Public Works being called upon to spend huge sums of money for wharves, floats, boat harbours and other such maritime services.

The residents of the communities to which I have referred are undoubtedly more interested in the work of this department than in that of any other department of the government. Because of rapid development, particularly in the northern part of Vancouver island and along the west coast of that island, and because of the ever-changing pattern of transportation, demands for expenditures are heavy and will be increasingly so. Where wharves and floats were not required a few years ago, in some cases there is now an urgent necessity, and the need for safe mooring facilities for the large fishing fleets we have on the coast and the small coastwise merchant ships such as tugs and small freighters is a need that must be met as soon as possible in many areas.

I have already brought to the attention of the minister and his officials the need for public docks in several places. One is Tahsis and another one is Gold river on the west coast of Vancouver island. I have pointed out the need for safe harbour facilities between the Ballenas islands and Campbell river. This is the course that ships follow as they go up the coast of British Columbia. It is an area in which it is extremely difficult to find a safe anchorage during a severe storm. In the past there have been a number of lives lost in that area, some within the past year, and I feel that both lives and shipping could be saved if a safe anchorage were provided at an appropriate spot. I know the department is giving consideration to the essential requirements of Kelsey bay. This is the present terminus of the island highway and because of the number of boats that require moorage in that area I urge the minister to proceed with this project at the earliest possible date.

The residents of Parksville-Qualicum beach area, as well as those on Lasqueti island, are grateful for the item included in these estimates for the reconstruction of the French Creek boat harbour. This project should be expedited as the present facilities are daily becoming less usable by the commercial fishing fleet and other boats.

The requirements I have mentioned lately are but a few of the essential ones along that part of the coast. The people of the area are quite aware of, and greatly appreciate, the large sums of money that have been spent on public works in the last three years. I know that the total amounts to several millions of dollars, and I also know that a trip along the coast line of the Comox-Alberni constituency—which I hope the minister will have an opportunity to make this summer—will convince the minister that millions more are needed to fill the essential needs.

As I said before, development in some areas is at a rapid pace. New pulpmills are contemplated in the near future, and there has been a tremendous development in mining in this area which, until recently, was not considered by some government departments to have much promise. All of these developments require extended wharf facilities and other public works. New mines are coming into production, resulting in new communities, and development programs involving many millions are under way. I am sure the department will do its best to provide the works, such as wharves, boat harbours and floats, that come under their jurisdiction.

I should like to speak for a moment on a subject which I have raised before, namely, the question of the trans-Canada highway on Vancouver island. I know the minister gave a short, and perhaps one might say a rather sharp, answer to the Hon. Mr. Gaglardi, minister of highways for British Columbia, to his telegraphed request for extension of the trans-Canada highway to the north end of the island. The manner in which the request was made no doubt gave rise to the answer which was sent. However, I do believe the people of Vancouver island are entitled to have the minister give serious consideration to this proposal. The mistake of designating only 70 miles of the highway on an island over 300 miles long as part of the trans-Canada route, is one for which the government of British Columbia must accept the greater part of the blame.

The minister has said on several occasions that his first interest is in the completion of the first trans-Canada highway. I am not talking about a part of a second trans-Canada highway, I am talking about an extension of the present one to its rightful terminal, the most westerly accessible point on the Pacific coast. While I am referring to the extension of this highway, I might say that the British Columbia government recently received, or expects to receive, from this government, a subsidy for the construction of its two proposed ferries operating between the mainland and Victoria. I believe this will probably amount to something over $2 million. I think it would be only fair for the provincial government to use this $2 million for the development of a highway in the northern part of Vancouver island.

I spoke earlier, Mr. Chairman, about changing patterns of transportation along the Pacific coast. Many communities formerly served by coastal vessels sailing from Vancouver are now served by ferries from Vancouver island points. In the past the federal government assumed full responsibility for the construction of the necessary steamer docking facilities at these communities. In some cases these so-called steamer docking facilities are no longer required because the communities are served by ferries from Vancouver island. I feel it is only fair that the federal government should accept responsibility for these necessary ferry landings. As I said before, the traditional type of wharf is no longer required. The government had no hesitation in the past in accepting responsibility for the old type steamer wharf, so I think they should give some consideration to accepting some responsibility for these necessary ferry landings.

In conclusion, Mr. Chairman, I should like to express my appreciation, and I think I speak for my constituents, of the consideration that the minister and his officials have given to the multitude of requests that come from a constituency such as mine. I should like to say that I warn the minister, in case he is about to mention Ripple rock and all the money that was spent there a number of years ago, if he brings up that subject, I am going to agitate amongst the diehards in Victoria that we start a campaign to have the hole filled up again and this will cost a lot more money than the cost of blowing up the rock.

Mr. Badanai: I have a few matters concerning my constituency which require the attention of the department, the estimates of which are now before us. Some time ago I received a letter containing a resolution passed by the corporation of the city of Fort William which reads as follows, and I quote:

That whereas it has been very evident that municipalities have very great difficulty due to the increased use of automobiles and heavy trucking through and over city streets in trying to maintain and keep up with the increasing demand for roads and also the increased standards required for present day heavy vehicular traffic. The cost therefore, has risen beyond the ability of the

municipalities to adequately cope with it. This problem has been recognized in part by the federal government in the United States and they are increasing their assistance to the municipalities for road construction.

Therefore be it resolved that we request the federal government to make realistic appraisal of the plight of the municipalities in respect to road construction with the view of setting up the policy to participate with the municipality and the province in sharing the costs of all road construction within the municipalities.

I realize, Mr. Chairman, that it has not been federal policy to assist financially in road construction within municipalities. However, it seems to me that the time may be opportune to give such a policy some serious consideration. It could be set out in a formula similar to the winter works incentive program which would create job opportunities for many unemployed. I urge the minister to keep such a proposal in mind which, if adopted, would receive the commendation of every municipality in Canada.

Last year, again at the request of the Fort William city council, I brought to the attention of the minister the need for breakwater protection for the McKellar and Mission islands facing lake Superior within the city of Fort William. These two islands which form part of the harbour frontage of the city are exposed to the lake and require the protection of a breakwater, from the present breakwater which protects a portion of the mainland fronting on Port Arthur. At the present time the Canadian Pacific Railway own a large area of land on McKellar island which would be ideal for industrial use if it had breakwater protection, and the same statement applies to a large tract of property located on the Mission island.

Another major obstacle which is retarding the full use of these two islands and which must be removed is that at the present time there is only one bridge connecting the mainland with the Mission island and a second bridge connecting the Mission island with the McKellar island. In the event that anything happens to the bridge connecting the mainland, it will have the effect of separating both islands completely from the mainland. It will therefore be seen that another bridge between the mainland and the Mission island is absolutely essential.

The building of another bridge would remove the main objection against the almost immediate development of these islands for potential industrial expansion, which includes the probability of a steel mill since Premium Ore Company which is headed by Cyrus Eaton, the chairman of the board of Steep Rock Iron Mines, has an option on the Mission island for such a project.

In an article written for the industrial edition of the Fort William *Daily Times Journal*, Senater N. M. Paterson, a man of great experience and vision made the following statement:

The seaway will gradually develop as it takes time to change methods and deepen channels which will be required over the next few years, but I would like to take this opportunity to point out the necessity of building a new bridge from the island across the Mission river to the mainland so that if anything happened to the railway bridge in Westfort there would be an alternative route rather than Slate river.

It would be a most serious thing to all the traffic which crosses that bridge daily if the wind happened to catch a ship going through the bridge and twisted the bridge from its foundation. We must attract the authorities' attention to this important matter as with foreign ships going in, anything is liable to happen.

Those living at the head of the lakes do not see the development as one who goes there periodically and to me the progress is as amazing as we see in eastern cities in proportion.

I do not think I need to add more to the senator's statement which emphasizes the very real danger that some day something might happen to the present lone bridge, except to say that the new bridge would also serve as a highway to further development of harbour facilities, and it is generally conceded that when expansion in the seaway dock now under construction becomes necessary, the only desirable area available will be on these two islands.

My constituents are very grateful to the government for the lakehead seaway terminal now under construction, which will be a great asset not only to the lakehead area but to the prairie provinces, as intimated by their respective premiers on numerous occasions, because it will improve the transshipping of goods and materials east and west and vice versa.

Another matter of considerable importance to the area with which the Minister of Public Works and the Minister of Labour are particularly familiar is the need for a new public building to replace the old dilapidated 70-year old structure which houses the national employment office. The building in question was the post office vacated some 30 years ago. It is a fire trap and it is totally inadequate for the services for which it is put into use.

The department has an ideal site with a frontage of 273 feet by 140 feet centrally located with ample parking facilities. It is no secret that the Minister of Labour has recommended that the construction of a new building be given earliest consideration. The anticipation was that in the estimates of 1960-61 provision would be made for this project. I regret very much to find that the decision to build has again been postponed.

During the Easter recess I paid a visit to the national employment office and, as I

expected, I found the place crowded with people in every nook and corner. Office workers and job seekers could hardly be distinguished. The corridors were cluttered and when I asked one of the officials if they had toilet facilities for visitors, the answer I received was that washroom facilities available were limited for the staff on the third floor of the building—which by the way has no elevator; you have to walk up—and inadequate even for the office workers.

One of the officials from the Winnipeg office, namely Mr. L. T. Fraser, after an inspection, recently made a report to the effect that inasmuch as it will take two or more years before the new building is erected, he would recommend that between 1,000 to 1,200 square feet of suitable office space be leased as close as possible to the present premises which he considers insufficient for the claims pay function, but which would provide accommodation for the male placement division.

This is clearly a situation which should not be allowed to worsen before taking action and, if the government is trying to alleviate unemployment by such means, among others, and if a stimulation is needed in public works, what is the government waiting for? I doubt whether there is a national employment office the facilities of which are as poor and inadequate as those at the Fort William office which serves an area of 70,000 people. There are other departments of the federal government which are paying rent in the city of Fort William and I cannot see why there should be any delay in providing a building which would house other services as well.

The annual report of proceedings under the Trans-Canada Highway Act for the fiscal year ended March 31, 1960, contains a statement that the trans-Canada highway project provided 1,531,155 man days—eight hours—of employment during the one year; and labour created by the supply of materials and services estimated at an additional 2,602,964 man days of eight hours.

From this statement it can be seen that road work absorbs a substantial number of our labour force and what is even more important, it provides jobs for the most part to the unskilled labour.

In the absence of any other similar projects which would employ a large number of people, I submit that the government should give serious consideration to the construction of a four-lane national highway.

Plans for a six-lane expressway to serve Malton airport from Toronto are completed. It will replace the old two-lane highway which has been a bottleneck responsible for many delays and accidents. I only wish I could now offer congratulations to those responsible for the planned improvement, on similar action in connection with the highway west of the lakehead.

During the debate on the trans-Canada highway resolution last year, I drew attention to the poor condition of the highway west from Fort William to the Manitoba boundary. Complaints had been pouring in from various organizations and travellers. Now, a year later, with the exception of a few stretches, the highway resembles a trail of potholes. I realize that the upkeep of the trans-Canada highway is not the responsibility of the minister. Should it not then be the responsibility of the federal government to ascertain that before any contribution is made there should be some assurance that a fair standard for the highway is established for every part of the country. Speaking of road conditions in the province of Ontario, what we need is a national co-ordinated system which would serve the national interest in case of an emergency. Existing traffic arteries leading out of our major cities, including our capital city, do not have the capacity to evacuate the population, should that become necessary.

It is because of these considerations among others, not the least of which are the safety and convenience of the people, that a conference should in my view be convened by the government to consider these matters together with the provinces and major municipalities, traffic engineers and the good roads association.

The Canadian tax foundation in its study of taxes and traffic has this to say on the subject, and I quote:

> **Undoubtedly, highways have some "national" implications in Canada, just as they have provincial and municipal implications, and these are probably broader than the federal government has been willing to recognize in the past. The Trans-Canada Highway Act and some of the earlier legislation has been in the right direction and more of this type of program should be planned for the future.**
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> **The "national" implications of highways in Canada are far more intangible than in most other countries—particularly in the United States—and the danger is that they will be valued too low rather than the reverse. We shall not truly be a national community until it is possible for the masses of our citizens who own cars to travel the country from coast to coast in comfort and safety during at least the milder times of the year.**
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> **Just where the line falls between national effort that will achieve this end and federal assistance to the provinces and municipalities in meeting their normal responsibilities for highways, roads and streets cannot be said categorically, but undoubtedly experience and experiment would produce some workable rules. Whenever the line is drawn it should be consistent with the concept of highway financing set out previously.**

This statement bears out conclusively the need for a greater and an intensified effort towards the establishment of a national system of highways.

In the interest of safety on our highways I draw attention to the study which was made in the state of Kansas last year which revealed that highway accidents dropped by 25 per cent when white lines or guide lines were painted along the edge of all roads outside urban centres. I should, therefore, like to impress the minister and his officials with the immediate necessity of pressing those responsible to have the edges of highways painted white. I am confident that is a commendable measure which might be the means of saving many lives and preventing many unnecessary accidents.

Now I come to another matter which may appear to be only of minor importance, but I want to assure the minister that in the eyes of hundreds of people who are concerned the subject which I am about to discuss is of considerable interest. It has to do with the accommodation of the income tax office in the city of Fort William which serves the entire area of Thunder Bay including the city of Port Arthur. Several weeks ago I pointed out in a letter to the Minister of National Revenue, the need for the renovation of this building. I am hoping that the Minister of Public Works will have someone in his department look into the conditions which exist in this public building. A month ago I had an opportunity to inspect these premises which were constructed in 1912 and which now serve five times the number of people they were designed to accommodate. The building is shared with the customs office which occupies the lower floor. The receiving area of the income tax office is totally inadequate, space being wasted in one place and cramped in another. I am not asking for a new building. I am being modest. A good renovation job and the replacement of creaking chairs by more comfortable furniture together with an improvement in seating capacity would be a satisfactory approach.

I could bring other matters to the attention of the minister, however, I wish to be modest in my requests and want only to emphasize the importance of certain things which are essential, namely: early consideration for breakwater protection for the McKellar and Mission islands in lake Superior; assistance in the building of a new bridge over the Mission river in order to prevent isolation of those two islands where millions of dollars are invested in industry, including an oil refinery, a hydro steam generating station, and several oil storage plants, in the event of a possible break in the present bridge; the construction of a federal building to house the national employment service and other federal services; restoration of the old customs building and consideration in respect to an improved trans-Canada highway.

I submit these suggestion with the knowledge that implementation of these requests will not only benefit my constituency alone, but will directly and indirectly have a beneficial effect shared by all Canadians.

One further matter to which I wish to refer, and which has caused considerable irritation, is the manner in which announcements are made in respect to government projects affecting members' constituents. As an example of what I refer to, the Central Mortgage and Housing Corporation a few weeks ago released a number of welcome announcements having to do with items such as the federal loan for the sewage project at Langenburg, Saskatchewan. These announcements were all made by the hon. member for Melville, the member concerned, on behalf of the minister.

Other announcements concerning similar projects at Tugaske and Dinsmore, Saskatchewan were made by the hon. member for Mackenzie as well as the announcement in respect to the project regarding an old people's home, made by the hon. member for St. Boniface.

An announcement was also made by the Secretary of State for External Affairs in respect of his own constituency in Vancouver which demonstrates that, notwithstanding the fact that his duties are of an exalted nature, he feels that an elected representative should properly regard any announcement of this nature as being his prerogative.

That pattern is not always followed. For instance, there was announcement made regarding a sewage plant for Willow Bunch, which is in the constituency of Assiniboia, but was the hon. member representing that area notified of that project? I do not know, but the announcement was made by the Minister of Public Works. Whether or not previous governments have followed similar methods is unimportant to me. I do honestly feel that the Minister of Public Works should consider a change of policy in this regard. I admit that it is not a matter of great importance but a change would, I am sure, result in a more congenial and co-operative attitude on the part of all concerned.

Mr. Chairman, that represents everything I wish to bring to the attention of the minister at this stage, and I am sure he will give consideration to my suggestions. I have great faith in the competent officials of his department who have years of experience in this

department. I suggest all they need is a little encouragement from the minister and his approval so they can go ahead and do that job for which they are admirably equipped.

Mr. Matthews: Mr. Chairman, I find myself in rather a peculiar situation because I have made notes which I intended to read. However, because of events which have taken place recently in this committee, I hesitate to do so. I am left with two courses to follow; I can rip up the notes and write a letter to the minister, or perhaps I can go ahead and speak off the cuff. Unfortunately, for some time I have been living on a basis of tightening up my belt and find myself now with shirts without sleeves, so the cuffs are gone.

I should like to say that it is a great pleasure on my part to take part in this debate on the estimates of the Department of Public Works. This department, under the very capable and industrious minister, has contributed greatly to the improvement of the economy of Canada. I congratulate the minister and the officials of his department for the excellent work that is being done. In spite of the doom and gloom and the pessimistic crepe hanging of certain individuals, the minister has proceeded with courage and faith to build up Canada so that Canadians can enjoy that prosperity which is rightfully theirs. The minister's program of allotting public works funds to all the provinces of Canada and to the localities where they are most needed and will do the most good, has certainly paid off. It is noticeable that he is consistent in this program.

I wish to bring to the attention of the minister the necessity of a breakwater at Chemainus, British Columbia. Chemainus has been a port of export since the first sailing vessel cleared the harbour in 1861. The MacMillan, Bloedel and Powell River Limited mill at Chemainus is the second largest mill in Canada and the sixth largest in the world. Well over 100 deep-sea ships load at this port annually, and in 10 months in 1959, 126 ships loaded and sailed to all parts of the world. Harbour dues paid since January 1954 to December 1959 amounted to $52,991.41, and in 1959 alone amounted to $10,903.14.

The people of that area pay personal income tax on a payroll in excess of $7 million annually and I am sure the government receives a substantial amount from corporation income taxes from the mill in that area. From all sources the federal government has received millions of dollars of revenue from Chemainus over the past years, yet all that has been built there by the federal government is one government wharf, one spar buoy and one gas flasher light at the harbour entrance. There is not one permanent government structure in Chemainus to show for 99 years of progress and taxes paid. Even the post office and customs office are rental property. The following figures show the investment which has been made in that area up to 1959. MacMillan, Bloedel and Powell River, wharves and structures, $9 million; inventories of logs, lumber and chips in scows, $1,100,000; and scows, $200,000, totalling $10,300,000. There is also a railroad ferry slip in the amount of $50,000; a federal government wharf, $75,000; a provincial government wharf, $90,000; construction by Island Wharves Limited, $30,000; eleven tugs belonging to Chemainus Towing Limited, $125,000; construction by Western Forest Products, $75,000; fishing vessels, $100,000; 138 pleasure boats, $100,000; and a marine taxi, $10,000.

Other investments in Chemainus are a British Columbia power commission thermal plant in the amount of $15 million and other MacMillan and Bloedel buildings making a grand total of well over $40 million.

Moorage for small craft provided in the harbour is as follows: the government wharf, 1,060 feet, Western Forest industries float, 1,500 feet and other floats, 250 feet.

During 1959 over 1,000 small craft used the port of Chemainus to clear customs, to shop for supplies and to take on fuel and ice. This port is open to the north, northwest and west winds which have a sweep of five to 15 miles of open water. Even during July and August the winds have kept small craft from entering the harbour. These two months are the best months of the boating season and the lack of a breakwater has caused a serious loss of business to local merchants as cruisers enter the harbour, note the lack of protection, turn and sail to better anchorage.

The federal government could and should construct a rock-filled breakwater from Hospital point to the spar buoy and Chemainus would then become a safe and secure harbour. The people of Chemainus have tried for years to get this breakwater built and I suggest to the minister that this request be reviewed and work started as soon as possible.

There are certain locations in Canada where a program of public works makes a great difference to the welfare and prosperity of the people living there. One such place is Ganges, on Salt Spring island. There are no large payrolls or industry at Ganges and the establishment of a boat basin would undoubtedly add to the prosperity of that wonderful harbour. I urge the minister to give this matter immediate and careful consideration.

The Department of Public Works has made a survey in connection with a boat basin at

Ganges, and I have been advised that the proposal has been placed on the department's advance planning program. Each year hundreds of boats cruise the waters of Salt Spring island; many of them go to Ganges harbour but because of the great popularity of Ganges there is not enough mooring space for them. Ganges harbour lies in the centre of the best cruising waters in the world. Ganges has all the facilities needed to make it the best boating centre on the west coast. They have boat repair yards, a fine hospital, good doctors, stores and shops as required by the boating public.

I ask that the minister give this important matter very serious consideration and that a start be made on a boat basin as soon as possible. It will have to be done sometime and I believe that now is the time to get on with it as the people of Ganges have waited long enough for something that should have been done years ago.

Mr. Tucker: Mr. Chairman, I shall begin my remarks on the estimates of this very important department by expressing my appreciation to the minister and his staff of their many acts of courtesy extended to me from time to time, both in Ottawa and in Newfoundland, and to assure the minister that they have helped me in no small way in passing on important information to my constituents. However, as can be expected, I did not always agree with the minister or with the decision of his officials; but I must thank them for the prompt replies and assure the minister that as long as I am a member from Newfoundland I shall work in the best interests of that province.

This committee is aware but sometimes forgets that Newfoundland entered this great dominion, which now stretches from the Atlantic to the Pacific, as the tenth province only in 1949, and we shall, therefore, be a long time in catching up with even the Atlantic provinces which themselves are by no means the richest provinces.

Canada is not a number of provinces grouped together but a great dominion comprised of 10 provinces united for the common good of its people, and as a province is weak so is the nation. No chain can be stronger than its weakest link. Weakness in one part impairs the whole nation, and if we have one weak province then we cannot have a healthy and prosperous nation.

Newfoundland is an island of approximately 43,000 square miles with a coast line of 6,000 miles. In Newfoundland we have problems which are unique and which do not exist in any other province and therefore should be treated as such.

I am well aware that the Department of Public Works has spent much money in Newfoundland on public works but no more than is spent proportionately in other provinces. For a number of years Newfoundland was completely dependent on its fisheries. While this position has changed somewhat, nevertheless it is a very important industry and ties in with the logging industry.

The department proposes to improve facilities in many communities along the bleak coast of Newfoundland and for this I am grateful, particularly for the proposed construction of the public wharf at Dildo, Trinity bay, where there is a large whaling and fresh fish operation. It is from here that the only mink feed delivery service operates in Canada. This is essential to the existence of 20,000 mink in the 20 ranches in this area.

In addition, this wharf provides shelter for the fishermen to moor their boats and as a result they will be able to fish later in the fall of the year. Every year because of the spring storms and the ice that floats around our coast many repairs have to be made to the public wharves, slipways, stages and so forth. In addition there is always a great need for the dredging of the harbours and coves. I am pleased to learn that the Department of Public Works intends to do some dredging this year in some seven communities in my riding. I believe this work will prove highly beneficial.

I would also urge the minister to see that as much work as possible be done early in the spring so that the fishermen can get the benefit of those services which have been provided and at the same time get badly needed employment.

I am well aware that everything cannot be done in all communities of Newfoundland in any one year, but there are a few places in particular which I should like to mention at this time, even though they have already been brought to the attention of the minister by way of petitions, letters, personal meetings or by telephone calls. I am now thinking of settlements which I know are very important as far as our fisheries are concerned.

First, I call the minister's attention to the need for improving facilities in the Port-de-Grave area, including Hibbs Cove, where a breakwater is badly needed. In 1959 I understand that 9 million pounds of fresh fish were produced in that community and when the water is rough the fishermen have to go three miles to discharge their catch and then truck it back to their stages to salt it. The harbour is so crowded with boats that the fishermen can walk across the cove by

stepping from one boat to another. If a breakwater were constructed it would give the fishermen much more space in which to carry on their work.

In the Port de Grave area we have as good fishermen as will be found in any part of Canada. I understand there is a firm which would erect a fresh fish filleting plant in the Port de Grave area if improvements were made to the harbour facilities.

I also request improvements in Harbour Grace, which is one of the most important fishing communities in Newfoundland. Here we have one of the most modern fresh fish processing plants in North America, owned and operated by one of the most progressive firms in the industry, namely North Eastern Fish Industries Limited. This plant is very beneficial not only to the immediate area but also to many persons in Trinity and Conception bays. Last year there were in operation out of Harbour Grace nine boats 36 feet long and over, five boats 32 feet long and over, 12 fishing boats under 32 feet and a number of other small boats. The condition of the public wharf at Harbour Grace is bad and not suitable for the tying up of small fishing boats. There is no place where the fishermen can haul up their boats or moor them in safety. A petition has been forwarded to the minister by the fishermen at Harbour Grace and because of the great necessity of a wharf I again urge the minister to give this matter further consideration. I would also ask him to consider the construction of a haul-out at Harbour Grace similar to the one which the Department of Transport proposes to construct at Clarenville this year.

I would also be grateful if the minister would consider the need for a fishermen's landing at Carbonear. I am pleased to learn that the department proposes to repair the government wharf there this year.

At Chapel Arm and Butter Cove in Trinity bay there are no public wharves and I must again ask the minister to see if his department will construct wharves there.

Again I must ask the minister to give sympathetic consideration to the petitions submitted by the fishermen of Melrose, Trinity bay. One petition was dated February 16, 1960, and another March 6, 1961, and nothing has been done notwithstanding the fact that the majority of the voters supported the friend of the minister. I am aware that many investigations have been made in this harbour and unfavourable reports were received. The fishermen at Melrose do not agree with the results of the investigations of the officials, and they think that improvements could be made to the harbour at a cost much less than the estimates submitted to the minister.

The fishermen of Melrose have never had a public wharf of any kind and have to carry on their avocation in the same manner as their ancestors did 100 years ago. There are more than 60 fishermen in this community with 40 boats, and these fishermen are hard workers and very industrious. Their catches of codfish have meant much to the fresh fish plants at Catalina and Port Union. It has been estimated that the total revenue for this community would be $30,000 yearly.

There are many other communities where the Department of Public Works could improve the harbour and fishing facilities. Among these are Coley's Point, Bishop's Cove, Burnt Point, Caplin Cove in Conception bay, Western Bay, Old Perlican, Green's Harbour, Winterton, New Harbour, Monroe, Dunfield and Butter Cove. It is all the more necessary to help the fishermen in every way because of the competition we are getting from foreign countries, the latest addition being Russia. According to reports, Russia now has 150 modern vessels operating in the fisheries off the coast of Newfoundland.

During the national Liberal rally a committee unanimously recommended the construction of a major auditorium in Ottawa for the accommodation of large national gatherings. This resolution was submitted by the Newfoundland delegation and was enthusiastically endorsed by the national problem subcommittee. At the present time it is difficult to hold meetings in the national capital, Ottawa, and the present facilities are such that they discourage large conventions from coming here.

During the Liberal rally many temporary rooms were set up in the agricultural section of the coliseum in which committees could hold meetings. Most of the committees, owing to pressure of work, were meeting at the same time. The rooms were far from soundproof. As a matter of fact, when a speaker with a loud voice was talking in an adjacent room it was sometimes thought we had two speakers in the same room talking at the same time, which reminded us of what takes place sometimes in this house. The rooms were so poorly lighted and so crowded that they reminded us of the black hole of Calcutta. In my opinion it is the duty of the federal government to see that such a building is erected in Ottawa, a city in which every Canadian should take an interest and of which we should all be proud.

I should also like the minister to give consideration to the erection of a public building in Brigus, Conception bay. At Brigus there is a building that is outdated in every respect and is in a bad state of repair. The present building is used by officials of the department of welfare, the forestry division,

the post office and for a court house, and is quite often used for public meetings also.

I should like to speak for a few minutes on the trans-Canada highway. The trans-Canada highway, when completed from the western end of Newfoundland to St. John's, the capital, will cover approximately 600 miles, about 200 of which have been paved and about 100 of which are ready for paving. I understand that it will cost about $50 million to construct and pave the remainder of the mileage of the trans-Canada highway. Newfoundland has the second lowest population of all the provinces and the highest road mileage per capita.

The terms of the agreement respecting the proportion of the cost paid by each province should be based on the cost of living in each province and the taxes collected from the people, coupled with the earning power of each province. Newfoundland has a claim to some special consideration with regard to financing because at the present time she is the only province that does not have a standard gauge railway. Newfoundland has a narrow gauge railway and this is a great problem.

Newfoundland and the Atlantic provinces also, I believe, have not as yet enough local roads to provide the means of transportation required to transport provisions from one part of the province to another. This is urgently required for the maintenance of the people and to help the province toward progress and prosperity. It will not be until secondary roads are provided that the Atlantic provinces will even consider the completion of another trunk highway, let alone completion of the trans-Canada highway. At this time, to these provinces of the Atlantic region, especially Newfoundland, the trans-Canada highway seems like something away off in the distance, a beautiful dream. This is the way it will remain unless the federal government come to realize that, if the trans-Canada highway is to be completed within the lifetime of any of us now living, they will have to shoulder their duty and responsibility to all the Canadian people and make the necessary provisions to have this highway completed by providing the required financial assistance. If the federal government intends to continue its present formula, then it is just as well to face the fact that the trans-Canada highway will never be completed. Consequently, the economy of Canada will suffer because of the neglect of those regions which most need and most deserve federal support.

(Translation):

Mr. Pigeon: Mr. Chairman, the provinces take full responsibility with respect to the layout of the trans-Canada highway.

[Mr. Tucker.]

We have learned that in the province of Quebec, the trans-Canada highway will go through the city of Montreal and then cross a bridge to be built over the St. Lawrence in order to connect the north shore to the south shore.

This bridge will be built in Boucherville and will cost approximately $90 million. Therefore, the trans-Canada highway will run along the south shore of the St. Lawrence. I wonder why the Quebec government which is responsible for the layout of the trans-Canada highway, has not decided that the route be laid out so that the highway would run on the north shore, through the constituencies of Joliette-L'Assomption-Montcalm, Berthier-Maskinonge-Delanaudiere and so forth.

The decision taken by the Quebec government to build this highway on the south shore of the St. Lawrence will hinder the development of the area of Joliette-L'Assomption-Montcalm and of that part of the province which is located on the north shore of the St. Lawrence.

I should not want the Quebec authorities to discriminate against the district of Joliette-L'Assomption-Montcalm and the north shore of the St. Lawrence. The city of Joliette is but a few miles from Montreal. It is essential that a highway should be built to connect those two cities. Consequently, I would have thought it would be more logical to build the trans-Canada highway on the north shore, thus bringing closer to Montreal the riding of my distinguished colleague from Berthier-Maskinonge-Delanaudiere as well as my own riding.

If the Quebec government had decided to do that, the Joliette-L'Assomption-Montcalm and Berthier-Maskinonge-Delanaudiere districts would have undergone extraordinary economic development.

In addition, Mr. Chairman, I should like to ask the minister whether the C.M.H.C. and the national research council have carried out or are still carrying out joint studies to provide Canada with a national building code. I should like the minister to tell us whether such a code will soon be provided and put into force. In other words, I should like to know what progress the C.M.H.C. and the national research council have made in that regard.

(Text):

Mr. Robichaud: While it is not my intention at this time to discuss in a general way the

estimates of the Minister of Public Works, I do wish to bring to the attention of the minister certain projects which are of particular concern to my constituents in Gloucester. The minister is aware, I am sure, as are his officials, that numerous requests have been received by his department for the development of the port of Bathurst. Last year a delegation from the town of Bathurst met with the minister and his officials and presented a definite request to improve the accommodation at that particular port. I wish the minister could tell us, before he closes the debate on this item, what progress has been made in this direction. I understand that the request was for the dredging of a 23-foot channel in order to accommodate ocean-going vessels.

No later than yesterday a most important announcement was made by the premier of New Brunswick to the effect that Brunswick Mining and Smelting, which has been idle for a number of years, will soon resume operations and so will Consolidated Mining in the same area. The premier of New Brunswick went further and stated that by 1963 a smelter will be erected in that area in order to take care of the production of these mines. If this project is completed, there will be a definite necessity for the development of harbour accommodation and I hope that the co-operation of the federal government will be forthcoming at that time.

I should like to bring to the ministers attention certain requests which have been before the department for some time relating to some of the important fishing communities in my constituency. In Maisonnette, for example, we have about 40 or 45 fishing boats in operation. Fishing is the only industry in that community. Notwithstanding the fact that these fishermen have available a small landing of about 275 feet in length with a depth of water of a foot and a half at low tide, last year they landed over 1.5 million pounds of fish. I understand that the department has had in hand for the last two years a plan for the extension of the present wharf. I understand that this extension could be carried out at an estimated cost of approximately $165,000.

As a result of our experience with similar projects, we know that if tenders were called for the extension of the Maisonnette wharf in order to provide water of a depth of four feet, which will give good but not perfect shelter, the project could be completed at a cost of about $125,000. This would be definitely in line with similar projects approved by the department in the past. I hope that the fishermen of Maisonnette will be granted this extension to their wharf without delay. This extension would provide urgently needed protection because every year these fishermen lose two or three boats during storms and, in addition to that, their fishing operations have to be curtailed.

There is also before the department a request for the replacement of the Lower Caraquet wharf which was carried away during a storm in 1958. Early in 1959, the Minister of Public Works notified the local chamber of commerce that the replacement of the wharf would be considered in the 1960-61 estimates. However, the 1960-61 estimates were introduced, and they did not contain any item for the replacement of the Lower Caraquet wharf. We now have the 1961-62 estimates, and again there is no item to cover the replacement of this wharf. I hope the minister will give serious consideration to the replacement of this wharf which is needed for the development of the fishing industry in that area.

Another fishing community in my constituency at which some improvements are needed is Ferguson gully. I understand that if the department were to accept the request of the local fishermen, a major expenditure would be involved. However, the first request has been amended and the fishermen will now be satisfied if the department will undertake an experiment and have a cut made through the sandbar in order to allow these fishermen to go out to the fishing grounds. I would ask the minister to advise us whether or not this project could be undertaken during the present summer.

The last fishing community which I shall mention at this time is Pigeon Hill. We have 55 fishing boats operating out of this community, and these fishermen have no shelter, no landing accommodation whatever. They have to launch their fishing craft every morning and beach them when they come back from the fishing grounds in the evening. This locality is along the shores of the gulf of St. Lawrence, and if the local fishermen were to leave their boats at anchor there would be a good chance the boats would be gone before morning. I know that the minister is aware of the situation at Pigeon Hill. I know that it could involve some major expenditure. I feel, however, that the expenditure is well warranted in view of the heavy production and the large number of fishing boats involved. I have been told that every morning the minister uses his canoe by means of which to go from his home to his office. If the minister were obliged to go through what our fishermen at Pigeon Hill are obliged to go through every morning he would be more fully aware of the situation.

I have here a picture which appeared in the newspaper *Evangeline* for Thursday, May 25. It shows these fishermen having to launch

their boats loaded with traps. Here is a fishing boat 35 feet or 38 feet in length and loaded with 40 lobster traps. The fishermen have to go into the water up to their waists and be exposed to two-foot or three-foot waves, and on many occasions they are obliged to spend a whole day soaked to their waists. If, while launching their boats, the waves get over their high rubber boots and rubber suits, they are obliged to carry on fishing all day that way. If the minister had to get his feet wet, at least he could come to his office and in a warm spot dry off very quickly. For the information of the minister I am sending this picture over to him. It will give him firsthand information of the misery these fishermen are obliged to go through.

I am positive that the project at Pigeon Hill is not impossible. It is true that an engineering problem exists, but the engineers of his department in the past have taken care of problems which were just as serious as is the one at Pigeon Hill. I hope that this project will receive serious and early consideration.

Mr. Johnson: I should like to ask a question of the hon. member who has just taken his seat, if he does not mind. Since the hon. member always maintains that he is a good representative of New Brunswick, I should like to know why he did not ask for anything for the constituency of Restigouche-Madawaska.

Mr. Robichaud: As the bright boy has asked me this question, Mr. Chairman, I will tell the hon. member this. When we come to item 362 I may have a series of questions to address to the minister concerning the constituency of Restigouche-Madawaska.

Mr. Johnson: We have a good member. We do not need them.

Mr. McCleave: First, I think the committee would be pleased to know that the minister has recently retrieved this famous canoe in which he moves to and from work. It apparently was lost, strayed or stolen a while back but now it has been returned safely and the minister is again paddling his own canoe.

I have two suggestions to make and I hope the minister will not tell me to paddle my own canoe. They will be short ones and I will not take too much of his time. The first is a request or a suggestion—and I made it some two years ago or three years ago— that more attention be paid to the problems of paraplegics when public buildings are designed. I know the minister has continued the program his precedessor followed of doing something for paraplegics, but there are still in this country a number of public buildings which are going up without due regard to those unfortunates. There are ready architectural plans, for example, in all the buildings put up by the Department of Veterans Affairs. As I say these plans are available to the architects who design the other buildings. I hope the minister will aggressively see to it that all public buildings will have entrances that are suitable to paraplegics. When I went through Dalhousie law school I had the personal experience of helping to move into and out of the school a student who was a paraplegic. From that personal experience I know of the problems that face these people.

The second point, Mr. Chairman, deals with your grand province of Quebec. I should like to make this point in French except for the fact that, despite hard study, my French is of the nature that has to be translated in booths on both sides of the chamber. I will therefore make the remarks in English, if I may do so. I visited several places in Quebec recently and was somewhat surprised to find that companies which had set up what I suppose you would call the company style town, had incorporated the English Canadian style of architecture rather than the French Canadian style of architecture in their building development. This seemed to be most surprising. Subsequently I talked about this matter with officials of Central Mortgage and Housing Corporation in order to ascertain whether there were any homes of distinctively French Canadian design that could qualify for Central Mortgage and Housing Corporation loans. I am informed that the corporation is doing all it can to encourage architects in Quebec to come up with homes of this style with a peculiarly Quebec flair. I hope the minister and Central Mortgage and Housing Corporation will encourage these architects to achieve something that will reach that goal.

(Translation):

Mr. Caron: Mr. Chairman, I should like to say a few words on the first vote of the Department of Public Works.

I shall start by mentioning an answer given by the minister (Mr. Walker). When replying to the hon. member for Vancouver East (Mr. Winch), the minister repeated an accusation he made last year following a discussion concerning a contract which had not been awarded to the lowest tenderer.

The minister said then—and he repeated this accusation today—that the case referred to was excusable because the contractor who did not get the job did not have the ability required for carrying out the work.

The minister may have been ill-informed at the time, that is quite possible. But today,

he takes the same attitude, in spite of the evidence I supplied him with and which leaves no doubt with regard to Mr. Langlois. That is certainly unjustified.

I submit that this attempt to disprove our evidence is a clear case of intentional deceit.

Mr. Martineau: Mr. Chairman, on a question of privilege.

The hon. member just accused the minister of intentional deceit. This is deliberately accusing the minister of being dishonest I believe his words are contrary to the rules of the house.

Mr. Caron: Mr. Chairman—

Mr. Martineau: I would ask the hon. member for Hull to retract his unkind words.

Mr. Caron: I said, Mr. Chairman, that the minister may have been ill-informed.

Mr. Johnson: No.

Mr. Caron: But when, after having received additional information, he persisted in this attitude, there was or there might have been, intentional deceit.

Mr. Johnson: You never said that; you said that there was intentional deceit.

Mr. Caron: Let us say that after getting additional information—

The Chairman: Order. I think that the words used by the hon. member for Hull were to the effect that there was intentional deceit.

I wondered whether the hon. member would clearly state that he was not speaking of the minister. That is why I allowed him to comment on the point of order. I think he just confirmed that those were indeed the words he spoke, and that they were aimed at the minister.

I believe those words are not allowable under our rules and our practices. I shall therefore ask him to make the correction which is called for.

Mr. Caron: Mr. Chairman, I comply with your wish that I should withdraw the words which are said to be unparliamentary.

Nevertheless, I wish to show this house that the minister was not right in repeating today what he said a year ago on the basis of information which, according to me, could have been unjustified and unjustifiable.

He claimed that the person concerned was not qualified. I asked him at the time what was the basis for that statement. He then gave me the names of people who were supposed to have testified to that effect.

I then wrote to those people and I received answers from everywhere and I had copies made which I sent to the minister himself to see what his reaction would be.

Here is a summary of the situation. I have here a letter from the C.N.R. over the signature of the building engineer—I sent a copy of it to the minister; therefore he cannot say that he did not get the information. I believe that the C.N.R. building engineer for the Moncton section is an honest and honourable man; therefore, since he has been given by the C.N.R. the responsibility of supervising construction projects, he should know what he is talking about when he says:

(Text):

As requested in your telegram, I am attaching to this letter a statement indicating that you completed the contract for the Canadian National Railways in a satisfactory manner.

(Translation):

Now, the Canadian National bank—

Mr. Lambert: Mr. Chairman, as a matter of information, could the hon. member give us the date of the document he has just been quoting?

Mr. Caron: The date? Yes, it is July 12, 1960, from Moncton, N.B.

And now, from the Canadian National bank which had also been mentioned by the minister, I have received, under date of July 11, 1960—

Mr. Martineau: Mr. Chairman, on a point of order—

Mr. Caron: Are you trying to stop me from making my speech?

Mr. Martineau: I am rising on a point of order. The hon. member is repeating a point he raised in the house last year and to which the minister had replied, quoting nine examples. So I do not think it is in order for the hon. member to again bring up this point which had to do with last year's estimates, because in that case we could go on and on discussing what was discussed and voted in the house last year, not to mention the fact that the business of the house could not proceed.

Mr. Caron: On the point of order, Mr. Chairman, I am not—

The Chairman: I think I may immediately indicate to the hon. member that in my view, the point of order raised by the hon. parliamentary secretary is not well taken, because this is not a closed debate.

I think the hon. member may go on.

An hon. Member: He is all wet.

Mr. Caron: Thank you, Mr. Chairman.

Here, under date of July 12, 1960, is a letter signed by Mr. J. A. Grisé, chief architect of the buildings service of the Canadian National bank, whose views must certainly be worthy of confidence. Here is what he says:

Contrary to the assertions of the minister based on inaccurate information he has received, this is to certify that Mr. Arthur Langlois, general contractor of Mont-Joli, has carried out extension and improvement works for the Canadian National bank in the year 1956, at the Canadian National bank building at Mont-Joli.

This job, which cost approximately $35,000 and consisted in building a new vault and carrying out improvements both inside and outside the building has been completed satisfactorily.

Signed: J. A. Grisé,
Chief architect,
Canadian National Bank.

And I have here a telegram and confirmation from Mr. R. M. Wickwire, building engineer, of Moncton, N.B., date July 12, 1960. I quote:

(Text):

This is to certify that Mr. Arthur Langlois constructed an extension to our express building at Mont Joli, Quebec, in 1956, valued at approximately $16,000. The contract was successfully completed in a workmanlike manner to the complete satisfaction of the railway.

(Translation):

And it is signed: R. M. Wickwire, building engineer.

I also have a letter from Mr. L. P. Martin, division engineer, C.N.R., Campbellton, New Brunswick, dated—

(Text):

Mr. Walker: On a point of order. The hon. member as reported at page 6472 of *Hansard,* read the letter which he has just read again into the record. It was read into the record a year ago. Now he proceeds to read another. Surely there is a rule against repetition of this kind. He was answered in full. We gave nine instances of the gross inefficiency of his friend who he wanted to have a contract.

The question I should like to ask the hon. member at this time, and one which I am constantly asked, is: has he 29 or 33 relatives in the civil service at the present time?

(Translation):

Mr. Johnson: And his nephew—

(Text):

Mr. Caron: They can't call me Danny Boy. I shall speak first to the point of order and then I shall deal with the dirty way in which the minister deals with these matters. Yes, this was brought up before, in the previous session, but the minister came back today and repeated his statement when he should have known better than to do so, having received all those letters, because I have sent copies to the minister. Notwithstanding the copies I have sent him he came back today after the speech of the hon. member for Vancouver East. He came back again and repeated that the man was incompetent to do the job when he knows better, having received copies of all those letters. This is not considered to be fair play. This is hitting a man below the belt, and I cannot understand why an ex-boxer should behave in that way.

As for the relatives I have in the civil service, I do not know of many. But there is one thing I do know: I never recommended one single one. They have settled their own value and that is a lot better than the minister can say, because if he had not been the henchman of the government on the old printing bureau he would not be the minister today. That is the way it is—the henchman.

Some hon. Members: Order.

Mr. Walker: On a point of order, we have 45 letters written by the hon. member for Hull to the George street office of the Department of Public Works alone since the 1957 election asking for jobs—

The Chairman: Order. It seems that the question put by the minister was out of order. I have allowed the hon. member to reply because he was personally concerned. Now I hope we may come back to the discussion of the estimates of the Department of Public Works.

Mr. Winch: I rise on a question of privilege. Do I gather from what the minister said a moment ago that if an hon. member of this house by chance, or in any way at all, has a relative in the civil service that he should not be allowed to speak on any matter?

The Chairman: The hon. member will agree, I hope, that this is not a question of privilege.

Mr. Winch: Then what is it? Did you hear the remark of the minister?

The Chairman: I think the hon. member will agree that this is not a question of privilege.

Mr. Winch: Did you hear what the hon. member said?

The Chairman: I heard what he said and I stated that in my view he was out of order. I allowed the hon. member to reply, but I think we should now proceed with the discussion of the estimates of the Department of Public Works.

Mr. Caron: Thank you, Mr. Chairman. I have here a telegram of July 11, 1960, which the minister has received and which reads as follows:

Arthur Langlois,
253 St. Joseph Boulevard,
Hull, Quebec

This is to state that you have performed services for the Canadian National Railways in providing an extension to our express building at Mont Joli in 1956, value of contract being in the vicinity of $16,000, and that your work was very satisfactory.

M. B. Martin,
Division Engineer, C.N.R.

(Translation):

In answer to the insidious question of the Minister of Public Works—his questions are always insidious anyway—I wish to tell the house that when I got interested in that case, I had never seen nor met Mr. Langlois; I did not know him. Since then, I saw him only once and I cannot consider Mr. Langlois as a friend, although I would be happy to be in a position to say so, since I have seen him only once in my life.

Mr. Johnson: You should have seen him more often, you would be better informed then.

Mr. Caron: Mr. Chairman, my information is firsthand information and it is more accurate than whatever information the hon. member could give me.

Mr. Chairman, I continue—

Mr. Johnson: Act four.

Mr. Valade: Why don't you go mosquito hunting?

Mr. Caron: Mr. Chairman, the minister has claimed that, notwithstanding the information I gave him, he obtained information to the effect that the school board of Ste. Flavie had not been satisfied with the work which was carried out for them. He repeated the same thing today. I cannot understand this stand on the part of a man who is supposed to know at least something of the law since, as I am told, he qualified as a lawyer at one time. I am surprised to hear him repeat today his claims in the very same terms, even though he has been given all the information. In fact, here is a part of the information he has received:

To whom it may concern.

Arthur Langlois:

We, the school board of Ste. Flavie, have accepted the tenders for various construction and repair work on four of our schools, and have been very satisfied with the work done. This gentleman has always abided by and respected his contracts; all the jobs he has done have been satisfactory to the Department of Education.

We therefore recommend Mr. Langlois as a builder with experience in all fields of construction. Moreover, I should add that I have known Mr. Langlois for 25 years, that he has done all sorts of construction work in our district, and that I wholeheartedly support the recommendation made by the members of the school board concerning Langlois' fulfilment of his contracts and the interest he takes in his work.

(Signed) Yvon Pelletier,
farmer.

And now, Mr. Chairman—

Mr. Johnson: Is that Mr. Honore Pelletier.

Mr. Caron: Mr. Chairman, the minister has said that Mr. Langlois had worked for a certain Eugene Belisle. This is what Mr. Eugene Belisle states:

The undersigned declare that they were satisfied with the work carried out by Mr. Arthur Langlois, general contractor.

(signed) Eugene Belisle
of Eugene Belisle & Fils Auto Limitée
Mont Joli.

The Mutual Life of Canada wrote to Mont Joli—

I am sorry, according to the minister, an agent of the Mutual Life of Canada, Mr. Dumais, had a house built by Mr. Langlois and he suggested that the work was badly done and that he had to have it done over again. This is entirely false and there is more than that. In that case, a house was built through a C.M.H.C. loan and since work carried out under such a loan is closely supervised in general, it is rather difficult for a contractor to get away with an unsatisfactory job. At any rate, this is what Mr. Dumais, who had a house built by Mr. Langlois, wrote:

Further to your letter of the 22nd instant, it is a pleasure for me to express my appreciation and that of the many friends who visited my house. As a contractor, you have fully met your obligations. The architect's specifications have been followed. The quality of the materials fully met C.M.H.C. requirements.

I trust that this letter will be useful to you as I am convinced that you will give them full satisfaction.

(Signed) R. Dumais.

Mr. Chairman, I could quote many more letters, but I am satisfied that I have made it abundantly clear, through letters from responsible and competent people, that the minister was not justified last year and that he was even less justified to bring up this matter again this year, since he had received copy of all this information.

Would it be to justify himself for having granted a contract to a person who had not submitted the lowest tender, to please a member of parliament? If so, that is no excuse, in my opinion. Let him take his responsibilities before the public; he should not accuse

others of incompetence when, in fact, he is the one who is incompetent. If any one is incompetent in this house, it is the present Minister of Public Works and he should not come here and accuse honest people and reflect on their reputation to hide his own incompetence.

In my opinion, the minister's attitude is not justified. Mr. Chairman, I could quote many more letters and evidence like I did last year but I think it would be useless to go any further. The minister has a copy of all that information, yet he is not satisfied with that. He repeats today what he said last year, knowing full well that it is false.

Mr. Chairman, I do not know how you would express yourself in such a case, but I say it is not honourable for a member of parliament or a minister to say such things after having been provided with information—

Mr. Martineau: On a question of privilege, Mr. Chairman.

The Chairman: I think I know what words the hon. parliamentary secretary to the Prime Minister takes exception to and I feel the hon. member for Hull (Mr. Caron) will agree with me that an hon. member cannot imply that another hon. member has said something which he knows is false, and then add that such conduct is not honourable. I feel both expressions are unparliamentary and would ask the hon. member to correct them.

Mr. Caron: Mr. Chairman, I will correct my statement. I state that with all the information I gave him, the minister had every reason to believe that it was not false, and that his conduct was absolutely honourable. *(Text):*

Mr. Walker: Mr. Chairman, on a point of order, I should like to say that I could even go out under the circumstances and get a recommendation for the hon. member for Hull, but it would not mean anything.

(Translation):

Mr. Caron: Mr. Chairman, seeing how some hon. members are trying to bring the house down, I am happy that I was busy at something else and failed to hear the remarks of the Minister of Public Works. I am sure they were absolutely insipid since they seem to appeal to those who were applauding.

Mr. Pigeon: Tell us something about your nephew, Mr. Jean Lupien, who works for C.M.H.C.

Mr. Caron: Now, Mr. Chairman, the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) apologized last year for having made such a reference, and he is at it again. He knows perfectly well and he has admitted as much to me, that I had nothing to do, neither directly nor indirectly with the employment of my nephew by C.M.H.C. in Montreal or in Ottawa.

Well, after admitting that he knew that, he butts in with the same matter, which indicates how far he can go.

Mr. Pigeon: I rise on a question of privilege.

Mr. Caron: There is no question of privilege.

Mr. Pigeon: Mr. Chairman, I rise on a question of privilege.

The hon. member for Hull (Mr. Caron) is attacking my reputation. I took the hon. member's word, still it seems strange that, as I have said, his nephew was in fact granted a key position with the government. It is shocking.

The Chairman: Order. What the hon. member for Joliette-L'Assomption-Montcalm has said after rising on a question of privilege is proof enough that there is no question of privilege, since the hon. member for Hull said nothing which could be construed as a reflection on the reputation of the hon. member for Joliette-L'Assomption-Montcalm.

Mr. Bourget: You are always off the track.

Mr. Caron: Mr. Chairman, I am very fond of the songs coming from the extreme left of the house—

An hon. Member: You have a better voice yourself.

Mr. Caron: Yes, my voice is more powerful.

Mr. Valade: A mosquito voice.

Mr. Caron: We have just heard the mosquito voice. Nevertheless, the contract was awarded, not to the lowest bidder, but to the highest.

Mr. Valade: Try to be honest, and say what you have to say.

Mr. Caron: I said it was in your riding that the contract was awarded to the highest instead of the lowest bidder, and that the minister was compelled to take this step in order to please the hon. member.

Mr. Valade: Mr. Chairman, I must raise a point of order.

Mr. Caron: There is no point of order here.

Mr. Valade: The hon. member for Hull, in his mental aberration, has laid a charge against me. I ask him to make himself clear or withdraw what he said.

An hon. Member: He had better go mosquito hunting.

Mr. Caron: I see, Mr. Chairman, that you did not understand, neither did I.

(Text):

Oh yes, there are quite a few reasons, especially when they come from the Union Nationale party.

(Translation):

The Chairman: Order. May I call upon the members to let the hon. member who has the floor continue his speech without interrupting him, especially when those interruptions have no other result than to cause the debate to drift into other channels, or, to continue the allegory into foreign seas.

Mr. Johnson: Maybe it is to give him something to think about.

Mr. Caron: Mr. Chairman—

Mr. Valade: On a question of privilege. The member for Hull referred a moment ago to my riding. He said that in my riding contracts had been given for a price, I do not know what price, but I believe he referred to contracts which were awarded in the riding I represent. I would ask him to prove what he says and to avoid making allegations that reflect upon my reputation and my county.

The Chairman: Order. The fact that a member states that a contract has been awarded in the riding of another member cannot reflect on the reputation of that hon. member. However, if the hon. member wishes to put a question to the hon. member for Hull and if the latter one allows it, it would be quite in order.

Mr. Johnson: Mr. Chairman, on the question of privilege, the member for Hull actually said that a contract had been awarded to the highest tenderer in the constituency of St. Mary in order to please the hon. member for that riding. I did hear that statement made by the member for Hull, who should not make such statements without being able to prove them. Put up or shut up!

Some hon. Members: Then prove what you say.

Mr. Valade: Prove that it happened in my riding.

Mr. Caron: You want to know if I can prove it. There was for the Hudson Heights post office—

Mr. Valade: In St. Mary?

Some hon. Members: That is far from St. Mary. You do not know your geography.

Mr. Caron: In any case, I meant the Hudson Heights post office, and the tenderer was Stuart and Stuart, of Montreal, who bid $23,825; the second was Gray and Gareau, of Hudson, $21,650; the third, S. R. Wilson, of Hudson Heights, $19,950; and the fourth, Arthur Langlois, of Ste. Rose-de-Lima, $16,750. The contract was awarded to the one who had bid $19,950, that is to say he had admitted a price of $3,200 more than the lowest bidder, and the minister, at the time, told us it was because the lowest bidder was incompetent.

I say the minister was mistaken and that he had no right to repeat the same thing.

Furthermore, in Hudson, another contract was awarded—

(Text):

Mr. Walker: On a point of order, I repeat, Mr. Chairman, this was all gone into in extenso last year. The hon. member for Hull is still speaking in connection with his same inefficient friend who did not get that contract at Hudson because of his gross inefficiency. This matter was raised last year in the consideration of my estimates and we spent hours on it. My point is this. We have had not one word from the hon. member for Hull on the estimates this year until today. Surely there is a limit, Mr. Chairman, to the distance to which you will allow the hon. member for Hull, who has a loud voice and a vacant mind, to go.

Mr. Caron: I brought up this matter because of the answer the minister gave to the hon. member for Vancouver East. The minister rose and repeated the same accusation against Mr. Langlois that he made last year. I admitted at the time that it might have been because of his lack of information, but since then I have sent the minister all the details but he has not changed his views. The minister rose in his place today and repeated the same accusation. I believe this is the same kind of hitting below the belt that no boxer would accept in any boxing match. This is what the minister has done. He has claimed that in the past he was a prize fighter but I do not accept the fact that I cannot answer the accusation made by the minister in

this committee. He has repeated today the accusations he made unjustly last year. I did not think he knew the facts at that time. Since then he has had the information and he had no right to repeat the accusation. The best thing he could have done would have been to remain silent and not say anything at all. It had not been mentioned up to that time but in answering the hon. member for Vancouver East who asked whether there were any privileged contractors or privileged tenderers the minister said to the hon. member, if there is any information that you have will you bring it to me as some others have done. He said "last year the member for Hull brought some information and I could show him that the man was incompetent". This is why I have to object to what the minister said.

(Translation):

I may also talk about that.

Some hon. Members: Talk about the printing bureau.

Mr. Bourget: You said it, we are going to talk about it.

Mr. Caron: And I duly intend to talk about it.

Mr. Pigeon: Creeks in the basement.

Mr. Caron: Those words of the hon. member for Joliette-L'Assomption-Montcalm prove that he is utterly ignorant.

Mr. Habel: On a point of order, I feel that this debate has degenerated into the kind of debates conducted by the Union Nationale, which should not be tolerated in this chamber.

Mr. Ricard: Mr. Chairman, usually I have respect for older people, but the malicious insinuation made by the hon. member for Cochrane (Mr. Habel) is an insult to a million Quebec voters who supported the Union Nationale party, which certainly gave us a good government while it was in power, and the hon. member who has just spoken should be the last to say such things on the floor of the house. He should be ashamed.

The Chairman: Order. I think it would be proper to invite the hon. members generally to be a little calmer, and especially on a point of order not to introduce into the debate completely irrelevant facts, which in turn are followed by others; there results a chain reaction which again makes us wander from the estimates of the Department of Public Works.

Mr. Caron: Well, Mr. Chairman—

Mr. Johnson: I rise on a question of privilege. I suggest to the hon. members and my colleagues present that even though the hon. member for Hull has quite a loud voice, which perhaps brings a little more animation into the debate, that it is not a good enough reason for the hon. member for Cochrane—

The Chairman: Order.

Mr. Johnson: I am rising on a question of privilege—

The Chairman: Order.

Mr. Johnson: Mr. Chairman, I rise—

The Chairman: Order. I have already given my ruling on the matter raised by the hon. member for Cochrane and I should like again—

Some hon. Members: Order.

The Chairman: Order. I ask the hon. members, particularly the hon. member for Chambly-Rouville—

Mr. Bourget: Hear, hear.

The Chairman: —to help the Chair maintain order and to allow the discussion to continue in an atmosphere of, shall I say, relative calm, so that the hon. members may follow the discussion.

Mr. Caron: Mr. Chairman, I have always shown a good example, but if my voice is maybe a little louder than most, I cannot reproach the Good Lord when he gave me that advantage.

Mr. Ricard: It must be used wisely.

Mr. Caron: I have never interrupted an hon. member who was speaking in this house, and you know it, Mr. Chairman.

I had the patience to wait till he had finished his remarks and then I rose to reply.

If they go on interrupting me, Mr. Chairman, I hope you will allow me to go beyond the narrow field of this debate on public works and answer freely all questions that will be put to me, for it is so easy to do so.

If I do not have the time to do it in my first half hour, I will take a second, a third and even a twelfth half hour, if necessary.

I certainly do not intend to be intimidated by anyone, especially by such inexperienced members who have so much to learn.

Mr. Valade: We are not here to be intimidated by the hon. member for Hull.

The Chairman: I had allowed the hon. member for Hull a few minutes to resume his subject. However, I realize he is still discussing the points of order.

Mr. Caron: I will come back tonight, Mr. Chairman and resume the subject.

(Text):

Mr. Peters: Carry on.

The Chairman: The hon. member for Waterloo North.

Mr. Peters: Agreement to carry on.

Mr. Weichel: Mr. Chairman, it is a pleasure for me to take part in the discussion of the estimates of the Department of Public Works. Although my remarks will be brief, I feel I have some interesting items to bring up. As I am appreciative of the co-operation I have received from the minister and officials of his department, it is only right and proper that I should extend my sincere thanks during the consideration of these estimates.

Some time ago several officials of the department and of the Toronto office along with post office officials visited Waterloo North for the purpose of purchasing land which in the near future will be used for new post office buildings in the twin cities of Kitchener and Waterloo. Kitchener, a city of 75,000 or more, has doubled its population during the last 25 years, and the property which has been secured is well situated in the busy section of the city. I understand that plans are now under way to start this building in the fall. When completed it should be a fine addition to the city which is well known throughout Canada for its progress in manufacturing, educational facilities—

Mr. Peters: On a point of order, Mr. Chairman, a question has been raised this afternoon about members reading their speeches. While I do not want to be restrictive, I believe it should be made clear that if it is not correct for one member to do so it is not correct for other members to do the same thing. This should be brought to the attention of members.

Mr. Pallett: On the point of order raised by the hon. member, may I say that I have been listening to the hon. member who now has the floor. I have noticed that he has not been reading his speech and has only referred to a few notes that he has. I think I am in a better position to observe the hon. member than the hon. member for Timiskaming is.

Mr. Winch: Mr. Chairman, I should like to speak to the point of order too, and I only do so because I think it is something that should not come up. When the point was raised by the hon. member for Brome-Missisquoi, I deliberately left my seat and went behind the hon. member to see whether he was reading and every word was typewritten, so the point of order is correct. I would not have raised it if that member had not brought it up.

Mr. Valade: On the same point, Mr. Chairman, I have seen the hon. member who has raised this point reading all through debates on divorces.

Mr. Peters: On a point of order, that was not in my speech. I did not write the remarks I was reading on those occasions.

The Chairman: Order. The hon. member for Waterloo North may explain.

Mr. Weichel: Thank you, Mr. Chairman. I understand that plans are under way to start this building in the fall. When completed it should make a very fine addition to this city which is well known throughout Canada for its progress in manufacturing, educational facilities and other worth-while fields.

Waterloo, the twin city of Kitchener, has doubled its population during the last ten years. This is probably a record in Canada and the need for a new post office here has been of the utmost importance. This city is known as the Hartford of Canada because of its many insurance companies, and its growth in population together with the great strides it has made in manufacturing also substantiate my remarks respecting the need of greater postal facilities. The land chosen for the building is ideally situated and when the post office is completed it should make a fine contribution to service and the appearance of that part of the city.

For many years the village of Wellsley has had very poor postal facilities. This has been corrected and the people there now enjoy a new post office. My home town of Elmira has also benefited from the program of the government and the Minister of Public Works in that improvements of real value to the community have been made in respect of our federal building.

Perhaps I should say a word or two about Central Mortgage and Housing Corporation which comes under the minister's department and which has played a great part in housing and other facilities for our senior citizens and other citizens. Recently Mr. Mervin Woods, Q.C., popular president of the Canadian Legion of Canada, officially opened the elderly persons' homes of which I am a director. These homes are an example of what can be done for our senior citizens so far as their problems as to low-rent housing are concerned.

The young men's club of Kitchener recently opened a similar home which is a credit to the club and is much appreciated by the community as a whole. I could go on and mention many other worthwhile efforts that have received the assistance of the minister and his department. However, in closing may I again express my sincere appreciation to the minister and his staff for every consideration extended to me and my community.

Mr. Martin (Essex East): Mr. Chairman, I should like to bring up at this time a number of matters that are of interest to the constituency which I represent in the House of Commons.

Mr. Peters: Don't read your speech.

Mr. Martin (Essex East): As the hon. member has said, I shall do my best to follow my notes and not to read carefully from any text. The minister may perhaps be aware that I have had some correspondence with the director of Central Mortgage and Housing Corporation. However, in the event that he is not aware of the exchange of correspondence that I have had with that distinguished public servant I should like to mention a matter that is of considerable concern to many of the people who live in certain sections of my riding and who are living in houses that come under Central Mortgage and Housing Corporation through the credits these persons have received in the building of these homes as a result of the legislation which the minister administers. This has to do with some inadequacies in some of the apparatus that goes into these houses. I have had a number of petitions which I have passed on to Central Mortgage and Housing Corporation regarding the construction of many of these houses. These petitions relate to such things as faulty eavestroughs, downspouts, condensation on the ceilings, and particularly to hot water tanks. I should say I have had over 200 different such cases brought to my attention.

I know that the matter is not one that is easily dealt with because it is a matter involving housing inspection. However, I believe, since the government is prepared under legislation that exists to assist in the construction of homes as a guarantor, we have an obligation to see that the standards laid down by Central Mortgage and Housing Corporation are observed. In the case of the hot water tanks, for instance, the argument is made that there is a guarantee in some cases for as long as 10 years, but it is only regarded by the corporation as a standard of a recommendatory character. In some cases defects have shown up in the course of less than a year. I am sure that what I say applies not only to my constituency but to other sections of the city of Windsor as well as other communities in Canada. I do not want to overstate the case and I do not want to hurt any builder unduly or unfairly, but I am sure many hon. members have had the experience of people going into houses where the construction has been faulty, where hot water tanks and the like have been faulty.

It seems to me that Central Mortgage and Housing Corporation could do something more than merely express the view that these standards are recommendatory. I realize there is an important policing job here. The minister will recall that last year I urged upon him that steps ought to be taken to avoid discrimination in the matter of any individual being denied the opportunity to obtain credit for the purpose of building a house. At any rate, the initial view of the minister was that this was a provincial matter. The minister did, finally, find a method of coping with the problem. I am suggesting to him that in this kind of situation some effort ought to be made to see that builders do live up to the standards laid down by Central Mortgage and Housing Corporation. I would ask the minister to have this matter referred once more to the director for all the data I have supplied to the latter in this matter.

Mr. Walker: May I ask the hon. member a question? I do not appear to have any correspondence with the hon. member on this subject—

Mr. Martin (Essex East): No, I have corresponded with the director.

Mr. Walker: If the hon. member wanted to bring it to my attention, would it not be better if he had done so through these 200 complaints he received? May I ask him also whether or not he brought to the attention of anyone in our department the 200 complaints, giving the names and addresses of the complainants?

Mr. Martin (Essex East): Yes. If my hon. friend will refer to his director, he will find that I have had correspondence with him as late as June 8. I have had correspondence from him on May 2 and the director has before him the petition which I sent dated March 23 in respect of one phase of the construction of many of these houses.

I suggest to the minister that the attitude he should take is not one of belligerency with regard to this matter; that is not the approach that I made. If he wants to debate this matter on these terms, then I am prepared. Unfortunately, the manner of the minister in connection with every question that comes up, is that of taking a belligerent,

personal attitude instead of taking the attitude that he will do the best he can in particular situations.

Mr. Walker: On a point of order, Mr. Chairman, all I am asking is whether there is a record of the 200 names and addresses. I infer from the answer of the hon. member that there is not.

Mr. Martin (Essex East): I did not say that. I said if the hon. gentleman will look at the correspondence—

Mr. Walker: You said there was.

Mr. Martin (Essex East): —he will see that I have sent the petition in question to the director, and I think most of the names are on it. Most of these people will be found living on Belleperche place in Riverside. Some of them live on Laporte avenue, some of them on Vimy in old Walkerville. The only point I am seeking to bring to the minister's attention is that he should not be unduly sensitive. His department does lay down standards as to the kind of heating equipment, for instance, that should be installed and this is one of the main sources of complaint. These heaters, guaranteed by the builders, are not living up to expectations. They cost quite a lot of money, a large sum of money for many of these people. In many cases, they have had to be replaced. I am simply saying to the minister, will he not give consideration to taking steps to see to it that through Central Mortgage inspection service or some other method, the corporation takes steps to see that the standards laid down by it are observed by the builders.

This is not an unreasonable request to make of the minister. I find it very difficult to understand this sudden display of belligerency with regard to so reasonable a request which I put in a reasonable way. I can only attribute the minister's petulance to the fact that he has had a hard afternoon, one which has tried his patience and disposition. He is taking this out on me. Why should he want to take it out on me? I do not understand it.

However, I hope he will not mind if I make this plea on behalf of my constituents who spent much of their hard earned money in the purchase of these homes and who find that the guarantees are not being met. As a result, they have had to spend considerable sums of money, away beyond original estimates. All I am asking the minister is to be good enough, as the minister of the crown in charge of this operation, to see whether some improvement can be made in the way this particular matter is handled. I am not complaining about the director. The director, in my judgment, is one of the most efficient men in the public service. I am not complaining about any of the officials. However, I believe that where standards are recommendatory, the department ought to take steps to see that some of these irritations are eliminated.

I must say that in one case I brought to the attention of the director, he did act expeditiously. He did send someone there, and as a result a correction was made. I refer to the case of a gentleman who does not even live in my constituency, but lives on Everett street in Sandwich West. As a result of the director's intervention, a correction was made. I am simply asking that a practice be established for meeting that kind of a situation as a rule, and not merely upon request.

The minister may have a good answer. I do not know why he should get all hot and bothered simply because a member of parliament puts to him, as a representative of the crown, a request on behalf of his constituents who feel that they have been aggrieved. The minister also will not mind, I hope, if I bring to his attention another matter which I mentioned last year. It is only because I think this is a legitimate request that I make it again. I hope the minister, who is an old friend of mine of many years' standing, will not think that I am unfair in making a request of him. After all, I am a member of this house. I do represent some people in this house, and I think I have a right to address myself to the minister. I know he is overburdened. I know that he is exercised today. I know he has been unduly agitated. However, I have not added to that agitation. I do not know why he should be so greatly disturbed because I seek to bring these matters to his attention. I am referring now to Belle River. To illustrate how I feel towards the minister, I ask him to come down to Essex East some time and to let me take him through my constituency. I should like to take him to Belle River. His able deputy knows about Belle River. I am sure that he would recommend to the minister a visit of this kind. I think the minister would find that my association with him would not be altogether unpleasant in the circumstances.

I should like to show him some work of reconstruction of the dock at Belle River. I am grateful for the work which has been authorized and which is a continuation of the work that proceeded under the former government. However, I would suggest to the minister that Belle River, being perhaps the most important location or meeting place for all kinds of watercraft, should receive special consideration. It is the most natural harbour of its kind in the rural sections of the county. In the summer thousands of summer craft of all kind ply back and forth on lake St.

Clair on which Belle River is situated. It seems to me that to improve the dock facilities there would have the effect of attracting increasing numbers of tourists and this would greatly assist the community of Belle River.

I am asking the minister to take a second look at the proposal which was made by the chamber of commerce and by other citizens in Belle River and which was strongly supported by me and I believe also, as a friend of the court, by the hon. member for Essex West. This was a proposition involving an expenditure of a large sum of money, admittedly but one which in time, I am sure, would have justified the expenditure.

When the minister is looking at this matter, I wish he would also give consideration to the desirability of building a post office at Belle River. I know that this is not the minister's entire responsibility. However, if he would discuss that matter with the Postmaster General I am sure that they would both agree, after getting their heads together. Perhaps if they would be good enough to call me in, I would be able to help and we might possibly find ways and means of building a post office in that thriving community.

When the minister is doing that, I hope also he will look at the proposal I made for the building of a post office in Sandwich East. That township of Sandwich East is one of the townships in Essex county in which the increase of population has been very great in the last few years. I think that community also deserves a post office.

I should be very grateful to the minister if he would look into these matters and I say this sincerely. I do not expect him to give an immediate reply. One could not expect him to have all of these matters ready at hand, although it may be that he anticipated that I might make a modest intervention today and that on that account he would be prepared to meet me headlong. If that was the case I should be very happy. I should be honoured to think that these various proposals which I put forward for my constituency loomed so large in his consideration.

I hope the minister will understand the spirit in which I have put forward these requests. I put them forward in the hope that they will receive his serious consideration. I would say to him that nothing would give me greater pleasure than to have him visit this area, knowing how much he likes good swimming water and how much he likes water in which he can operate a craft that he can handle. We do not have many canoes on lake St. Clair but we have other kinds of water craft. I should be happy to take him along the shores of lake St. Clair and to show him Belle River and other areas in my constituency that border on lake St. Clair. As a result of the convivial spirit which that kind of confrontation would bring, I am sure that the minister and I would understand one another better politically and better as men in public life. The consequence would be that he would not place any obstacle in the way of my realizing every one of these requests which I have put forward to him today and which I might on some other occasion again put forward. I hope the minister will give these matters his consideration. I am glad to see the minister smiling. I am sure that the waters now have been smoothed, that he bears no animosity towards me or towards the hon. member for Hull, that everything is serene, and that we can now proceed constructively with our work.

(Translation):

Mr. Grafftey: Mr. Chairman, like the hon. member for Essex East (Mr. Martin), I am also, I hope and believe, a great friend of the Minister of Public Works (Mr. Walker).

Even if I plead my case with some force, I will certainly lack the great eloquence of the hon. member for Essex East.

Mr. Chairman, I think it would be appropriate now to call it six o'clock.

(Text):

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 7.30 p.m.

(Translation):

Mr. Grafftey: Mr. Chairman, when the house took recess at six o'clock, I recalled that it is always difficult for a member to rival the hon. member for Essex East (Mr. Martin) in eloquence, especially when no controversial point is at issue.

Mr. Chairman, at this stage of my remarks, I should like to take this opportunity to thank, through the minister, the officials of the Department of Public Works for the courtesy they have shown me in my work for the benefit of my fellow citizens of Brome-Missisquoi. I refer particularly to the officials of the Montreal district office. In so far as they are allowed to do so under the existing regulations, they have always looked favourably upon my requests. They have always received my representations with great courtesy; therefore, through the minister and on behalf of all my fellow citizens, I should like to thank them sincerely for their co-operation.

Mr. Chairman, I was pleased to see in the estimates an item for the construction of a retaining wall along the Yamaska river, in

Farnham. On behalf of the people of that community as well as on my own behalf, I wish to take this opportunity to thank the minister. I am sure the construction of that retaining wall on the Yamaska will soon be undertaken.

(Text):

I was very interested to hear the minister explain to the committee how tenders are awarded and how bids are received. I think everyone in this committee and the country in general will realize that a most wise and scrupulous procedure continues to be followed in this regard. I would only say this—that when it is at all feasible and in accord with sound economics and the regulations of the department, local work should be given to local people. I have said this both inside and outside the house and I am not shy about doing so.

On some occasions, and particularly with regard to larger contracts costing over $15,000 it is only sound economics, I know, to proceed as the minister has stated, but I repeat that whenever it is in accord with sound economics and within the regulations, the importance of giving local work to local people should be stressed. I think this is a good principle to follow in general and it certainly creates good public relations for the department. In the estimates this year, as was the case in past years, there is again an item of $100,000 for improvements to the warehouse facilities in relation to the customs house and warehouse at the border point at Phillipsburg in my constituency in Quebec. I know many complications have arisen and I am not blaming anybody here at all. Successive provincial governments have had difficulty in determining where the highway should go through that border point. Then, again, it is a large border point involving problems concerning citizenship, immigration, customs and so on. But as I notice this item has occurred in the estimates once again this year I hope all possible action is taken to get this work under way as soon as possible.

In closing I should like to refer to the Central Mortgage and Housing Corporation. I may say briefly in passing that I do not think anything could be much more important in this nation today, certainly in a domestic and economic sense, than house building. I feel the benefits of home ownership are such that we cannot stress them too greatly. I do not think I am exaggerating when I say that a man who owns his own home or has a prospect of owning it takes a greater interest in the affairs of his own community. I think it has always been a principle of the government and of the party which I support that home ownership and the rights of property are matters to which very serious attention must be paid.

In the past, for various reasons, it has been difficult to attract housing money into rural areas. I am not blaming anybody for this, but the facts are there. I should like to congratulate the minister and his department for the initiative they have shown up to now, initiative which will make it easier for people living in rural areas to obtain housing money. I know the Central Mortgage and Housing Corporation has only a limited number of personnel. However, I should like to thank the minister and his department for initiating a series of visits from the Sherbrooke office to my own particular area at Cowansville. I mention Cowansville because it is centrally located in my constituency.

Up to now it has been very difficult for the citizens, of Brome-Missisquoi, no matter what their walk of life, to have housing loans processed and to obtain information. Because of the initiative of the minister and his department we have had officials from the Sherbrooke office visting Cowansville and interviewing the people of my constituency on an experimental basis. While this is in the experimental stage, I am convinced that it will work because there is need in my constituency for this type of approach, and I certainly hope in the future that these visits will be put on a permanent basis.

I feel that in many rural areas the need for increased housing is evident, and that once visits such as I have referred to are put on a permanent basis applications and information will be forthcoming.

(Translation):

That is why I wish to take this opportunity to thank the minister and his officials for their initiative.

(Text):

Mr. Chairman, in summing up, I support the principle of local work for local people. I hope that the project in relation to the customs building at Phillipsburg will be speeded up. Again I urge that in the future more Central Mortgage and Housing Corporation assistance be provided in the rural areas in general and, I hope, in my area in particular.

I should like again to say that the party I support and the government in authority today realize the importance of home ownership and the importance of home building to the economy of our country.

An hon. Member: Give the kid a hand.

Some hon. Members: Hear, hear.

Mr. Chevrier: Mr. Chairman, I intervene in this debate on the estimates of the Department of Public Works at this time to discuss a matter of particular importance to

a certain group of people and, I am sure, to the department, as well as to myself.

I have reference to an item in the estimates in relation to the harbours and rivers engineering services. Normally I should wait to discuss this matter until we were considering that item but because of the sittings of the committee, on railways, air lines and other agencies owned and operated by the government, of which I am a member, I feel that this is the only time at which I can discuss this matter.

The minister over a period of months, and I believe longer, has received representations from the Cornwall industrial development commission for the establishment of wharfing facilities at Cornwall.

I have indicated during the discussion on previous occasions of the estimates of the minister that the committee and the department might well have given consideration to a suggestion which had been made earlier by myself for the establishment of an economic survey to deal with the effect of the St. Lawrence seaway upon the area which it traverses. While that recommendation was approved unanimously by the committee on railways, canals and telegraph lines, no action was taken in respect to it.

There was a recommendation approved not long ago by the same committee, also unanimously, to increase the directors of the Canadian National Railways from seven to 12. Although there was very little discussion of that matter it was approved immediately. However, my suggestion fell by the wayside.

The Department of Public Works did set up a committee to consider, in conjunction I understand with the Department of Transport, the advisability of the establishment of port facilities along the front of the seaway extending from Dorion on the east as far as Oshawa, I believe.

When the minister replies to these suggestions he might give us a detailed report in respect to what has happened to the recommendations of this committee, in addition to what is being done at Cornwall, of course. There the department has decided to build a wharf. There is in the estimates the sum of $300,000 for that purpose.

The construction of that wharf was recommended in a brief presented to the Department of Public Works by the industrial commission for the city of Cornwall to illustrate the immediate need for a wharf and deep sea water facilities in that area. That was also recommended by the Cornwall industrial development corporation.

At this stage I should like to pause for a moment and place on the record a statement contained in a speech I made on September 11, 1956 on the occasion of the ceremony of laying the cornerstone of the headquarters building at Cornwall. That paragraph reads as follows:

> What I have said of Canada applies in a proportionate degree to Cornwall. Its growth in the last quarter of a century has been remarkable. Today it is the fastest growing community in eastern Ontario, it is an important industrial centre—it could become a port bustling with activity. There was a time when the wharf at the foot of Pitt street was the busiest place in town. At the turn of the century, following the construction of the 14 foot canal through this area, Cornwall thrived from water transportation. With the coming of the railways and the construction of modern highways, competition from these forms of transportation was faster and more efficient and water transportation in this area became a poor third. But here is an opportunity and a great one to regain our long lost prestige on the water. We are bringing deep sea navigation right up to your door. There is a natural harbour from St. Lawrence park to Gray's creek. Get the business, get the industries and soon a port will flourish and thrive on your waterfront. Here you will have to rely upon your own initiative. The government cannot be expected to build navigation facilities which will attract industry and at the same time develop a port on your waterfront. Here is an opportunity to exercise the drive and energy I referred to earlier.
>
> The government and the seaway authority have confidence in the future of Cornwall. Not only have they made sure that deep water navigation will be available to you but they have selected this city as the headquarters of the seaway authority. When the seaway is completed, its operations will be directed from here and for that purpose we have erected on this site a modern and efficient building.

Even before that the Canadian National Railways had conducted a survey of the proposed deep waterway project and its effect upon the community of Cornwall. This survey was prepared by the development branch of the department of research and development of the Canadian National Railways in September, 1953, and among the many recommendations it made, the following recommendation appeared:

> 2. That the zoning authorities for greater Cornwall be advised to protect for industrial use, by restrictive zoning, an area of about 1,000 acres beyond the growing housing development east of Courtaulds and lying between the present Canadian National Railways main line and the St. Lawrence river.

This area, which that branch of the Canadian National Railways recommended, is not far east of the area in which the Department of Public Works intends to build this wharf. My purpose in referring to this recommendation is that, acting upon it, the city council at that time expropriated, or took an option, on the property referred to by the Canadian National Railways, which is roughly speaking, a mile or more downstream from the present wharf which is being built by the department. At this point the deep water facilities range anywhere from 23 feet to 42 feet in

depth. Therefore, there was not any doubt that deep-sea vessels could come into that area.

I raise this point not because I have any complaints to make about the site chosen by the Department of Public Works. On the contrary, I think the question is one for the local authorities, the city and those who are concerned, to determine. If at a later date the city fathers saw fit to believe that the recommendations made by the Canadian National Railways were not applicable in 1960 or 1961, I certainly have no fault to find. I think the decision of the industrial development corporation in selecting that area, having regard to the circumstances and the time at which it was done, is perhaps superior today to the recommendation made by the Canadian National Railways. I say that because the industrial development corporation purchased a number of mills. It purchased the Canada mill and the Dundas mill for industrial development purposes, and then they got the idea of developing the wharf, which to my mind is an excellent one, and they should be commended for it. The industrial development corporation deserves a great deal of commendation for the interest it is taking in the development of industry in that vicinity.

My particular purpose in rising is that it has been repeated in the house and elsewhere that if there has been a decline in business activity in the community of Cornwall it is due to the St. Lawrence seaway. No statement could be further from the truth. The statement is inaccurate. It is one which should be challenged in the light of the development that is being carried on by the Department of Public Works in the eastern part of the city of Cornwall.

It has been stated also that the economy of Cornwall declined because the St. Lawrence seaway canals were put on the United States side of the line. This statement is also inaccurate. If I go back to history I can show that the statement is inaccurate. The 1932 United States-Canada agreement provided for a two-stage development of power and navigation in that area. It provided for one canal on the United States side at Barnhart island and the other canal on the Canadian side at Chrysler island upstream from Cornwall. The 1941 agreement provided for both canals on the United States side. The 1954 proposal to the international joint commission provided for an undertaking by Canada that it would build all the facilities on the Canadian side of the line, but as the committee knows, following the meetings that took place between the United States representatives and the Canadian representatives, it was decided to build one canal and two locks opposite Barnhart island on the United States side and one canal and one lock at Iroquois on the Canadian side. And Canada undertook to continue 14 foot navigation on the Canadian side at Cornwall. Therefore, there is now not only a deep channel of 27 feet not very far from the wharf which the department is building but also a canal 14 feet in depth upstream from that area.

It has been said that little or no traffic goes through that canal now. I mention this because it has a great deal to do with the wharf which the department is building. Fortunately, because of the 27 foot facilities which are practically opposite the wharf which is being built, there will have to be little or no dredging. In fact, the wharf comes practically to the end of the 27 foot facilities. This will enable deep-sea ships to go right to the wharf when the department is building.

Since it has been stated in the house and outside that because of the seaway the traffic has diminished tremendously I should like to put on *Hansard* figures indicating the amount of local traffic that went through the Cornwall canal from 1947 to 1959. These figures have been obtained from the St. Lawrence seaway authority, statistics section. They are dated August 18, 1960. I should like the permission of the committee to place these figures on *Hansard*.

The Deputy Chairman: If the hon. member wishes to have these figures included in *Hansard* I shall have to ask for the permission of the committee. Is it agreed that the hon. member may place this table on *Hansard*?

Some hon. Members: Agreed.

[*Editor's note: The table referred to above, follows:*]

Local traffic Cornwall canal
1947-1959
(tons)

Year	Loaded	Unloaded
1947	2,422	151,529
1948	—	173,716
1949	—	598,332
1950	736	290,127
1951	1,001	323,273
1952	1,319	254,963
1953	2,317	282,162
1954	2,085	276,531
1955	2,137	332,880
1956	1,500	452,238
1957	1,289	469,363
1958	—	271,841
1959	—	181,950

St. Lawrence seaway authority
statistics section,
August 18, 1960.

Mr. Chevrier: I should say that, roughly speaking, over the 12 years I have mentioned

the unloaded traffic averaged about 300,000 tons a year. Since the seaway has been in operation the St. Lawrence seaway authority, in their present traffic report, namely that for 1960, have produced the figures of the cargo tons going through the Cornwall canal for the year 1960. I should now like to compare the first figures with those for the year 1960 which are also taken from the traffic report of the St. Lawrence seaway authority, 1960. I would ask permission of the committee to have these figures put on *Hansard* as well.

Mr. Brunsden: Will the hon. member read them?

The Deputy Chairman: Will the hon. member indicate just how substantial the table is?

Mr. Chevrier: It is just one page.

The Deputy Chairman: Has the hon. member permission to put the table on *Hansard*?

Mr. Brunsden: I suggest the hon. member read the figures.

Some hon. Members: Agreed.

[*Editor's note: The table referred to above, follows:*]

Non-toll traffic (1) by type of vessel

Table 6 — Cornwall Canal

Type of vessel	No. of transits	Net tons	Gross tons	Cargo tons
Upbound:				
Cargo	49	69,304	89,134	138,090
Tug and barge	130*	5,887	14,567	—
Tanker	17	20,293	32,009	45,022
Other craft	7	271	541	—
Total-upbound	203	95,755	136,251	183,112
Downbound:				
Cargo	52	73,647	94,478	—
Tug and barge	140*	7,608	16,933	—
Tanker	17	20,293	32,009	—
Other craft	7	75	80	—
Total-downbound	216	101,623	143,500	—
Total:				
Cargo	101	142,951	183,612	138,090
Tug and barge	270	13,495	31,500	—
Tanker	34	40,586	64,018	45,022
Other craft	14	346	621	—
GRAND TOTAL	419	197,378	279,751	183,112

*Single units. (1) Toll-free Canal for all traffic

Traffic report of the
St. Lawrence seaway, 1960.

prepared by
St. Lawrence seaway authority and
St. Lawrence Seaway Development Corp.

Mr. Chevrier: My purpose in putting these figures on the record is to indicate that in the old days the traffic on the St. Lawrence canal at Cornwall was tremendous and, in fact, was responsible in large part for the progress and development of that community, but as the railways came into being and as trucks and all the other methods of transportation advanced traffic gradually declined. From a peak of about 300,000 tons of traffic annually, reached after 1947, it went to 183,000 tons in 1960. So there is not a great deal of difference so far as that is concerned.

It was also stated that because of the facilities that were provided on the United States side of the line tremendous growth took place at Massena, N.Y. That statement is also inaccurate. There is no port at Massena but there are two industries at a place called Rooseveltown, New York, to the south almost diagonally opposite the wharf which is being built by the Department of Public Works. Reynolds Aluminum has established an industry there and General Motors have established a Chevrolet plant also. These developments have not taken place on account of port facilities because there are none there. They are due to railway and highway facilities and particularly due to the fact that the New York state power authority saw fit to allocate to the northern New York area, particularly Rooseveltown, a large block of power. That was unlike what was done by the Ontario hydro commission which decided to allocate no power to the immediate vicinity in the international section at Cornwall but rather decided to feed it all into the grid and thus transport it for the development of industry in southern and southwestern Ontario.

As the committee knows, what has been the difficulty in the community, which is being remedied by this and other actions to which I will refer in a moment, what was responsible for the boom was the fact that during the construction of the seaway no less than $800 million was spent within an area of five or ten miles of the city of Cornwall. When the construction work ceased there was of course a great letdown so far as public expenditure was concerned and business declined. However, if there has been a decline in the economy it has been due mostly to the closing of the three cotton industries to which I referred on another occasion although I will not go into that matter at this time.

I want to come back now to the wharf being built by the department. As the minister knows, this project was announced last year. I believe that in December of last year the mayor of the city of Cornwall announced that this would be done and from that time on all sorts of hopeful statements have appeared in the local press under headings such as "Seaway City Name a Reality at Last", "Perhaps City's Seaway Dream Wrapped in the Harbour", "Seaway About to Enter Period of Adjustment", "Seaway

Wharf May Mark Turning of the Tide". Editorials under headings of this type appeared in the Cornwall *Standard-Freeholder* over a period from December last year even up to May of this year.

In one editorial at least some surprise is expressed at the fact that these facilities will not be started until August of this year. When the minister replies, I should like him to give some indication of why there should be such a delay. The announcement was made by the mayor in December of last year. It was confirmed by the present mayor at a later date. I believe the minister himself made an announcement. There has been an item in the estimates on one occasion and I may be mistaken but I believe there was also an item in a supplementary estimate.

As set forth in an editorial in a recent issue of the *Standard-Freeholder,* the question which arises is why the work is not to begin until the month of August. I think it is well to bring to the attention of the minister and the department matters which I am sure have been brought to their attention already. I bring them to the minister's attention again because I have been requested to do so. I bring them to his attention particularly because of the work that is being done by the industrial development corporation. Without any hope of remuneration, they have purchased the facilities belonging to the Canada and the Dundas cotton mills as I have said, and they are actively soliciting industries. They have already succeeded in bringing to the area two industries and they hope to be able to have another one in the near future. They are convinced that this facility being established by the department will enhance tremendously the value of the premises which they have purchased.

I need hardly tell the minister that in order to encourage industry there should not only be rail and highway facilities but there must of necessity also be cheap water transportation facilities. Those who have been critical of the former administration should be reminded that a channel 27 feet in depth was built alongside the wharf and leading up to a structure in the dike of the power dam in order to provide for a deep-water canal on the Canadian side should the volume of traffic on the seaway warrant it at a later date. These people should be reminded that here is a channel that has permitted the Department of Public Works to build a wharf and I hope a shed also in due course.

I believe the department would not have thought for one moment of constructing these facilities had there not been a 27-foot depth of water in the immediate area. The fact that there is in Cornwall the headquarters building of the St. Lawrence seaway authority, which houses some 150 people, and the fact that the former administration took the decision to build two international bridges there, one to connect the United States shore with the Canadian shore over the south channel and another to connect Cornwall island and the city of Cornwall over the north channel, should be encouraging factors and should confirm the department in the view that the money to be spent here is money that will be well spent.

There is a great deal more that I think the department can do, and I hope the minister and his officials will continue to give consideration to further facilities as time goes on. However, there is one thing particularly which I have been requested to bring to the attention of the committee, the fact that construction under this program announced many months ago has not yet started. If the Department of Public Works will give this development the same attention and care that it gives to many of its other public projects, I am sure the city of Cornwall will thrive and benefit from this expenditure.

Mr. Johnson: Mr. Chairman, I find in the book of estimates an item which reads as follows: "St. Hilaire retaining wall, $100,000". First, I wish to thank the minister and the Department of Public Works for their kind attention in solving this problem at St. Hilaire. I should like to remind the minister that sometimes after there has been publication in the newspapers of the fact that certain works are to be performed by his department, the work is not actually performed before the fiscal year is ended. This happened once in respect of St. Hilaire, and I hope that the minister will inform the appropriate officials—perhaps if the former member for Stormont would discuss his problems outside the chamber, I could continue my speech.

I was saying that two years ago there was supposed to be a retaining wall built in the vicinity of St. Hilaire at a cost of $75,000. Something happened and the work was not actually performed by the department before the end of the fiscal year. I understand that the amount has now been increased by $25,000, bringing it up to $100,000. I am going to take advantage of this opportunity, therefore, to thank the minister for increasing the amount. However, I should like to make sure that his officials, either in Montreal or in Ottawa, see to it that construction of this retaining wall is undertaken not later than July 15. I hope that I shall soon read in the newspapers that tenders have been called by the Department of Public Works for the construction of this protecting wall.

I do not want to ask for too much for my own constituency. However, I have a few remarks to make in connection with the needs of some of the municipalities in my constituency which can be met by the Department of Public Works.

(Translation):

Mr. Chairman, I understand that in St. Hilaire the municipal council was planning to build a main sewer of some importance. This main sewer could be installed on the shores of the Richelieu river so that the pipes could lead to a sewage disposal plant. It might be advisable to build the retaining wall needed in the village of St. Hilaire at the same time as the main sewer the municipality proposes to install jointly with the municipality of Otterburn Park.

This retaining wall could be built by the federal government while the main sewer would be installed by the municipality, possibly as a joint operation. Of course, many details remain to be discussed. However, I ask the minister to intervene so that his departmental officials in Montreal meet with the St. Hilaire municipal authorities to discuss this project as soon as possible.

The above-mentioned retaining wall which is planned for this year extends over a section outside the village. That is justifiable because there are houses on this section of land that are inhabited all year round by country people around St. Hilaire.

It is extremely important that those properties be protected before those in the village, because the houses there are not near the river but some distance away from it. In fact, the provincial highway which is also the main street of St. Hilaire, runs between the shore and the houses; but nevertheless, the highway may possibly cave in. It is essential that the Department of Public Works take action without delay.

The federal government should avail itself of this opportunity to open negotiations with the municipality of St. Hilaire and undertake both projects simultaneously so as to avoid duplication and enable the municipality of St. Hilaire to build its main sewer as cheaply as possible.

It has been pointed out to me that in Otterburn Park a wharf owned by the federal government is in need of repairs. I call the minister's attention to this matter and I ask that an investigation be made as soon as possible.

Since we are speaking of wharves, it might be advisable to repair the Chambly canal and its wharf pending the implementation of the Richelieu waterway project.

I should like now to refer to the Marieville post office. On page 461 of the main estimates, I note that an amount of $30,000 is provided to repair and extend the Marieville post office. Up to now, discussions have taken place between representatives of the federal Department of Public Works and those of the previous municipal council. Since then, there were both provincial and municipal elections. The municipal council has been substantially altered and I think negotiations would have to start from scratch to bring the new members up to date.

Following the provincial election, changes were made within the department of Public Works in Quebec City. Employees of the department were transferred from Montreal, amongst others Mr. Martineau, architect, who was responsible for the plans for an addition and repairs to the post office of Marieville. Someone from the department's Montreal office should get in touch with the new municipal council of Marieville so that an agreement could be reached. There is a problem, however; the property next to the post office belongs to the municipality.

The municipality is asking a prohibitive price for that property. A meeting should therefore be arranged between the representatives of the Department of Public Works and those of the municipality to convince the latter that the property which is needed for the construction of the addition should be sold to the federal government for a fair and reasonable price.

Mr. Chairman, I should also like to call the minister's attention to the fact that a pile of Fryer dam on Fryer island, between Richelieu and Chambly on the Richelieu, has been in need of repair for the past two years.

If I remember well, I was told by the Department of Public Works, two years ago, that those repairs were urgent. The people of that area are still waiting for news about that famous pile which, according to officials of the Department of Public Works, is in urgent need of repairs. That was two years ago; I wonder what certain officials of the department mean by urgent repairs.

Mr. Chairman, about two or three years ago, a retaining wall was built in Beloeil in accordance with a promise made by the former Liberal government. I honestly felt at that time that that project was less urgent

than the one in McMasterville. However, so as not to deprive the municipality of Beloeil of that retaining wall and the people of that community of the work they were going to have by the implementation of that project, I willingly agreed, without too much discussion, to let the officials of the department, whether they be from Montreal or Ottawa, make the mistake of thinking that the construction of a retaining wall was more urgent in Beloeil than in McMasterville.

Subsequent events proved that I was right. In fact, the following spring, McMasterville was the scene of a serious flood. The provincial highway which is also the main street in McMasterville was under more water than it had been for a long time. Fortunately, last year and this year, McMasterville was spared that calamity, but the danger is none the less there and, each spring, floods may occur.

In 1959—I have not time to read the letter from the deputy minister to that effect—departmental officials were suggesting that a retaining wall was less urgently needed at McMasterville than at Beloeil, even though the Richelieu channel used by the ships is nearer the shore at McMasterville than at Beloeil. Such an attitude was beyond my understanding and I never could figure out how an intelligent man could write such a letter, but it is actually on file and the decision left me no choice.

However the fact remains that such a retaining wall is most important for McMasterville. Let no one suggest, like the officials of the department did after the unfortunate decision taken by the St. Laurent government, that a retaining wall should be built only where damages have been done by navigation or by erosion resulting from navigation.

The Richelieu channel is located a few feet from the highway and surely the damages are due, if not entirely at least partly, to erosion, caused by navigation.

However the matter also concerns the provincial government. As I have said already, the provincial highway is at the same time the main street in McMasterville and it runs along the river. This highway will surely have to be widened.

This question of widening the highway was raised before last summer and then was the time for the provincial and federal governments to show co-operation in order that once the widening of the highway was completed the federal government might build an adequate retaining wall.

I met with the members of the municipal council of McMasterville and the provincial member to discuss this matter. And although the provincial member was a political friend, I put it quite plainly to the municipal authorities that the provincial government must first widen the highway before the federal government could build a retaining wall.

This view was approved by the provincial member and he was to submit the matter to the provincial minister of highways. I was given the indication at the time that things would be settled in such a way that this highway would be widened and the only thing left to do would be the building of the retaining wall.

Since the change of government in Quebec, I have been without news from him. I know that the provincial member is a man of goodwill. He once told me publicly before several witnesses that he was ready to use in our favour whatever influence he had with the provincial government or the minister of highways. I do not know whether he made any representations, but I hope that he is better at keeping his word than his leader and that we may witness an extremely warm co-operation between the provincial highway department authorities and the representatives of public works.

Mr. Chairman, I ask the Minister of Public Works to take this into consideration so that the federal government will at least take the initiative of discussing this problem with the representatives of the Quebec highway department.

I have said it in McMasterville, I told the municipal authorities and I repeat it here—the provincial government must first decide to widen that road. But, the federal government and the Department of Public Works more particularly must do their share and indicate that they are ready to build the retaining wall as soon as the highway has been widened. I hope there will be closer co-operation between the two governments so that the citizens of McMasterville will at last be treated with justice.

They have been kept waiting for several years. In fact, when I was elected as representative of Chambly-Rouville which in-

cludes McMasterville, I was told that the Liberal party had taken advantage of three or four election campaigns to promise a retaining wall.

I was in for collecting the hats as they say in French, to fulfil the promises made by my predecessors, but I am not going to back out. I hope I will be able to count not only on the co-operation of the minister, but also of his officials, low and high.

Mr. Chairman, I have another request to make concerning a retaining wall. I am referring to the famous retaining wall in Chambly, that is around the basin.

There is a magnificent basin in Chambly, but navigation is doing such considerable damage to the bank that if it should continue part of Main street and Church street will collapse, and the rectory and the church with it.

It would be interesting if the public works officials were to revise their judgment. I was told two or three years ago that erosion at that spot was not caused by navigation only but was also due to natural causes. If that is the case, it should be said clearly. The provincial government should be advised to assume its responsibilities. We should urge the minister of natural resources, the former minister of hydraulic resources, to take his responsibilities and to repair the damage caused by erosion.

I still think something might be done, pending a decision by the provincial government. The federal government might perhaps decide. Since damages are largely caused by navigation on Chambly canal, which flows into Chambly basin, about 100 feet from the shore, the federal government might consider the erosion there as its responsibility and build a retaining wall.

Let no one object that the federal government has no jurisdiction. Under section 91 of the constitution, the federal government has jurisdiction on navigation and must necessarily be held responsible for damages caused by navigation. But, even when erosion is not entirely due to navigation, it remains that subparagraph (c), paragraph 10 of section 92 is specific on that point and it empowers the federal government to undertake the construction of such retaining walls.

I should like to quote subparagraph (c), paragraph 10 of section 92 of the B.N.A. Act. Paragraph 10 provides that:

> local works and undertakings other than such as are of the following classes.

are considered to be of a provincial nature, lying within provincial jurisdiction, and one of those categories is category (c) which reads as follows:

> (c) Such works as, although wholly situated within the province, are before or after their execution declared by the parliament of Canada to be for the general advantage of Canada or for the advantage of two or more of the provinces.

I think that section may receive a wide enough interpretation to include the construction of retaining walls. Of course, if that section were to conflict with another power of the provincial government, we could not discuss the matter, because the provincial power has priority.

But there does not seem to be any objection, in the sphere of provincial jurisdiction, to the federal government undertaking such works. If the provincial government did object to the federal government undertaking such works, Mr. Chairman, we would have nothing more to say. However, I submit that the provincial government should shoulder its responsibilities and build itself that sustaining wall, which has become absolutely necessary.

Finally, so long as the provincial government will not undertake the construction of that retaining wall, and so long as the damages are caused substantially by navigation, a field coming under the jurisdiction of the federal government, and so long as the provincial government holds on to its attitude, the federal government may assume that responsibility and build retaining walls.

If I may, I would even make another suggestion. If there is fear of taking such a decision, if even hypothetical consequences are feared, it might be possible for the Department of Public Works to arrange with the Department of Northern Affairs and National Resources that the latter build that retaining wall around Chambly basin in order to beautify the approaches to Chambly fort, which is located at the other extreme of that basin. We could then have at that place a well-built and well cared for fort, with a retaining wall around the basin limiting a park, a development which would be extremely attractive and interesting for tourists.

Since I have a few minutes left, Mr. Chairman, I should like to come back to another question dear to my heart. During the discussion on the post office estimates, I talked about the possibility for the government to

make rooms available to members in public buildings. I think I can resume that point on the first item of the estimates of the Department of Public Works, since those buildings seem to belong to that department.

The Postmaster General (Mr. Hamilton) cleverly dodged that issue in the house. Therefore, I should like to know whether the Minister of Public Works will commit himself and mention that problem.

That is a worth-while suggestion particularly when one considers that voters very often have to see their member, even though it is only to ask for information, because, after all, instead of preaching against patronage, when we could do some, we are satisfied with not doing any, while another government, another party which—

Mr. Deschatelets: You have no right to say that.

Mr. Johnson: Here in Ottawa, I think the situation is clear, there is no question of patronage, but, of course, the voters like to see their members even though it is only to voice complaints about some civil servants, and this is their natural right.

Some hon. Members: Hear, hear.

Mr. Johnson: I see that some members are giving me their approval, and if my hon. friends opposite would imitate them, everything would work more smoothly.

Voters are right when they go to see their member. They have a right to ask him for information, to ask for an appointment, even to criticize him and rake him over the coals. Therefore, it would be most important that the member have at his disposal, in a central part of his riding, an office comprised of one or two rooms, just a waiting room and an office, to receive his supporters, while a civil servant could be affected to the reception of communications from voters who would like to obtain appointments with their member of parliament.

Mr. Chairman, these requests are important, because the session keeps us here at least five and even six days a week over a six to eight month period.

It is of the utmost importance to have in the constituency a place where the electors can go when they wish to meet their representative and there should be someone, a civil servant, for instance during office hours, not necessarily at night, who would take their messages and deliver them to their member of parliament during the week end. Part of those public buildings could be used for that purpose.

Let us take, for instance, the case of Marieville. It would be possible to reserve one or two rooms in the post office for that purpose. The post office officials could take the messages of the electors who want to communicate with their representative.

I know that is less urgent in my own constituency since my electors can easily reach me over the week end. But since we are in the house during the week, we need someone to take any messages.

As long as the members' indemnity is not increased, they will not be able to afford a full-time secretary.

Perhaps the Minister of Public Works could refer this question to the cabinet. If he would kindly and patiently read over the remarks I have made—perhaps a little vague but useful—I believe—I would be grateful to him.

I want to thank him in advance for his kind attention, and I hope departmental officials will never again pull the trick they once pulled on the people of St. Hilaire by dropping a vote for the construction of a retaining wall which was never built.

(Text):

Mr. Regier: Mr. Chairman, I do not this evening intend to complain about any municipal government or about either the Liberals or the Conservatives. I mean to recall to the minister's mind some rather disastrous floods that occurred in the city and in the district of Coquitlam over each of a long number of years, and I would like to especially recall to his mind the disastrous flood that occurred in the whole of the lower mainland of British Columbia back in 1948. This incidentally, was a flood that cost all levels of government many, many millions of dollars. As a result especially of this disastrous flood of 1948 there was established what was then known as the Fraser river basin board, now known as the Fraser river board. The responsibilities of the board have been to make an intensive survey of all phases of the river including even such matters as upstream power dams, and so on, as well as flood control.

As I understand it, as a result of a letter written by the diking commissioner at New Westminster, British Columbia, this Fraser river board presents its report to both the provincial and federal governments. I should like to read from its interim report labelled "Investigations into Measures for Flood Control in the Fraser river Basin" the following pertinent portions:

The fourth alignment for a diversion is from the Pitt river near DeBoville slough—

I might say before continuing that there were investigations carried out in respect of many possible diversions for this river into the sea in order to prevent a repetition of the disaster of the 1948 flood. The report continues as follows:

—parallel to the main road, and along the hill foot to Port Moody. See route 4, plate 5.5.1-4. The length of this channel would be 29,800 feet with probably another 4,000 feet of channel to be dredged into deep water at Port Moody.

The area is not particularly useful as agricultural land. One main feeder road and two minor roads are crossed. This route also intersects the Coquitlam river.

A concrete lined rectangular channel, 200 feet wide with bed slope .0003, and bed level at Pitt river—16.0 geodetic was assumed for the study. The only control necessary would be at Port Moody to prevent the flow from Burrard inlet to Pitt river when the tide is high and the Fraser river is at a low stage.

Calculations of the daily discharge of this channel for the 31-day period, June 12 to July 12, 1950, were made. The total discharge of the channel for this period was compared to the runoff of the Fraser river at Hope for the same period. The comparison showed that the diversion channel could discharge 18.8 per cent of the Hope flow.

The lowering of water levels on the Fraser river, through the diversion of water from Pitt river to Burrard inlet, cannot be determined from the data presently available. To obtain the necessary data would require a long and extensive survey. The answer to the determination of the extent of stage reduction seems to lie in a model study.

I have been asked by a large number of organizations and individuals to appeal to the government to undertake this kind of a survey. I am not in a position to advocate the digging of a canal to connect the Pitt river to Burrard inlet. However, I do know that this is an ancient river bed of the Fraser, and it would appear only logical that, if this canal were dug, it would very easily alleviate the possibility of floods in the lower mainland, and especially in the district and city of Port Coquitlam.

Ever since a little publicity was given to this proposal, I have received a large number of letters which have indicated that this is not a new proposal, but that it was initially raised in the year 1910, and as late, as I have already indicated, as 1955. At that time an official board of this government recommended, or at least expressed its opinion, that there should be a long and extensive survey made.

All I intend to do this evening is to appeal to the government to express its willingness to vote a limited number of dollars, perhaps in the tens of thousands, which this long and extensive survey might require, because we cannot easily forget what the flood of 1948 cost—it was in the neighbourhood of $15 million. Nor can we forget the almost annual floods which we have had in the areas of the Coquitlam river, which have run into tens of thousands of dollars each and every time they occurred. I have received a letter from a Mr. Cannell in which he endorses the idea of such an extensive survey. I have also received a letter from a clergyman, Reverend A. J. Griffin, of Trinity United Church, Port Coquitlam, which reads as follows:

Your enclosed letter was most interesting. All points to an exciting possibility.

A long range flood control plan is most urgent in our area.

Put me down in favour of this "canal" idea—I realize a lot of investigation has yet to be done, but as you say, the potential is fabulous.

I have also received a letter from a Mr. Gibson which refers in detail to this situation. The letter reads as follows:

I am quite interested in the proposal to dig a canal from the Pitt river to Burrard inlet. This canal if dug sure would be advantageous for the control of flood. I do not think it will be long before there will be floods in the valley, from what I saw during the last winter, if not corrected one way or the other. There seems to be quite a bit of dispute throughout the lower mainland as to who is responsible for flood control. If a canal were dug this would eliminate this uncertainty, would it not? The dikes are deteriorating and should have more maintenance than is being done at present.

Mr. Walker: Mr. Chairman, perhaps the hon. member for Burnaby-Coquitlam would allow me to interrupt to ask a question. Is the canal which he is suggesting in aid of navigation or is it in connection with flood control?

Mr. Regier: I should like to answer the minister in this way. I am not advocating that this canal be dug but am pleading guilty to a lack of adequate information. However, I am asking that an adequate survey be made as to the feasibility of such a canal. I suggest if the canal were dug it could easily be a measure for flood control as well as an aid to navigation. The minister's department is very definitely involved because that department is the only department which would do the work if it were deemed advisable. I should like to be modest in this respect and say that I am not advocating this proposal but am pleading, with some knowledge of the important matters involved, that the government expend the money necessary to undertake such a survey.

The letter from Mr. Gibson continues as follows:

No one seems to want the responsibility of dike maintenance in normal times but, after flooding, when it is too late, someone decides something should be done.

In my experience the municipal government has always maintained that this was the responsibility of the federal government, while the federal government has always maintained it was the responsibility of the

provincial government. The provincial government maintains, of course, that this is the responsibility of either the municipal or federal government. I have been interested in this now for many long years. When the present Secretary of State for External Affairs was the minister of this department we had almost arrived at the conclusion at least to make an attempt to resolve this unending problem. This has been a problem to those people ever since 1910, when the late Mr. Kilmer, an eminent engineer, advocated that a canal be built.

Mr. Gibson goes on to say:

> I understand that the pumping system should be modernized soon. This may cause considerable expense. Would this canal be a boon to logging operations on a sustained yield basis for a big part of Garibaldi park and open up the tourist and Vancouver holiday trade? There is no doubt about the commercial possibilities. This would be a help, too, in relieving the unemployment situation throughout the lower mainland.
>
> I think this proposed canal would be a good election subject for the C.C.F. party—

I would recommend to the minister that if he adopted the proposal it might be a good election subject for his own supporter in my riding, and if he were willing to dig the canal I would be willing to give him full marks. I would not even ask him to invite me to the official opening of the proposed canal, I would be so happy at the project being completed.

I also have a letter from a leading Liberal of the city of Port Coquitlam, a Mr. Harry Purdy. This is a non-political letter. He wholly endorses the idea of the government investigating the possibilities, and being prepared to spend the limited amount of money necessary to make an adequate survey. He pays his compliments to a former Conservative opponent of mine, the highly respected alderman Jane Kilmer. It was her father who first proposed away back in 1910 that this canal be dug. I have a letter from a captain of a tow boat in the waters concerned; he is a grandson of this Mr. Kilmer of whom I am speaking.

I am not going to ask the government to dig the canal this year, nor next year. However, we do have an urgent problem of annual flooding, and for the life of us, all of us, regardless of whether we are Liberals, Conservatives, Social Crediters, members of the New party or of the C.C.F. party, we cannot, and have not been able to bind any level of government down to assuming responsibility. At the mouth of the Coquitlam river on the one side there is an Indian reserve which is under the jurisdiction of the federal government. On the other side there is Colony farm which is owned by the government of British Columbia and yet the river runs through the district of Coquitlam and the city of Coquitlam. No one wants to assume any responsibility. The river was last cleaned out in 1919. It has not been used since that time for major transportation, and therefore the federal government says that since 1919 it has not been a navigable river and its responsibility has ended.

One of the letters I received reprimanded me a bit. The writer, a Mr. Cockerill by name, complained and suggested that I am overly ambitious, that I could not expect the federal government to dig the canal from the Pitt river to the head of Burrard inlet. He asked why I did not in the first instance plead with the federal government to divert the Coquitlam river into Burrard inlet and then a few years later I could ask them to complete the other mile and a half of the canal in order to connect the Pitt river and the Burrard inlet. I believe that proposal has much merit. At this time I am asking the minister in all earnestness not to be political and not to be hasty but to discuss this honestly with his engineers. I know there may be engineering interests, not in his department, and other interests that may be very much in opposition to this idea. However, I ask him to institute a survey, to spend the $30,000, $40,000 or even $100,000 necessary, because it may save the taxpayers of Canada many tens of millions of dollars in the years to come and also save the annual ridiculous cost of maintaining dikes that all of us know are inadequate, if ever exceptionally high waters recur.

Mr. McGrath: Mr. Chairman, I should like to speak for a few minutes on the minister's estimates on a subject which I raised last year, namely the importance of the harbours and rivers division in his department to my province, with particular regard to the construction of breakwaters.

During the discussion of the minister's estimates last year I brought to his attention the necessity for the construction of a breakwater at Bell Island. As I pointed out to the minister, that part of my constituency has a very large and very important mining community with a population of approximately 14,000 and it is without harbour facilities.

When one considers the nature of transportation and its importance to this island community it is all the more important that we stop to think of the fact that this community is without adequate harbour facilities.

A few years ago a substantial public wharf and shed were constructed on Bell Island. The minister will recall that at that time he came to Newfoundland to officially open the structure. I was given to understand that

this particular public wharf was designed in such a way as to make itself eventually complementary to a breakwater and thereby provide artificial harbour facilities; in other words a small boat basin.

The economic situation on Bell Island has deteriorated somewhat in the last few years. There is a serious unemployment problem and there have been suggestions from time to time that perhaps some of the answers to the economic difficulties facing this part of my constituency, and this very important Dosco operation, may be some incentives to those people on the island to carry on a shore fishery. Of course, in order to do this it is essential that adequate harbour facilities be provided. If the minister's department is prepared to give consideration to the construction of a breakwater at this place it will first and foremost provide harbour facilities. Second, but also important in this respect, is that it will provide adequate mooring facilities and adequate shelter for the operation of the ferry service which runs between Bell Island and the local mainland with its terminal at Portugal Cove.

Within the last year the federal government has provided new automobile-passenger ferry for this important service. This ferry is now in operation. Again, it seems to me that we were given to understand from time to time that the decision to provide a breakwater at this place was contingent on the new ferry going into service, in other words, in order to determine properly the correct location of such a breakwater with a view to providing the maximum protection for the boat. The new ferry has been in operation now for the last ten months. Again, I am not expressing an opinion of the department but it is the opinion of the local people in the area who are familiar with the tides and the prevailing winds that the necessity of a breakwater at this place has been proven beyond any doubt in order to provide adequate shelter for the ferry which has to moor at Bell Island when it is not in service providing and maintaining adequate communication with the local mainland. When the minister replies I hope he will be able to throw some light on what the plans of the department are in this regard.

The second point I wish to raise concerns a very important aspect of public works, one of the major public works projects currently being undertaken in this country. I refer to the development of St. John's harbour. The vote for this year, which I think will just about conclude the final phase of the development, is just under $5 million. The contract for the north shore phase of this development was let some time last winter. I cannot recall the exact date, but it seems to me there has been considerable delay from the time the contract was let until the time work actually got under way. I understand that only now is construction beginning to start on this phase of the harbour development after a delay of three or four months.

I realize, of course, that part of the delay was caused by the quite extraordinary ice conditions that we experienced in that part of Canada this year. However, I feel that not all of the delay has been caused by ice conditions. I have not been successful in finding out from the contractor exactly when he does intend really to get under way with his portion of the development, and perhaps the minister may be able to give some indication when he replies.

I should also like to bring to the attention of the minister at this time my sense of disappointment at the fact that the vote for Newfoundland under construction of public buildings is substantially smaller compared with other provinces of similar size. It is substantially smaller than the vote for Nova Scotia and substantially smaller than the vote for the province of New Brunswick.

When one realizes that the department of Public Works, which is a very important department in Newfoundland, is housed in temporary wartime buildings, when one takes into account the fact that the operations of the Department of Fisheries in the province are also housed in temporary and inadequate facilities and that the operations of the Department of Labour and the unemployment insurance commission are also carried on in temporary wartime buildings, it seems to me that the minister should be impressed with the importance of providing proper facilities in the province for the public service of Canada.

I do not think it is right and fitting that departments of the federal government should be forced to operate under most inadequate conditions. It has a demoralizing effect on the staffs of these departments. They are usually working in cramped quarters and I think it would pay off in the long run if proper accommodation were provided. I hope that some attention will be paid in the consideration of the minister's estimates for the next fiscal year to providing another public building in the city of St. John's to house these very important departments. The Sir Humphrey Gilbert building, which houses the other departments of government to which I have not referred, is filled to capacity at the present time. In order to provide proper facilities for the three remaining departments, which in my opinion are the most important departments to the province, I believe that consideration should certainly be given in the estimates for the next fiscal

year to the inclusion of an item for another building in the city of St. John's to house these three departments.

There is one other matter to which I neglected to refer in my remarks with respect to Bell Island. This is an item that is not included in the estimates because it is something that arose subsequent to their preparation. I refer to the inclusion of a vote for the provision of adequate docking facilities at Bell Island and Portugal Cove to accommodate the new passenger-automobile ferry to which I have referred. I understand that plans are in the process of being prepared involving an approximate expenditure of $100,000. I was given to understand that the tender call would be ready several weeks ago. However, apparently the plans have not yet been completed.

We now find ourselves well on into the summer and the ferry *John Guy*, which is now operating on its summer schedule, is operating under a tremendous hazard by reason of having to use inadequate facilities which were prepared piecemeal for a much smaller type of vessel. With what is left of them now, which is not very much, I am afraid that unless something is done very soon we are going to have a tragedy on our hands because under extreme weather conditions the present ferry is going to find itself on the rocks. When the minister replies, I hope he will throw some light on this project with regard to what the delay is in getting it under way. I would hope that the tender call will be ready within a few days and that the minister will be able to tell us that this is so.

(Translation):

Mr. Deschatelets: Mr. Chairman, I want to make some brief remarks at this stage, and deal with a few cases of general interest, while reserving a few questions, which I shall ask the minister when we discuss individual items. This morning the hon. member for Levis (Mr. Bourget) who is the official critic of the opposition in respect of this department, gave us a very complete picture of expenses submitted to us for this year, and he mentioned some very important matters. He also threw some light upon the fact that the estimates which we are asked to vote this year, are $400,000 lower than last year.

Mr. Chairman, at a time when public works are so urgently needed, we are asked to vote amounts much smaller than those of last year. Here the minister gives us somewhat the measure of his contribution. We feel that his colleagues in the cabinet do not take him very seriously. This is most unfortunate for this department, which certainly today is not playing the prominent part it should, in respect of our national economy.

But, such decrease in estimates somehow confirms what we already know. The minister said before that public works were but a poor means of creating employment. The Toronto *Daily Star* of September 13, 1960, echoed the minister's own words:

(Text):

Public Works poor way to make jobs—Walker

(Translation):

Well, Mr. Chairman, this raises another interesting case. If it is true that the minister was sincere when he made his statement, why did he and his fellow members of the cabinet publicly preach in March 1958 that they were going to embark upon a public works scheme of several hundred million dollars?

Now, I would like the minister to explain this changed attitude in his remarks and to tell us today when and why he changed his mind, for it is obvious that he did change his mind.

Now, Mr. Chairman, I want to point out an issue which the papers have already taken up. And before dealing with this problem I shall read an item which was published in *La Presse* of May 23, 1961 under the following title:

One language only in the Montreal office of the federal Department of Public Works: English!

Venne, Bergeron, Maltais, Gadbois... All these people meet there and speak English. They receive letters written in English. They must answer in English. They write to each other in English—

Things have been this way of late in the Montreal office of the federal Department of Public Works, because of a man, who was recently promoted office head—

There are, in that office, in Delorimier street, 74 employees, among whom 70 French speaking Canadians. Not only is the use of English a must in that administration, but the employees have also to use it impeccably: One of them has had papers thrown at his head because he made a mistake in some English text.

That is the way things are going lately, that is, since the departure of the engineer Anatole Gagnon, who was recently promoted deputy minister.

(Text):

Mr. Walker: Mr. Chairman, I rise on a point of order. Does the hon. gentleman appreciate the fact that this matter was raised by another hon. member in this house during the question period, and answered in full by me as reported at page 5576 of *Hansard* for May 30? At that time it was pointed out that 70 of the 74 members were French speaking, that the new chief himself was a very distinguished French Canadian gentleman, and as a matter of fact it now appears that the member who made this statement to the press was so ashamed of himself that he resigned from his position.

Mr. Deschatelets: If the minister wants to make a speech, he will have an opportunity to make it.

Mr. Walker: It is all in *Hansard*.

Mr. Deschatelets: This is not a point of order. I have the floor, and I am going to keep it.

When the minister says that this matter has been raised, he is right. It has been raised, but it has not been answered in full. I have here *Hansard* for May 30, 1961.

(Translation):

Mr. Chairman, on May 30, 1961, the hon. member for Laval (Mr. Bourdages) put the following question:

Mr. Speaker, I should like to direct a question to the Minister of Public Works.

Could the minister indicate to the house whether the English language is imposed as the official language of communication between employees of his department at the Delorimier street office in Montreal and whether instructions to that effect have been issued by the new head of that office, Mr. G. R. Aubut, as reported in a story published in *La Presse* on May 25?

Mr. Chairman, I shall not put on the record the long statement which the minister made at that time, but I shall give a brief summary of his answer.

(Text):

Mr. Speaker, I did read the article, and can say there is no foundation at all to the report that Mr. Aubut, a distinguished French Canadian—

And so forth. Now, when the minister says there is no foundation, I am going to ask him some questions. Has he made an investigation? By whom was this investigation made? Was there a written report? We would like to know the contents of this report. Those are my questions, and the minister will have an opportunity to answer them.

I am going a little further than this article because I am not finished with the matter yet, even if the minister does not like it.

Mr. Walker: I like it. I am just pointing out how foolish you are.

Mr. Habel: That is a very nice word for the minister to use.

(Translation):

Mr. Deschatelets: Mr. Chairman, let me read further:

But this is not the end of buffoonery. And this time it is more serious. The contempt of the French character of the province of Quebec is something of an institution within the federal Department of Public Works. The following development bears the fact.

A course on fire prevention was given recently to employees in charge of maintainance and heating of the department's building in the province. This course given by an English-speaking official from Ottawa was attended by 125 people, among whom were 115 French Canadians.

As they came out of the lecture hall, some 75 French-speaking employees admitted that they had not understood a word of the masterly explanations given by their English-speaking teacher—

No wonder that after such an incident things flare up somewhere.

[Mr. Descchatelets.]

Well, Mr. Chairman, in his answer of May 30, 1961, the minister also spoke about this incident, according to page 5576 of *Hansard*. I quote:

(Text):

The report concerning a lecture by an English speaking official of the Dominion fire commissioners' branch was correct in some respects, but sufficiently incomplete as to give an entirely wrong impression. A specialist on fire prevention in government buildings did go to Montreal to speak to representatives of all government departments there, including the fire wardens of all government buildings in the area. The office of the Dominion fire commissioner does not have a large staff, but its French speaking personnel includes an engineer who is completely bilingual. Unfortunately he was not available for this mission.

(Translation):

Well, Mr. Chairman, I should like at this point to leave the question of those unfortunate incidents and to tell the minister that, in the light of those facts, he will have to do something to which he is not used to—he will have to show a certain degree of humility. Let him agree that this was a mistake. We are not hard on him; we simply ask him to take appropriate action so that such mistakes do not occur any more.

Mr. Chairman, I will now go on to another topic.

I have here an article from the newspaper *Le Devoir*, dated June 8, 1961. I apologize to the minister, but the heading of this article is: "A blunder by Mr. Walker", and I quote:

The federal Minister of Public Works, Mr. Walker, should have thought twice before answering as he did Tuesday a question put by Mr. Murdo Martin. It is an advertisement published in a Paris daily by Central Mortgage and Housing Corporation and which appeared exclusively in English.

This unbelievable blunder was reported here on Monday in our column of Notes and Comments. The May 18 issue of *Le Figaro* published an advertisement headed "Canada—Town Planners". The Central Mortgage and Housing Corporation, which does not even mention that it also has a French name, wants to recruit town planners for its works in Ottawa and across the country. The advertisement explains that this Canadian government agency is responsible for housing and slum clearing programs, and goes on to list the qualifications required of applicants and the benefits they are offered. But the whole advertisement is in English.

Mr. Chairman, one must not be too critical, but at least we can ask the minister to see that such incidents are not repeated.

Mr. Chairman, I should now like to discuss another subject. On April 25, 1961, the hon. member for St. Henry (Mr. Lessard) asked the following question to the Minister of Public Works (Mr. Walker) as recorded on page 3965 of *Hansard*:

Mr. Speaker, I should like to put a question to the Minister of Public Works. *Le Devoir* reports this morning a statement made yesterday by the minister to a delegation of unemployed to the effect that pick and shovel jobs are available for

the asking. As there are in my riding thousands of unemployed anxious to work can the minister tell us to whom they should apply and how many jobs are available?

The minister replied:

Mr. Speaker, I have not read the article referred to.

And *Le Devoir*, for April 25, 1961 published the following statement made to a delegation by the Minister of Public Works:

Mr. Walker immediately offered them a pick and shovel job. "Such jobs are available for the asking", the minister said.

The day after that statement, when the minister was asked for an explanation, he did not even remember. So, I would just ask him in passing whether that statement was another of his jokes at the expense of Canada's unemployed?

Mr. Chairman, may I now say a word on the item concerning the trans-Canada highway. As the hon. member for Levis (Mr. Bourget) so eloquently recalled this morning, we are now beginning to realize, through hindsight, that negative autonomy has cost us millions of dollars. I am very pleased to note that this year, an item has been included to cover the cost of the trans-Canada highway, something which will be of great benefit to the province of Quebec.

I do hope that when we reach that item, the hon. members who in 1958 opposed all joint programs will be there to support this item. Even if they have been slow to see the light, we are very pleased. We have been so successful in converting them that they are now blessing what they burned not so long ago.

Mr. Martineau: What a Pecksniff.

Mr. Deschatelets: Now, Mr. Chairman—

Mr. Johnson: Before going on to another subject, would the hon. member allow me a question?

The hon. member asked how some members of the house can reconcile their attitude with their former stand against joint projects. I would ask the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) how he can reconcile the attitude of the government of the province of Quebec which, on the one hand, denounced joint programs in July and on the other hand, has accepted and signed the agreement on the trans-Canada highway.

Mr. Deschatelets: Mr. Chairman, that is a very easy question. It is a matter of public record that the Quebec provincial government has never spoken against joint projects. The hon. member for Chambly-Rouville (Mr. Johnson) is mistaken. What he is thinking about is the opposition shown by one of his leaders, Mr. Talbot.

Mr. Johnson: Not at all. I am speaking of the opposition made by the Quebec premier, Mr. Lesage.

Mr. Bourget: If my hon. colleague will allow, I will reply to the hon. member because I have followed quite closely—

The Chairman: Order. Perhaps the hon. member should let the hon. member for Maisonneuve-Rosemont reply because since we have to follow the established order of members who wish to speak, he might have to keep the floor longer than he thinks.

Mr. Deschatelets: Mr. Chairman, I should now like to say a few words on the question of slums.

Allow me to read an article which was published in the Toronto *Daily Star* of June 3, 1961. Everybody knows how independent that newspaper is.

(Text):

Mr. Johnson: Don't make me laugh.

(Translation):

Some hon. Members: He does not understand.

Mr. Deschatelets: That article is entitled:

(Text):

Ottawa should lead.

Scoldings do not clear any slums, not even when the scoldings come from Canada's public works minister himself.

In Halifax this week, Mr. David Walker complained that Canadian municipalities were "not making nearly enough progress" in getting rid of slums and halting the spread of blight. He said that Ottawa offered "generous assistance" to the municipalities for these purposes, but the municipalities weren't making full use of it—

But the municipalities know from experience—for example, Toronto with Moss park—that being offered this kind of assistance is one thing; actually getting it is another.

The article concludes as follows:

The trouble is not just in one quarter, but all along the federal-provincial-municipal line—too little in the way of leadership; too much in the way of governmental and intergovernmental complexities.

As for leadership, it should come mainly from Ottawa, which is the main source of money and authority in this field. Rather than rail at the municipalities, let Mr. Walker rally them to the cause of self-improvement.

(Translation):

Mr. Chairman, I shall now conclude my remarks. I will certainly have some questions to ask when we come to the items of particular interest to me.

I trust that the minister will give back to this department which is so important the magnitude it had in previous years. In my opinion, this department has become the orphan of the government. When he succeeds

in convincing his colleagues, it will be easier for us to put up with the arrogant replies he gives us from time to time.

Mr. Bourget: Mr. Chairman, allow me now to answer the question of the hon. member for Chambly-Rouville (Mr. Johnson) to the effect that the Quebec premier has spoken against joint projects.

I challenge the hon. member for Chambly-Rouville to quote a statement from a Quebec minister, not only the premier but any Quebec minister, opposing joint projects. I must tell him what the Quebec premier said in a speech delivered in the provincial legislature during the budget debate. Besides, he made this suggestion right here when he attended the last federal-provincial conference on fiscal matters. He said that he wanted to do away with joint projects and replace them with unconditional payments, by extending the fields of taxation reserved to the provinces. The hon. member for Chambly-Rouville must know that in this field, the province of Quebec has received absolutely nothing that is the answer I wanted to give the hon. member for Chambly-Rouville. Once again, I challenge him to quote words, not only from the premier but also from any Quebec minister. Besides, the thing is clear. If the province of Quebec had not wanted to take part in this joint project, it would not have signed the agreement on October 27 and 28, 1960.

Mr. Denis: Anyone can see that.

Mr. Johnson: I put a question to the hon. member for Maisonneuve-Rosemont and willingly the hon. member for Levis walked into the trap I had set for my hon. friend from Maisonneuve-Rosemont. The hon. member for Maisonneuve-Rosemont got around the difficulty not by quoting Mr. Lesage, nor by denying my statement concerning Mr. Lesage, but by quoting Mr. Talbot. Mr. Talbot has not changed his attitude. The hon. member for Levis cannot deny that Mr. Lesage took a position as regards joint projects and then, going against the attitude he had taken at the dominion-provincial fiscal conference, he allowed an agreement to be signed between the Minister of Public Works and his minister of highways for the trans-Canada highway.

Moreover, as the hon. member for Levis is aware, Mr. Lesage stated at the dominion-provincial conference in June or July 1960, that the time had come for the province of Quebec to abandon joint projects, because of their conditional features, and that these matters should come back to the province. He went further, he said social security legislation should be brought back under provincial jurisdiction. Neither the hon. member for Levis, nor the hon. member for Maisonneuve-Rosemont, nor any one of their friends in the opposition can deny it.

Concerning the trans-Canada highway, can the hon. member deny that Mr. Lesage took a contradictory stand when, in July 1960, he denounced the joint plans by pointing out that they were an infringement of provincial jurisdiction, while, on the other hand, he had his minister of highways sign the agreement? If the hon. member can deny that, he will go against the texts. I did not have the documents a while ago and that is why I put the question to the hon. member for Maisonneuve-Rosemont.

It is six of one and a half dozen of the other.

If Mr. Lesage wants the federal government to withdraw from all joint programs and let the provincial government occupy the whole field of taxation, he only has flatly to turn down any joint program and to require the federal government to let the province have free rein over the whole field of taxation. That is, if Mr. Lesage is a logical man. There is no reason why he should have signed an agreement with the public works department. That is exactly what our friends opposite do not understand when they refer to the trans-Canada highway and other joint undertakings. They refuse to make allowance for circumstances such as they were when the Quebec government refused those joint undertakings.

The Quebec government was then waging a fiscal war with the federal government. That was the period of the "believe-or-die" policy of the federal government and the provincial government would not give in to such a policy. I say once again that such was the policy of the federal government.

Now that a Conservative government is in power, it has a better understanding of the situation and it is ready to discuss with Quebec and even to give it back its large share. The government is ready to let the premier of Quebec accept the joint undertakings freely.

Now that our party is in power, it is possible to discuss intelligently with provincial authorities, provided that the provincial government be in earnest.

It is not up to us, the federal members, to dictate to Mr. Lesage what he has to do.

If Mr. Lesage chose to sign that agreement, we morally have no right to refuse voting those items because the agreement was signed.

If Mr. Lesage had been consistent, he would have refused to sign the agreement and would then have explained his position, and would have been right to ask for a larger slice of the tax money.

When the Liberal party was in office, and surpluses were accumulating, federal M.P.s were refusing to restore the taxation sources belonging to the provincial government.

That is why the province for its part would not enter the joint schemes and agreements with the federal government, because it rightly contended that the federal government was using subterfuge to avoid restoring tax fields to the provincial government.

The federal level was trying to invade the field of provincial jurisdiction by refusing to restore to the provinces their sources of taxation.

We are now faced with a situation of fact which we have to respect. We must abide by the commitments of our predecessors.

Now that we have deficits, we cannot for all that overlook our commitments.

If Mr. Lesage wants the federal government to restore to him the sources of taxation, he only has to refuse the federal subsidies. Then we will see whether he is a man to be taken seriously or a joker.

Mr. Bourget: Mr. Chairman, unfortunately, I am not a lawyer. Being an engineer, I am not in the habit of wrapping my arguments in long sentences. Furthermore, I have no business defending the earnestness of the Quebec premier.

Mr. Parizeau: The tax fiend.

Mr. Bourget: On June 22 last, the province of Quebec, in spite of all the organization and money of the Union Nationale, expressed its will.

I do not wish to prolong the debate any further on that matter. However, I shall say a word about joint loans.

The hon. member for Chambly-Rouville (Mr. Johnson) is a lawyer. He has the knack of wrapping his arguments in long-winded sentences. But he did not quote one word—and I challenge him to do so—of the Quebec premier denouncing those agreements on joint programs.

On the contrary, he made suggestions at the dominion-provincial conference.

Mr. Chairman, unless words mean nothing, there is a marked difference—and I hope my friend from Chambly-Rouville understands French—between making a suggestion and denouncing something.

As for fiscal agreements, we shall have the opportunity of coming back to that later. I repeat to the hon. member, one of those who, during the last federal election in the province of Quebec, said that we were strangling the provinces, that we have obtained nothing from the Conservative government, absolutely nothing, while other provinces were getting $1, $3, and even $8 per capita.

In the joint plans, nothing was changed, not even a comma, especially in regard to regulations concerning the agreements about the construction of the trans-Canada highway.

And you, honourable members, who denounced them, you, great patriots—

Mr. Pigeon: Do quote our words.

Mr. Bourget: To quote all you have said, we would have to read for six days and six nights.

Mr. Pigeon: Go ahead, quote.

Mr. Bourget: You deny all you ever said in the past.

Mr. Ricard: Not so loud, you might choke.

Mr. Bourget: You do not have the courage of standing up to repeat in this house what you said in the province of Quebec during the 1957 and 1958 election campaigns.

The Chairman: Order.

I think this is no time to discuss the last provincial or federal election campaigns.

I urge the hon. member for Levis to go on with his remarks without straying too far from the trans-Canada highway program. Otherwise, we would run the risk of taking the wrong road.

Mr. Bourget: I refuse to follow the member for Chambly-Rouville.

I do not want to overtax the patience of the committee. However, I want to repeat this to the member for Chambly-Rouville: find me one statement of the premier of the province of Quebec in which he denounces the joint program. Ask your colleagues to try and find any.

Read over the speech of the premier of Quebec, and especially your own. Your friends in the province of Quebec, all of you who have supported Mr. Duplessis, have denounced that program.

Mr. Chairman, I immediately come back to the subject under discussion. But let gentlemen opposite tell the truth not only in the province of Quebec but in this house also.

Mr. Pigeon: We always tell the truth.

Mr. Bourget: Never.

Mr. Pigeon: You were sitting for 22 years, but we have been rising in this house ever since we have come to office.

Mr. Bourget: Yes, you are one of those who take the floor and repudiate what they stated in the province of Quebec in 1957 and 1958.

The Chairman: Order, order.

Mr. Johnson: I would say that one hit a sore spot, gentlemen, particularly in the case of the hon. member for St. Denis (Mr. Denis), who is trying to get on his feet.

Mr. Bourget: It is nothing like the Salvas inquiry.

Mr. Johnson: To cool down the hon. members, I would refer to page 29 of the report of the proceedings of the 1960 fiscal conference held in Ottawa on July 25, 26 and 27. Mr. Lesage says:

> In Quebec, as in other places, our provincial development imposes on us and on our municipalities increasingly heavy demands. We are acting urgently to make proper provision for education—

May I say, in brackets, that this is just boasting—

> —roads and many other services which are our constitutional responsibility.

Now listen to this—the hon. member for Levis should listen to this:

> The determination of the government of Quebec is that those responsibilities should be discharged through harmonious and equitable exercise of the interdependent rights that belong to each government in Canada. That purpose, which animates the government of Quebec in coming to this conference, must, I believe, be our common purpose in Canada. That fundamentally, is why we are all here.

The premier then spoke about sovereignty and interdependence.

Mr. Deschatelets: Where do you see that?

Mr. Johnson: On page 31, the prime minister of the province of Quebec says—

Mr. Bourget: Go on.

Mr. Johnson: Here it is:

> To sum it up, the government of the province of Quebec means fully to exercise its sovereignty in the fields under its jurisdiction without, however, ignoring that all governments in this country are unavoidably interdependent.

Mr. Denis: Hear, hear.

Mr. Johnson: The premier further says—

Mr. Deschatelets: You might have waited till tomorrow to find it.

Mr. Johnson: Its coming now.

Mr. Bourget: That is the wrong book you have there, it is the second edition.

Mr. Johnson: No, no.

Mr. Bourget: It is nowhere to be found.

Mr. Johnson: The premier said further:

> Neither are we without realizing that this federal government should also face serious responsibilities implying huge disbursements. We are well aware that in the last instance, money can only come from one source: from the taxpayer who has already to carry a tremendous tax load—

An hon. Member: Hear, hear.

Mr. Valade: That is why Mr. Lesage increased taxes.

Mr. Johnson: I continue the quotation:

> —Taking all these circumstances into account and considering the constitutional fact that direct taxation is a joint domain—and I am quite as magnanimous as Mr. Frost—belonging to both spheres of government, but the only one which may be used by the provinces, we think that taxation rates which are exclusively in the provincial field should be increased to at least 25 per cent of the present federal income tax, both on personal and corporation income.

Mr. Bourget: Very well.

Mr. Deschatelets: Go on.

Mr. Johnson: Now Mr. Lesage asks that the sources of taxation be supported by the provinces.

Mr. Bourget: Go on.

Mr. Johnson: Give me time.

Mr. Denis: The remnants of the Union Nationale.

Mr. Bourget: It is so hard to find when it does not exist.

Mr. Deschatelets: Why do you not prepare a brief for tomorrow.

The Chairman: Perhaps the hon. member would let another member have the floor in the meantime, because I—

Mr. Johnson: Mr. Chairman, after all, the hon. member has a right to know—I do not mind the chairman making easy jokes, but—

Mr. Bourget: Very funny.

Mr. Johnson: The member for Levis (Mr. Bourget) has asked me to give the quotation. Here it is on page 27:

> The federal government should withdraw from these fields to the extent that this is necessary to allow each province to get a fair share, namely 50 per cent of the taxable productivity of the said

personal and corporation income tax fields. This adjustment could be made progressively year by year over a five year period.

Exactly the suggestion which the Prime Minister of Canada has implemented.

Mr. Bourget: Come on, you are a better lawyer than that.

Mr. Johnson: Let me find the text, I will quote it for you.

Mr. Bourget: Are you so sure of finding it? Of course we are in no hurry.

Mr. Tardif: Hear, hear.

Mr. Johnson: I will find the quotation and will send it over to you.

Mr. Denis: Why not look on the cover? Look on the cover.

Some hon. Members: Carried! Carried!

Mr. Johnson: I will find the quotation and will send it over to you. Go ahead and laugh, but you know quite well that this question exists and was even published in the newspapers. I cannot find it at the moment, but I will send it over to the hon. member for Levis when another opportunity comes up. I rose immediately because I did not want to hold up the proceedings and the minister wanted to speak. I will give him the time, but the hon. member for Levis knows quite well that the quotation exists.

Mr. Bourget: Oh no.

Mr. Johnson: I will find it and will read it to you.

Mr. Denis: Mr. Chairman, the hon. member for Chambly-Rouville has been talking through his hat. He votes these amounts every year while pretending to be against them.

The trans-Canada highway is under construction from the Atlantic to the Pacific, but there is a gap in the province of Quebec. That province with the taxes paid by its people is paying part of the cost for other provinces. Quebec does not have the advantage of any federal subsidy because it does not have even a single mile of that highway under construction. One can only conclude that the people of the province of Quebec have been taken in by the government then in office. Some were saying then "Duplessis is giving to his province and Ottawa to foreigners", and they are doing exactly the same with this difference that the province of Quebec is now taking all it can get from Ottawa. It is not a question of winning an election on mines but of giving the people of Quebec their just share of the taxes they pay to Ottawa.

The statement made by the premier of the province of Quebec indicates that he would like this joint program to be dropped and that another formula be arrived at. But in the hope of receiving all the millions of dollars which we lost during some years through the fault of the Union Nationale, the present Quebec Liberal government has accepted everything, will accept everything.

You are the ones who do not want Ottawa to give to the provinces under joint programs. At long last, for the first time in some 15 years, the province of Quebec is part of Canada; it is part of confederation. If ever during the next election mention is made of mines like those which have misled for years the people of the province of Quebec —well we had enough of that. There are only a few supporters of the Union Nationale left and they are here in Ottawa, until the next election. They have had the jitters ever since the last provincial election; this is the swan song.

I sympathize with their statements.

If Mr. Duplessis was giving to his province and Ottawa to foreigners, what are you doing for the province of Quebec, you who have doubled everything you blamed us for in the past.

Mr. Bourbonnais: Would the hon. member allow me a question, Mr. Chairman? He said: "For the first time the province of Quebec is part of confederation". What does he think of all the veterans, of our Canadians of the province of Quebec who sacrificed their lives during the last war?

Mr. Caron: They were not supporters of the Union Nationale.

Mr. Denis: I did not understand the hon. member's question. I suppose he was visiting his canal. Would the hon. member repeat his question so that I could try to answer if possible.

Mr. Bourbonnais: The hon. member for St. Denis said a moment ago that for the first time in the history of confederation, the province of Quebec was part of confederation. I ask him what he thinks of the people from Quebec who sacrificed their lives in two wars?

Mr. Denis: The hon. member is wrong. I told him that when the Union Nationale was in power in the province of Quebec, we were not part of the rest of the country, but that since the taking over by the Lesage government we are Canadian citizens and we are proud of it. In other words, we are not savages. We accept the legislation introduced by the present federal government, which is a Conservative government.

Mr. Johnson: I shall continue the quotation of the text I started to read before the hon. member for St. Denis took the floor. I just found it. It has to do with the joint programs and it is found at page 35 of the report of the proceedings of the fiscal federal-provincial conference held on July 25, 26 and 27, 1960. Mr. Lesage said in his brief:

> Experience shows that often those joint programs do not allow the provinces to use their own revenues as they see fit and to sufficiently take into account local conditions.

And further on:

> In addition, they also bring up administrative problems resulting in a loss of efficiency or duplication and higher costs. The provinces must have a special staff to report to Ottawa about the execution of those programs and the government in turn must hire officials to see to it that the conditions laid down by Ottawa are complied with by the provinces.
>
> We feel that such a situation has become undesirable. The present joint programs have had a stimulating effect upon the economic and social development of the country; in several cases, they have replaced the provincial initiative. Those programs are now well enough on the way at the provincial level so that the federal government could put an end to its participation and withdraw from those fields.

Some hon. Members: Hear, hear.

Mr. Johnson: The federal government should be willing to accept that request.

Mr. Bourget: Very well, that is exactly what I said.

Mr. Johnson: Well, gentlemen from the Liberal party, you have just commended a brief submitted by Mr. Lesage, in the same terms, and containing the same mistakes in French that would have made Mr. Duplessis. What difference is there between Mr. Duplessis' stand and this stand taken by Mr. Lesage, who criticizes, who claims that experience shows that these joint programs do not allow the provinces to use their own income as they would like to, and to have due consideration for local conditions?

If Mr. Lesage held this opinion, why has he adhered to this scheme? And if Mr. Lesage has adhered to this scheme and, if, as you claim, gentlemen from the Liberal party, the people of the province of Quebec cannot afford to lose this money, which Mr. Lesage has accepted, then why do you ask us to refuse to vote for it?

You are being most illogical. You are nothing else but petty political followers, the followers of Mr. Lesage, your branch manager who is getting short of money and wishes the federal government to come in and foot the bill of his electoral promises. That is your attitude, gentlemen of the Liberal party. If you want a fight, you will get it.

Mr. Bourget: We relish that.

Mr. Johnson: You are saying that on the one hand Mr. Lesage is right in signing these agreements and on the other hand that we would be wrong in supporting them. Where do you stand? What do you want? Are you for or against?

Mr. Bourget: Do you want to know?

Mr. Johnson: Do you want Mr. Lesage to take the logical attitude he adopted at the tax conference or do you want him to sign agreements? Do you want Mr. Lesage to come to Ottawa begging the federal government or making counter-propositions still favourable to the Quebec cause or do you want him to adopt the attitude of his predecessors who came and settled, for example, the university grants matter in a fashion compatible with their pride and without abandoning any provincial jurisdiction? Those people then discussed with the federal government.

The federal government, the Minister of Public Works is ready to discuss conditions, but Mr. Lesage did not want to discuss. He needed $10, he wanted $10 unconditionally without any discussion, without seeking to ascertain whether in good logic the experience would show that joint undertakings often do not allow the provinces to dispose of their own revenues according to their wishes and according to local conditions.

Mr. Lesage did not take that into consideration when he came to sign the joint agreements. He demanded nothing, he simply said: Gentlemen, I sign the agreement and I accept your conditions.

Can you blame the federal government? Logically, can you blame the federal members for approving such a thing, since it is Mr. Lesage who asked for it?

He should be logical. He should say once and for all what he wants. He may refuse, if he wants to, but then he should not blame his predecessors for their past refusals. Be logical, gentlemen of the Liberal party, take one or the other stand but take it in a responsible way.

In another line of thought, since we are now discussing joint programs, I think the Department of Public Works must, to some extent, supervise, on behalf of the government of Canada, works to be done on the Quebec section of the trans-Canada highway that is to be built. It is also its duty to supervise

the implementation of any agreement concerning the construction of a road to resources.

Mr. Denis: No commission on white lines.

Mr. Johnson: So, Mr. Chairman, according to an agreement signed between the federal government and the Quebec government last fall, the federal government contributes, jointly with the Quebec government, to the construction of a road to the Mattagami mine. Now, Mr. Chairman, section 5 of that agreement provides:

(Text):

Canada and Quebec mutually covenant and agree as follows:

(1) No member of the House of Commons shall be admitted to any share or part of any contract, agreement or commission with respect to the project, or to any benefit to arise therefrom.

(Translation):

I wonder how a member of this parliament who has got into the habit of looking for the mote in his brother's eye and not seeing the beam in his own, like the member for Villeneuve (Mr. Dumas), can explain that, as a land surveyor, he is collecting fees from the provincial government to survey the road leading to the Mattagami mine.

I refer to what the hon. member for Villeneuve, who is unfortunately away, had to say. I do not like to attack him while he is away—he was here all afternoon—but since you want to bring up those matters, we will talk about them. I am sorry the hon. member is not here—

The Chairman: If I correctly understood the remarks of the hon. member for Chambly-Rouville, he was talking about a contract between the central government and the government of the province of Quebec, but I did not understand whether it was about the trans-Canada highway or a public works contract—

Mr. Johnson: That is right, Mr. Chairman.

The Chairman: One in which the Department of Public Works is involved?

Mr. Johnson: Yes, Mr. Chairman, because according to the agreement entered into, the Department of Public Works must supervise the work on behalf of the federal government which is a party to the contract. As a matter of fact, even though agreements about the access roads were between the provincial governments and the Department of Northern Affairs and National Resources, they come under the jurisdiction of the Department of Public Works.

And just to show that those people who are talking about kickbacks are carrying on patronage in Quebec with federal funds—

Mr. Bourget: Would the hon. member allow me a question?

Mr. Johnson: Do you want to ask me a question or to raise a point of order?

Mr. Bourget: No, I just want to ask a question.

Is the hon. member for Chambly-Rouville talking about an access road to mines?

Mr. Johnson: Yes, the Mattagami road.

Mr. Bourget: In that case, Mr. Chairman, I would ask you to call the hon. member for Chambly-Rouville to order, because the Department of Public Works has nothing to do with the access roads to mines, and the hon. member should know that those roads come under the Department of Northern Affairs and National Resources.

Now, Mr. Chairman, the hon. member made a rather serious charge against the hon. member for Villeneuve.

Mr. Johnson: One moment, Mr. Chairman, we shall dispose of the point of order first.

The Chairman: Order. The point of order has to do with the relevancy of the discussion on the estimates of the public works department. The hon. member for Levis (Mr. Bourget) seems to think that this contract is one that comes under the Department of Northern Affairs and National Resources. If that is the case, of course, it would be irregular to start a discussion on that contract.

On the other hand, the hon. member for Chambly-Rouville (Mr. Johnson) seems to suggest that the Department of Public Works has something to do with this matter.

Mr. Bourget: The Department of Public Works has nothing to do with it and the minister can confirm that.

(Text):

The Chairman: Possibly the minister can enlighten the committee as to any responsibility of his department with respect to the contract to which the hon. member has alluded.

Mr. Walker: I have not been following the argument. I have no idea what it is about. What was the name of the road?

Mr. Johnson: Mattagami.

Mr. Walker: That is a road to resources. It is true that it is being paid for jointly by the province of Quebec and the federal government. So far as the administration of the building of the road is concerned, the Department of Public Works is in charge of that.

Mr. Bourget: No.

Mr. Walker: Yes. We are in charge of the administration of it. However, the amount

paid by the federal government is charged to the Department of Northern Affairs and National Resources. We do a great deal of work for that department. They look to us as the responsible party to see that the proper people are paid on behalf of the federal government, that the road is surveyed and constructed properly, that the contracts are let properly and that everything is in order. We have a very important and almost overwhelming part in that regard, although the cost is charged to the Department of Northern Affairs and National Resources.

Mr. Bourget: On the point of order, Mr. Chairman, can the minister tell the committee honestly—he has the deputy minister before him who knows about the matter if the minister does not—that the Department of Public Works has anything to do in any way, shape or form with roads to resources. I am asking the minister to tell us precisely and he can be informed by the deputy minister now.

An hon. Member: He just told you.

Mr. Bourget: No, he tried to mix up the whole situation. That is what he did. I understand French and English, you know.

Mr. Walker: In other words, the hon. member for Levis does not want me to speak French?

Mr. Bourget: Go ahead, French or English.

Mr. Walker: I can assure my hon. friend that I have consulted with the deputy, and I will repeat what I have said. We have everything to do so far as the duties of the federal government are concerned in connection with the building of roads to natural resources. The only thing we do not do is to sign the contract and pay the share of the federal government. It is just the same as with penitentiaries. The deputy points out to me that the trans-Canada highway is the best example of our participation, but in that case we also pay for it.

The hon. member for Levis may shake his head but it is four years since he had any part in the government of Canada and it may be 18 years more before he has again. He may shake his head but I am telling him the facts. It is not necessary for him to say to me, "Honestly now, Mr. Minister, will you tell us?" I am sorry that I have to disagree with the conception of the hon. member. Whom are you protecting tonight?

Mr. Bourget: Again I ask the question: Can the minister point to any item in these estimates that covers roads to resources? I am asking the minister, with the help of the deputy minister and all the officials who are around him and in the gallery, to tell me here in the house if the Department of Public Works has something to do with this matter. The minister has said that the government of Canada has something to do with it. Roads to resources are under the Minister of Northern Affairs and National Resources who is in his seat. He knows that roads to resources are under his jurisdiction. Is that right?

Mr. Dinsdale: These are not my estimates and I have not been participating in the discussion throughout the day. However, I do understand that some use is made of the staff of the Department of Public Works in this regard and that there is an involvement in that connection.

(Translation):

Mr. Johnson: Mr. Chairman, I repeat that I was thinking of the statement of the Minister of Public Works to the effect that his department has something to do with it, and it was with regard to this that the point of order was raised.

The Chairman: Order. In the document which the hon. member for Chambly-Rouville holds in his hand, if there is a clause which may establish a responsibility on the part of the Minister of Public Works with regard to contracts which may be awarded under that convention, I shall ask him to read out this text. However, if the responsibility of the Department of Public Works only extends to supervising from a physical point of view or with regard to the carrying out of work, I believe that this is not the right time to deal with the matter.

Mr. Johnson: Mr. Chairman, the estimates of the Minister of Public Works contain various items dealing with specific objects. But when more general matters are involved, and we are discussing the administration vote the debate on various subjects directly or indirectly related to a department has to take place, if I understand the rules correctly, when the first item is discussed, and it is at that stage, to my mind, that I may speak on this issue, as it is not an item specifically relevant to the Department of Public Works but will probably be voted under some legislation which may be administered by another department. Now, I wonder at what point I may discuss this item, when for the supervision and the carrying out of that work the Department of Public Works is spending—

The Chairman: Order. I asked the hon. member whether he had a text to read, because there is no doubt that expenses with regard to the roads to resources program are under the jurisdiction of the Department of Northern Affairs and National Resources, and those items were voted when the estimates

of that department were discussed. When the hon. member says that under the first item of a department we may discuss anything that concerns the department, I agree. However, if the Department of Public Works is responsible for letting the contracts which come under the contract and is only responsible for the technical carrying out of the work, I think the hon. member for Chambly-Rouville will agree with me that it is not in order to discuss such matters under the estimates of the Department of Public Works.

Mr. Johnson: So, Mr. Chairman, I will not be allowed to discuss this on the estimates of the Department of Public Works, or to expose the underhand work of the hon. member for Villeneuve with the Lesage government; I will have to wait till next year, when the estimates of the Department of Northern Affairs and National Resources are taken up, to raise the matter again.

Mr. Bourget: Mr. Chairman, I think you will allow me to take the defence of one of my colleagues who is forcibly absent from the house owing to illness. I find it odd that the hon. member for Chambly-Rouville has taken advantage of his absence to lay a completely false charge.

Mr. Johnson: He was here a few minutes ago.

Mr. Bourget: I shall prove to him, if the hon. member will just keep quiet and listen, I shall prove to him—

The Chairman: Order. I have no objection to the hon. member speaking now. However, if he intends to show that the allegations made by the hon. member for Chambly-Rouville are not true, he will then be continuing the discussion and it will be impossible for me to prevent the hon. member for Chambly-Rouville from replying. If the hon. member for Levis insists on pursuing that course and if the committee is agreeable, I have no objection, but if he does, I think he is opening the door to a full debate on all the facts.

Mr. Bourget: Mr. Chairman, with your permission, my colleague's argument is very simple.

(Text):

I am going to speak in English. This is the same as the trans-Canada highway. The minister will agree with me that, so far as the plans and surveys of the roads are concerned, the federal government does not have to pay a cent, is that right?

Mr. Johnson: Right.

Mr. Bourget: Then, why do you accuse the hon. member for Villeneuve of getting money from the federal government when the federal government has not participated in the cost of the surveys or plans for the road? I am asking the Minister of Public Works if I am right or wrong in that. Does the federal government have to pay a cent for the preparation of the plans or surveys in connection with the route of the trans-Canada highway?

Mr. Walker: We do not pay for the land acquisition, but we do pay for the engineering survey of the route.

Some hon. Members: Oh, oh.

Mr. Walker: We are responsible also for every cent that is spent. We have to approve of all the bills. Does the hon. member for Levis refer to the survey bills? We are responsible for the passing of the survey bills, the engineering surveys.

Mr. Habel: May I speak to the point of order? Would the minister dare to say that, in so far as the roads to resources are concerned, the provinces do not make the surveys and pay for them? Do the provinces then not go to the Department of Northern Affairs and National Resources with the proposal that they want accepted by the department? Does this not show that nothing whatever is coming from the federal government in so far as the location of the road is concerned and anything else except the construction of the road?

Mr. Walker: The answer to that, as I understand it, is that everything has to be approved in advance by the Department of Public Works on behalf of the Department of Northern Affairs and National Resources, just as we do for so many other departments. We are increasing the scope of our activities. What is this all about, by the way?

Mr. Habel: The question is this.

Mr. Walker: I have heard your question and I have answered it.

Mr. Habel: The question is this: Is not the province committed to surveying the road, preparing the plans and submitting them to the department? They have to pay for the preparation of the survey themselves?

Mr. Walker: It is the same procedure as that relating to the trans-Canada highway. The province pays for it, proves by vouchers what it is, and we check all the bills. The federal government pays its share and it is charged to the department of northern affairs.

Mr. Habel: No, no.

Mr. Walker: If you know, don't bother asking questions.

Mr. Habel: I do know because I was discussing the whole matter with the minister of highways for Ontario, and he told me they had to pay for the survey themselves.

(Translation):

Mr. Johnson: Mr. Chairman, since the hon. member for Levis has given up his point of order, I think I could—

Mr. Deschatelets: We shall give you enough rope to hang. Go on.

Mr. Johnson: —continue my remarks. All I want to say is that hon. members across the floor helped me to prove my point. They got the answers they wanted from the minister. The federal government pays its share of the Mattagami mine road. The provincial government awards a contract to a federal Liberal member. The provincial government avails itself of the provisions of this contract to do some day labour, to make use of patronage in the province of Quebec while we, at the federal level, the good fellows, we are paying for this Liberal patronage of Mr. Lesage's. That is what you call good patronage; good patronage with good Mr. Lesage.

Mr. Chairman, I quoted the text, clause 5 is clear.

(Text):

No member of the House of Commons shall be admitted to any share or part of any contract, agreement or commission with respect to the project, or to any benefit to arise therefrom.

(Translation):

The hon. member for Villeneuve who likes to come out against patronage in other places and people who misuse public funds will have some explaining to do about that. At the same time, he may have a chance to explain what happened, during the Liberal regime in the case of the retaining walls, in Beloeil, where certain foremen were appropriating public funds, cashing cheques of people who were not working, and were making money that way—

The Chairman: Order.

Mr. Johnson: He might explain what they were doing with that—

The Chairman: Order.

Mr. Johnson: —Liberal patronage paid out of federal government funds.

The Chairman: Order. Order.

I should point out to the member for Chambly-Rouville that he may be allowed to deal with the matter, but he must show the connection with the Department of Public Works.

I believe that at the moment he has wandered far from the subject, and I would ask him to come back to it.

[Mr. Walker.]

Mr. Johnson: Mr. Chairman, I feel I have followed your instructions, for I was referring to retaining walls. My remarks were therefore, in some ways, relevant to public works.

I merely want to point out that the clause is quite clear. As far as the hon. member for Villeneuve is concerned, notwithstanding the allegations of hon. members opposite, I have not taken advantage of his absence to talk about it.

I even took the care to mention first that I was sorry he was not here to speak in his own defence.

I now refer to pages 2031 and 2032 of the English *Hansard*. There is reference there to the member for Villeneuve.

The member for Charlevoix (Mr. Asselin) had addressed him, and here, for the benefit of the house, is the translation of his words, as found on page 6 of the appendix.

(Text):

I am reading from the translation:

Mr. Asselin: Could the hon. member tell us the name of the engineering firm which makes the survey of the joint projects?

Mr. Dumas: This question makes me laugh, Mr. Chairman. To answer it I will tell the hon. member that the department's engineers are those who do the civil engineering work for the construction of the road. But I see what my hon. friend is aiming at, and I must say to him, that as a surveyor, the government of the province of Quebec has asked me to do the surveying for the expropriation of certain parcels of land bordering on this new road from Amos to Mattagami. So, to help ease my hon. friend's concern on this matter, I will read to him—I think I might give this explanation—

I have here a copy of the agreement signed by the government of Canada and that of the province of Quebec with regard to the construction of the road between Amos and Mattagami and I find the following at clause 9 of this agreement:

"The cost of these works will not include any amount paid by the province of Quebec towards the project after March 31, 1966, and in all cases will not include the payments made by the province of Quebec towards—"

And I now read subclause (B):

"The purchase of an interest or any land interest in connection with the execution of the project, including compensation or indemnification for the obligatory taking over of the land or for the unfavourable soil of other lands;"

(Translation):

Mr. Deschatelets: You spoke illogically.

Mr. Johnson: How does the hon. member for Villeneuve explain his conduct regarding the question of land surveying?

He did not reply to the hon. member for Charlevoix. He tried to play on the meaning of section 9 and he was completely wrong.

Perhaps he also forgot on purpose to quote section 5 which is indeed very clear.

The people will judge the hypocrites who claim they do not engage in patronage and who set about practising the worst kind of patronage the moment they are in power.

They favour not only the Liberal lawyers of the province of Quebec but even the engineers and land surveyors who are members of the federal parliament. They are not satisfied with cramming the members of the provincial legislature, they have to give a piece of the cake to the federal members of parliament, who belong to the Liberal party.

Perhaps, one day, the minister of hydraulic resources who is now the Quebec minister of natural resources, will know how to thank the member for St. Denis for the fine work he did during his election which he won by a narrow margin, last June, and in such a way as I do not care to qualify.

Mr. Deschatelets: The hon. member should take some rest.

(Text):

The Chairman: Shall item 329 carry?

Mr. Peters: I have been waiting very patiently for the aftermath of the political storm that has been raised among members from the province of Quebec this evening in order to continue on what I consider to be the estimates of the Department of Public Works. It may be true that these remarks that have been made tonight have been very colourful and that they have given us an insight into Quebec politics. However, I think they have strayed far away from the field that I wanted to go into.

Mr. Johnson: That is an easy slander.

Mr. Peters: It is a quiet slander, and a very mild one too, I would say.

Mr. Johnson: Though you are not in the province of Quebec, you can get defeated easily also.

Mr. Peters: I would imagine it would be a very mild slander. I am quite sure that the hon. member's hide is a mile thick, and that it will never penetrate at all. I think it would not even be considered slander by him at all.

Mr. Chairman, perhaps it would be wise to continue for the next four or five minutes the discussion of the roads to resources program as it affects the province of Quebec. Maybe this would be in the best interests of all concerned. However, I wish to congratulate the minister's department, and not entirely the minister, because I am now thinking of a little clipping which I saw from the Timmins *Daily Press* under the heading "Ottawa Report" in which with regard to the minister the following is pointed out:

> He brought to Ottawa a high reputation from his legal career, honoured as a bencher of the law society of upper Canada, and held in awe by Toronto lawyers as "the terror of the negligence bar". An embittered and humbled opponent in the house dubbed him "the man with the stiletto"; his stiletto is a brilliant, lethal and always colourful tongue.

This may be quite true, but tonight the minister has not had to use it. If he was going to control the debate, I think he would have had to use a broad axe and probably this is not his field.

I should like to compliment the department on the work that has been done. The engineering with which I have had the opportunity to have some connection seems to be of a high calibre; and there seems to be in that department still a carryover from the days of the former minister, now the Secretary of State for External Affairs, in which he said that we would get relatively free from politics. Sometimes it may not be wise to get completely out of this field of politics. I should like to relate one particular incident that happened recently where I think it is an advantage. I want to refer to only one instance in which I asked of the department an investigation into a situation that I thought should be investigated. I gave the department the information as I had it and the investigation was made by the engineer. I happened to be in that area and I went and saw the situation for myself. It was very much as I had been told it was. I have been informed that the former Conservative candidate also visited the area. Rather than being upset about this, I am quite pleased about it because I think now there are three people who have been back to the department and have reported that the situation is very much the way each and every one has reported it. It therefore may not be wise to get too far away from this field. The former Conservative candidate no doubt has at heart the interests of the area in the same way as have the inspector of the department, the engineering branch and I. May I call it ten o'clock, Mr. Chairman?

The Chairman: The hon. member means 10.30.

Mr. Peters: Yes, 10.30.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder whether I could ask the house leader whether he could indicate with reasonable certainty now what we will be doing tomorrow and Saturday and whether he could give us any idea of what we will be doing up until whatever hour it is we meet on Tuesday evening. Perhaps he could tell us whether under the rules it would be 7.30 or 8.00 o'clock.

Mr. Churchill: I will announce tomorrow night the business for next week. Tomorrow we will carry on with the estimates of the Department of Public Works. The business

for Saturday will be determined depending on the progress we make tomorrow.

Mr. Pickersgill: Does the minister not expect to finish public works before tomorrow is out?

Mr. Churchill: I sincerely hope that we shall finish public works tomorrow. It is now June 15.

Mr. Pickersgill: What will we do then?

Mr. Churchill: If we finish public works early tomorrow we will commence with national defence. But if we do not finish public works in good time tomorrow, I am not certain that we would start with national defence on Saturday. I am open to suggestions from hon. members opposite.

At 10.30 o'clock the house adjourned, without question put, pursuant to special order.

HOUSE OF COMMONS

Friday, June 16, 1961

The house met at 11 a.m.

EXTERNAL AFFAIRS

COLOMBO PLAN—SUPPLEMENTARY GRANT OF WHEAT TO BURMA

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I simply wish to inform the house that agreement has been reached to provide an additional $50,000 worth of Canadian wheat to Burma under the Colombo plan program. This additional grant raises to $400,000 the amount of wheat which Canada has made available to Burma under the 1960-61 program.

THE BUDGET

TABLING OF BUDGET PAPERS

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I ask leave to table copies in English and in French of the annual budget white paper. For the convenience of hon. members as well as of subscribers to the reports of this house, I move that the budget white paper be published as an appendix to today's *Votes and Proceedings* and also as an appendix to the *Hansard* report of Tuesday, June 20.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Motion agreed to.

WAR MEASURES ACT

PERSONNEL OF SPECIAL COMMITTEE

Mr. John Pallett (Peel) moved:

That the special committee on the War Measures Act appointed Tuesday, June 13, 1961, be composed of Miss LaMarsh and Messrs. Aiken, Baldwin, Deschatelets, Fortin, Kucherepa, Mandziuk, Martin (Essex East), Matheson, McPhillips, Paul, Pitman, Roberge, Spencer and Stewart.

Motion agreed to.

TRUST COMPANIES ACT

AMENDMENTS RESPECTING INVESTMENT POWERS

Hon. Donald M. Fleming (Minister of Finance) moved the first reading of Bill No. S-28 (from the Senate) to amend the Trust Companies Act.

Motion agreed to and bill read the first time.

LOAN COMPANIES ACT

AMENDMENTS RESPECTING INVESTMENT POWERS

Hon. Donald M. Fleming (Minister of Finance) moved the first reading of Bill No. S-29 (from the Senate) to amend the Loan Companies Act.

Motion agreed to and bill read the first time.

TRADE

URANIUM—INQUIRY AS TO NEGOTIATIONS WITH UNITED KINGDOM

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Minister of Trade and Commerce whether he can inform the house of the reasons for the adjournment of the discussions with the United Kingdom of the uranium contract after four days, I believe.

Hon. George H. Hees (Minister of Trade and Commerce): Yes, Mr. Speaker. Discussions were held on Monday and Wednesday on the ministerial level and on Tuesday and Thursday on the official level as to the details. At the end of that time it was decided that Sir Roger Makins would return to the United Kingdom for consultations with his government, leaving several of his officials here to continue consultations with Eldorado Mining and Refining on technical matters. As indicated in the press release yesterday, he will be returning at a mutually convenient date to continue these discussions. I might emphasize that these discussions have been adjourned only, and will be continued as soon as possible.

EUROPEAN COMMON MARKET—MISSION TO DISCUSS ENTRY BY U.K.

On the orders of the day:

Mr. M. D. Morton (Davenport): Has the Prime Minister any comment to make on the report that Mr. Duncan Sandys will be coming here from the United Kingdom to discuss the common market situation?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, there was a reference over the radio to the effect that the Right Hon. Mr. Sandys, secretary of state for commonwealth relations, would be here next week or within the next ten days to discuss

in general the problems connected with the common market being joined by the United Kingdom. That report was incorrect. He will be coming a little later, at a date to be determined. I mentioned the other day that I thought he would be here some time in July.

Hon. L. B. Pearson (Leader of the Opposition): A supplementary question, Mr. Speaker. Is it a fact, as I think the Prime Minister indicated in his reply, that when this visit takes place there will be discussion concerning the problems arising out of the United Kingdom joining the European common market?

Mr. Diefenbaker: Mr. Speaker, there will be general discussion in regard to that matter and the inferences, the results, the implications and the like. Also, of course, there will be a canvassing of the attitude to be taken by the government of Canada toward the necessity of preserving and maintaining our rights under existing trade agreements within the commonwealth, and of our position that there should be no unfair interference with or diminution of Canada's existing trading rights.

Mr. Pearson: Mr. Speaker, may I ask the Prime Minister whether it is the intention of the government to take advantage of this opportunity to discuss with the representatives of the United Kingdom the possibility of Canadian association with these European economic developments?

Mr. Diefenbaker: In that connection, Mr. Sandys would not be particularly interested, nor would the British government.

CUBA—INQUIRY AS TO SEIZURE OF EXPORTS BY CANADIAN CUSTOMS

On the orders of the day:

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, yesterday the hon. member for Richelieu-Vercheres asked me whether I was yet in a position to make a report concerning the seizure of an export shipment for Cuba. Upon inquiry I learned that the matter is still under investigation and I am, therefore, unable to make a report at this time. I assure the hon. member, however, that I shall make a report as soon as one is available.

STRAWBERRIES—STATEMENT ON IMPORTS FROM U.S.

On the orders of the day:

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, yesterday the hon. member for Fraser Valley asked me a question concerning the importation of strawberries into British Columbia. I now wish to advise that this specific report referred to by the hon. member has been investigated. As the hon. member knows, the British Columbia processors ordinarily import strawberries to supplement local supplies. Imports are currently being received at the prevailing price in the United States. It is reported to me that the delivered cost of these berries to the processors during the first half of June is somewhat higher than the price being paid for local berries.

I wish to inform the hon. member that if any British Columbia strawberry producers feel that the value of imported berries is unduly depressed, they should request the horticultural council to make application to the Department of National Revenue for assistance under the provisions of section 40A (7B) of the Customs Act which the government makes available to protect growers against low seasonal values for imported products.

INDUSTRY

AUTOMOBILES—INQUIRY AS TO REPORT OF ROYAL COMMISSION

On the orders of the day:

Hon. Paul Hellyer (Trinity): I should like to direct a question to the Prime Minister. Can the Prime Minister say whether it is his intention to make the Bladen commission report public at any time?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the answer is in the affirmative.

DEFENCE PRODUCTION

TENDER NO. 43-1-1977-D—STATEMENT ON REQUEST FOR PARTICULARS

On the orders of the day:

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, yesterday the hon. member for Nipissing asked the Prime Minister whether he would look into tender No. 43-1-1977-D which closed on June 5, 1961, and give the particulars to the house.

This was a tender relating to plumbing pipe and pipe fittings, and was issued by the Ottawa district office of the Department of Defence Production. The low tender was submitted by Emco Limited at a price of $573.09. The products offered by Emco Limited were partially of Canadian manufacture and partially imported from the United Kingdom. The next lowest tender was submitted by Crane Limited which quoted $578.14 and offered products entirely manufactured in Canada.

The policy relating to procurement of defence supplies is as follows. With respect

to head office contracts, that is all contracts involving major production or procurement programs, every effort is made to ensure maximum Canadian content. For many of our most important contracts only Canadian manufacturers are invited to bid. In many other areas, preferences are given to Canadian contractors.

With respect to district office contracts, which normally relate to off the shelf items and where tenders are restricted to local manufacturers, jobbers, wholesalers, distributors and agents, the low bidder meeting the specifications is invariably selected. The district offices of the Department of Defence Production placed 130,000 contracts in the fiscal year 1960-61. It is obvious, therefore, that with respect to this very large number of contracts the only practical purchasing rule is to award the contract to the low bidder.

AGRICULTURE

MARITIME PROVINCES—INQUIRY AS TO AID TO POTATO GROWERS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, may I ask the Minister of Agriculture whether the government has yet been able to make up its mind about the compensation that he promised nearly two months ago to the potato growers in Prince Edward Island?

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, when the government does make up its mind it will be announced in due course.

LABOUR CONDITIONS

CAPE BRETON—INQUIRY AS TO PROJECT TO PROVIDE EMPLOYMENT

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Perhaps I could ask the Minister of Mines and Technical Surveys whether the government has yet made up its mind about any one project on which to spend the $1,500,000 that he announced as long ago as May 30 would be used for employment in Cape Breton.

Hon. Paul Comtois (Minister of Mines and Technical Surveys): Yes, Mr. Speaker. An announcement will be made by the Prime Minister very soon.

BUSINESS OF THE HOUSE

AMATEUR ATHLETICS—INQUIRY AS TO LEGISLATION THIS SESSION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to ask the Prime Minister or the house leader if they could indicate whether it is the intention at this session to go ahead with the measure to consider means of encouraging the youth of Canada in amateur athletics, as set out in the speech from the throne.

Right Hon. J. G. Diefenbaker (Prime Minister): The answer is yes, Mr. Speaker.

Mr. Speaker: If the hon. member for Skeena is here, I shall be glad to deal with the question of privilege he raised the other day.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Call in the member.

Mr. Martin (Timmins): He is not in the house, Mr. Speaker.

SUPPLY

The house in committee of supply, Mr. Flynn in the chair.

DEPARTMENT OF PUBLIC WORKS

329. General administration including a grant of $2,000 to the Canadian good roads association, $10,667,720.

The Chairman: This item will be found at page 67 of the blue book and the details at page 452.

Mr. Peters: Mr. Chairman, last evening I had been mentioning some problems on the estimates of the Department of Public Works. I should like to congratulate the government in this connection, but I think I should not really congratulate them because in my opinion they got into this situation by accident rather than by design. I refer to the field of housing in which the government now finds itself.

If it had not been for the money that was put into housing by the federal government several years ago there just would have been no home building at all in Canada. It was an indication that something was wrong with the source of the money upon which we were depending for the expansion of our housing industry in Canada when the government—and certainly this is true of the Conservative government—had to go into the field of lending of money for housing.

I do not think this has been a bad move; I think it has been a very good one. Indications are now apparent that other interests would like to put money into housing and that there will be an expansion of credit, and mortgage money particularly, available for housing. This has been a good thing. If this government have done anything to solve the unemployment problem across this country, probably their greatest effort has been in the field of housing. The fact that the federal government did put money into housing when money was not available from other

sources and when no building was taking place in other fields has meant a great deal of employment in the housing industry itself and, second, in the service trades that depend upon the housing industry.

This brings us, of course, to another problem that has now developed. The minister has indicated that he is going to unload a large number of mortgages now being held by Central Mortgage and Housing Corporation. It is my opinion that this in itself may not be a bad thing either. However, I think we are going to have to look very carefully at this matter, and for this reason we have been watching very closely one of the bills on the order paper being sponsored by a private member. This bill is in connection with secondary mortgages and the handling of mortgages by means other than those by which they have been handled in the past. We have been interested in this, and I have satisfied myself that this government is not invading the field that the minister has indicated he is going to leave open for industry and the financial interests to take part in.

I only want to make this suggestion. The federal government has not done a bad job in housing. It has not hurt the government; it has not hurt the Conservative party, and I think it has been good for the country. Therefore I think it behooves us to give consideration to going into this matter more deeply, rather than getting out of it entirely. For this reason I hope when the minister brings in the resolution that will indicate a bill is in the offing for the establishment of a secondary mortgage field, he will give consideration to a crown corporation handling secondary mortgages. I believe it is highly essential for the development of Canada that we take the profit motive out of the mortgage field and the interest that is available when going into such an important field as national housing. The lower the rate of interest on that money, the more money is available and the easier it is to obtain. In this way we would have the largest amount of money available for housing, whether it be through secondary mortgages or the original Central Mortgage and Housing Corporation loans. Both tend to increase housing development in Canada, and this is a vital necessity even now.

Mr. Chairman, I should like to congratulate the minister for the work his department has done recently in the construction of some of the very lovely small federal buildings. I was very pleased to have the opportunity of attending the opening of a post office, in the company of the hon. member for Cape Breton South, in my riding two weeks ago, and should like to state that it is a very lovely building. It is very modern and designed to serve the needs of that community for some time in the future. I feel there was a good deal of foresight in the planning of this building, in that it has been designed in such a way as to allow for a good deal of expansion without, at the same time, creating a future white elephant. If expansion does not take place as quickly as has been anticipated I feel that building can still be used in an efficient way.

The construction of this building also created extra employment in that area during the wintertime, which has been a tremendous advantage to the people of that community. I am very pleased that this government, through the Department of Public Works, has seen fit to provide this type of opportunity to various communities, because this has been of tremendous help in providing employment for a number of people in this country.

I suggest there are many other fields of endeavour in which this department should take part. There are many problems in my own area of which I am aware and which I should like to bring to the attention of the department when considering the relevant votes. However, at this time I should like to comment in a general way in respect to the government's building activities in the Ottawa area.

While it is fine for an hon. member to say in this house that there are $17 million worth of government buildings in his riding—and I refer to the constituency of Russell—I do not feel it is necessarily a good thing. The centennial of Canada's confederation is not far away. I feel that this country has now reached that stage where Canadians can be proud of it, and that now is the time for us to review and correct the haphazard building program that has been followed in the city of Ottawa.

At the outset I should like to say that I do not believe the central experimental farm should be developed as a land assembly scheme upon which government buildings should be built in haphazard fashion. I realize that certain ministers of the crown would like to see many types of government buildings built on that farm, but I believe the experimental farm has served and is serving a useful purpose, and should not be cluttered up with departmental buildings of all types. I suggest the government should use some foresight in its planning and location of government buildings, so that over the period of the next 50 or 100 years this city will be developed in a manner and style in which we as Canadians can take pride.

The city of Ottawa itself is the national capital of Canada and should not be developed

as an industrial city but as a national capital. I realize that the federal government must compensate this city for the industrial losses which will accompany the development of the city as a national capital, but I suggest the federal government must have some authority as well as interest in this type of development program of development which is being followed at this time has resulted in the location Wellington street in order that at least the administrative headquarters of each department of government may be located there. The program of development which is being followed at this time has resulted in the location of many administrative buildings in the outlying areas of the city.

I feel this is a mistake on the part of the government. For instance, an individual coming to Ottawa with the intention of perhaps discussing a contract with the officials of the Department of Public Works will have difficulty in locating the officials of that department. I suggest he will probably have to take a taxi on a tour through Tunney's pasture and various other government building locations before finally arriving at the new public works building in the area of Hog's Back. I know I have difficulty locating these officials even by telephone from my own office, and therefore suspect that a subcontractor from an area such as Timiskaming, perhaps the city of Kirkland Lake, being a stranger in Ottawa would have great difficulty in locating the officials of the department in which he is interested.

In making this suggestion I realize, of course, that many of the operations of different departments cannot properly be located close to parliament hill. I do not suggest that the technical services provided by the department of research, for example, should be located in downtown Ottawa, but at least the administration offices of that department could be located there.

If the government did expropriate all the property along Wellington street it could accomplish two things. It could rid that district of the slum areas which exist there, and could centralize the administration buildings of all departments of government. An individual visiting this city could then easily locate the officials of this government without the necessity of taking a taxi on a grand tour of the city. I believe an individual wishing to consult a deputy minister should not be expected to travel to the outskirts of the city in order to do so. After all, Canada is no longer a small country, and should have a national capital designed after the examples set by other nations of the world. I suggest the location of government buildings in Washington provides a good example for us to follow. That city has been designed and developed as the national capital of the United States. Here in Ottawa there exist all kinds of slums, industries, government departmental buildings, in all areas.

I suggest that the officials responsible for the development of Ottawa as a national capital should consult with the officials of the city of Ottawa in order to work out an efficient and effective plan for the development of the national capital. I seriously suggest to the minister for his consideration a program of expropriating the property along Wellington street so the administrative offices of this government could be centrally located. I also repeat my suggestion that the experimental farm be maintained as an experimental farm. I suggest the operation of that farm has been of great benefit to many people of this country over the years, through the development of better seeds and so on, and has provided solutions to various other agricultural problems which have existed. I suggest that a great deal of beneficial research and development has been carried out as a result of the operation of this farm. I strongly suggest this should not be a land assembly plan. I dislike very much going out to the experimental farm and finding that the federal government has erected a new building there because it had not bothered to expropriate additional land.

I should like to raise another problem with the minister. The minister may say it does not come under his jurisdiction. It is somewhat like the argument we had last night on the roads to resources program. I am speaking of the port of Moosonee. On page 11 of the report of the Department of Public Works we find the following statement:

> As in previous years, members of the branch made several on-site surveys of various harbours. The interdepartmental group, consisting of senior officials of the Departments of Public Works, and Transport, continued to investigate major harbour requirements.

The people of northern Ontario are greatly interested in the survey now being carried out jointly by the federal and provincial governments having to do with the development of a northern salt water seaport, the only salt water seaport the province of Ontario can have. I refer to the port of Moosonee. The potential of that area is exceedingly great. Some of the largest iron ore deposits in the world are there. The potential of other minerals in the Moosonee area is great. We are very interested in seeing a comprehensive and legitimate survey conducted there.

In northern Ontario we have a railway owned by the provincial government. It was originally called the northern Ontario development railroad, and was built to open up the resources of northern Ontario. For many years

Colonel Reynolds, the chairman of this railroad—he is now getting to be a very old man—pushed the idea of a salt water port at Moosonee for the development of northern Ontario.

This is not a pipe dream; it is a feasible thing. I believe that on many occasions the chairman of the railway used it for political purposes. I am quite sure that most of the politicians in northern Ontario have used it for political purposes. I have. I make one exception; the hon. member for Cochrane has never used it for political purposes, and it is in his riding. But I can assure you, Mr. Chairman, that the hon. member for Cochrane is very interested in the port of Moosonee. He has been going there for many years, and is well aware of the potential of the area.

A survey has been made. Press reports indicate that the minister has given assurance that the report will be made very shortly. Last night I looked up references in *Hansard*. The last one, which was a month old, indicated that the minister would be willing to bring in a report on the survey within a month. I presume the report of the survey is now available and that the minister's department has participated in it.

I think these things should be done by the federal government. I am not too pleased about anything the provincial government does in this field. In the field of harbours, lakes, navigable waters, and so on, the provincial government has shown a very narrow minded and provincial attitude toward those developments. It has decided that any waters throughout the province should be used for provincial parks and that those provincial parks should cost a great deal of money if you wish to visit them. Three years ago it cost you $1 to go to a provincial park in Ontario. Now it costs you $3 to go to a provincial park for the season. It costs $1 to stay in a provincial park.

Most of our navigable waters in northern areas that originally came under the jurisdiction of the federal government are now administered by the department of lands and forests of the provincial government. I strongly suggest that the minister keep his hand in this particular field, because it is my opinion that we get better utilization of some of our natural resource development if it is handled by the federal government than we do from the provincial government, particularly in those fields in which both governments are interested.

I should like the minister to give a full report on what is going to happen at Moosonee. We know it is an extensive development proposition. It is a proposition that would have a high labour content and would do a great deal for the development of that area. It also has a national defence aspect because if an enemy force was going to land it would find it most advantageous to come in through Hudson strait, Hudson bay and down through James bay, and it would then be fewer than 600 miles from the main industrial city of Canada, namely Toronto. If for no other reason, we should develop this port for defence purposes.

However, in my opinion defence is only an excuse. It is something I would use with the minister as an argument because the government seems to give consideration to this type of argument. If we developed our resources in that area we would increase our secondary development, because we would be serving the communities and the industries which would develop from the use of the natural resources. This would carry far more weight with the people of northern Ontario and I think the people of Canada in general than anything else.

This proposed development has been a political football. It has been kicked around for a long time. I have been there; I have looked at the terrain. I am no engineer. I do not know whether it is feasible or not, but I do know this. If the port is feasible it would do a great deal for the people of northern Ontario. It would mean new life for Kirkland Lake and for all the towns along the Ontario Northland Railway. It would add new life to the agricultural development which is taking place in the little clay belt. It would mean a tremendous development program in probably the largest undeveloped agricultural area in Canada today, the great clay belt which covers nearly all of Cochrane north. In my opinion all these things would take place if a port is feasible and could be developed at Moosonee.

The survey which is being done under the direction of the minister's department is of such importance that it will give guidance toward the development of the resources of northern Ontario for many years to come. If it is at all possible to develop a seaport in northern Ontario, then it should be developed and the minister should give not only his assistance and his guidance but his whole-hearted support. I see the Minister of Northern Affairs and National Resources in his seat, I do not know whether an opportunity has been afforded to him so early in his term of office to visit the area of northern Ontario of which I am speaking, but if he does visit it I am sure he will be impressed with the resources that are available in that area. This was part of his predecessor's vision. It is a part of the vision that is possible of realization. It is part of the vision that is feasible. It is quite within

the realm of development in the next few years as the kind of community that his predecessor spoke of, namely development much farther north.

What will be done hinges on the reply of the minister. I hope he will find his way clear to give consideration to this development at this time. The people of northern Ontario are frightened at the situation which is developing. They see their basic industry, gold and silver mining, reaching the stage where most mining companies are nearing the end of the properties they are now working. They have not been able to obtain any assurance from the government that there will be an increase in the price of their product, so this development is a vital neccessity. If they are to plan for a constructive future they are going to have to take into consideration the availability of a market not only south from their communities but north as well.

Mr. Macquarrie: Mr. Chairman, there is much I should like to say about the minister's estimates in this committee, but given to brevity as I am I shall have to put in capsule form some of my thoughts about what the minister has done in the area which I have the honour to represent. We are very pleased with the continuing major programs in the Wood islands area, which has become a very important point in our transportation link with the province of Nova Scotia. If, as we hope, a new boat is placed in that run there is no reason why there should not be night service, and the Department of Public Works would be called upon to do even more in the way of providing facilities.

The hon. member for Timiskaming spoke about housing. We in Prince Edward Island are just beginning to take advantage of some of the federal opportunities in the housing field, and we look forward to most helpful developments along this line.

A project very close to our hearts at the present time is the construction of a new railway wharf, as we call it, at Charlottetown. The present one is being overtaxed by the increase in shipping which has come about in recent years in Prince Edward Island. At the present time our trade, especially with the northern ports along the St. Lawrence, is expanding greatly.

In Prince Edward Island we are looking forward to a great celebration in 1964. Many people, we hope, will be coming to Charlottetown by boat, and I hope the minister's new wharf will be completed at that time.

I listened with interest the other night as the hon. member for Halifax spoke about an event that took place there nearly 100 years ago. I might say, of course, that the event he spoke of was a mere postscript to the Charlottetown conference of 1864 which planned the confederation of this great country. The Minister of Public Works is involved now, however, in that question which down through the years has been the most important political and economic question to the people of Prince Edward Island. I refer to a transportation link between our province and the mainland, between Borden and Cape Tormentine.

It was this very question of transportation which assumed major importance in the confederation negotiations of 1873, and the province of Prince Edward Island exacted from the dominion government a guarantee of continuous and efficient communication. There has been much discussion about this in the years that have passed. In 1903, for instance, for 40 days and 40 nights nobody travelled to Prince Edward Island. No mail came or left, and when the Prince Edward Island members eventually got to Ottawa they had something to say about this situation. In 1907, from three o'clock in the afternoon of one day until one o'clock the following morning, the subject of Prince Edward Island transportation was before this chamber.

The Minister of Public Works need have no fear that we shall discuss it that long on this occasion, but he has become involved in this historically significant, politically potent and economically vital factor because of the survey for the causeway. I suppose he would hardly expect me to be on my feet for any length of time without mentioning the causeway. I should like to take this opportunity now to say what I have said to him privately, how much the people of Prince Edward Island appreciate the visit by his very able and competent deputy minister, General Young, who came to Charlottetown about a year ago, spoke to a group of citizens there and gave a most excellent and lucid report on the causeway survey up to that time.

We are very anxious that this matter be pressed forward with all the speed possible having in mind the tremendous technological and scientific considerations which must be involved in a project of such magnitude and such originality. We realize that it is a tremendous undertaking. At one time we were hearing stories about remedial measures that must be taken with respect to various parts of the shore line on the south shore of Prince Edward Island. Indeed, at one time I heard that one area which would be destined for inundation was the area around the very beautiful community of Victoria which happens to be my home town and birthplace. In this instance I had no desire to become a postdiluvian survivor. However, we learn from

the reports so far made that this matter has been dealt with and the problem has been taken in stride.

I was tremendously impressed a while ago when I went to the national research council and saw the model study. I knew this was an engineering project of great magnitude but to see it visibly before me, to have it explained by some of the finest engineers not only in Canada but in other parts of the world as well, was a most valuable educative opportunity. We in Prince Edward Island may sometimes be regarded as impatient about the causeway survey. We are quite aware that great sums have been expended and much research has been done. If, however, the Minister of Transport will provide us with another new car ferry to replace the *Prince Edward Island,* this will contribute to an abatement of our impatience but not to the lessening of our interest or our desire for this up-to-date communication link.

When the time comes I think it will be easy to prove the economic feasibility of the causeway. As one looks at the tremendously rising cost of ferries he will see that the demand for service will require more and more boats, and the more boats that are put in service the higher the cost will rise. With the development of a land link between our province and the mainland, one could predict that with the increasing traffic the unit costs would go down.

That there is an extensive increase in traffic I need hardly point out. As late as 1943 we had coming to Prince Edward Island in one year 9,539 automobiles. In 1960 this had risen to 171,540. There is every indication that the season ahead of us will be our finest tourist season yet. As more and more people learn the glories of our province we can predict that on an ever ascending scale we shall have people wanting to get to Prince Edward Island and sad to have to leave it. Therefore we will require the most up-to-date transportation link possible.

I believe that the most up-to-date link will be a causeway. We realize the magnitude of the project. While at times we may be impatient, our impatience will be abated, as I say, if we have a new boat. I know that the minister and the officials who are working with him will want to make no mistake. We got quite a shaking in Prince Edward Island last winter. It was the worst winter we have undergone since 1903 or 1905. There is some uncertainty as to which was the worst. There is still some ice not too far removed from the gulf area. The heavy formation of ice which remained there month after month would certainly have to be one of the factors, and an obvious factor, in the consideration of building this tremendous and imaginative link of our province with the mainland.

I am convinced of the seriousness of the study being undertaken. I am convinced of its magnitude, although as a layman I would not pretend that I understand all the ramifications. I know the minister will persevere in this effort, and that every possible avenue will be explored in examining the economic and engineering feasibility of this project. I do not suppose we could have it ready for 1964 for our celebration, so we might be content to wait for the other confederation celebration in 1967.

There is much more I might say about the initiative the minister has demonstrated in his department which has meant so much to the people in my province, but I am content to rest my case on the causeway at this moment. I know the minister has heard a great deal about the causeway from hon. members from Prince Edward Island, and no doubt the hon. lady from that province who recently joined us will present her views to the minister shortly.

Mr. McMillan: Mr. Chairman, I should like to bring up a matter that is of great interest to the hon. member for Niagara Falls and to myself, having to do with the deepening of that part of the Welland river between Port Robinson and Chippawa on the Niagara river. In years gone by this part of the Welland river formed part of the Welland canal and therefore was navigable. Today it is filled up, and I doubt that even small barges could navigate this part of the river.

I have received many representations recommending this. Recently I received representations in this respect from the township of Crowland, copies of which I have sent to the minister. In years past when Niagara Falls was part of my riding I received representations from the chamber of commerce of that city and from different plants in the area. I might say that the Welland river crosses under the Welland ship canal at Welland through an aqueduct. For some miles the Welland river and the Welland canal run closely parallel.

Some years ago representatives of the Niagara Falls chamber of commerce came to Ottawa and proposed the construction of a dock at Port Robinson which would serve both the Welland river and the Welland canal. In other words, these two streams are sufficiently close that the same dock could serve both of them. If one were constructed goods could be unloaded from boats in the Welland canal to ships on the Welland river and vice versa.

As I have indicated, this part of the Welland river was at one time part of the Welland

canal. When the canal was first built it ran from Port Dalhousie to Port Robinson. There was a lockage into the Welland river. In later years, of course, a cut was dredged from Port Robinson to Port Colborne and the Welland river was deserted as far as navigation was concerned. There are a number of plants situated along this river at the present time. I have been told that these would make use of waterborne traffic. This area is an excellent location for the settlement of industry.

In making representations to the government concerning the dock the chamber of commerce presented an outline of an ideal situation, namely to have a lockage between the Welland canal and the Welland river at Port Robinson. At the time the representations were made we were told that the government did not have any money. I suppose it is accurate to say that the government has less money today that it had then. It is therefore perhaps futile to press for this lockage project at this time. I would, however, urge the minister to look into the situation with a view to bringing about conditions under which we might have navigation in this part of the Welland river.

(Translation):

Mr. Bourbonnais: Mr. Chairman, in the few minutes at my disposal, I should like to deal with the trans-Canada highway which runs through my constituency.

Last January, I stated publicly that the building of the trans-Canada highway by way of Ile aux Tourtes would cost from $9 to $15 million more than the route proposed previously through Ile Perrot and Dorion.

At that time, neither plans nor specifications had yet been drawn up to enable the provincial minister of highways, the Hon. Bernard Pinard, to submit specific estimates for the new route going through Ile aux Tourtes. Therefore, in order to have this change in route approved by the Minister of Public Works (Mr. Walker), in Ottawa, Mr. Pinard sent him a telegram which reads as follows:

(Text):

Following the information given to your Mr. Williams, assistant deputy minister, and to your Mr. G. T. Clarke, concerning the route of the trans-Canada highway at the western end of Montreal island could you wire me immediately your authorization to announce officially the new route which is to go through Ile aux Tourtes instead of Ile Perrot. This will help me very much in the preparation of my estimates for the next fiscal year. The change recommended in the route may save your government several hundred thousands of dollars.

(Translation):

So the reason put forward by Hon. Mr. Pinard to have the route changed, was to enable the federal government to make substantial savings.

A minister of the Quebec provincial government who defends the interests of the federal government! That is unique.

Last January 17, before the change in the route was made public, I telephoned the Hon. Rene Levesque, the Minister of Public Works for the province of Quebec who is responsible for the construction of bridges.

I told him that if he wanted to build a bridge between the island of Montreal and the Vaudreuil-Soulanges riding by going through Ile aux Tourtes, he would have to secure beforehand the authorization from the federal departments of public works and transport.

I added that such an authorization could be obtained—

Mr. Walker: Would you be so kind as to speak louder?

(Text):

I have asked the hon. member to move over. We are experiencing difficulty in hearing him.

(Translation):

Mr. Bourbonnais: When I phoned the Hon. Rene Levesque at Quebec on January 17 last, I told him that, if it was his intention to have a bridge built over the Ottawa river between the island of Montreal and Ile aux Tourtes, he would have to get permission or authorization from the Department of Public Works and the Department of Transport, in Ottawa, for the simple reason that the Ottawa river is a navigable river.

At that moment, the provincial government thought that, if the bridge was built there, a causeway could be erected at the eastern end and another one from Ile aux Tourtes, which would have considerably reduced the length of the bridge.

I pointed out then to Mr. Levesque that such a project would bring dangers of flood from the Prairies river as well as from the Mille Iles river. Moreover it would have an influence on the water level in Montreal harbour, while diverting the water from the Ottawa river.

Well, Mr. Chairman, that is what I told the Hon. Rene Levesque on January 17 last for the sole purpose of giving him a good piece of advice so that he would not look foolish in making the statements he intended to make.

He replied that I did not know what I was talking about, that I was no engineer and that it was his business.

A few days later, it was announced that the route would go through Iles aux Tourtes

instread of Iles Perrot. On the first of February last, I made a public statement which appeared a few days afterward in *La Presse.*

In that letter, I gave some particulars on the additional work which the new route would involve and it is only following that article that borings were undertaken by the minister of public works of the province of Quebec, on the Ottawa river.

It is since then also that work on the trans-Canada highway has been stopped, that is to say plans have not been drawn up, specifications are not ready, and I think that the minister will admit that work on the trans-Canada highway in the Vaudreuil-Soulanges district will not start this year, precisely because the route was changed, that the Ile aux Vaches route, which had been recognized on November 28 last when the federal and the provincial governments signed an agreement with regard to the trans-Canada highway was abandoned. Moreover when that route was changed, the data or recommendations of certain engineers in the province of Quebec were found not to be in accordance with the facts.

With regard to the Ile aux Tourtes route, it was discovered that the bottom on which piles could be erected is at 40, 60 and even 80 feet below the water-level, whereas for the Ile aux Vaches route, the solid ground which could carry the piles, is found at about eight to 10 feet below the water-level.

Mr. Chairman, I do not wish to hold up the house any longer with this matter, but as the federal government has agreed with the province to settle the issue of the trans-Canada highway, and as an amount of $22 million is now available to the province of Quebec for the building of that highway, and as the worst traffic problem in the province of Quebec, outside Montreal, is precisely found between Ile Perrot and Dorion, I think it is imperative that the federal government and the government of the province of Quebec get the work started on the trans-Canada highway in the area I represent.

Recently, the provincial government offered to take over the Soulanges canal. It promised certain developments for sportsmen and fishermen in the area. But so long as the problem of the trans-Canada highway has not been solved in the constituency of Vaudreuil-Soulanges, I think it would be unwise and indeed would show a lack of foresight to carry out developments for the benefit of sportsmen while the major traffic problem remains unsolved, because development will be impossible in my constituency until it is solved. I therefore urge the Minister of Transport or the Minister of Public Works to do their utmost to persuade the provincial government or the provincial minister of highways to get the work started as soon as possible on the trans-Canada highway and on the bridges, whether it be at Ile aux Tourtes or Ile aux Vaches.

[Mr. Bourbonnais.]

(Text):

Miss LaMarsh: I am rising in order, first, to add some remarks to those of the hon. member for Welland with respect to a proposal which for some years has been placed before the department, as to the deepening of the Welland river and ultimately locking it into the Welland canal system in order to provide a navigable waterway into the heartland of the area which I have the honour to represent.

Along the Welland river, which at present is a broad and pleasant stream but of no assistance to industry in the area, there are several major industries. One has been located within the past year within the riding of Welland; I refer to the Ford of Canada glass plant. In addition, there is a very large plant which was built by this government during the war years and was later acquired by North American Cyanamid, Limited. There are two other major industries, and all these industries have a substantial transportation problem.

While the Niagara area is perhaps the shining diamond in the golden horseshoe, as southern Ontario has been referred to, not only because of its natural wonders but also because of its industrial development, it is hampered considerably in its industrial development by the lack of transportation facilities. It has not benefited from the development of the seaway, and under the present situation it cannot benefit from it. However, if there were to be constructed a locking device to lock in the Welland river and the Welland canal, this would open cheap water transportation to major industries located along the canal by permitting them to get into the St. Lawrence seaway system.

It is my understanding that over the years representations have been made to the minister and his predecessor by municipalities both in the riding of Niagara Falls and the riding of Welland, and also that representations have been made by chambers of commerce and interested individuals. So far as I am aware, no study has ever been made on the governmental level as to the cost of such a development. But since I know that

the minister responsible for this department is particularly interested in the development of southern Ontario, and since I know that he is a part of a government who have confessed that their greatest interest is in the expansion of this country, I suggest that a study might be made in the department with a view to assisting this area by the development of this proposal.

There are other matters in the riding of Niagara Falls which have already come to the attention of the minister. One of these was raised by my predecessor in the years 1957 and 1958; and during the hiatus of a few months last year when my riding was not represented, the hon. member for Lincoln was kind enough to continue the matter until I was elected. I refer to the representations which have been made to the Department of Public Works by the municipality of Crystal Beach. Crystal Beach is a village located on the lake. It is perhaps one of the greatest tourist attractions of a man made nature in my riding. It is a small village in the wintertime but develops greatly in the summertime. I am informed that the banks in the area have estimated that something in the order of a quarter of a million dollars in United States currency comes into the country as a result of operations there.

Within the past year or so the municipality has made great exertions to extend its facilities for tourists, particularly tourists from other countries. Over the past two years representations have been made to the Department of Public Works with a view to having a breakwater installed in order that a small boat harbour or marina might be constructed at Crystal Beach. In this particular area there are many very fine sand beaches and there is a great deal of small boating. However, nowhere in the area is there a location where they may harbour.

Representations have been made over the past few years, and most recently over the past winter, to the department. They have suggested that a consultant be called in to clear the matter of sewage disposal in the area. The municipality has constructed a new road right down to water level and has made strong representations, as I said, under the aegis of the then warden of the county of Welland, a noted friend of the government, and also through the hon. member for Lincoln in order to have this marina brought about. If the minister is interested in the development of what I think has become the third greatest industry in Canada, namely the tourist industry, I suggest that for a very small expenditure on behalf of the people of Canada a very large return can be obtained by assistance in the construction of this breakwater and small boats harbour.

I can tell the minister that I will be making representations from time to time on this matter. I have photographs which I am sure are already in his files. There will be delegations here from time to time. We intend to press the minister for this installation. I would hope that he would see the benefit that would accrue to the area and to the country generally from a small expenditure.

I venture to make these representations to the minister because he is known as the most sweet tempered, most considerate and most thoughtful man in the House of Commons. I think this is demonstrated by the fact that in the public works estimates for the whole province of Ontario for this year, Niagara Falls rejoices in having the second largest commitment.

I shall have some remarks to make later when other items are called. However, I wish to congratulate the minister on having demonstrated so clearly that party bias or partisanship is not at all a factor in his make-up. Notwithstanding the fact that Niagara Falls riding has been well represented in the past by those of my political persuasion, the minister has seen fit to put in his estimates this year the sum of something in excess of one third of a million dollars expenditure in my area. For this the minister has my gratitude.

Mr. Coates: Mr. Chairman, first of all I should like to extend to the minister my sincere thanks for the tremendous assistance he has provided me and my constituents, especially in the Springhill area, by seeing that they are to be given a new federal building, thereby indicating to the people of that town that they certainly have not been forgotten by the people in Ottawa, especially those in the minister's department, and that we believe they will continue to progress and attain a stable economy, which they certainly deserve.

I should also like to thank the minister for the tremendous assistance he has provided the fishermen in my area through harbour improvements that are now under way at Spencer's Island, Parrsboro and Wallace, and which are to be under way shortly at Malagash, Joggins and Port Greville. There is no doubt that these improved harbour facilities will be of tremendous value to the fishermen in their work.

May I at this time bring to the minister's attention the need for a new fishermen's wharf at Pugwash. I know the minister has given favourable consideration to this matter, but has been delayed awaiting the decision of the salt mines there as to the loading of salt on vessels which will then take this product to other areas of Canada and

the United States. I would, however, urge upon the minister the need for making a decision with regard to the fishermen's wharf. Certainly the fishermen of this booming community are in need of better facilities and I feel they should have them at the earliest possible date.

I should now like to turn to another matter of great importance to all people in the maritime provinces. I refer to the Chignecto canal and the report which the people are awaiting in this regard. I know there were delays in establishing the committee that was to consider the reports prepared for the Chignecto canal committee. In this regard I wish to commend the minister for his attitude on the selection of personnel for this committee. Certainly it would not have been right or proper to have people who had already committed themselves to this project then being placed on the committee to determine whether or not it was feasible.

I do not think the reports when completed could have been given that regard that will now be possible with the civil servants who are there to assess this matter in an impartial manner and determine whether or not the construction of the canal is feasible. I do, however, want to point out to the minister that we are very anxious to see this report completed and provided to the public in order that they might decide whether or not this is the type of project that should be proceeded with immediately. I personally am most anxious to see whether the report that was prepared for the Chignecto canal committee is sound and whether the proposals set forth therein can be confirmed by this committee.

If it should be that the findings of this interdepartmental committee of officials of the federal government and the government of New Brunswick do not confirm those set forth in the reports prepared for the canal committee, there must be a reappraisal of the whole matter. However, if the earlier reports are confirmed I feel that we must give very serious consideration to the immediate construction of the canal. In this regard I would certainly appreciate the minister's comments on where the committee's work now stands and just when we will have a report available on this very important and urgent matter.

Mr. Howard: Mr. Chairman, I just have a few brief general remarks to make at this time, one of them having to do with the total amount of money estimated to be expended this year compared with the estimates of this department for other years. I refer to the 1957-58 estimates. These are the main estimates, and I am not taking into account the various supplementary estimates that have been introduced during these particular years. In 1957-58 we discover that the main estimates of the department totalled $145 million. I am just speaking in round figures rather than giving the exact amount. You will recall, Mr. Chairman, that the estimates for 1958-59 had perhaps something to do with an election that was also in the offing. For that year we find this department boosted its estimated expenditures to $172 million. This is not taking into account statutory items, which also increase and change from time to time.

In the fiscal year 1959-60 the estimates remained substantially the same. There was a slight increase, to $173 million. Then in the last fiscal year, 1960-61, they undoubtedly felt the influence of Mr. Coyne in this department. As least, if we can take at face value what the Minister of Finance said the other day, it is undoubtedly Mr. Coyne's fault that we had a decrease in the estimates of this department to $147 million, practically back to the figure for 1957-58. You will also remember, Mr. Chairman, that this was undoubtedly connected with those large blue pencils which the Minister of Finance passed out to all the departments of government when he wanted to balance the budget, and in fact I think initially balanced it, at least on paper, to within $12 million.

Mr. Pickersgill: Oh, he was going to be $12 million over.

Mr. Howard: Yes, he would have a few dollars in his pocket. Of course subsequent events proved just how inept and wrong was the Minister of Finance, when he came along for the last fiscal year with five separate sets of supplementary estimates and we found that the original $12 million that he had estimated would be cash in the pocket, as it were, really ended up as a great indebtedness. I am quite sure that the activities of Mr. Coyne caused this curtailment and foolishness on the part of the Minister of Finance, who is thinking in terms of a balanced budget primarily to paint a picture of economic development in this nation. We are now considering the estimates of public works for the present fiscal year.

Mr. Pickersgill: The year of expansion.

Mr. Howard: Yes, for the year of expansion. We find that the amount to be expended by the Department of Public Works has increased by $20 million over the amount for the last fiscal year. Next Tuesday evening, when the Minister of Finance presents his long awaited budget, perhaps we will learn something more about the so-called expansion which is to take place. I am not sure how much faith we

can place in that budget, in view of the past mistakes and blunders which have been made. However, there is an indication in the increase in the estimates of this department, to be expended on various projects, totalling $166 million, that some expansion will take place, and one can draw all kinds of conclusions regarding the necessity of this type of program.

I have very often considered the operations of the departments of public works, federal and provincial, as election operations, because these departments often delay the commencement of projects in various areas until such time as they coincide with an election. In this way the government is able to create the impression in the minds of the voters in the country that it is stepping into the economic field and providing measures of assistance, and that all one has to do is vote for that party and the building, wharf or whatever the project happens to be will be commenced.

I have also considered these departments of public works as kind of pork barrel departments. I do not indicate that is the case in this instance, but in the past I have considered this department of public works as being one that can be dipped into from time to time for political purposes. Perhaps the activities which have taken place recently in the province of Quebec will be the last of this kind that we will see.

The Department of Public Works is engaged in a field of activity which economists have recently classified as social capital activities; that is, public money being expended in regard to such things as roads, bridges, federal buildings, docks, shipping facilities and the like. In this regard we had an announcement from this government some time ago to the effect that in order to assist the economic conditions of various depressed areas, it was necessary to engage in what is classified as double depreciation to attract the establishment of industries. In considering this field of social capital activity one finds that the amount of social capital is inadequate and its use in many respects is obsolescent, particularly in view of the rapidly expanding urban areas.

> We are in a continuing danger of choking out economic growth with congestion, pollution, the development of slums, and with the effects of deficiencies in vital public services and amenities. The bottlenecks appear to lie in the methods of financing, in lack of planning, and in the difficulties of achieving effective co-operation between the three levels of government.

That statement appears in the fifth report of the special committee of the Senate on manpower and employment, which can be found in the Senate *Hansard* of June 14, at page 876. I use it to succinctly point out the feeling which exists in many part of this country that there is a great deal to be desired in respect to activities in this field of so-called social capital.

The Department of Public Works expends a great deal of money in this field of social capital activity. However, it was the Senate of this country which commenced a study in regard to unemployment because this government failed to give that question proper consideration, and, in fact, even rejected suggestions last session that there was a necessity for considering the unemployment situation. The committee of that other place felt that the role of government in this field of social capital investment was in many respects obsolescent because of the development of slums, congestion, pollution and the like.

I suggest that we review the expenditures to be made by this department with a view to determining what effect these expenditures are liable to have upon our economy. Surely the government must realize—it has in past years, as has been indicated by explanations given to this house in glowing terms regarding the expenditure of moneys for housing development to meet unemployment situations —what effect the expenditure of this money in all the activities carried on by this department has had on the growth and expansion of our economy. I think we should analyse this situation to see what effect the spending of these moneys has on our economy, and to find out whether that committee on manpower and employment is accurate in its analysis of the situation.

As I have said, the report of that committee suggests that the bottlenecks appear to lie in the methods of financing, in the lack of planning, and in the difficulties of achieving effective co-operation among the three levels of government. I do believe there has been a lack in planning in this regard. I think this was illustrated by the Minister of Finance when he brought down his balanced budget last year, which indicated that he had slashed left and right with his pencil, curtailing the expenditures of the Department of Public Works to the point they were in 1957-58, without any regard whatsoever to the effect upon the economy and without any regard to the necessity and desire of getting into the field of expansion of social capital investment.

This lack of planning appears again this year, indicating that we were in error last year in accepting the advice of the Minister of Finance, because the economic situation worsened rather than improved. We now find there is an expansion in the proposed expenditures of the Department of Public Works, which I suggest has been adopted to

correct the situation. I suggest we should explore the activities of the Department of Public Works particularly with regard to the co-operation which exists, or does not exist, between that department and the other two levels of government. I suggest we should search for methods of attracting industry to depressed areas so as to bolster the economy as much as possible. We have entered this field to a limited extent by the creation of double depreciation, although I feel this will not in itself be sufficient. I agree with the statement contained in the report of the committee of that other place, which reads as follows:

> The consequences of technological changes and the effects of declining industries are so large that little can be accomplished with marginal and small scale remedies.

This is what the Senate manpower employment committee said about the double depreciation effort of the government. In fact they made another reference, as follows:

> Sporadic incursions into this problem and random flourishes are not going to bring results.

I think that is what we have with respect to this government and this department, sporadic incursions and random flourishes in all fields of activity in which this government engages, and the end result is not very beneficial to the economy or to respect for government or anything else. It breeds a degree of contempt for a government that has not the foresight to look past the end of its nose, and then when it suddenly discovers it has made an error it engages in an attempt to blacken the name of a public servant, as happened a few days ago, and lay all the blame on him.

I should now like to turn to the question of the trans-Canada highway, which comes under the Minister of Public Works also and which is in part a social capital investment. If my memory serves me, the original intention was to have the trans-Canada highway completed in 1956. By a subsequent change it was supposed to be completed by the end of December of last year. It is now expected that it will be completed by the end of December, 1963. In fact we have had three target dates for the completion of the trans-Canada highway. We have also had three or four different changes and increases in the amount of money which the federal government may contribute toward the construction of the trans-Canada highway. The amount has been increased from $150 million to $250 million and then to $350 million, and now I believe parliament has authorized that up to $400 million may be contributed toward the cost of the highway. We have also had an alteration in the formula from the original 50-50 basis to a 50-50 plus 90 per cent of 10 per cent of the mileage respecting the national parks.

The report of the trans-Canada highway for last year is a bit more cagily drawn up, and I imagine this reflects the attitude of the minister. In previous years the report was pretty definite and said that the highway would be completed by a certain time, and so on. I notice that the report is not quite that definite now, but speaks in terms of hopes and expectations for the coming year. I think this is more correctly aligned to the facts than the reports of previous years.

The trans-Canada highway itself, as should have been expected when it was originally conceived, has run into some formidable problems. One can build highways in the province of Saskatchewan much quicker and at much less cost than in some parts of British Columbia. I am sure a highway can be built in Manitoba at much less cost than along the rocky shores of Newfoundland, or in some parts of northern Ontario. All these different geographical conditions contributed greatly to the delays, postponements, extensions of time, increases in the amounts of money and changes in formula that were found necessary in order to complete the trans-Canada highway and make it a first-class coast to coast paved route.

In the four western provinces, with the exception of one part of British Columbia, we appear to be rushing toward the completion of the highway. On page 4 of the report for the fiscal year ended March 31, 1960 some figures are given. I am sure these figures have changed since the publication of this report and the minister will undoubtedly indicate, or perhaps already has indicated in detail what the situation is in those provinces. I would point out that in the four provinces there is a total of—I had the total here, Mr. Chairman, but I cannot find it. In any event, of the total mileage in the four western provinces of Manitoba, Saskatchewan, Alberta and British Columbia, only 42 miles are indicated as not passable. There are 164 miles which are not paved and 152 of those are in British Columbia, the most notably difficult section being through the Rogers pass area.

The minister's predecessor, who is now the Secretary of State for External Affairs, when discussing this question a couple of years ago said in effect that it was not the intention of the government to abandon the contracts or agreements with respect to the trans-Canada highway once the highway had been completed. I read into that that it was at least the intention of the minister's predecessor to extend the present system or

agreements respecting the trans-Canada highway to other east-west highways. I hope this is still the situation so far as the present minister is concerned, because in northern British Columbia we—and when I say "we" I include everyone in the area, boards of trade, the unions, chambers of commerce, community associations and individuals alike—have been concerned with the development, building, completion and reconstruction of highway 16 and the extension of that highway eastward from Prince George to Jasper in Alberta, in order that we might have in that area an east-west access to our friends in the prairie provinces instead of having to go north to Fort St. John and Dawson Creek, although they are delightful places to visit, or south to some other part of the province.

If we are thinking in terms of this social capital and the need to engage in this sort of thing, now would be the time to do it; for if ever it was appropriate for the federal government to make overtures, as it were, or to get in touch with at least the four western provinces—and I mention those only because I am more familiar with them than I am with central Canada or the east in so far as highway building requirements are concerned—and indicate that the federal government is willing to participate financially with them in the construction of a so-called second trans-Canada highway, or a northern trans-Canada highway, running east-west along the general latitudes which cover Prince Rupert, Prince George and the like, this is the time.

There is one more reason for this, Mr. Chairman. It is not only the fact that we like to have fine black-top highways there, instead of gravel and earth highways and so on. There is also the question of our relationship with the United States and the state of Alaska, because they also are becoming more involved in tourism and in travel through their particular part of the country, and especially along highway 16 out to Prince Rupert. There is a possibility that within a year or a year and a half the Alaska government will build a so-called marine highway, or will build a number of ferries which will in fact carry automobiles and passengers to the ports of the Alaska Panhandle. Because the southern starting point of the service will be Prince Rupert, which is also the terminus of highway 16, I think it is most desirable that the federal government participate financially with respect to highway 16 as soon as possible. I should like the minister to indicate what is happening in this regard.

Mr. Fisher: Mr. Chairman, I should like to be able to give the minister the time he deserves, but I only have five minutes to bring up two points that affect his department. I asked a question which was answered in the house on February 15, 1961, as found on page 2062 of *Hansard*. My question was:

> How are the design contracts or awards given to architects by the Department of Public Works?

I should like the minister to note this question fairly closely, because I think I got a poor answer. The second part was:

> Has the department received or noted any communications or views since 1957 which have been critical of the procedure in awarding commissions to architects?

This is the answer I received to these two questions:

> Mr. Speaker, the answer to part 1 of the question is, on approval of the minister and authorization of treasury board. In answer to part 2, no such communications have been received by the department.

I want to draw the attention of the minister to a magazine that I would assume some of his senior officials would look at. It is the *Canadian Architect*. I think it is the main magazine in the field in Canada; and in the issue of December, 1960, there is an article entitled "Architecture's Big Clients". Then there is another article entitled "Five Years of Public Works". If they do not express views that are critical of the assignment of architects' commissions in the Department of Public Works, then I cannot read correctly. I should like to put one brief paragraph on the record to indicate the nature of the criticism. It reads as follows:

> What is significant about this whole study is that the situation outlined in our April, 1957 issue, a relatively few architects receiving an extremely large proportion of the money that the Department of Public Works has to spend on architects' fees, continues to exist. We would certainly not press for D.P.W. jobs to be allotted right down the list of firms, alphabetically, one by one; nor do we deny that D.P.W. may well find it more convenient, or more satisfying, or more anything else, to work with one architect rather than another. We simply wonder if the department has really found the best way of awarding commissions, in view of the large amounts of public money it disburses and the fairly large number of competent architects who would like to do buildings for the government and are not doing so now.
>
> All other considerations aside, a public building costing three or four million dollars or more is surely a proper subject for national or provincial competition. The department would certainly avoid a lot of criticism if such large commissions were awarded in this way; to our knowledge, only one of the 50 big buildings was so commissioned, and it was not built according to the winning design even then. We strongly recommend, therefore, that the department hold competitions for its big buildings, and we will continue to make this recommendation as long as the situation detailed here continues.

I do feel that those are certainly views that should have come to the attention of the department and the people in charge of architects' commissions. They certainly set

up a criticism and give an analysis of which I would have thought the minister and the deputy minister would have been fully aware. I should like the minister to explain why this particular view was missed, and what reaction he and his officials have to these opinions expressed in what I understand is a reputable magazine. If it is, then I think this is a fairly serious criticism which should be answered.

The other point I want to bring to the attention of the minister is quite simple. I should like the assurance from him that the department is doing its best to police the fair wage section of the contracts that exist between it and its contractors. At the lakehead we have a higher wage level than other parts of the country because of the pulp and paper industry. When outside contractors bid on public works jobs in our part of the country, and they quite often do so, they are not prepared to pay the going rate in the area. I have found that the fair wage office of the Department of Labour has been remiss in keeping these matters up to date, and we have a succession of disputes and difficulties.

The other factor is that these contractors, because they cannot get tradesmen in our area to work for the rates they offer, bring in men from outside. Having regard to these two aspects of public works contracts, I should like the minister to explain to us just how they are policed and how much vigour is put into the policing of them. The word "police" may be unfortunate, but I think the minister knows what I mean.

As I said when I started, I regret that I cannot give the minister the attention I should like to give him. I wanted to deal with this loving article about him where he is rated as the scrappiest man in the cabinet. We have a sort of Jekyll and Hyde personality here. In Rosedale he is Uncle Dave, yet he says that here he finds it hard to control his bitter tongue. I assume that some time during the discussion of these estimates, Mr. Chairman, we will see something other than the Uncle Dave aspect.

Mr. Walker: I should simply like to remark that the hon. member may have had some experience with bitter tongues during his encounter with Donald Gordon this morning in the railway committee.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

[Mr. Fisher.]

(Translation):

Mr. Caron: Mr. Chairman, the mood of the day appears to be more serene, and the minister has not opened the door to matters of the past, so I hope we will be able to discuss the present and the future without any interference.

Yesterday, I heard the minister state in his opening remarks that he expected the work to start soon on the new national library. I am very glad to hear it. Indeed, the need for it has been felt for some time. I realize that such things cannot be done overnight. Paris was not built in a day, nor will Ottawa.

A national library is a necessity in a capital city which has two universities. The students in those institutions need to have places where they can do research work and prepare for the future.

When I attended the University of Ottawa, students could go to the Carnegie library. Despite its limitations, this library was of great service, and enabled us to complete the subjects taught to us and even to learn things not included in the curriculum.

That is where I learned that under the French regime, in Canadian history, the greatest man who ever came to Canada from France was Jean Talon. Perhaps he did not have the glamour of Frontenac or Champlain, but he was a man of peace.

Moreover, he did not come to Canada to get rich in the fur trade. He came to build up a civilization and to ensure the welfare of his people.

He was the first to organize a great settlement scheme, and a great network of roads. It was thanks to his action that thriving communities sprung up between Quebec and Montreal.

This modest library, therefore, was of great benefit to us. The new national library will have an even greater impact because it will provide a means for more elaborate research.

We must not forget that in the final analysis, the purpose of a college education is to create personal working habits and to open up vistas in more than one field. Former students, having become adults, will find new sources of wisdom in this library.

Buildings erected in the vicinity of the parliament buildings should not detract from their style. There are several such buildings that we can admire, and they give Ottawa real architectural beauty.

This is also true of Quebec city, whose buildings are of a distinctive style.

In my view, the design of buildings in Ottawa should harmonize with the main building, namely the House of Commons. Their design should therefore reflect something of the past, and should not be too modern.

The customs building, on MacKenzie street, for instance, is rather attractive; the Chateau Laurier also fits in well with the parliament buildings.

Union station, however, is a monstrosity. If it is the intention to build something along those lines, let us at least hope it will be built away from the centre where it cannot be seen by visitors.

The confederation building, the justice building, the supreme court building, the veterans affairs and the trade and commerce buildings, are all very fine. As they are federal buildings, I hope that in co-operation with the national capital commission the Minister of Public Works will see to it that this style we like is continued.

However, in the building field, I note that there are about 15 projects which will be carried out within the coming years, and not a single one is to be erected on the Quebec side, in the district marked out for the national capital district. Yet, some buildings were erected miles away from the centre of the city, whereas, on the Quebec side, in Gatineau and Hull constituencies, there are marvellous sites very close to the center of the national capital and the parliament buildings which are not being used. Buildings need not necessarily be erected in my riding; there are excellent sites in Gatineau.

Part of the district is now being used as a national park. But there are other magnificent sites where federal buildings could be erected.

Why is construction of national buildings on the Quebec side being delayed? I do not, and cannot understand it. I hope the minister will try to discuss those things with national capital authorities and with the national capital commission, so that, in the immediate future, some sites might be found on the Quebec side for buildings worthy of our capital which is not limited to the city of Ottawa but comprises an area of about 30 miles. In that 30 mile area, there are possibilities for buildings which would indicate that we too are part of the Dominion of Canada, since our return of June 22, 1960.

I know that the minister has hardly mentioned the subject until now, because it is rather difficult, as there is no adequate bridge for people to cross over to our side of the river. But as the building of a new bridge has been decided, I hope that the minister will be encouraged to put up some new buildings there. Speaking of the bridge, we were informed that agreements had been signed between the province of Ontario, the province of Quebec, the cities of Hull and Ottawa and the federal government. We also learned that engineers have been looking over the situation so as to pick the location and work out the cost of the bridge. But we have not heard anything since. I hope that the minister will be in a position to tell us, in his reply to various questions put to him, if all borings are completed, if the necessary engineering work is on the way, whether it is going to be a high-level or low-level bridge because, as I said in this house, if we are—and the day will come whether we like it or not—to dredge the Ottawa river as the Richelieu river is bound to be dredged, now is the time to plan for that.

No bridge is built for two days, 10 years or 20 years; it is a project which must last even for hundreds of years; then we might as well plan for it right now.

It could be argued that the other bridges are not high enough. Well, if we build another low-level bridge instead of having four or five bridges to raise, there will be five, six or seven.

As I said a while ago I asked for information about that and never got any answer. I hope that we shall be told whether this will be a high-level or a low-level bridge. If the decision is to be in favour of a low-level bridge, perhaps the minister could inform us whether the fact that the Ottawa river is bound to be dredged has been considered, and if so, perhaps he could tell us, in the event that a high-level bridge is to be built how this dredging can be done when we find that the only place where some kind of a harbour could be developed considering the ground level is Hull since the shore on the Ottawa side is too steep. We could also be told on what side the seaway should be extended to reach Deschenes lake, and then Rapide des Chats to continue up north to lake Timiskaming and finally to the French river.

We should be given that information, and if the department has not yet started any survey to that effect, I submit that the time has come to ask the engineers to set up an engineering commission, to look into the best method of deciding not only upon the type and site of the interprovincial bridge but also consider future bridges that are to be built as a result of this Ottawa river development which is bound to happen some day, in 10, 15 or 20 years from now, because no region such as this can be left undeveloped along the Ottawa river between the cities

of Hull and Ottawa right down to the Montreal area, as long as it is possible to do so through industrialization which could supply work to thousands of people.

We should also like to know whether it would cost less to build a suspension bridge or whether it would be better to build one on piles. If the bridge is going to be on piles, we should be told to what depth they will be sunk. I have heard it said that on the Ottawa side, the first pile will have to be driven 125 feet below water level because there are 90 feet of water and about 30 feet of soft soil before reaching bedrock.

Those are things we could and should know. If the department has not yet started working on this I hope it will soon get going so that the house may be better informed.

One thing I should like to say about that bridge, is that we have been asking for it for quite a while. As early as 1955, I brought pressure to bear with the then minister of public works and he told me at the time that the bridge could not be built before the parties concerned gave their consent. The governments of Ontario and Quebec and the municipalities of Hull and Ottawa have exchanged correspondence for months, even years. One day, the Quebec premier said to me: If the federal government want bridges, let them build some themselves. In the face of such a negative attitude, it was difficult for us to proceed.

I then asked that the correspondence between the federal government and the government of the province of Quebec concerning the bridge be produced; my request was complied with on July 14, 1960. At the time, a letter which the city of Hull had sent to Mr. Diefenbaker on September 24, 1958, was produced. Then, a letter from Mr. Claude Gauthier, secretary to the Prime Minister, addressed to Mr. Leblanc, the Hull city clerk and dated October 1; a letter from mayor Thomas Moncion of Hull sent to Mr. Diefenbaker on January 19, was also tabled at that time; a letter dated February 6, 1959, in which Mr. Claude Gauthier, secretary, replied to mayor Moncion's letter. Then a letter dated March 18 which the Hull city clerk, Mr. Leblanc, sent to Mr. Diefenbaker on behalf of the municipality and with which he enclosed a resolution passed by the municipal council concerning the bridge. There is also the letter which secretary Claude Gauthier wrote to Mr. Leblanc on March 24, 1959, to acknowledge receipt of the resolution. And here is the letter which mayor Armand Turpin wrote to the Prime Minister on February 10, 1960, to stress once more the necessity and urgency of building such a bridge.

[Mr. Caron.]

Here is another letter. On February 29, 1960, His Worship Mayor Turpin received a letter from the Prime Minister's office with regard to the communication he had sent.

On December 13, 1957, Mr. Young, deputy minister of public works, mentioned the possibility of extending Montclair boulevard and the Interprovincial bridge.

On February 10, 1960, there is another letter from Mr. Turpin. I am sorry, I note that it is a translation of a letter written in French by Mr. Turpin. The other documents are only translations.

And in all that correspondence, we find that Quebec authorities were not definitely against the project but did not seem overly interested.

Once again, I asked the minister for some information, which was supplied on April 27, 1961. Here again we have letters, especially one written by Mr. Winters in 1955.

The first motion for production of papers read as follows:

(Text):

A copy of all correspondence, telegrams, contracts, agreements and other documents exchanged between the federal government, the provincial governments of Quebec and Ontario, and the municipal governments of Hull and Ottawa since June 1, 1957, concerning the construction of a bridge over the Ottawa river between the cities of Hull and Ottawa.

(Translation):

The second motion for production of papers referred to—

(Text):

For a copy of all correspondence, telegrams, contracts, agreements and other documents exchanged between the federal government and the provincial government of Quebec, since November 15, 1955, concerning the construction of a bridge over the Ottawa river—

(Translation):

And there we have documents dating prior to the year 1957. As a matter of fact, there is a letter dated September 27, 1955, in which the then minister of public works, the Hon. Mr. Winters, invited the premier of Quebec, Mr. Duplessis, to come and discuss the building of a bridge. On September 30, the premier answered Mr. Winters that he hoped to be in Ottawa soon and to be able to discuss the matter with him.

On October 19, 1955, Mr. Winters wrote again to the Hon. Mr. Duplessis, asking him to meet with those primarily concerned with matter and more particularly with the Ontario premier and the Ottawa and Hull municipal authorities.

On October 31, 1955, Mr. Duplessis informed Mr. Winters by telegram that he had tried to phone him but without success, Mr. Winters being out of town. Mr. Duplessis was advising him he could not attend the meeting but that he would delegate a representative.

On November 10, 1955, the Hon. Mr. Winters sent a very long letter to Mr. Duplessis, giving him a detailed account of the action taken following discussions on the matter of the bridge with representatives of the province of Ontario and the cities of Ottawa and Hull.

On November 15, Mr. Duplessis replied to Mr. Winters thanking him for the information received and saying that he would consider the matter.

On January 13, 1957, Mr. Winters wrote a letter to Mr. Duplessis on all the points discussed since with those interested in the building of the bridge, briefing the premier on the situation.

On February 28, Mr. Winters wrote again to Mr. Duplessis:

(Text):

On November 10, 1956, I advised you that it was proposed to set up a committee to consider the matter of rearranging the approaches to the existing bridges between Ottawa and Hull, and the possible location of an additional bridge, as well as preliminary estimates of cost. An invitation was extended to you to have a representative on this committee.

The committee has now reported and, for your information, I am enclosing a copy of the minutes of their last meeting held December 14, 1956, as well as a copy of the consultant's report in which a recommendation is made for the construction of a new bridge.

I would welcome any comments you might care to make on this proposal.

Yours sincerely,
Robert Winters.

(Translation):

On April 17, Mr. Winters wrote again to the Quebec premier. It was only on April 6, 1960, that a meeting was suggested, that the letter from the present Minister of Public Works was sent to Mr. Barrette who had then replaced Mr. Sauve as leader of the Quebec government; that was in April 1960. This is what the present Minister of Public Works said:

(Text):

My dear Premier:

I wish to refer to your letter of March 22 to Prime Minister Diefenbaker in regard to the above meeting.

I note with pleasure that representatives of the province of Quebec will attend.

I am also writing to the designated representatives of the province of Ontario and the mayors of Hull and Ottawa suggesting that the meeting be held in room 356-S of the House of Commons at 10.00 a.m., on Thursday, April 28, 1960.

Would you please let me know if this is agreeable to you.

(Translation):

And here we have letters and telegrams sent by the present Minister of Public Works to convey his regrets for the delay in settling this problem. In fact, on April 22, 1960, the minister informed Antonio Barrette, premier of Quebec—

(Text):

Regret delay in replying to your letter of April eighth to Prime Minister. Would advise that two cabinet ministers from Ontario as well as mayors of Ottawa and Hull have indicated they will be present. Representation from your cabinet would be most welcome.

(Translation):

Here is another letter from the present Minister of Public Works to Antonio Barrette:

(Text):

On February 24, 1960, the following motion was passed in the House of Commons:

"For a copy of all correspondence, telegrams, contracts, agreements"—

(Translation):

It is about the motion for the production of papers which I have in hand now, asking for permission to make certain letters public.

Here is another letter of June 15, 1960.

(Text):

Following your letter re producing correspondence Hull-Ottawa bridge. We have no objection to the production of this correspondence in the House of Commons.

(Translation):

On July 20, 1960, the present Minister of Public Works sent a letter to Mr. Rene Levesque, minister of public works in Quebec, informing him of the steps taken, mentioning the meetings that had taken place and asking him to continue the work already undertaken.

Then, the federal deputy minister of public works wrote Mr. Branchaud, chief engineer with the Quebec highway department, as follows:

(Text):

Reurtel meeting Ottawa-Hull inter provincial bridge will take place Thursday September eight ten a.m. room 238-S House of Commons Ottawa. This information was forwarded to the hon. Mr. Levesque in our letter July twenty as Quebec department of public works was only department represented at April meeting. Mr. Levesque was requested to advise if that time and date was satisfactory and also to forward names of those attending. Please advise—

(Translation):

Then there was another letter and a telegram sent by the present deputy minister to the Quebec minister of public works, Mr. Levesque.

Mr. Marc Picard sent a letter to the present deputy minister of public works:

(Text):

Department of Public Works. Sorry we did not find letter from hon. Walker re meeting Ottawa-Hull bridge for September. Agree meeting on September eight ten o'clock room 238-S House of Commons. Will be present hon. Rene Levesque minister of public works; Herve Gauvin, deputy minister; P. A. Dupuis, chief engineer, and myself. Marc Picard, technical adviser.

(Translation):

There we realize that things start moving. And the exchange of correspondence continues between the minister, the deputy minister and the provincial authorities. There is much activity, much action, because the urgency of that construction is realized.

When I asked for that correspondence and when it was produced, the minister said:

(Text):

While I am on my feet, Mr. Speaker, may I take this opportunity of adding that Quebec was brought into agreement for the first time on participation in the financing of the bridge by the government of former Premier Barrette.

(Translation):

Even though I looked through all the documents I had, which I had received from the Department of Public Works, I could not find a single letter, telegram or note to substantiate the minister's statement. The only two letters received from Mr. Barrette are the one I read a moment ago authorizing the production of the documents and this one, which was also addressed to the Prime Minister, like the first one, and which reads as follows:

(Text):

Pursuant to my letter dated the 22nd ultimo, I am pleased to inform you that Mr. C. R. Laberge, deputy minister of public works, and Mr. Georges Cote, director of surveys and cadastre services, department of lands and forests, will represent the province of Quebec at the conference to be held in Ottawa for the discussion of the project of a new bridge on the Outaouais river, between Ottawa and Hull.

If this conference should be at the ministerial level, I will delegate a member of the cabinet as my representative.

With my best personal regards, I remain—

(Translation):

And those two letters have been produced after the production of the other documents and not at the time of the first request, which goes back to July 14, 1960; and they had been sent to the Prime Minister in March and April 1960. I cannot understand why they have been added to those documents after their production. But the minister was wrong in saying that the premier of Quebec, Mr. Barrette, had been the first to agree to share financially in this project. I do not criticize Mr. Barrette for not having had the opportunity to do so during his tenure of office, for as soon as he became premier of Quebec, following many changes, it was logical to call an election.

But I cannot accept that he is the one who came to an agreement. Even if the minister says there was an agreement concluded over the phone, that does not constitute an agreement to a financial sharing, because such agreements are not made over the phone. So, I suggest there must be a letter that could be shown to that effect.

I challenge the minister to produce one document which would prove that Premier Barrette was the first one to agree to share financially in the building of that bridge.

I am asking for the actual facts. I am asking for the tabling of documents which could prove that fact. But there is nothing to confirm that Premier Barrette had offered to share financially in the construction of that bridge. Such a statement saying that Premier Barrette was the first to agree to share financially in the construction of the bridge might mislead the population.

(Text):

—I take this opportunity of adding that Quebec was brought into agreement for the first time on participation in the financing of the bridge by the government of former Premier Barrette.

(Translation):

It does not exist. And if there was a telephone conversation note of it should have been taken in order to prove that it had taken place. We do not have to take the minister's or anybody else's word for it.

I have here the documents produced. These are the documents that we should have and I submit that the minister did not have the right to relate facts that I consider inaccurate since they are not borne out by the documents I asked for.

I hope, in spite of all that, that the minister will continue to step up things so that the interprovincial bridge be built before 1967, that is as early as possible, in two or three years maybe, so as to allow not only for a more complete development of the city of Hull, but also of Ottawa. Furthermore, it should be recognized that the bridge is urgently needed. I hope that the minister will shortly be able to give us better news than what we have been given so far.

Mr. Ricard: Mr. Chairman, I do not want to delay in any way the passage of the estimates of the Department of Public Works. However, I should not like to pass up this opportunity of expressing my appreciation to the minister and to his departmental officials. I must add that I can always count on an immediate, prompt and intelligent co-operation on the part of the minister and every member of his staff.

I thought I should take a few minutes of the time of the house to say a few words, because I want to put on record certain facts

of common knowledge that are at variance with the suggestions of hon. members opposite that nothing has been done in the Department of Public Works since the Conservative government came to power.

My hon. friend from Levis (Mr. Bourget) will certainly have a hard time convincing the people of the riding of St. Hyacinthe-Bagot that it has not been a good thing for them as well as for the rest of Canada to have a Conservative government in this country and, consequently a Conservative minister at the head of the Department of Public Works.

The only evidence I need in that respect is the speech just made by the hon. member for Hull (Mr. Caron), who tried for a half-hour to say that if the interprovincial bridge is built, it will not be thanks to the present Conservative government.

He repeated many times that all the efforts which were made until now to bring about the construction of a bridge between Hull and Ottawa, had led nowhere—

Mr. Caron: I do not make it a habit of trying to contradict the hon. member when he speaks. However, I never said the Conservative government had done nothing because, in fact, the government started the work. I simply stated that the minister had no right to say that it was Mr. Barrette who had been the first to reach an agreement. That is all I said.

Mr. Ricard: Mr. Chairman, when the hon. member for Hull had the floor, a while ago, and was saying that the minister had lied, I came very close to getting up but I have shown him the courtesy that he claims he has for others and I remained silent.

But I think he had no right to state a few minutes ago that the minister was wrong in saying that the premier of Quebec, Mr. Barrette, was the one who had brought the negotiations to a head on this matter.

The country at large and in particular the province of Quebec are quite aware of that fact, which seems to be unknown to the hon. member for Hull.

At the next election, the people of Hull will consider the situation in its proper light and we shall see what will happen.

I refer again, Mr. Chairman, to remarks made by the hon. member for Levis who said it had not been a good thing for my riding to have in the house a Conservative representative since June 10, 1957.

That is a surprising statement coming from the hon. member for Levis, who is himself an engineer and who moreover was the parliamentary assistant to the minister of public works under the former administration.

In the St. Hyacinthe-Bagot riding, retaining walls had been built along the Richelieu and Yamaska river. In St. Charles on the Richelieu, from 1936 to 1957, that is under the 21-year Liberal administration, a wall 2,381 feet long, costing $58,806, was built.

Mr. Johnson: Friends of the former government must have had properties in the area.

Mr. Ricard: Quite probably. In St. Denis, a retaining wall 2,207 feet long was built at a cost of $44,487. In St. Joseph, $3,443 was spent on a wall 250 feet long.

I am coming now to the years 1958, 1959 and 1960. Let us see what the Tory party did in three years for the St. Hyacinthe-Bagot riding: St. Charles, at a cost of $54,582, retaining walls over a distance of 1,577 feet. At St. Denis, the expenditure was $83,467, for retaining walls 3,416 feet long.

At St. Joseph, $77,082 was spent on retaining walls 2,500 feet long.

For this year 1961, appropriations by the Department of Public Works amount to $110,000 for St. Charles and to $143,000 for the village of St. Denis.

Mr. Chairman, if you add up all those amounts, you get, after 21 years of Liberal administration, a total distance of 4,838 feet and a total value of $106,036 of retaining walls erected on shores damaged by navigation.

During the last three years, that is since the Conservative party took over, retaining walls have been built in my riding over a distance of 15,933 feet at a total cost of $469,131. I need not point out that those projects have provided employment for my constituents.

For all his long-winded statements, declamations and rantings, the hon. member for Levis will not succeed in making the people of St. Hyacinthe-Bagot believe that the present member did not obtain for his constituency more than the former Liberal regime, palsied by inertia, ever provide for his county.

In the matter of federal buildings, Mr. Chairman, thanks to the co-operation of the

present Minister of Public Works, my constituency has obtained two post offices, one in the village of St. Germain of Graham and the other in St. Pie.

Furthermore, preparations are about to be completed for the construction of a federal building in St. Hyacinthe, which will house the federal services of the constituency of St. Hyacinthe-Bagot.

Since the beginning of the century, there has not been any federal construction in that constituency.

The election of a Conservative government led by a prime minister with foresight who has the welfare of the nation at heart was needed before my riding obtained what it needed.

Mr. Chairman, I would now like to talk about a matter which does not come directly under the department whose estimates we are now discussing. And I do not talk about the forthcoming construction of a tunnel.

Mr. Chairman, since I want to save you the trouble of calling me to order, I will immediately ask the Minister of Public Works for another post office building in St. Damase an up-and-coming parish of my constituency. The local farm and poultry co-operatives have an excellent reputation and are a credit to the industrious and clever spirit of our people.

According to the Postmaster General, postal revenue in that place exceeds $3,000 and I believe that the good people of St. Damase fully deserve a new post office.

I also want to deal for a few minutes with the activities of the present Conservative government in the field of housing. Mr. Chairman, it is a known fact that since the Conservative government came to power, it has set itself to improve the National Housing Act. Under the Liberal administration, when an individual wanted to build a house, the maximum loan available to him was only $12,800, while today it is $14,200. Here again, the hon. member for Levis (Mr. Bourget) will be hard put to convince the Quebec people that the coming to power of a Conservative government was not a happy event.

I should also like to call the minister's attention to the trans-Canada highway and to ask his co-operation in this regard. At the present time, plans are under way in my riding with respect to a section of the trans-Canada highway. The new route planned by the Quebec government will bring about an unfortunate situation; in fact, the best ancestral lands in my riding will be cut up.

Last week end, some farmers came to see me and urged me to use my influence in order to convince the proper authorities to spare their farms, both in the main concession of La Presentation parish, and in one concession of St. Thomas d'Aquin parish.

If the present plans of the Quebec Liberal government are carried out, it will be disastrous, because the best farm lands of my riding will be cut in two.

Mr. Chairman, men and women, dedicated farmers, and God knows there are none to spare in Quebec, have urged me in a sobbing voice to make representations on their behalf.

I therefore urge the Minister of Public Works to try and convince the Quebec minister of highways to spare that part of my riding which is the most beautiful and the most productive, and to please adopt the former proposed route.

Mr. Chairman, as member for the riding of St. Hyacinthe-Bagot, it is my duty to sound the alarm. If this project for highway No. 9 through the St. Hyacinthe riding is carried out, it will be a disaster. For years to come, these farmers will bitterly regret having abandoned their land under such intransigence and misunderstanding. And, once again, Mr. Chairman, I urge the Minister of Public Works to be good enough to bring the Quebec highway minister to reason, to kindly save this lovely part of the Quebec garden which includes the lands of the main concession of La Presentation parish and also other concessions in St. Thomas d'Aquin parish.

Mr. Deschatelets: We are going to build elevated highways just to please you.

Mr. Ricard: No, there are other methods available.

I would not want to resume my seat, Mr. Chairman, without saying a few words about the awarding of contracts. A well established policy in the department is to call for public tenders. I have no complaint about that. I think public funds should be spent in the best interest of Canadians. But matters are going a bit too far, because of the ignorance of some caretakers.

In the town of St. Hyacinthe, in my riding, two or three plumbers were asked to tender for repairs amounting to $10, $12 or

$15. Now, not a single hon. member who is intelligent and has his own interests at heart would bother three or four contractors and ask them to bid for so measly an amount. People in charge should have the latitude to make their own decision and ask a particular contractor to do the work.

I would also ask the minister to consider the possibility of limiting calls for tenders on contracts for $25,000 or less to contractors in the constituency. In each constituency there are qualified contractors who can properly undertake any kind of contract for plumbing, joinery, heating or electricity, required by the department. I am saying this in all frankness, it is most annoying for a taxpayer, who pays taxes to the town and contributes to the economic life of the community, that contractors 100, 125 or even 200 miles away be invariably awarded contracts which actually should have been awarded to local residents.

Therefore, I ask the minister not to follow the example of the government of the province of Quebec and enact legislation restricting all contracts for amounts of $25,000 or less to political supporters who are invited to bid. What I am asking is that those contracts of $25,000 or less be restricted to local contractors and that they be awarded following a public call for tenders.

Mr. Chairman, I would not want us to commit the same sins as the present Quebec government. After claiming throughout the last electoral campaign that there would no longer be any patronage, they are the very ones who, more than ever, have introduced patronage in the province of Quebec. I am only asking the minister to reserve to contractors of ridings concerned contracts for $25,000, or less. I am not asking the minister to follow the example of the Quebec department and to award those contracts to selected contractors, friends of the party. I do not want that, because I do not believe it is in the best interests of the people. What I ask is that those contracts be restricted to contractors of the constituency. I feel quite at ease to say here that, in my constituency and in the ridings of my hon. friends here, there are honest and qualified contractors who can do the work which the Department of Public Works wishes to have carried out.

Before I resume my seat, Mr. Chairman, I should like to repeat that, even if he raises his voice, the hon. member for Levis will not succeed in making the people of the province of Quebec forget that in 1946-47, the Liberals spent $147.5 million for public works whereas, the Conservatives have earmarked $220 million for public works this year.

Nor will the hon. member for Hull convince the people that he does not have the fullest confidence in the ability of the present Minister of Public Works when he gets down on his knees to recommend that the interprovincial bridge be built as soon as possible.

That, Mr. Chairman, is the most eloquent testimonial of the unlimited confidence the Liberals have in the present Conservative government. The latter will certainly prove them right in the future.

(Text):

The Deputy Chairman: Shall vote 329 carry?

Mr. Pitman: Mr. Chairman, I should like to say a few words before this vote carries. One thing we have appreciated about the minister is his refreshing candor. I can remember last fall when we waited in vain to hear what the government was going to do about unemployment. We were very surprised when nothing appeared in the speech from the throne.

Then we listened to speech after speech claiming there was no unemployment. Finally, this minister made a speech on the radio on the program "The Nation's Business" in which he admitted there was unemployment. He admitted there was a serious problem and it would take a while for us to solve this problem. If we have no reason for being appreciative of anything else that this hon. gentleman has done, I think those of us on this side of the house have cause to be appreciative of this moment of truth which seemingly came to the Minister of Public Works although it failed to come to his colleagues. For that reason, we tend to forgive him when sometimes in the house he uses two lines of argument which seem to conflict as has been indicated by the fact that he stands up and, with what we regard as a refreshing flourish, once again reads out the number of housing starts for the last month. Then, he tells us what a wonderful thing this is because it is providing more employment. Then he turns around and tells us that, really public works do not provide very much employment, and public works will not solve the unemployment problem.

We believe that down in his heart he knows that public works do provide a great deal of employment in the long run. They have the general effect of increasing the social capital. They have the long term effect of increasing the impetus toward a healthy economy in other sectors as well as the public sector. In his own heart, he knows that a really dynamic program of low cost housing subsidized by the federal government would do a great deal toward solving unemployment.

I think he knows that if the dominion bureau of statistics tells us we are going to need 10 major universities in the next 10 years, if these were constructed by his administration that would do a great deal to help unemployment. I think this minister will undoubtedly claim that I am being very unrealistic. However, this morning the Prime Minister said that the government is going to do something about the athletic achievements of the youth of this nation. If the Minister of Public Works embarked upon a program of building recreational centres across this country, that too would aid in reducing unemployment. It is for this reason we, in this corner, have a great deal of respect for this hon. gentleman, even though he sometimes astonishes us by suggesting he really cannot do very much about unemployment except provide a few pick and shovel jobs once in a while. I believe the minister feels that if he were given the opportunity he could devise an imaginative, ingenious, dynamic program, and that is what we are hoping to see.

In so far as the local scene is concerned I am afraid I cannot, at this time, put forward any suggestions that the minister might take home with him to think over during the week end. I should like to say we have one or two very interesting new federal buildings. The one federal building which houses the post office, as well as other offices, is one of the most attractive buildings in the community. However, when they built the unemployment insurance offices they constructed perhaps the ugliest building in the community, which is unfortunate. I believe that this building has had a tremendous amount of use, but the same level of architectural excellence was not achieved that was the case with the post office building. My colleague suggests that it is the ugliest and the busiest building.

However, we hope that we will soon see the minister letting quite a few contracts in my area. We understand we are to have an airport, and although I realize this does not come within his jurisdiction, nevertheless we expect to see some action being taken by the public works department in that area.

I should like to bring to the attention of the minister one or two problems that have been brought to my attention by the people of my constituency. One of them is really a repetition of a subject referred to by the hon. member for Nipissing, and that is finding a means of providing N.H.A. mortgages for older houses. I have spoken about this to the minister in private, and other people have spoken to me about it. I feel that we have drowned ourselves in a program of construction of two and three bedroom bungalows. We are wallowing in these bungalows. We need now a more diversified approach to the whole problem of housing. After the war a great many young families bought these bungalows, and they now want larger homes. Because of the difficulty of financing them, they are unable to obtain these homes. I feel such action would have a tremendous effect upon the economy as a whole if the minister could find some way of solving this problem.

I realize that this is a distinct problem. I realize there is a problem of priority. I realize a problem is presented by the fact that people might use these mortgages in a way in which they would be using national funds for purposes which even we in this corner would find it hard to justify. However, I believe the minister has the ingenuity to get around these things. Perhaps we could take a tip from the Farm Improvement Loans Act. Let us set up some method of screening people in order to determine what the use of these mortgages will be, and only give mortgages to people who have a real justification. I am sure that with the amount of energy the minister has displayed in the past he can get around this difficulty. I am hoping that very soon we will see a dynamic answer to this problem of mortgages for older homes, so that we can get these larger families who are now in bungalows moved into the older, larger homes without virtually bankrupting themselves by so doing.

The second problem which I have mentioned, but which I should like to go over once again, is this matter of land assembly. We, in Peterborough, have more land assembly areas than any other community in Canada. I should like to commend the minister and his department upon what has been achieved in connection with these land assembly projects. We need more of them so that we can give cheap land to people who want to build houses. However, I am going to suggest that we need greater federal control over these projects. We have people buying land under

the land assembly system and they put up houses which could not, even by the greatest stretch of the imagination, be called low cost houses.

The land assembly idea—that is the dominion, provincial and municipal governments going together and buying up a large amount of land, then selling it virtually at cost to people—is a first class example of democracy at work. I believe this was the original concept. However, I wish there could be a little more control over it so that the people who really need low cost housing can gain through the land assembly system, and not have larger, more luxurious homes being placed upon this land to the detriment of the people who want to put up low cost houses.

There are a great many interesting items under this minister's control. One is fire prevention. I notice that this minister is giving $5,000 to the Canadian joint fire prevention publicity committee. This is an area which I think needs a great deal of attention. I am sure that when this item is called there will be a great many members who will have something to say about it.

Another item of interest is housing research and community planning. This, too, will require some discussion. This is one of the major areas to which we in Canada need to devote our energies. What kind of communities do we want? What kind of planning do we need? Many visitors come to our country and say our communities not only lack character but they lack any form, any planning whatever. I think this is something on which we should now get busy very quickly. I hope this item is going to be sufficient to provide the kind of planning which is necessary in these communities all across Canada.

I believe this minister has a tremendous opportunity to make this country a better place in which to live, and I am sure he is going to accept that challenge.

Mr. Granger: Mr. Chairman, before asking for additional public works for my riding, I should like the minister to know that I am not ungrateful for the work which has been done, and which is in the process of being done in my constituency. I am particularly pleased that a decision has been reached to reconstruct the wharf at Botwood. The reconstruction of this wharf will fill a long felt need in this important shipping port. The wharf at Goose Bay is nearing completion. Other projects scheduled for this year at Jackson's Arm, Harry's Harbour, L'Anse au Clair and L'Anse au Loup are jobs which need to be done. Progress is being made on the new Canadian National dock at Lewisporte. But while I am indeed grateful for the work which is being done in my riding, I feel that I must point out the need for additional public works in Grand Falls-White Bay-Labrador, with its long sea coast and its maritime activities. I should like to speak particularly about Labrador.

As I have had said previously in this chamber, and I hope hon. members will bear with me if I repeat it, Labrador is an extremely important source of fishery products today, and its importance is increasing all the time as more and more of the fish plants in Newfoundland and Nova Scotia depend upon fish caught in Labrador waters. Not only is Labrador important to the province of Newfoundland and to the economy of the whole of the Atlantic provinces but it is, of course, of the greatest importance to those people who live in the villages along its coast. It is a well known fact that small marine works encourage the fisheries. Small marine works such as small wharfs and breakwaters permit the fishermen to operate when otherwise they could not do so. These works extend the period of the fishing season and the benefit which accrues to the fishermen and to the economy as a whole is far beyond the small amount of money it takes to provide these small public works.

Some work has been done on the Labrador coast but I would request more attention for these small communities along the coast of Labrador and more of these marine works which will make it easier and more practical for those who live in these fishing communities to carry on their avocations. A number of additional works are needed. I will not attempt to list them all. From time to time I have written to the minister's department with regard to them. However, I think of the coastal villages of Makkovik, Square Islands, Georges Cove, Capstan Island and others where the need for wharves or community stages or both exist and where an investment in small marine works will unquestionably bring real dividends. The waters of Labrador are extremely productive and there is no doubt that these marine works will enable the productivity of these places to be increased. I would ask that the minister give careful and sympathetic consideration to increasing the amount of money spent in Labrador.

In northern Newfoundland some dredging is required at St. Anthony, Goose Cove and Englee. A wharf at Roddickton which was partly reconstructed needs to be completed. A wharf for Goose Cove should be considered and wharves for Miles Cove and other places in Green bay. There are also other places where the need for marine work is equally acute. I would express the hope that northern Newfoundland, Labrador and the rest of that

part of the coast of Newfoundland included in my riding would be given sympathetic and careful attention by the Minister of Public Works. A small dredging operation is required at Lewisporte at Mussel bay where an expenditure that may be more than a few hundred dollars would reduce the distance which the fishermen are obliged to go in order to discharge their products.

I mentioned earlier that the cost of some of these projects is low compared with the service that they render. In that connection I think of a small job that was done at Shoe Cove last year which cost very little. A small breakwater which consisted mainly of filling up with concrete a gap between two rocks has made it infinitely easier for the fishermen of Shoe Cove to carry out their operations. There are many places like that where comparatively small expenditures result in making fishing ports of much greater use to the fishermen and, in the long run, enabling them to increase their catch and the total production of fish.

With respect to community stages may I say this. Although I mentioned this matter on the estimates of the Minister of Fisheries, as the Department of Public Works builds them I think it proper that I should make some reference to them here. The program of building community stages undertaken by the federal Department of Fisheries and Department of Public Works has more than justified the decision to build them. These community stages are of inestimable value to the fishing settlements in which they have been built. They provide premises from which to fish and places in which to handle gear. They bring fishermen together so that they can deal more effectively as groups rather than as individuals. By and large they have given a considerable impetus to the fisheries.

I might add here that, in my opinion, in a country such as ours with a growing population, not only should new industries be developed but old ones should be expanded. There is no doubt in my mind that the community stages program resulted in an expansion of the fishing business and that they will continue to be used more and more as time goes on. I would express a sincere hope that this program will be continued and that a community stage program will be planned to be carried on year after year until all the communities which require them have been supplied with them. There is nothing of greater importance in the whole program of public works than is the building of these community stages. Again they provide an instance in which comparatively small amounts of money provide really great and worth-while returns.

[Mr. Granger.]

Since the last estimates of the Minister of Public Works were before the committee for consideration, two small post office buildings have been erected in Glenwood and Norris Arm in my riding. They fill a need which has been acute for a long time. I wish to mention here that I should like to see a number of these small buildings erected in my riding. I would mention again the need for a post office building in Happy Valley in Labrador, a community which has needed such a building for a long time and in which the need now is greater perhaps than it ever was. I would hope that before the year is out some action would be taken to provide a public building for the community of Happy Valley. I would also revert to the need for dredging in northern Newfoundland. I have every reason to believe that this matter is under review by the department and I would express the hope that a favourable decision will be arrived at.

One of the great requirements of the province of Newfoundland is the completion of the trans-Canada highway. A large section of the trans-Canada highway passes through my district and the completion of this highway is placing a very great strain upon the finances of the province. In view of the fact that Newfoundland and the Atlantic provinces in general have a severe transportation handicap by the very nature of their geographical position, I suggest that it would be only fair for the Department of Public Works to build at their cost, or to undertake the major part of the cost of completing the trans-Canada highway in the Atlantic provinces.

The completion of the trans-Canada highway by the federal Department of Public Works, or the greater part of the cost of it being paid by the federal government would provide something in the way of compensation for transportation handicaps in that area. It seems to me this would permit the provincial governments concerned to devote more funds to building secondary roads in remote areas. This aspect of the completion of the trans-Canada highway is one which I have mentioned before. I hope the idea has not been lost sight of by those who have charge of the trans-Canada highway program.

Perhaps, Mr. Chairman, those who live in the more fortunate and wealthier parts of Canada cannot properly appreciate the great need for additional transportation facilities in places where these facilities are somewhat restricted. At the same time it may be difficult for those living in central Canada to realize the great value and the utterly vital importance of small marine

works to the economy of coastal towns and villages. But these needs are very real in the Atlantic provinces.

These needs are very evident to everyone who lives in my riding, which includes a great northern area. When the minister and his officials sit down to make up their estimates in regard to what should be done during the coming year all over this vast area of Canada, I would like them to bear in mind that considering the value of some of these works, the cost in dollars and cents is actually very small. The cost of a wharf or a small breakwater is very small indeed compared with the utility it gives, compared with the increase in production which it makes possible and the increased standard of living which results.

I would ask again that the Minister of Public Works and his officials keep in mind the relative importance of these small marine works, remembering that where a small wharf is built it enables the fishery to carry on when otherwise perhaps it would not be possible to carry on and that it has been proven that where these works have been allowed to disappear, the returns to the fishermen have fallen off. I would ask the minister and his officials to keep in mind that the real, economic advantages and the improvement to living standards brought about by these small works are away beyond the relatively small cost involved.

Mr. Simpson: Mr. Chairman, there are a few brief remarks I should like to make at this stage of the estimates of the Department of Public Works. First of all I should like to congratulate the minister and thank the departmental officials for the consideration which has been given to northern Manitoba in the form of post offices, alterations and improvements to federal buildings, and particularly in C.M.H.C. housing loans, which up until this time we have encountered some difficulty in procuring for that area. Things have been improving immensely over the past year and a half and many of the areas are now receiving the benefits of central mortgage and housing loans. I should also like to thank the department for the consideration they have given northern Manitoba in the construction of many small docks and wharves.

However, my prime purpose in speaking on this particular subject today results from some very disturbing news items which have appeared in Manitoba newspapers these past few days. Articles have appeared in the Winnipeg newspapers and in the Manitoba weeklies which have resulted, apparently, from a visit to northern Manitoba of the newly elected leader of the Liberal party in Manitoba, Mr. Gildas Molgat.

Although I must say there are some aspects of Mr. Molgat's report with which I agree, I do take violent exception to others which in my opinion leave the inference that nothing whatsoever has been done in respect to the very important projects and problems which exist at Churchill, Manitoba. According to a report contained in the Winnipeg *Free Press* of June 13, upon his return to Winnipeg Mr. Molgat reported:

> The government has frozen the sale of all new lots in town for the past two years while provincial and federal authorities carry out studies on the planned move.

That is, the planned move of the town. The article continues:

> Word of the impending action was brought to Winnipeg Tuesday by provincial Liberal leader Gildas Molgat, who has just returned from a tour of the north. Mr. Molgat said he plans to raise the issue at the special summer session of the legislature.

That is, the Manitoba legislature. For Mr. Molgat's information, and wishing him all success in any assistance he may be able to give in solving the problems of Churchill, I would like to say that this will definitely not be the first time, if he raises the matter in the Manitoba legislature, that the problem has been raised there. I wish to assure him that both this federal government and the present government of Manitoba have been working in co-operation over the past three to three and one half years on this particular problem. Mr. Molgat says that the situation at Churchill is an intolerable one at this time. That is one of the points with which I agree. The situation is very bad and I sincerely hope that something can be done about it in the near future.

However, I do believe that the article leaves the impression with the people of Manitoba that nothing is being done and that the recommendations have been pushed under the rug. That is not the case, and I should like to state to the committee at this time that Mr. Molgat is specifically referring to a situation which is being studied, and that is, whether the town should be relocated or redeveloped at its present site. I suggest that Mr. Molgat has failed to report to the people of Manitoba in regard to the assistance which has been forthcoming for the past four years.

I can recall when I first went to Churchill to find out what the people's complaints were in that area that there were three or four specific problems involved. Those problems primarily were in respect to the establishment of a sewer and water system, adequate power supply, and the hard surfacing of the road to the army camp. They also wanted to have a new water supply system. For the

benefit of Mr. Molgat and those individuals who are interested I should like to place on the record at this time the statement that, due to the co-operation between the provincial and federal governments, some of these projects—in fact most of them—have already been accomplished, yet I cannot forget the fact that there is one very serious problem in that area.

A new water system, which has been the subject of requests on the part of that town for many years, is now under construction and should be in operation within a few months, at least by the end of this year. Incidentally, the cost of that new water supply system, which will benefit not only the army camp, the national harbours board and other federal government establishments and the town itself, is in the neighbourhood of $967,000. This project is being carried out under an arrangement between Department of Public Works, and the Department of National Defence.

One of the other projects of interest to the people of Churchill, as expressed at the time I first visited the town, had reference to their increasing power requirements. At that time the townsite was being supplied power by the national harbours board. However, the national harbours board unfortunately could not supply sufficient power to meet the requirements of the town. Through an arrangement made with the Manitoba power commission, in which the government of Manitoba, as well as the Department of National Defence played a large part, an arrangement was agreed upon under which anyone in the Churchill townsite area using power is now able to get sufficient power at a greatly reduced rate, compared with what was previously being paid.

The people also asked to have the road to the army camp hard surfaced. Last fall this road was hard surfaced between Fort Churchill and the townsite at a cost of approximately $135,000.

I realize that this particular problem regarding the final decision as to whether the townsite is going to be relocated or reveloped at its present site is of great importance to the people of Churchill at this time. Mr. Molgat's report gave me the impression that he felt nothing was being done at Churchill but I should also say that additional wharfage is being constructed at the port of Churchill at the present time at an expenditure of something over $5 million. That is another project which the people of that area have been requesting for many years.

Mr. Molgat has criticized both the provincial and the federal governments for the length of time that has been taken to complete a study in regard to the town. I have on many occasions felt that this study was taking a great deal of time. I know that it is hoped and anticipated that this very necessary study will be completed before the end of this year at which time, I feel quite certain, both the provincial and federal governments will be in a position to meet and agree in regard to the possibility of servicing a new townsite, if that is the decision, or putting services in at the present site.

It is my understanding that the first part of the report of that study, which is now being conducted, indicates the desirability of relocating the townsite at a site approximately five miles from the present townsite. If that desirability is borne out by further study I am quite sure that the work which is being carried out by the two governments concerned will be realized and that an arrangement can be made to provide the necessary services for the people of Churchill.

As I have said, I agree with some portions of Mr. Molgat's report of his visit to Churchill, particularly that portion regarding the extreme necessity for action being taken at the earliest possible moment. However, I very definitely feel that both governments are at this time doing everything within their power. It is my hope that the study will be completed as quickly as possible and that the two governments concerned will arrive at an early agreement.

Mr. Chairman, before resuming my seat I should like to refer to one other project for northern Manitoba. I would respectfully request the minister to give consideration at the earliest opportunity to the desire and necessity of federal buildings being located at the new townsite of Thompson. This town is growing very rapidly and I am sure that the departments of this government will require office space in the area, so I again ask the minister to consider the possibility of building a federal government building there.

Mr. Winch: Mr. Chairman, when the Minister of Public Works made his statement in introducing his department's estimates, he gave us an outline of the major work contemplated by his department for the present fiscal year, covering the whole of Canada from Newfoundland on the east to British Columbia on the west. He mentioned the proposed projects for each province, including such things as new buildings to be constructed, work to be done on harbours, dredging and new breakwaters to be built. I know we all appreciated that run-down. Of course, sir, I was interested in the picture the minister presented as it related to my own province of British Columbia. I was particularly intrigued

by his mention of certain work on breakwaters in British Columbia. When he mentioned this in introducing his estimates I checked on the details to see what breakwaters were going to be built in British Columbia in this fiscal year. I can see only one at Okeover Arm costing $29,000. If this is the only one, Mr. Chairman, you can understand why I am speaking at this time.

In April of this year the minister received a factual comprehensive brief regarding a breakwater being an absolute, imperative and immediate necessity at Port San Juan. This brief was prepared and sponsored by British Columbia Forest Products Limited, the British Columbia towboat owners' association, the fishing vessel owners association of British Columbia, the native brotherhood of British Columbia, Orenda Mines Limited and the united fishermen and allied workers' union. In addition it was endorsed by the associated chambers of commerce of Vancouver island, the Port Renfrew chambers of commerce, the Victoria and island publicity bureau and the Victoria chamber of commerce.

As I said, sir, a factual, comprehensive brief on the immediate and imperative necessity of a breakwater at Port San Juan was presented to the minister. Certainly, sir, you could not get a stronger group of sponsors and supporters of this project than those I have mentioned. I also received a copy of that brief. As a representative from British Columbia in this House of Commons I felt it was of such importance that a question should be asked the Minister of Public Works. Therefore, on May 4, on the orders of the day, I directed a question to the minister and I refer hon. members to page 4324 of *Hansard* of that day. Here is my question as it is recorded in *Hansard*:

> Mr. Speaker, I should like to address a question to the Minister of Public Works, of which I have given notice. Is the minister in a position to reply to the urgent submission sent him from various organizations emphasizing the need for immediate consideration and action on the construction of a breakwater at Port Renfrew, San Juan bay, on Vancouver island?

I should like you, Mr. Chairman, and hon. members to pay particular attention to the reply of the minister:

> I have been urged to construct a breakwater at Port Renfrew, San Juan bay, on Vancouver island, in conferences with Mr. George Chatterton who is, I believe, the reeve of Saanich. Within the past few days his representations have been supported by a brief signed by several organizations, and I want to assure you, Mr. Speaker, that careful consideration is being given to this matter. Government engineers are engaged in arriving at a decision on the facts, and in due course I will be very happy to inform the house.

That was a most interesting answer, Mr. Chairman, and from the sardonic look on the minister's face when he gave it I gathered that he knew exactly what he was trying to do in answering my question when he said that he had received representations from and had conferences with Mr. George Chatterton who he said he believed to be the reeve of Saanich. Of course, I do not suppose the Minister of Public Works knew on May 4 that this individual, the reeve of Saanich, was the Conservative candidate in the by-election in Esquimalt-Saanich.

Mr. Howard: He knew it a couple of days later.

Mr. Winch: He knew it when he made the statement. I knew that by the look on his countenance, the sardonic look in his eye and the curl of his lips. But, Mr. Chairman, about three and a half weeks later the by-election was held. May I tell the Minister of Public Works that his statement was used by the Conservative supporters of the hon. member for Esquimalt-Saanich. The gentleman to whom the minister referred in his answer on May 4 has been returned and is now the hon. member for Esquimalt-Saanich in this house by the grace of a majority of just over 500.

The Minister of Public Works should make it clear to the committee whether the statement he made prior to the by-election was just a bribe, a political statement, or whether, it having paid off, something is going to be done about the reeve and about the construction of that breakwater. It does not appear in the estimates this year. This may be understandable because I presume they were printed—they must have been—prior to May 4. Since no mention of it is made in the estimates, I think we can rightfully ask the minister whether there is to be a supplementary estimate brought down for the construction of this breakwater. The minister owes it to the people of Esquimalt-Saanich, to the people of British Columbia and to this House of Commons to assure us that the statement made on May 4 was not just made for the purposes of the by-election. The minister ought to tell us that he is going to follow through with it and that we shall have a statement from him either now or when we reach the particular item on whether construction is to proceed. If it does not proceed, then the minister stands guilty of bribery through using his office for by-election purposes. I would not want the minister to be criticized nor condemned in that way. This is the only reason why I remind him of the brief he received in April and the statement he made on May 4. I realize that if we wait until we get to the specific item we sometimes get this answer, "Why did you not let me know about this before; it may take a little while to find the answer?"

There is one other matter that I should like to draw to the minister's attention at this time in the hope that either now or when we get to the item dealing with Central Mortgage and Housing Corporation he will comment on the matter that I shall now deal with. I was quite disturbed when a few months ago I was told by contracting firms in the construction industry that they were almost at a complete loss to know what were the actual requirements as to housing standards for construction coming under Central Mortgage and Housing Corporation. They told me that it is practically impossible for anybody in the construction industry to know what are the minimum required housing standards.

I was so intrigued by that information that several weeks ago I wrote a letter to Central Mortgage and Housing Corporation asking them to let me have their regulations concerning housing standards. I appreciate the fact that they sent me the information I requested by return mail. I hold in my hand now a document entitled "Housing Standards", which gives the minimum requirements for plans, construction and materials in respect of detached and semi-detached houses, duplex and semi-detached duplex houses and row housing. The date of issue is January, 1958. This document, which sets forth the minimum standards for housing, is some 116 pages long.

I can understand why it takes 116 pages to set forth the minimum C.M.H.C. housing standards as outlined for them by the division of building research of the national research council. But I draw to your attention, Mr. Chairman, the fact that this 116-page document has been amended three times without consolidation. I also have in my hand what is termed amendment No. 1. It is a 7-page document amending the original document to which I referred a few moments ago. I also have here amendment No. 2. This is a 16-page document amending amendment No. 1 and also amending the original document on minimum standards. I also have here amendment No. 3 which is 24 pages long. It amends amendment No. 2, amendment No. 1 and the original document. Section after section is amended which means that you have to tie them together, and I can certainly understand why many firms in the construction industry have told me that they defy anyone in the industry and the inspectors of Central Mortgage and Housing Corporation to tell them exactly what the rules and regulations are with respect to minimum standards under C.M.H.C. There are 47 pages of amendments to amendments to amendments to the original document. Just how inefficient can people be?

[Mr. Winch.]

I want to be absolutely honest. I understand that for months Central Mortgage and Housing Corporation has been working on a revision and consolidation for the purpose of producing a new book on housing standards. I cannot quite understand why it takes months to do that. I understand further that the book is not ready yet for the printers and the industry.

As the minister knows, I was in the construction industry for many years so that I think I know whereof I speak to quite an extent so far as construction is concerned. I am most disturbed by some of the reports now being circulated as to changes being contemplated in the new revision. It has come to my attention that there are suggestions with respect to lowering the standards of construction of housing built under the National Housing Act. From information that has come to my attention I know that consideration is being given to the lowering of the quality of lumber by one grade. I know that the widening of the distance between beams and joists is under consideration.

I want to draw to the attention of the minister the need of a consolidation of the minimum standards so that not only contractors but the corporation's own inspectors will understand what the minimum standards are. In addition, to my mind it is of the utmost importance that there should be no lowering of standards in the new revision. We want to have homes that will not deteriorate to a considerable extent after a few years. In certain circumstances lowering the quality of the lumber by one grade is not good and widening the centre to centre distance between joists and beams is also not good. I believe that those recommendations were made by the construction association. I hope the minister will not allow building standards to deteriorate.

Because of the terms of the act under which the mortgage is repaid over a period of 25 or 30 years before people can own their homes, I hope that in the interests of good housing construction standards will be maintained, that the quality of lumber will be maintained and the distance between joists, beams or studs will be properly maintained. I sincerely hope that now or when the specific vote is under discussion the minister will tell us what is being done about the consolidation of the regulations and the maintenance of standards for the well-being of future home owners.

Mr. Loiselle: Does the minister want to speak?

Mr. Walker: Go right ahead.

(Translation):

Mr. Loiselle: Mr. Chairman, we are now discussing the estimates of the Department

of Public Works and, as the representative of a labour district, which is also one of the oldest in the city of Montreal, it is my duty to draw the minister's attention to a certain situation concerning slum clearance and redevelopment.

My constituency is located on the waterfront and that section of the city has been the pioneer of industry and trade in Montreal. Today, two bridges connecting the island of Montreal with the south shore are located in my constituency, which is clearly indicative of its importance.

The Montreal administration has not done much in the field of slum clearance and redevelopment. In fact, for several years now, many houses in my riding should have been torn down and replaced.

In recent years, the city administration has built a housing project that is known to all, that is the Jeanne Mance housing project.

It was reported in certain newspapers that 91 apartments were vacant there, but as a member of the Montreal urban redevelopment board, I can assure hon. members of the committee that at this time, there is not one vacant apartment in the Jeanne Mance housing project. Quite the contrary, I have been advised that some 2,000 people had applied in vain for apartments. This shows how important it is to clear the slums in the city of Montreal and to build new houses.

What struck me most is the fact there are many requests for apartments of five rooms or more. That means that the heads of families with five, six, seven or more children, and who earn average salaries, are anxious to house their families in such apartments.

It is therefore essential to build low cost houses, so as to accommodate the families of those workers. And, with regard to this matter, I want to quote from a press item containing a statement by Mr. David S. Keast, former president of the "Chambre d'immeuble de Montreal", when speaking at the Lions club in that city. I quote:

Mr. Davis S. Keast, former president of the "Chambre d'immeuble de Montréal", declared yesterday evening that the larger Canadian cities can increase their income by encouraging the help of private enterprise in the redevelopment of older districts.

Mr. Chairman, I want to point out the fact that this article is entitled:

Redevelopment of the older districts: Montreal's salvation.

I am convinced that the demolition of slums and the erection of low cost houses in the older districts of Montreal will give a stimulus to the city's economy while embellishing its approaches.

And the article says further:

Mr. Keast stated that he is in complete agreement with the plan proposed by the Morgan company for the rehabilitation and redevelopment of a large portion of the business district in Montreal.

Mr. Keast recommends that several other residential many storeyed buildings be erected in proximity of the business center so that existing municipal services may be used to full capacity, in order to avoid the prohibitive development of outlying districts.

The fact that industrialists recognize the need and ask general contractors to build residential buildings is also an indication that the authorities of the city of Montreal should make some effort to benefit from section 36 of the National Housing Act, which provides the assistance a municipality may get with regard to demolition, expropriation and reconstruction. As far as demolition and expropriation are concerned, I mentioned in the past that the government pays 50 per cent of expropriation costs and 75 of the rebuilding costs.

It seems to me, Mr. Chairman, and I make this suggestion to the minister, that C.M.H.C. should pay 75 per cent in the case of expropriation, that is the same as for rebuilding. That would be of great assistance to the municipalities and would encourage them to take advantage of that legislation for the purpose of demolishing and rebuilding sanitary housing units.

After the Centre d'Habitation Jeanne-Mance was completed, the Montreal authorities drew up a plan for the removal of certain buildings in the block surrounded by Dorchester, Amherst, Papineau and Craig streets, and following discussions with officials of the C.B.C., it was agreed that the corporation would locate its studios in this 20-acre block. This would have helped the eastern part of Montreal to keep up with the western section of Dorchester boulevard, which has been developing at a tremendous rate over the last few years.

In an editorial published in *La Presse* for February 12, 1961, it was stated that after protracted discussions between the C.B.C. and the city of Montreal, it was practically agreed that the C.B.C. would acquire this land. That is the reason why last week, following a statement by Mr. Dunsmore, I asked the following question to the minister responsible for the C.B.C., and I quote:

Is the minister aware of a statement made by Mr. Robert L. Dunsmore to the effect that the C.B.C. should gradually proceed to carry out its centralization plans with regard to its offices and studios in Montreal and Toronto?

The following day, in the absence of the Minister of National Revenue (Mr. Nowlan), the Minister of National Health and Welfare (Mr. Monteith) replied as follows:

> Mr. Speaker, yesterday the hon. member for St. Ann asked whether I was aware of certain comments of the chairman of the board of directors of the Canadian Broadcasting Corporation with respect to the search for a suitable location in the city of Montreal where C.B.C. operations will be consolidated. I did notice this report, and I am informed by the Canadian Broadcasting Corporation that a final decision has not been taken with respect to the location described in the question, as both the city and the corporation have decided to study one or more additional locations before deciding on the matter.

What most surprised me when I heard the minister's statement, Mr. Chairman, was that in February 1960, after a serious study had been made of the situation, the C.B.C. had accepted this location in principle. This was over 18 months ago, and now the C.B.C. is considering whether it really should locate in this area. If government officials are that slow in reaching a decision, how can you expect this organization to function properly?

Every aspect of this location has been thoroughly considered, and the city is prepared to expropriate, but now everything is held up by the C.B.C.'s inability to reach a decision. I therefore ask the government, through the Minister of Public Works (Mr. Walker), to tell us yes or no whether it intends to accept the land made available to the C.B.C.

In the affirmative, the municipal authorities will be encouraged to build houses elsewhere for the displaced people, not to mention the fact that this will improve this section of Montreal. In the negative, then a new study should be made to find the best way to deal with the situation. Such a study should not be allowed to go on indefinitely, as this would slow down the development of that section.

I would also ask the minister, in considering requests from any administration, whether it would be possible to eliminate all the red tape, because it can hold up action indefinitely, as in the case of the C.B.C. scheme, which has come to nothing after 18 months, despite the fact that an agreement had practically been reached at the time.

It seems to me that the various departments of government should be more diligent and speed up the examination of petitions from municipal governments. For instance, a petition from the city of Montreal concerning a new construction project on the boulevard des Trinitaires in the west section of Montreal, must have reached the minister's desk by now. At present, the land is vacant and belongs to the city. All that is needed is the approval of both the provincial and federal governments before a housing project is started there consisting of 250 to 300 housing units. If that project is carried out, the city will then participate in another project whereby people could be provided with living accommodation.

What I mean, Mr. Chairman, is that the government should not delay in replying to municipalities in order to help them to make better use of the National Housing Act.

(Text):

Mr. Taylor: I should like to make a few suggestions during the passing of the estimates of the Minister of Public Works. Recently in a Vancouver paper there appeared an article written by Mr. Cliff MacKay, the financial critic, and it said this:

> Signs indicate that this country needs a five-year plan of economic redevelopment. Cities can and do have five-year plans to clear slums or channel traffic. But the nation itself seems to be chained to an economic system based on a 365-day budget with an occasional baby budget thrown in to tinker with the more obvious mistakes.

It went on to ask what kind of way is that to deal with problems which have been building up ever since the end of the last war. The main suggestion that the editor is making here is that there should be a comprehensive five-year plan for proper economic development. Prior to the appearance of that article in the Vancouver paper, I had a similar plan in mind and I took time to write a 24-page report which I called a seven-year program for appropriate development of a number of projects in the Vancouver area. I am not going to deal exhaustively with that lengthy report at this time. However I wish to say that I would appreciate having, at an early date, an interview with the minister's officials in order to discuss this very lengthy document. I feel that many of the suggestions contained in the report would be most welcome in my area. The report deals with a number of projects in which the federal government already has an interest in the city of Vancouver. The report deals with a proper long range development of the Jericho beach area and also with the proper development of an area in which the R.C.A.F. at present carries on operations at the south end of Burrard bridge. My report deals with the re-activation of the Boundary Bay airport, an area which is much needed by small plane owners in the city of Vancouver and

surrounding areas. The report also deals with the much needed all-purpose coliseum which would be of major interest to the Department of Trade and Commerce. The report also deals with the necessity of housing the operations of the Canadian Broadcasting Corporation under one roof in the city of Vancouver. At the present time the operations of the corporation are carried on in some six different buildings in a most uneconomic fashion. The report which I drafted also deals with the unification of the network of railroad lines which lead into the Vancouver area and it sets forth what the Canadian National Railway Company and the Great Northern Railway Company could do, for example, in uniting their present depot. The report also deals with the international airport, a matter which I hope the ratepayers of the city of Vancouver will resolve this coming week.

In particular I should like to deal with another breakwater in addition to the one which was referred to by the hon. member for Vancouver East today. He spoke about a much needed breakwater and I support his remarks to the fullest extent. We need, the San Juan breakwater on Vancouver island. However, at the same time we also need a breakwater which has been long advocated by many people in the Vancouver area. I refer to a breakwater which is to be constructed either at Locarno beach or to the east of Jericho beach or closer in to the downtown area at the south end of the Burrard bridge.

We are a port city. Our people go down to the sea in ships. Every winter and certainly every spring pictures appear on the front pages of our newspapers showing small craft that have been washed ashore during a sudden squall. Every time those pictures appear, the city officials again suggest and cry out for a proper breakwater. There is an ever increasing number of small craft owners. In a city which will have approximately one and half million people by 1980, according to what the forecasters say, we certainly need now and will need even more in the future a proper breakwater in the area to which I have referred. In correspondence with the minister's department it was reported as follows:

> Tentative studies have been carried out on such a project and two sites were actively considered. They were at Jericho beach and Spanish banks. The Spanish banks site had been more particularly referred to as the Locarno beach area. The tentative plans call for a combination rock and sand fill of about 2,000 feet in length starting from the shore near Blanca street, then carrying a rock mound parallel to the shore and eastward to a point in front of Locarno Park. The area behind this protection would be dredged for floats and a mooring basin. The plans call for accommodation for approximately 1,500 boats.

The previous minister of public works, the present Secretary of State for External Affairs, indicated that the senior government would contribute $1 million to the construction of the breakwater to which I have referred. I do hope that when the minister is commenting upon this proposed breakwater he will once again say, as his predecessor said, that the $1 million is still available provided, of course, that the city of Vancouver and the province of British Columbia make an equal contribution. At least if we have his assurance that the $1 million is available from the federal government we will continue to press for equal grants from the province of British Columbia and from the city of Vancouver.

I do not necessarily advocate that the breakwater be located at Jericho beach or Spanish banks, or even near the south end of Burrard bridge, but I do strongly recommend that we have a breakwater on the south side of English bay. The Kitsilano ratepayers' association, which is an association in my own riding, passed a resolution as follows:

> That the Kitsilano ratepayers' association go on record as supporting the proposed breakwater at Locarno beach with a marina for small boats.

There has been an impressive number of other organizations recommending the construction of a breakwater in this area. Therefore I hope the minister will say that the senior government is still prepared to make a contribution of $1 million toward that much needed project.

Then there is another matter which comes within the minister's field concerning the False creek area, which is in the Burrard riding. The problem of the proper development of the False creek area has been under consideration for some 30 years and I would like to feel that during the time I am able to represent the Vancouver-Burrard riding suitable progress will be made in the appropriate development of False creek.

This area has been praised as a secondary harbour with first-class industrial sites, and it has been damned as a polluted waterway and an ugly and dirty eyesore that should be, according to some, eliminated once and for all by filling it in. Its shores are lined by industry, as the minister knows, and harbour experts say it is on the whole poorly laid out; land is being used to a fraction of its potential, which means not only a loss of good sites and misuse of a potentially good waterway, but a loss of tax revenue to the city.

The minister's department comes into this project because there is a considerable amount of dredging to be done in order that we can properly develop this secondary harbour in Vancouver. It is necessary, so the planners

say, to establish a 300-foot channel and development of industrial sites up to that channel as part of a long range program. As I see it, the factors which make False creek a target for criticism at the present time are:

1. There is inefficient and uneconomical use of the land which is considered prime industrial property with road, rail and water service.

2. The road system around it and into it is inadequate.

3. The old Kitsilano trestle located just east of Burrard bridge blocks the False creek entrance to all but small boats. There is only 1½ feet of water at the swing span at low tide and deep dredging is impossible. This railway bridge was the first creek crossing, was finished in 1886 and is still used by the B.C. electric railway.

4. The water is polluted and this area, bordering on the downtown and spanned by major traffic routes, is an eyesore.

I understand that the minister's department has carried on extensive dredging operations in that area during the past year. I hope that when this item comes up for consideration later in the minister's estimates he will indicate what the dredging operation has proved so that we can now properly plan the future development of the False creek area.

I would also like to feel that the minister and the other appropriate minister concerned will in due time consent to a change of name for False creek. The name which I suggest is Kitsilano bay or Kitsilano harbour. I sometimes have difficulty, because its name is False creek, in conveying to the officials of the Department of Public Works that it is in fact playing a very useful purpose in the Vancouver area and will in the future play an even more important role as Vancouver's secondary harbour.

If because of the fact that there is a hodgepodge of interests in the whole area agreement cannot be reached among the ownerships, I suggest that perhaps the only answer may be for the government to take action and assume power similar to that in relation to metropolitan areas and proceed to set up a commission to get the job done. Possibly some public authority should be set up at an early date in order that there can be proper development of the area. Mr. Chairman, may I call it five o'clock?

The Deputy Chairman: Order. I understand the hon. member for Bonavista-Twillingate has a question for the house leader.

Mr. Pickersgill: Mr. Chairman, perhaps I may ask the house leader, just before the committee rises, whether these estimates will go on tomorrow. I think it would be helpful to hon. members to know this.

Mr. Churchill: Mr. Chairman, these estimates will be taken up tomorrow, but I hope they do not go on all day.

Mr. Pickersgill: If they do not, what will the minister call after them?

Mr. Churchill: The estimates of the Department of National Revenue.

The Deputy Chairman: Order. It being five o'clock, in order to permit the house to proceed to the consideration of public and private bills pursuant to section 3 of standing order 15, it is my duty to rise, report progress and request leave to sit again later this day, or at the next sitting of the house, as the case may be. Agreed?

Some hon. Members: Agreed.

Progress reported.

Mr. Speaker: Order. It being five o'clock the house will now proceed to the consideration of public and private bills, the former having precedence pursuant to section 3 of standing order 15.

BUSINESS OF THE HOUSE

Mr. M. D. Morton (Davenport): Mr. Speaker, in order to expedite the passage of certain private bills and in order that they may be given consideration in committee next week in anticipation of perhaps an early adjournment of the house, it has been agreed between the parties by unanimous consent that notwithstanding standing order 15 (3) as amended, the house deal with the items listed on today's order paper under private bills and that public bills be dealt with on Tuesday next, and that the said private bills be dealt with in the following order as shown on page 12: item Nos. 7, 1, 2, 3, 4, 5, 8, 9, 6 and 10.

Mr. Pickersgill: Mr. Speaker, I should just like to confirm that that is also the understanding on this side.

Mr. Peters: Mr. Speaker, that is agreeable to this party also.

Mr. Speaker: Is it then agreed that during this hour private bills shall have precedence and on Tuesday next during the corresponding hour public bills will have precedence? Is it also agreed that the order for private bills today shall be as requested by the hon. member for Davenport (Mr. Morton)?

Some hon. Members: Agreed.

Mr. Speaker: Order. Do I understand that the order suggested will be a continuing order of the order paper or is it for today only?

Mr. Morton: It will be a continuing order.

Mr. Speaker: Then the order will have effect when private bills are called again.

PRIVATE BILLS

THE CANADIAN LEGION

Mr. W. G. Beech (York South) moved the second reading of Bill No. S-23, respecting the Canadian Legion.

Mr. Speaker: Pursuant to standing order 105 this bill should be referred to the standing committee on miscellaneous private bills.

Mr. Beech: Mr. Speaker, because of the non-contentious nature of this bill I wonder whether it could be given second reading and then discussed by the committee of the whole rather than be referred to the committee?

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, that procedure is quite agreeable to this group because we wish to facilitate the passage of this measure.

Mr. Alexis Caron (Hull): Mr. Speaker, I have had quite a few calls from members of the Canadian Legion in respect to this bill to the effect that there are too many organizations adopting the word "royal" as part of their name, in Canada, and I wonder whether the bill could be sent to the committee in order to give me time to confer with these individuals?

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

THE CUMBERLAND RAILWAY AND COAL COMPANY AND THE SYDNEY AND LOUISBURG RAILWAY COMPANY

Mr. Donald MacInnis (Cape Breton South) moved the second reading of Bill No. S-19, respecting the Cumberland Railway and Coal Company and the Sydney and Louisburg Railway Company.

He said: Mr. Speaker, it is my hope that I will not take too much time of this house at this stage, but I should like to draw hon. members' attention to the fact that under the merger, which we hope will take place, protection will be provided for the 200-odd pensioners who had previously been employed by the Cumberland Railway and Coal Company. This bill will bring the Sydney and Louisburg Railway Company under the jurisdiction of the board of transport commissioners, so it can take full advantage of the Maritime Freight Rates Act. Other than explaining the bill to that extent, I should only like to say that this is not contentious, and that there has been no objection raised.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, the hon. member who sponsored the bill was kind enough on another occasion to provide us with a rather detailed explanation in writing of the purposes of this bill and the beneficial effect that it will have to the parties concerned. We are quite happy to support the bill now before us.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

THE CANADIAN COUNCIL OF THE GIRL GUIDES ASSOCIATION

Mr. M. D. Morton (Davenport) moved the second reading of Bill No. S-20, respecting the Canadian Council of the Girl Guides Association.

He said: Mr. Speaker, the purpose of this bill is to change the name of the girl guides association in view of the fact that it is now an independent group. The present name, the Canadian Council of the Girl Guides Association, was adopted when this organization was in fact a branch of the Girl Guides Association with headquarters at London, England. Since that time the Canadian association has become independent of the parent body and a member in its own right of the world association of girl guides and girl scouts. It is, therefore, appropriate that the name be changed so as to avoid complications encountered by suggestions that the Canadian association continues to be part of the British association.

The second purpose of this bill is to do away with the limitations in respect of the amount of property which can be held by that organization, which is $250,000. This organization is acquiring property and is asking that there be no limit on the amount entitled to be held.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, on an earlier occasion we passed a somewhat similar bill dealing with the Boy Scouts Association of Canada. Some very commendable words were used at that time in relation to the activities of the boy scouts association. I am quite sure these same words and thoughts can be applied to this association. On that earlier occasion the hon. member for Kootenay West (Mr. Herridge) indicated that he had been an old scout of some standing, and thereby added interest to the discussion in respect of that bill. I spoke to that hon. member recently and he indicated that he has also been interested in guiding girls and, from that point of view, perhaps he will also support this bill with great gusto.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

UKRAINIAN EVANGELICAL BAPTIST CONVENTION OF CANADA

Mr. Murray Smith (Winnipeg North) moved the second reading of Bill No. S-18, to incorporate Ukrainian Evangelical Baptist Convention of Canada.

He said: Mr. Speaker, it is a privilege to me to have the honour of sponsoring this bill in this house. I should like to inform hon. members briefly of the work of the Ukrainian Evangelical Baptist Convention.

The work of Ukrainian Baptists in Canada began in Winnipeg in 1902. As immigrants from the Ukraine flowed into Canada from the year 1900 onward, further churches were established, in western Canada at first, and later on in other parts of the country. The convention of Canada has two local conferences, one with its centre in eastern Canada and the other with its centre in western Canada. The headquarters of the conference in the east are at Toronto and the headquarters of the conference in the west are at Saskatoon. The convention represents more than 7,000 Baptists of Ukrainian origin. There are more than 500 pupils attending Sunday schools conducted by the convention. There are 21 organized churches, with an adult membership of more than 800. In addition there are some 25 mission stations where services are held periodically. There are 10 ordained ministers and 10 missionaries.

The churches are located as follows: One in Montreal, Quebec; five in Ontario; three in Manitoba; three in Saskatchewan; six in Alberta, and three in British Columbia. The mission stations are scattered throughout Canada.

The convention owns a periodical called the *Christian Herald,* which is the organ of the convention. It is published in Winnipeg.

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

THE CANADA PERMANENT TRUST COMPANY

Mr. M. D. Morton (Davenport) moved the second reading of Bill No. S-25, respecting the Canada Permanent Trust Company.

He said: Mr. Speaker, the purpose of this bill is to authorize the Canada Permanent Trust Company to merge and amalgamate with the Toronto General Trusts Corporation and to authorize Canada Permanent Mortgage Corporation, which holds all of the shares of the Canada Permanent Trust Company except directors' qualifying shares, to invest in the whole or any portion of the shares of the amalgamated company and to exchange shares of the Canada Permanent Trust Company for shares of the amalgamated company.

General legislation enabling such an amalgamation to take place is provided for in the loan and trust corporation act, chapter 222 of the revised statutes of Ontario, 1960, but no corresponding general legislation has as yet been enacted by parliament. The enactment of the present bill is therefore necessary before the proposed amalgamation may be effected.

It may be of interest to note that the parent body of the Canada Permanent Trust Company, namely the Canada Permanent Mortgage Corporation, was incorporated in 1885 under the British building societies act of upper Canada with the name of Canada Permanent Building and Savings Society. Later, by a special act of the parliament of Canada passed in 1899, the parent company was incorporated with the name Canada Permanent and Western Canada Corporation. Then in 1927 this company acquired the assets of the Brantford Trust Company and in 1949 acquired the assets and business of the General Trust and Executors Corporation of Halifax. At the present time it is known as the Canada Permanent Trust Corporation, which has an authorized capital of $15 million, of which $2 million has been fully paid up.

The Toronto General Trust Company was first incorporated in 1872 by act of the provincial legislature of Ontario. However, this Company did not commence business operations until February 3, 1882. These two companies have had a lengthy period in the financial operations of this country. I understand that the locations of these corporations complement each other in that by the amalgamation there will not be very much duplication of offices and in that in the area where there are no Canada Permanent Trust offices there are Toronto General Trust offices.

I suggest that if there are any questions to be asked they could better be asked in committee.

Mr. Caron: Will the hon. member permit a question. What will be the name of the new firm?

Mr. Morton: This is shown in clause 1 of the present bill. It is the Canada Permanent Toronto General Trust Company. The French name will be Compagnie de Fiducie Canada Permanent Toronto General.

Mr. Alexis Caron (Hull): Mr. Speaker, again the use of the word "Canada" may give people the impression that this is a company under the control of the government. There is a danger in that and I would oppose the use of the

word "Canada" in the name of the new company. If it was an old company and was still in existence and was to carry on I would not object; but I think the word "Canada" or the words "National Canadian" or anything of that kind should not be in the name of any corporation so that people would not get the impression that the corporation belonged to the government of Canada. For this reason I believe we should ask the company to change the name so that it will be acceptable to everyone.

Mr. Morton: I suggest that this can be discussed fully in committee.

Mr. Frank Howard (Skeena): It was my understanding that the hon. member for Davenport would not be in the position of closing the debate. I saw, sir, that you had not stirred yourself and therefore I thought I was fully protected.

I notice in the bill, Mr. Speaker, there are some of what one might consider to be protective devices, in that the legislation does not come into effect except upon proclamation by the governor in council, following tests to be made by the government of the province of Ontario and assented to by the lieutenant governor of that province. Therefore I feel it will be some little time yet before the actual amalgamating company which is named in the bill can come into being.

I think this is something that should be dealt with at this time, Mr. Speaker, in a preliminary way before it goes to the committee. I took the trouble to look into the *Financial Post* survey of industrials for 1960 to see what the relative positions of the two companies, the Canada Permanent Trust Company and the Toronto General Trusts Corporation, were with respect to the trust companies structure in Canada. We find that in the year 1959 the total assets listed for the Canada Permanent Trust were $177,493,368. The total assets of the other trust corporation which is mentioned in the bill, which will be a party to the agreement, were in 1959, $576,547,704. Once these companies have amalgamated and without taking into account the relationship which the third parent company, that is Canada Permanent Mortgage Corporation, will have, but taking into account only these two firms or companies which are to amalgamate, we see their total assets in 1959—undoubtedly they are larger now—are $754,041,012, or about three quarters of a billion dollars in total assets.

In the last couple of years we have seen two or three other mergers, amalgamations or acquisitions of one company by another in the trust company field. For instance, in 1958 Western Trust Company was acquired by Guaranty Trust. In 1959 Okanagan Trust Company was acquired by Royal Trust. I think this will perhaps be the third amalgamation or merger in the trust company field in the last two or three years. It would place the amalgamated company sought to be established by the bill in the position of being at least the third or, depending on its relationship with the Canada Permanent Mortgage Company, perhaps the second largest trust company in Canada in terms of listed assets.

I should like to give some indication of what would be the relative positions of these two or three larger companies of which the amalgamated company would be one. In the 1960 *Financial Post* survey of industrials some 28 companies are listed in the trust company field, and following this merger there would be 27. Of the total of 27 and taking into account what is proposed under the bill, we find that three of them, the amalgamated company, the Royal Trust Company and the National Trust Company will have assets greater than those of all the other trust companies combined. Thus, in terms of their assets, these three companies will be in a rather powerful position compared with all the other companies.

I worked out the figures very roughly and I have them here. The total of 28 companies last year had assets of approximately $6,200 million and the amalgamated company to be established under the bill, the Royal Trust Company and the National Trust Company will have assets of approximately $3,800 million.

Mr. Macdonnell: Will the hon. member permit a question?

Mr. Howard: Certainly.

Mr. Macdonnell: I think the hon. member will agree with me, and I suggest he might make this point, that when he speaks of the assets of these companies the vast bulk of these assets belong to other people and are merely held by these companies as trustee or agent, involving no ownership on their part.

Mr. Howard: I quite agree that that is probably correct. One of the purposes of a trust company is to hold things in trust for other people. I was not saying that these were earned assets as in the case of life insurance companies. I was pointing out that in terms of assets held these three companies will be in the position of having total assets greater than the total assets of the 24 other companies in Canada taken together, as shown in the 1960 *Financial Post* survey of industrials.

The survey also lists loan companies alongside trust companies and there is a relationship between loan companies and trust companies. With respect to the bill before us, there is a relationship in that, as is mentioned in the bill, the Canada Permanent Mortgage Corporation holds all of the shares of the Canada Permanent Trust Company except directors' qualifying shares. In looking at the list in the *Financial Post* survey I see there are cross-references as to holdings by one company in another. The Royal Trust Company is not isolated from the loan company in that one lends money and the other holds money in trust because I understand that a trust company holding money in trust is able to invest in certain types of securities in some instances which brings a return to the person for whom they hold the money in trust.

The point is that in the past few years there has been one merger after another of trust companies and we now have another which will result in the National Trust Company, the Royal Trust Company and the amalgamated company having assets greater than the assets of all the other companies taken together. I am wondering whether this is not a matter that should be explored rather fully in the committee. We certainly explore these things through the combines investigation branch under the Combines Investigation Act although the act does not cover the field of finance with the exception of insurance rates. The provision of services, as it were, and loans are excluded from the Combines Investigation Act although the act deals with monopolies, oligopolies and price fixing situations in the field of commodities and sales.

I wonder whether this is not something that the committee should not explore more fully to see whether we are getting into a dangerous position in Canada. I think that this perhaps should be done when we find three corporations of this type with assets more than all the others put together and when we are moving more and more towards larger and larger trust companies with the number of active trust companies becoming less and less.

I do not raise this matter in the same way as I would if the corporation involved were in the field of production and sale of commodities or consumer goods or something of that nature. I think this matter is in a different field but it concerns the money of individuals. In one case they entrust their money and in the other case they buy something. In the one case prices may be fixed by arrangement and in the other case some mutually agreeable arrangement may be worked out which is not truly beneficial to the financial situation in Canada. I am not trying to say that in this instance I see arriving on the scene some huge corporate octopus which is going to engulf the entire financial field or drive other trust companies out of business by acquisitions, mergers and the like, eventually leading to a situation where only a few companies have practically all the trust assets in Canada.

I raise this matter because I think it should be considered by the committee. There is a move here in the same direction that has taken place in other fields involving mergers such as the sugar industry, the beer industry and so on. There is a move in the direction of larger companies, greater assets and a smaller and smaller number of companies with the concentration of authority, as it were, in the hands of fewer and fewer people. I think this matter must be looked at rather seriously from the point of view of ensuring that the interests of people who have money with trust companies and the interests of the country as a whole are protected to the fullest extent possible.

The growth of monopolies and oligopolies is not always detrimental. A monopoly per se is not detrimental but the manner in which it operates may be. These are some things that I think should be looked at seriously by the committee to ensure that the trust company situation in the financial world is protected, that these other relationships are protected to the fullest extent possible, that investors are protected and that the general public are also protected. These various interests should be protected from activities that might be directed—I am not saying they will be—toward controlling more and more such assets, activities which are not in keeping with the good sense that we now expect of trust companies.

When the hon. member for Davenport (Mr. Morton) introduced the bill, he said that it would allow the amalgamated company to have offices that will fairly well cover the country. I understand that one company now has offices in one area and another company in another area. The bill will allow the amalgamated company to carry on operations in a broad field. I would certainly appreciate from the hon. member for Davenport (Mr. Morton), who is sponsoring the bill and who has a knowledge of the corporate structure of trust companies, some indication of his views on what I have said, namely whether or not when the officials of the company are before the committee they will be prepared to deal with this specific point.

Hon. J. M. Macdonnell (Greenwood): I should like to make one comment on the remarks made by the hon. member for Hull

(Mr. Caron) with regard to the use of "Canada" in the name. I do sympathize with him in the feeling he has that the name should be safeguarded and that it can, on occasion, give rise to misunderstandings. I would submit, however, for his consideration that in this case it is somewhat different. The Canada Permanent has had the name "Canada" for nearly a century now and it would, therefore, be very confusing and indeed a rather serious matter to ask a company with such a long time and honourably known name to change it. In addition, I would think it is so widely known, and for such a long time, that the chance of there being any confusion as to the reality of the situation, in other words the chance of anyone being misled into thinking it was anything but what it is, is very slight.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, it is rather ironical that I should have the opportunity this afternoon to say a few words about a company such as the Canada Permanent Trust Company. My early recollection of this company is rather unfavourable. Certainly if I had been asked 25 years ago to support this measure, I would have turned it down without any questions asked.

I should like, however, to refer to the situation which produced this feeling. My first association with this company was when we bought a farm from that organization. This was during the depths of the depression, and the farm had originally had a mortgage against it for a small amount. However, because of the structure of this company, they compounded the interest on the amounts that were due and before long there was $10,000 owing on this farm. If this is still the practice of this company, the committee should give some consideration to it because I am still opposed to it. Fortunately, my father was able to obtain a loan and we bought the farm at a lower price than that amount.

As I say, this incident occurred in the depths of the depression. Probably the relationships of the farmers and the Canada Permanent Trust Company in northern Ontario were highly unsatisfactory. People who had homesteaded farms and who had borrowed small amounts of money on these farms, then found that the interest was compounded at a time when payments were not made, and were not being made anywhere across the country. Those people who had mortgages with Canada Permanent Trust Company, because of this practice of compounding the interest, in most cases lost their farms. At one time this company probably had as much farm land in my area as was owned by all the farmers put together.

This company seems to be expanding rather quickly. Their net earnings have been something over 11¾ per cent. This would seem to indicate a very healthy situation at a time when repossessions are probably small in number and when defaults on payments are very small. I believe the committee would be well advised to look into this matter of compounding the interest on arrears. If this is still the policy of this company, then I believe the committee should take steps to see that the matter is corrected. We have now a much more humane method of handling this situation in so far as other kinds of financing are concerned. It would seem to me that we could develop, without much difficulty, a much better system than this compounding of interest. It was not advantageous to the farmers in my area, and I am sure it was not advantageous to the Canada Permanent because, while the farmer lost his farm the Canada Permanent lost its reputation and a great deal of money in that area. The company has not returned to the area to any extent since the depression.

For these reasons, I believe the committee should give consideration to this matter. I am unable to say whether or not the Guaranty Trust has followed this practice. However, I feel that when these companies are asking parliament to increase the amount of mortgage money under their control, then we should be very cautious about permitting a practice that has, in the past, had serious repercussions. In my opinion, this practice has created hardship for the mortgagee through no fault of his own. He was not responsible for causing the depression. In my area, many people who had homesteaded, built their own farms, lost them, even though the amount owing was small, because of this practice of compounding the interest on the arrears.

Mr. Speakman: I rise on a point of order, Mr. Speaker. I do not see anything in this bill concerning interest rates, and I wonder if the hon. member is not straying a little from the subject.

Mr. Peters: The point I am making is that I have not much objection to this company growing. I would object, however, to this company amalgamating or joining with another company if these provisions relating to interest were still in the act of incorporation of this company, and if they were not corrected.

Mr. Speaker: I must inform the house that if the hon. member speaks now, he will close the debate.

Mr. M. D. Morton (Davenport): In so far as the comments of the hon. member for Skeena (Mr. Howard) are concerned, I think

perhaps the mere combination of companies would add to the investment power and usefulness of the service of these companies. If there were too many of these companies coming together and we found the number of companies diminishing, then perhaps we should consider the problem of monopoly. I think the company officials would be able to discuss that problem with the hon. member when they come before the committee.

With regard to the matter brought up by the hon. member for Timiskaming (Mr. Peters), I would suggest to the hon. gentleman that if he looked in the clauses of most mortgages he would find a penalty clause providing for compound interest. The policy he attributes to Canada Permanent is not one attributable to that company alone. When he is speaking of Canada Permanent, he is speaking of the parent company of the company in question here. I would suggest that the hon. member check with other firms before he brings up the matter in committee.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

ACADIA LIFE INSURANCE COMPANY

Mr. M. D. Morton (Davenport) moved the second reading of Bill No. S-22, to incorporate the Acadia Life Insurance Company.

He said: Mr. Speaker, this is brought about in that the Acadia Insurance Company is now operating under incorporation of 1862, chapter 77 of the Nova Scotia statutes as the Acadia Fire Insurance Company. Then later, in 1953, bill No. 52 was passed by the Nova Scotia legislature adding to the name of the company as described in chapter 89 the words "and in French" "L'Acadie, Compagnie d'Assurances". They have been operating a general insurance business. This company is wholly owned and operated by the Phoenix Assurance Company Limited of London, and because of their going into the life assurance field the inspector of insurance has advised that it would be better if the company operated under two companies. Therefore the present company is being incorporated to deal with the life insurance but it will be owned by the same parent company and the directors of Acadia Insurance Company will be the directors of Acadia Life Insurance Company.

Mr. Arnold Peters (Timiskaming): May I ask a simple question as to the ownership. Does this mean that, under clause 3, immediately this amount of $1 million will be raised from the parent company rather than from stock distribution on the market?

Mr. Morton: That is my understanding.

[Mr. Morton.]

Mr. Speaker: Is the house ready for the question?

Some hon. Members: Question.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

CONGREGATION OF THE SISTERS OF THE HOLY FAMILY OF BORDEAUX IN CANADA

Mr. Maurice Johnson (for Mr. Morissette) moved the second reading of Bill No. S-26, respecting the congregation of the Sisters of the Holy Family of Bordeaux in Canada.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Motion agreed to, bill read the second time and referred to the standing committee on miscellaneous private bills.

GUARANTY TRUST COMPANY OF CANADA

Mr. M. D. Morton (Davenport) moved the second reading of Bill No. S-27, respecting Guaranty Trust Company of Canada.

He said: Mr. Speaker, the purpose of this bill is to authorize an increase in the capital stock of the company from $5 million to $10 million. I believe also in clause 2 permission is given to the company to use, in addition to the name of Guaranty Trust Company of Canada, the name Compagnie Guaranty Trust du Canada, which is the French version of their name. This company is a wholly owned Canadian company. It has over 2,200 shareholder residents in Canada from coast to coast. It was first founded and started business in 1925 after incorporation in Windsor, Ontario. The company continued to operate with one office until 1934, when it chose the most important city in Canada, namely the city of Toronto,—perhaps I should not put it that way—in which to open its second office. The company operated two offices until 1940 when it acquired the assets of the Fidelity Trust Company of Ontario which had an office in Niagara Falls. This acquisition provided the company with a third office in the province of Ontario. Since that time the company has grown. The company now has 15 active offices. It hopes to extend its operations before the end of the current year and that it will have 20 offices. At the present time there are approximately 300 employees on the payroll and additional employees, of course, will be added. This company has also participated in taking mortgages under the National Housing Act. I understand they hold in excess of $27 million in mortgages which have been acquired under this act over a period of time. If there are any questions that any of the members would like to ask

concerning this company now, or in the committee, I shall be glad to try to answer them.

Mr. Howard: Before the hon. member takes his seat I wonder whether he can answer two questions. One is this. What page is he reading from?

Mr. Morton: I was referring to some of the notes that were taken from the proceedings of the other place, at page 769.

Mr. Howard: Can the hon. member also indicate what is the par value of the shares?

Mr. Morton: It would appear that originally the shares of this company had a par value of $100; but in 1949 these shares were split, 10 for one, into shares having a par value of $10. This was done in order to permit a wider distribution of ownership in the company by small investors in Canada.

Mr. Frank Howard (Skeena): Mr. Speaker, before you put the question may I say this. As may be recalled, just by way of accident more than anything else, this is one of the companies I mentioned when we were considering Bill S-25. I mentioned it then, in an incidental way; and as I say, just by coincidence, the same company happens to have reference here. May I say first that earlier the hon. member for Davenport (Mr. Morton) as I understand him, in effect said yes, that we should concern ourselves about the growth of monopolies and the like but that it was not of too much concern at the moment; that perhaps after a while, if it got to be a problem of fewer and fewer companies in this field controlling more and more assets, then we should concern ourselves about it. He said it really was not a problem at this time. That is generally what I understood him to say.

While it may not be a problem at this time —and I am not suggesting that it is a problem, apart from the fact that, as I said, three companies own more assets than do all the other 24 put together which fact to me puts them in a unique and powerful position—I think it is something that we should continue to keep under review, especially in this field where the combines investigation branch has relatively little jurisdiction apart, as I understand it, from the question of insurance itself as a service. The rest of its activities are in the commodities and consummer goods fields and relate to price fixing and other unfair trade practices.

This particular company acquired Western Trust Company in 1958, so it is a company which is into this field of merging and it is one with which we should concern ourselves. Its growth as a company is demonstrated by the fact that originally the shares were at $100 par value and were then split ten to one. One of the reasons given by the hon. member for Davenport (Mr. Morton) was that this allowed small investors to invest in the company. This is somewhat the same reason that is given for other companies splitting shares, except that they relate theirs to their market value. Then when the shares get too high on the market it does not look good for them to have it that way and they engage in a stock splitting business to make it look as though the company is not faring very well and is just holding its own.

I would imagine the Guaranty Trust Company has done relatively well over the years. In fact, according to the 1960 survey of industrials, in 1959 it had total assets of some $220 million. It does not indicate in here, except perhaps by way of subtraction, what the assets were of Western Trust Company which was acquired a year before, but we notice that in the one year period the assets of this company increased by some $35 million. Whether or not this reflects the position of Western Trust Company is very, very difficult to say. However, in 1957 it had assets of $142 million. Therefore in one year we see a jump of about $40 million in assets, and the next year an approximate increase of $35 million in total assets, with earnings per share running around $2—$1.95 to be exact.

We should look at this question in terms of the growth of the corporate structure, and I think we must all be on guard to ensure that in fact these groups do not become laws unto themselves outside of the operation and the control of parliament, which is really the only agency which is able in any marked degree to protect individual members of society against the hugeness of the corporate structure.

The purpose of this bill being to double the capital stock of the company—which is in fact what it does by increasing it from $5 million to $10 million—indicates to me that perhaps Guaranty Trust has a good perception of what may exist in the future, because I am sure they do not want just to double their capital stock for the fun of it; there must be some purpose behind doing this sort of thing.

It would be interesting to find out just what this particular company has in mind in doubling its share capital because, as I have said, it seems to have been doing fairly well under the old capitalization of $5 million, which I gather has been in existence since 1925, although I may have misread the explanatory notes. Since 1925 the company has had a $5 million capital structure. During that period of time it has built up these assets in a rather marked degree. As shown

by the survey of industrials, over the last two year period this company has increased its total assets from $142 million to $220 million, or almost an $80 million increase. This represents a 50 per cent or 60 per cent increase in total assets over a two year period.

I think that if we looked at the figures of this company next year we might find it is in an even more advantageous position and anticipates quite an additional growth in its assets. This would mean that the more this company grows, the more it will be brought into relationship with the three companies I mentioned earlier, and perhaps the four of them will control even larger and larger amounts of the total assets of all the trust companies in existence in Canada.

I think this is something we should continue to be on guard against to ensure that the corporate structure does not get into the position of being a private law unto itself, with the individual having relatively little protection against its activities.

Mr. Morton: Mr. Speaker, briefly—

Mr. Speaker: Order. I must inform the house that if the hon. member for Davenport (Mr. Morton) speaks now, he will close the debate.

Mr. Morton: Mr. Speaker, the hon. member referred to the company having a capitalization of $5 million since 1925. The record will show that in 1925 it had a capitalization of $500,000; in 1947 it was increased to $1 million, and in 1949 to $5 million.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, the business for tomorrow will be the estimates of the Department of Public Works, followed by the estimates of the Department of National Revenue.

For next week the forecast of business runs this way: Monday and Tuesday legislation, with the budget debate coming at 7.30 on Tuesday evening. Wednesday will be legislation or estimates; Thursday and Friday the budget debate, and Saturday estimates.

For Monday and Tuesday the legislative items which are on the order paper will be taken up, with the exception of Nos. 3, 4 and 5. There will be some other legislative items appearing on the order paper tomorrow and in *Votes and Proceedings* tomorrow. Therefore tomorrow at six o'clock I will give the order in which these items will be taken up on Monday and Tuesday.

Mr. Chevrier: Mr. Speaker, I wonder whether I could get some information on the legislative items that are likely to be discussed on Monday and Tuesday so that we may hold ourselves in readiness. The house leader has already mentioned those matters that are now on the order paper, save and except Nos. 2, 3 and 4, but could the house leader give any indication as to what other items may be on tomorrow so that we will know what we may expect on Monday and Tuesday?

Mr. Churchill: Mr. Speaker, I excepted Nos. 3, 4 and 5. There are the two bills from the Senate which received first reading today; there are two bills mentioned in *Votes and Proceedings,* which will be on the order paper tomorrow. They are an act to amend the Criminal Code, and an act to amend the Railway Act.

In *Votes and Proceedings* tomorrow and appearing on the order paper on Monday will be an act to amend the National Energy Board Act, and a resolution dealing with the construction of the Pine Point railway. Those two items which I have just mentioned will not be ready for debate until Tuesday.

Mr. Chevrier: Does it follow from that there will be no legislation dealing with the governor of the Bank of Canada next week?

Mr. Churchill: Unless it appears in *Votes and Proceedings* by tomorrow it would not be available for discussion on Monday or Tuesday.

It being two minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

EMPLOYEES—CANADIAN NATIONAL COMMISSION FOR UNESCO

Question No. 236—**Mr. Howard:**

Are employees and staff members of the national commission for UNESCO appointed pursuant to advertised competitions?

Answer by: **Right Hon. J. G. Diefenbaker (Prime Minister):**

The pertinent powers of the Canada Council in connection with the national commission for UNESCO are set forth in section 8, subsection 2 of the Canada Council Act, which reads as follows:

"The governor in council may assign to the council such functions and duties in relation to the United Nations educational, scientific and cultural organization as he considers desirable."

On June 14, 1957, order in council P.C. 1957-831 provides, in part,

"That the Canada Council shall provide the secretariat for the national commission . . ."

The Canada Council is not an agent of Her Majesty but the Canada Council Act provides the manner in which the council is to report to parliament annually.

The government has no power to ask the council to reveal information such as is asked for.

HOUSE OF COMMONS

Saturday, June 17, 1961

The house met at 11 a.m.

EXTERNAL AFFAIRS

Third report of standing committee on external affairs—Mr. White.

LABOUR CONDITIONS

CAPE BRETON—ANNOUNCEMENT OF PROJECTS TO PROVIDE EMPLOYMENT

Right Hon. J. G. Diefenbaker (Prime Minister): I should like to make an announcement relating to certain initial steps being taken by the government to help in providing alternative employment for persons affected by the closing of certain mines in Cape Breton. My colleague the Minister of Mines and Technical Surveys announced on May 30 that parliament would be asked to provide an amount of $1.5 million which would be set aside for approved projects for this purpose this year.

Two of the specific projects for which parliament will be asked to provide, I now wish to bring to the attention of the house. The first is a program of the Minister of Forestry for the improvement of forest stands in the area. This project offers a constructive means of improving the forest resource while simultaneously helping to meet the urgent problem of employment in Cape Breton. The total cost of this program during 1961-62 is estimated at $350,000, and it will provide employment for about 100 persons. It will be proceeded with immediately and the government of Nova Scotia will share in the cost.

Second, the government proposes to proceed immediately with the first stages of a program for the restoration of Louisbourg fortress as a tourist attraction. This was recommended by the Rand commission on coal. This project will also offer a most dramatic means of teaching the nation's history to its citizens and visitors. There are several alternative plans for the development of Louisbourg, and while a final decision has not yet been made among them, the preliminary work to be done this year, is common to all the alternative schemes. This work would involve preliminary surveys, installation of utilities, construction of various buildings for the work compound, rock quarrying and other items. The expenditure during this fiscal year under this initial program at Louisbourg is estimated at $1,100,000, and it will provide employment this summer and next winter for an average of 145 persons.

A number of other projects, which, in the ordinary course of events would have formed part of the regular programs of various departments, are being accelerated. Taken together, these will provide a further 280 jobs in 1961-62. The entire program will involve an expenditure over several years of some $15 million. In addition, several other possible projects are under active investigation, and where necessary provision for these projects has been made in the supplementary estimates recently tabled.

The national employment service will be taking special steps, as various projects begin, to make certain that information regarding them is made available to persons displaced from employment in the coal mines of Cape Breton island.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to say a word on the announcement which has just been made by the Prime Minister. He has announced two specific projects, one of which is for the improvement of forest lands. The Prime Minister did not say how near these lands were to the areas affected by the recent closure of one mine and the prospective closure on July 2 of the Florence mine; nor did he say whether it was the intention of the government to give preference in this employment to the miners. I would assume that would be the case because the fund, if I remember the original statement, was specifically for the purpose of providing employment for displaced miners.

The second project for the restoration of Louisbourg will, of course, involve considerable travel problems for any displaced miners because of the considerable distance Louisbourg is from the area in which mine closures have occurred. As I am sure the Prime Minister knows, because I imagine he has received a letter from the united mine workers of which I have a copy here, the workers at the Florence mine which is to close on July 2 are very concerned about the possibility of getting any alternative employment in that area so they can remain at their homes.

While what the Prime Minister has announced will be very far indeed from meeting the whole problem, it is an instalment which I am sure will be welcome.

Inquiries of the Ministry

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, this group is very pleased to hear of any proposal to provide employment for a few of the many Canadians at present unemployed.

Mr. Diefenbaker: The forest area is in reasonable proximity to the closed mine area and as to the work at Louisbourg, the workers will be transported by bus each day.

CRIMINAL CODE

Hon. E. D. Fulton (Minister of Justice) moved for leave to introduce Bill No. C-110, to amend the Criminal Code.

Motion agreed to and bill read the first time.

RAILWAY ACT

AMENDMENT WITH RESPECT TO RATES ON RAPESEED

Hon. Leon Balcer (Minister of Transport) moved for leave to introduce Bill No. C-111, to amend the Railway Act.

Mr. Chevrier: Will the minister explain this bill?

Mr. Balcer: The purpose of this bill is to bring in an amendment to the Railway Act in order to apply to rapeseed the rates applicable to flaxseed by virtue of the Crowsnest pass agreement.

Motion agreed to and bill read the first time.

GOVERNMENT PROPERTY TRAFFIC ACT

AMENDMENT RESPECTING PENALTY FOR VIOLATIONS

Hon. D. J. Walker (Minister of Public Works) moved the first reading of Bill No. S-24 (from the Senate) to amend the Government Property Traffic Act.

An hon. Member: Explain.

Mr. Walker: Mr. Speaker—

Mr. Fulton: You do not explain Senate bills.

Mr. Walker: Thank you. Mr. Speaker, I understand from others with greater knowledge of parliamentary procedure that we do not explain Senate bills.

Mr. Pickersgill: They explain themselves.

Motion agreed to and bill read the first time.

HOUSE OF COMMONS

REPORTED FINANCIAL IRREGULARITIES RESPECTING FORMER SECRETARY OF STATE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, in the light of disclosures widely published in the press this morning I should like to ask the Prime Minister this question. At the time of the translation of Hon. Henri Courtemanche from the cabinet to the other place, had the Prime Minister any reason to believe that the gentleman was involved in any alleged financial irregularities? If so, were any investigations made by the government before his appointment to a place in the gift of the crown was recommended?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I make it very clear, and emphasize it, that there never was any such suggestion at any time.

Hon. Lionel Chevrier (Laurier): Mr. Speaker, may I direct a question to the Acting Minister of National Revenue and ask him this. Did a federal income tax inspector visit Jean Talon hospital early in 1960 and take note of cancelled cheques issued to Hon. Henri Courtemanche? If such a visit was made, will the minister arrange—

Mr. Speaker: Order. I think the hon. member's question is more properly one for the order paper. It asks for information which obviously will require some research. Furthermore, it relates to a matter which occurred some time in the past.

Mr. Chevrier: Mr. Speaker, the question arises out of reports that have been made and which appeared in the press this morning, and out of evidence which was given. I think the question is perfectly in order. It simply asks whether an income tax inspector went to the hospital and whether, if he did, the minister would arrange to have this federal official appear before the public accounts committee and have him examined by that committee.

Mr. Speaker: Order. The hon. member is now raising another question. If notice of the first question has not been given, I think it should go on the order paper because it is not the type of question that an hon. member—

Mr. Hellyer: The government has really had a year and a half's notice.

Mr. Speaker: —can expect the minister to have information on relating to some incident in the past.

Mr. Chevrier: Mr. Speaker, in view of your ruling may I ask the acting minister to take this as notice of the question?

Some hon. Members: Order paper.

Hon. J. W. Monteith (Acting Minister of National Revenue): Mr. Speaker, I think I should point out that all matters pertaining to

any income taxpayer's file are, of course, secret; but at the same time I will give consideration to the question.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, in view of the disturbing newspaper reports this morning and other disturbing rumours with respect to other activities of the gentleman mentioned, will the Prime Minister give consideration to a complete investigation in order that the house and the country may be informed of the facts, in fairness to all concerned?

Mr. Diefenbaker: Mr. Speaker, the first notice I received was contained in the press dispatch of last evening. I immediately gave directions that a letter should be written requesting that the Department of Justice communicate with the royal commission of the province of Quebec, asking for an official copy of the transcript containing the evidence in connection with this matter, in order that the question may be studied most carefully.

Mr. Maurice Johnson (Chambly-Rouville): Mr. Speaker, I have a question to ask the chief of the opposition.

An hon. Member: Which one?

Mr. Speaker: Order. On what basis would the hon. member suggest that he be given the floor to ask such a question?

Mr. Johnson: On the basis that there is nothing in the rules that prevents my asking such a question. Such a question was asked once before, if I remember correctly, of the hon. member for Danforth (Mr. Small). The hon. member was asked the question about a year ago, during the 1960 session, by a member of the opposition and I—

Mr. Speaker: Order. I must refer the hon. member to rule 39, which says specifically that such questions may not be asked unless they relate to a matter of the business of the house of which the hon. member has charge. I do not note that any motions or bills stand in the name of the Leader of the Opposition, nor is he chairman of any of the committees of the house.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, perhaps the hon. gentleman desires to ask this question because he assumes I will be having charge of the business of the house before long.

Mr. Johnson: Mr. Speaker, I wish to ask a question which concerns a member of the opposition under the direction and leadership of the hon. member. The question I wish to ask would lead them to stay in the opposition for a very long time.

Mr. Speaker: Order. The hon. member has not given any reason which would lead me to change my view that the question would not be in order.

BUSINESS OF THE HOUSE

CONSIDERATION OF SENATE AMENDMENTS TO BILL C-72

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, could I address a question to the Prime Minister. In view of the interest in the house and throughout the country, would the Prime Minister inform the house when consideration will be given to Bill C-72 as amended in the other place, to which amendment there was some "Brunt" opposition and dire warning?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the hon, gentleman considers the day a failure when he does not have a play on words. In so far as the question, freed of its surplusages, is concerned, that matter will be taken up in the appropriate order.

THE BUDGET—OPPORTUNITY FOR FULL DEBATE

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Prime Minister whether he can give the house an assurance that a full debate on the budget will take place before the house ceases to sit.

Right Hon. J. G. Diefenbaker (Prime Minister): All I can say is that the requisite time will be taken. Whether hon. gentlemen opposite will discharge their responsibility and make a full debate of it, I do not know.

PRIVILEGE

MR. HOWARD—STATEMENT BY MR. SPEAKER

On the orders of the day:

Mr. Speaker: The hon. member for Skeena raised a question of privilege on June 7. I have given some thought to it. At that time he did not indicate that he wished to proceed with a motion; if he is still of the same mind perhaps I do not need to take the time of the house, because he explained his position at the same time he raised his question of privilege.

Mr. Frank Howard (Skeena): I indicated at the time that I desired to proceed with a motion if it was in fact accepted as a question of privilege. My motion would be one of censure against the government for its refusal to answer the particular question involved.

Inquiries of the Ministry

Mr. Speaker: As the hon. member has a motion in mind, I think I should explain my views on the point.

On June 7 the hon. member for Skeena alleged that the government had given incorrect information in a return to an order of the House of Commons made November 30, 1960, and alleged that this was a breach of the privileges of the house. I have the return, which is sessional paper No. 216A tabled by the Secretary of State on May 5, 1961. The questions ordered for return were as follows:

1. Did any member of the cabinet incur any travelling expenses between September 1, 1960 and October 31, 1960 inclusive?
2. If so, for each member of the cabinet what was, for each day, the amount of expense incurred, the place travelled to and the purpose of the visit.

The return made to that order of the house was as follows:

There is no official record from which the information called for by this order of the house can be drawn. Under a well established practice, expenses incurred by cabinet ministers when travelling on official business are paid out of departmental administration or other appropriate votes without any accounting being required therefor, irrespective of whether or not an advance is made.

In support of his allegation the hon. member put forward question No. 381, asked by the hon. member for St. Denis and answered orally by the Postmaster General on June 7, as reported at page 5965 of *Hansard*. I do not think I shall take time to read it. Hon. members will find the question and the answer at this page. There the Postmaster General gave particulars of some of his recent travel expenses. The other relevant fact was the assertion by the Minister of Finance at page 5966 that the answer given to the order for return was a correct one and in accordance with the practice of the house.

The problem presented to me was whether the complaint of the hon. member for Skeena, which he is undoubtedly entitled to make at one time or another, was properly made as a question of privilege at the time it was made. If a question of privilege of the house is involved, the rules permit it to be brought before the house at once. If it is not a question of privilege the hon. member would have to wait for an appropriate opportunity to bring the matter before the house, for example as a grievance upon a motion to go into supply, upon the estimates of any department which make money available for travelling expenses of ministers, or by the usual notice of motion which at this stage of the session is not a very practicable remedy.

I do not propose to take time to review the authorities on the nature of parliamentary privilege, but I refer hon. members to May's Parliamentary Practice, sixteenth edition, pages 42 and 43; Bourinot's Parliamentary Practice, fourth edition, page 37 and to Beauchesne's Parliamentary Rules and Forms, fourth edition, page 93 and following. There it is indicated that protection against outside interference by the crown, by the courts, by the House of Lords and other outside influences was the origin of privilege. In our house I find no instance where a return of information to an order of the house has been attacked as a matter of privilege on the ground that the return was inaccurate, unduly delayed, or otherwise unsatisfactory as a compliance with an order of the house.

In the report of debates for 1895, at pages 1830 to 1842, there is an interesting precedent, where a complaint was made that the government had failed for more than two years to bring forward a return of information in response to an order of the house. The house was asked to give leave for an hon. member to move the adjournment, as would now be done under standing order 26, to discuss the matter. I shall take a moment to refer to this precedent. At page 1830 of the debates of 1895 the member for Bothwell said:

Before the Clerk calls the orders of the day, I desire to call the attention of the government and of the house to what seems to me to be a contempt of the rules and rights of the house; and, if it is necessary to a discussion of this subject that I should move the adjournment of the house, I make that motion. More than two years ago, I moved, in this house, for a return, and I stated that my reason for that motion—

Then he went on to say:

The whole of that session went by without that return being brought down.

The succeeding session went by; he was then in the third session when he brought the matter forward in this way. There was a lengthy discussion of the position. I would just like to refer to what Sir Wilfrid Laurier and Mr. Speaker said at page 1839:

It is a breach of duty on the part of the government; and though my hon. friend from Bothwell took an extreme course in bringing this matter before the house by moving the adjournment, still he was within his right. Let me quote the opinion of Dr. Bourinot on this subject:

"Every care should be taken by the department or officer whose duty it is to furnish the return, to have it strictly in accord with the terms of the address or order. If a person neglects to furnish a return or frames it so as to mislead the house, it will be considered a breach of privilege, and he will be reprimanded or more severely punished, according to the circumstances of the case."

At the same page, Mr. Speaker said:

Before putting this question, I desire again to express my opinion with regard to the inconvenience of this mode of bringing up a discussion. I am, of course, in the judgment of the house in dealing with this matter, but I may point out that there are other ways in which a question of

this kind might be raised without moving the adjournment of the house. In the first place, a motion might be put upon the paper censuring the government. Then there is another way in which the matter might be brought up without any notice at all, that is, on going into committee of supply.

Then he quoted Sir Erskine May. The Speaker then concluded as follows:

That, to my mind, is conclusive that a question of this kind for the redress of a grievance, should more properly be discussed on moving the house into committee of supply.

He treated the matter as one of grievance.

Although I cannot find that it has been done before, it is possible that an open and obvious defiance of an order of the house might be raised as a breach of privilege in the nature of contempt of the authority of the house. Such situation, if it arose would seem to me to go deeper than the privileges of the house, which are ancillary procedures in support of its authority, and would seem to involve a question of the confidence of the house in the government.

In the present case there is no obvious disrespect by the government of the order of the house. The order has been complied with, and the answer was available to the hon. member some time ago. There may be some inconsistency between the return and the oral answer, but as I said hon. members have other means of challenging such inconsistencies without the use of a superseding privilege motion.

In the circumstances, which include an interval of delay in objecting to the return, I do not think the hon. member would be warranted in asking to introduce a motion based on privilege.

SHIPPING

INQUIRY AS TO REGULATIONS RESPECTING FISHING VESSEL SUBSIDIES

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Transport how soon the government expects to be in a position to publish the regulations governing the subsidies for fishing vessels. As the minister realizes, a great many persons are anxious to get ahead with the building of their vessels.

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, these regulations should be published within 10 days. This is the latest information I have received from my officials.

TRANS-CANADA AIR LINES

NUMBER OF PILOTS USED IN VANGUARD AIRCRAFT

On the orders of the day:

Hon. Lionel Chevrier (Laurier): I should like to direct a question to the Minister of Transport. Has T.C.A. now decided to operate all its Vanguard turbo prop flights into Chicago and New York with three pilots, two regular pilots and one supervisory pilot, on each plane instead of two as originally announced?

Hon. Leon Balcer (Minister of Transport): I will bring this matter to the attention of the management and furnish the answer to my hon. friend.

Mr. Chevrier: I ask the question in view of a statement which appeared in the Montreal *Star* on June 15, which quoted a T.C.A. official. I might send it to the minister.

HEALTH AND WELFARE

GRANTS TO PROVINCES FOR HOSPITAL CONSTRUCTION

On the orders of the day:

Mr. M. D. Morton (Davenport): I should like to direct a question to the Minister of National Health and Welfare. Is a new formula being used for construction capital grants to hospitals in payments to the provinces?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, the administration of national health grants is entirely a responsibility of the provinces. The federal government receives applications for health grant purposes directly from the provinces and never directly from the hospitals. The federal government pays all grant money directly to the provincial treasuries.

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I ask a supplementary question. Can the hon. gentleman say whether that has always been the case?

Mr. Monteith (Perth): Yes, Mr. Speaker.

SUPPLY

The house in committee of supply, Mr. Chown in the chair.

DEPARTMENT OF PUBLIC WORKS

329. General administration including a grant of $2,000 to the Canadian good roads association, $10,667,720.

Mr. Taylor: Mr. Chairman, yesterday during the discussion of the minister's estimates I had the opportunity to discuss a seven year plan or program involving projects in which the federal government has an interest. I had the opportunity to deal with the proposed breakwater at the most advantageous place on the south side of English bay in my riding. I also had the opportunity of discussing a plan of proper development of the False creek area, which I hope in the future will be renamed either Kitsilano harbour or Kitsilano bay.

This morning I should like to discuss for a few minutes another matter in which the federal government has an interest. I refer to the major defence installations in the Jericho beach area. Before the war we had at Jericho beach a very fine golf course known as the Jericho golf and country club. This course added considerable beauty to the city and was cherished by golfers and non-golfers alike. Then the war came along and the air force and army took over the property. Wooden barrack-type buildings were erected, and along the waterfront air force hangars were constructed. These buildings have been there now for many years, and the people in the community are anxious to see them vacated.

During the war no one took serious objection to buildings of that type, but as the war is long since over the citizens of Vancouver would like to see a major renovation of the entire area. I suggest that there would be many advantages to the city and to the defence department should the army and air force units be withdrawn entirely from the Jericho and Kitsilano areas. Withdrawal of these units from the city and thus from the waterfront area would allow for that type of city development which, as I have stated, the citizens have long desired.

From the sale of these lands at Jericho beach the defence department could build at Surrey, let us say, a new and modern installation which would satisfy the requirements of the defence department and would certainly permit the city officials to plan the proper development of the Jericho area. The benefits all round would be enormous. In making these suggestions I am not unmindful of what has been done in such cities as London, Berlin and Cologne since the war.

Vancouver, as everyone knows, was never touched by the ravages of war, yet it seems to take us longer to remove the flotsam and jetsam of war buildings than other cities which received terrible punishment. I must emphasize that Vancouver gave up the Jericho and Kitsilano areas in order to prosecute the war, but we need these areas once more in order to set up a reserve of green spaces. I believe the records will show that in 1943 the federal government purchased 7.8 acres of the Jericho golf and country club for the very nominal sum of $55,000. The senior government also acquired 140 additional acres in this area from the province of British Columbia. One of the major issues in Vancouver at the present time is the acquiring of further green areas for park development. One isue at the present time is whether or not another area known as the Shaughnessy golf club should be purchased for park purposes in the city of Vancouver, but the holdings of the army and air force are almost forgotten.

The armed forces occupy 192 acres of prime land along the Jericho and Kitsilano waterfront. My question is, is it necessary for these twin military establishments to be where they are? Is the military community a multi-million dollar white elephant or a multi-million dollar necessity? These two establishments employ a total of 488 officers and men, which works out to 2.5 men per acre. In addition there are 377 civilian employees of the Department of National Defence.

The removal of the defence installation would provide us with a major public works project in the Vancouver area. It certainly would do so if the military forces vacated. The Minister of Public Works would no doubt be able then to call for the sale of the land and a proper housing and park development could take place there. Therefore I urge the minister to give very serious consideration to the proper development of that area.

As I mentioned yesterday, the defence department occupies a major holding near the south end of Burrard bridge, and if the defence department vacated that area and the Jericho area a major military construction project could be undertaken say in Surrey, which would be carried out by the minister's department. A major establishment could be set up there which would certainly please the military forces. These two important areas in or near Burrard riding are two major issues, and I hope progress can be made at an early date.

I also hope the Minister of Public Works will give consideration to the resolution passed by the city of Vancouver in 1941 which allowed one of the government departments to enter that area upon the condition that they would vacate it at the cessation of hostilities. The war is long since over but these installations are still there, and I hope the present administration will comply with the terms upon which the particular department entered that area.

I noticed in the paper last night that the national capital commission is planning a cultural centre in mid-town Ottawa, on the east bank of the Rideau canal. The newspaper article says that the cultural centre will likely contain a convention hall or auditorium, and perhaps a theatre to start. The project is to rise on 22 acres near the Union station. The newspaper article went on to say that the Prime Minister had suggested that centennial planning for the capital might cover such things as a convention hall-auditorium, a national theatre and even a stadium or arena.

This is a wonderful development for this area, and I am not necessarily criticizing it. I also noticed a photograph with relation to a major development at Niagara Falls. The newspaper article says that a multi-million dollar permanent international cultural trade exposition at Niagara Falls has been approved by Ottawa. We also learned from the newspapers earlier and heard in the house that the federal government was prepared to advance to the city of Montreal and to Quebec some $40 million to hold a world's fair in 1967 in Montreal. We are also aware of the fact that at Dawson Creek, a rather small community in the interior of British Columbia, the federal government is advancing a considerable sum of money for the restoration of a theatre in order that the community may celebrate the centennial in 1967. Other cities are planning major projects.

The point I want to make is that Vancouver is likewise in great need of an all-purpose auditorium. We feel that if this type of development can take place in eastern Canada, then by the same argument we should also be able to proceed with such a development in the west. Vancouver is a long way from Ottawa, and I think we can make a special case for the fact that we need a similar building on the west coast. We are in the Pacific trade theatre, and this type of building would help us very much in the field of trade and commerce. As the minister knows, we need a coliseum very badly, and I hope he will give consideration to assisting us with the construction of an all-purpose coliseum in the Vancouver area.

There are numerous advantages to this project. The trade and commerce field will certainly benefit, as will the tourist industry. This proposed building could be used as one of the main buildings for the Pacific exposition, if we are able to proceed with our plans for it in 1967. I think we can make a special case for Vancouver in this regard. Since this is my only request at this moment, I hope the minister will be able to make available to us one of his fine architects who could design us a building in which the C.B.C. could be housed as well as the coliseum. In Boston, the Boston Gardens is built over the top of the Union station.

I understand that the C.B.C. is in great need of storage accommodation for their many properties. If we need a coliseum and the C.B.C. need a building for their properties, surely with proper planning we could design a building to accommodate our coliseum and give the federal government room for the C.B.C. My request in this regard is that the minister try to assist us in constructing an all-purpose coliseum on the plot of land already owned by the C.B.C.

Mr. Pickersgill: I am sure the minister will be glad to learn that, unlike the hon. gentleman who just preceded me, I intend to keep my observations generally within the ambit of the Department of Public Works. I think everything the hon. gentleman mentioned concerned some other department than the Department of Public Works, that is so far as I was able to follow him. The minister will be pleased to learn also that I do not intend to be quite as harsh in my criticism of the present government as the hon. gentleman who just spoke. This does not mean that I will not have a few critical observations to make.

I join wholeheartedly in the criticism made yesterday by the hon. member for Churchill of the dilatory actions of this government, in which the hon. member was reflecting the views of the new provincial Liberal leader in Manitoba, in dealing with the problem of Churchill. The hon. gentleman ended his remarks by expressing a pious hope that something would be done. If the government moves in the matter of Churchill at the same speed that it has moved in respect of the Red river floodway, then I think the hon. member for Churchill's successor will be addressing another government about this matter before anything ever happens.

I should like also to join with the hon. member for St. John's East in his criticism of the government which appears on page 6422 of *Hansard*, and which I understand was exceptionally palatable to the minister. As reported on that page the hon. member said:

> I should also like to bring to the attention of the minister at this time my sense of disappointment at the fact that the vote for Newfoundland under construction of public buildings is substantially smaller compared with other provinces of similar size. It is substantially smaller than the vote for Nova Scotia and substantially smaller than the vote for the province of New Brunswick.

This is true, sir. For the first couple of years this government was able to carry on the building projects and policy of expansion which the minister and his predecessor inherited from Mr. Winters. However, when they ran out of those plans that Mr. Winters had prepared, they had no program of their own so far as public construction in the city of St. John's was concerned. There is no evidence that any plans are being made.

I happen to know, of course, that it was the intention of the previous government, which did things and did not just talk about them, and which had a program of expansion which helped this country to grow as compared with the stagnation of the last four

years, to phase this building program so there would be a reasonably continuous level of employment on public construction in St. John's. Moreover, there is a very strong argument which I have made many times before and which I intend to make again for structures outside of St. John's in some of the smaller places, particularly buildings to house the Post Office Department.

It just so happens, and the statistics have been put on the record many times, that in Newfoundland, unlike New Brunswick and Nova Scotia, there are practically no rural routes. The treasury is therefore saved the very considerable cost of free rural mail delivery which the other provinces do get. Perhaps for a long time to come, because of the nature of the settlements along the coast, Newfoundland will be less adaptable to that kind of thing. It is the custom there to go to the post office to get the mail. In Newfoundland, therefore, unlike the other provinces, the needs of the Post Office Department are quite different. In the first place, in practically all the smaller places the C.N.T. is in the post office, and that creates a different situation at once. The second thing is that in Newfoundland it is entirely unacceptable, for historical reasons, to have post offices in shops or stores or other places of business, which is the usual thing in the rural areas of the rest of Canada. There is, on the ground of laying out a reasonable amount of public funds to give comparable service, every reason why there should be some exception made in Newfoundland, and some exception has been made. I have expressed appreciation to this minister and his predecessor for continuing to replace public buildings in Newfoundland where they existed in the old days.

However, what the government will not do is to put a building in any place that did not have a building before confederation, notwithstanding the fact that some of these places have grown considerably larger than some of the places that do have public buildings. I refer, of course, to a community like Hare Bay, which received a good deal of notoriety only last week when the whole place was almost consumed by the great forest fire. While I have persisted in my advocacy of this policy over the years, and I have not yet had any success, I feel that if I keep on trying there is always a chance, particularly as we get nearer to an election, that the government might decide to do something about this or at least indicate that some day it might.

I do want to join with the hon. member for St. John's East in saying that I think St. John's should be better treated so far as a public building program is concerned. If this government really meant what it said about having an expansionist policy, then St. John's would have been better treated. The fisheries department there needs a new building, as well as other departments that were referred to by the hon. member the other day.

What is even more distressing than the public building situation is the marine works situation in Newfoundland. After all, this work is even more vital to the economy and to the life of the people in the outports. It is true that if you look at the global figures for marine works in the estimates this year, they are up $300,000 over last year. They have not gone down very much as compared with earlier years. They have varied little from year to year. There is a high proportion of the money now being spent on the harbour development at St. John's, which of course was only started two years ago, though the plans were laid in 1956 and 1957. When you abstract the amount being spent on St. John's harbour you see that there has been a tremendous shrinkage in the marine works program in the province of Newfoundland compared with what it was in the first year the present government was in office, or in the year both governments were in office, or in previous years.

It is not as though there are not projects that urgently need to be done. There are plenty of projects. The minister knows this from correspondence he has had with me, and I think he will testify that I am an assiduous and patient correspondent and that nothing discourages me, even the minister's replies.

The minister will recognize that in one of the seven constituencies there are plenty of works which he and his officials have admitted are deserving of consideration—I have it in writing that he has said that they are deserving of consideration—and which are not getting done.

Moreover, Mr. Chairman, they are not getting done at a time when the rate of employment in Newfoundland is higher, unhappily, than the national average—indeed it is considerably higher than the national average—and when a redoubled effort should be made. These works are ones that have a fairly high labour content. They would employ a great many people. They would save the drain on welfare funds or on the unemployment insurance fund. There is everything to be said for getting them done, because they are all works that would add to the income of the community in which they would be situated, or practically all of them are of that type.

I just want to remind the minister of a few of them. I am not going into the details;

he has them all. The first place is Newman's Cove. I feel particularly badly about the situation at Newman's Cove, although I know very well what the difficulty is. Because of the exposed harbour there it is a difficult place in which to build a wharf that will stay put. Of course we do not want built a wharf that is going to be carried away by the ice. That is one of the most active fishing communities in the whole of Bonavista bay, at least, and certainly on the south side of the bay. A great deal of fish is shipped from that place. As a matter of fact there is a structure there now that takes up too much of the space of the present wharf. I would certainly put Newman's Cove at the top of any list I made of places that ought to be served. I feel a certain sense of responsibility—I was almost going to say guilt—about this place because by sheer inadvertence this wharf was not included previously. I may say that it was inadvertence—for which I do not think I have any direct responsibility, but I was a member of the government at the time—that it was not included in 1957, and it should have been included.

Then I wish the minister would have his officials take another look at the situation at Upper Amherst Cove. There is a slipway there, and it is another very difficult place. There are many fishermen there who would earn twice as much from the fishery and would catch twice as much fish if they had a wharf on which to land them. Then in view of the catch I think Plate Cove West ought to have an extension to its wharf. I plead for Plate Cove West, notwithstanding the fact that I did not do very well there myself in the last election and the minister's friend did much better than I did. Notwithstanding that fact, I commend Plate Cove West to the minister. Perhaps that particular commendation would appeal to him more than some others.

The next most important one after Newman's Cove in Bonavista south is Princeton. The minister has had a great deal of correspondence about Princeton, which is frightfully important for two reasons. It is one place where the railway touches the shore, and it is a transshipment point for freight carried on the railway all through the southern part of the bay. Princeton is also a considerable fishing place. There would be more fisheries and much more productive fisheries at Princeton if that wharf could be built. It is a very small structure that is needed, and it would not cost a great deal.

On the south side of Bonavista bay the one other place that really has been neglected is Sweet Bay. I think Sweet Bay gave me a majority once out of three times. Perhaps the minister would therefore think kindly of Sweet Bay. If everybody had treated me in the way Sweet Bay treated me, maybe I would not have been here. At any rate, whatever the people of Sweet Bay may have thought of me, I think a great deal of them and I think they should have a wharf.

Then there has been a recent request, and this gives me a chance to say a word of commendation of the department. Mind you, Mr. Chairman, I do not mind saying a word of commendation of the department with regard to many things. However, I want to say a particular word of commendation of the department after I have mentioned this next project. I refer to Lethbridge. Lethbridge is not a fishing place, and I would not pretend for one second that it was. I would never have asked for a wharf at Lethbridge. There is an old wharf where there is not enough water to get a good sized canoe alongside. That is not the fault of the government of Canada. That was one of the mistakes made by the commission of government. Lethbridge has not too much deep water. However, somewhere on that side of the bay, as opposed to the Musgravetown side, a wharf is needed because a big pulpwood operation is going to be starting up in that area.

That brings me to my point of commendation. The government spent a large sum of money on an extremely long wharf—the longest one in my constituency and one of the most impressive—at Carmanville. I am sure the minister and his officials will be glad to learn that millions of cords of pulpwood are being shipped over that wharf at the present time to Italy, bringing an income not only to that settlement but to the whole of that coast, and that dozens and perhaps hundreds of families have been kept from drawing unemployment insurance and have been kept off relief in this area because that wharf is there. It is certainly one of the best investments recently made by the government in expansion.

I am glad to say, of course, that the replacement was planned in the old days, but the government carried out those plans and carried them out very expeditiously, although it was a very big job and I am sure that at times they may have wondered whether it was going to be justified. I should like them to know that it has been amply justified, as would be these other projects, I am satisfied, if they were carried out. If the government want an expansion program, this is the kind of expansion from which they would get dividends. I am not suggesting the waste of public funds on useless wharfs.

Perhaps not quite so strong as the plea for Sweet bay, I would also plead for Winterbrook, which is not so much a fishing area generally but where there is a big lobster fishery. A small landing at Winterbrook would be helpful. I would also hope that the minister would take another look at Glovertown north. I should also like to have a careful look taken at the situation at Greenspond, the old capital of the north, on the north side of the bay. It is one of the most historic places in Newfoundland. Unhappily it is an island, and it is extremely hard for these islands to survive. It has the biggest population of any of the islands in Bonavista bay. Most of the rest of them are becoming depopulated. While I would not advocate any large expenditures at Greenspond, because it is a difficult place to get at, still it has a very lucrative fishery, and I should like to think that adequate facilities will be maintained there.

Going around Cape Freels and into Notre Dame bay I come first of all to Lumsden south. I was at Lumsden south one day in the fall in a very rough sea indeed. I saw men bringing in a boat on the rocks on the beach, and two of those men were all but killed; in fact I could hardly believe they would not be killed. It was the most marvellous manifestation of the skill for which Newfoundland seamen are famous that they were not killed, and all because we cannot get an extension to that slipway. In terms of dollars it is a very small project in this great fishing area, one of the most historic fishing areas of the whole of Newfoundland. We are not even asking for a wharf, just a slipway for pulling up the boats. This is desperately needed, particularly in the rough weather in the fall.

Then coming to Fogo island, the minister knows there is a modified proposal now for the development of Fogo harbour. I know it is a difficult problem; no one knows it better than I do, except perhaps the engineers of the department. There are 5,000 people on Fogo island and the town of Fogo is the centre of the island. They are all fishermen; there is no other industry at all. If the town of Fogo cannot have adequate marine facilities 5,000 people are going to be in a very desperate economic plight.

There is another place on Fogo island that deserves some consideration. That is Stag Harbour. They have a nice little wharf there but it is not big enough to handle the traffic. When the wharf was built the people moved off one of the islands just off Fogo island on to Fogo island, doubling the population there. They are fishing people; they are fishing all the time, and they need adequate landing space and perhaps a little more depth of water.

Then I come to two places in Dog bay, Horwood and Stoneville. They had wharves in the past, but their wharves have gone. These unfortunate people are not fishermen; they are woods workers. They have to get away from there to work in the woods because the great mill that used to be there is not operating any longer. They have no way of getting out. The provincial roads program will get there eventually, but the provincial government is strapped for funds and it has so many claims for local roads. These people should have a wharf in at least one of those places. I would like to see wharves in both places. The minister could even flip a coin as far as I am concerned—and I do not mean any pun there—as to which place to put it, as long as he puts one there so the people will be able to get out and the coastal boats get in and land the people properly.

I think the minister ought to take another look at Port Albert and Boyd's Cove. The situations are very different. Port Albert will not get a road for quite a while; it is the other place besides Horwood that will not have a road for quite some time, I am afraid. But Port Albert in the wintertime, in the spring and fall is used by people coming from Change islands and Fogo island to get to the mainland of Newfoundland. It is a small place, but there are fishermen there and I think if we had a wharf we would increase the value of the fishery. In addition we would have certain other advantages accruing. I think in time this would become a big settlement, instead of a small settlement, through the moving in of people from the islands.

Boyd's Cove is a different kettle of fish. The road is being built to Boyd's Cove and will be through there this year. That normally would be regarded by the department as a reason for not building a wharf, but I suggest that Boyd's Cove is now going to become the main terminal for getting out to the islands in the spring and fall. Also, as the minister and his officials know, a causeway is going to be built across to New World island from Boyd's Cove and there will be a need not for an elaborate structure but for a wharf there to handle the traffic that can reasonably be expected.

The minister will be pleased to hear that I am coming to the end of my remarks. I could give the minister a lot more requests than these, but I am only picking out the urgent cases. There is Whale's Gulch. I still think the department could find enough ingenuity to do something for Whale's Gulch. I will not go into the problem because the

department knows it very well, and it is a tough one. These are wonderful people; they are all fishermen, and they should be able to get in and out of that place a little more easily and with a little less peril. I know about this because I went there on a rough day myself and our boat was nearly swamped trying to get in.

Then there is Bridgeport, the most important of all the fishing settlements of New World island. The minister's officials have told me—and this has always hurt my feelings because they should really have known better—that Bridgeport is only two miles from Moreton's Harbour by road. That is quite true, but it is not much comfort to a fisherman who in order to get to the wharf at Moreton's Harbour has to go all the way around Western Head. I went around Western Head in the election campaign of 1958, and I can tell the minister he would not like to have been with me that day. Bridgeport is a real fishing place—

Mr. Walker: Just that day?

Mr. Pickersgill: It was one day in March or February, 1958, and it was quite a day. At any rate, Bridgeport should have a wharf. It should have had a wharf some time ago. We should have built one there. We made a mistake in not building it, and I am asking the minister to correct that mistake. He can take all the credit he likes for correcting the mistake if he will build the wharf.

An hon. Member: You made quite a few mistakes.

Mr. Pickersgill: I wish the minister would look into the question of the dredging needs at Durrell's Arm, particularly, Upper Jenkins Cove. I had a telegram only the day before yesterday from the community council at Crow Head in Twillingate. The minister knows that one of these community stages was built there. No community stage has benefited a community more. There is a wonderful co-operative spirit in that place, and the people are using the stage to such an extent that the wharf just will not handle the traffic. They do need an extension to the wharf in order to carry on their business and in order to make it pay and really be useful. I think perhaps the minister could squeeze the small amount required for that project out of his miscellaneous vote, and he could not use it in any better way.

Mr. Peters: Mr. Chairman, I should like to ask about something which is of great interest in my riding. We have a problem in the town of Haileybury. Without a doubt we are going to have to build a post office there, because the lease is up on the building now being occupied. It has become obsolete, and it is certainly not a satisfactory building for a post office.

I think as we will soon have to construct this building, this would be a good time for the department to consider the needs in that area for federal buildings. For a great many years there has been a legitimate complaint, in Kirkland lake, and it still exists, that a building should be built to house the federal departments in the area. One of the very grave problems for a long time has been the housing of the offices of the unemployment insurance commission. These offices have been located in rented premises. If this is possible, they are even more crowded than some of the offices in the House of Commons, and I think that is probably the height of overcrowding. These people have had to sit in the corridor and in front of the door with the wind blowing in at 60 miles an hour. The conditions which exist would certainly not pass the Ontario factory act, because there is terrific overcrowding.

At no time has the decision been finalized to construct a building in which to house these people. As the minister is aware, renovations are taking place in the federal building. The post office in Kirkland Lake is not going to be changed, but there will be a change to the upstairs part of the unemployment insurance property now housing the post office. This seems to be unsatisfactory, because it will be necessary to move the R.C.M.P. out or put them in less suitable quarters, and the reserve units of the army will have to be shifted around.

It seems we should have a survey which would take into consideration the needs of the federal departments for some time to come. That is why I am asking whether a survey of this type could not be carried out in the Haileybury area. I will arrange that a petition be circulated in Haileybury asking for a federal building to house the post office in that area, but I believe other things should be taken into consideration.

This is one of the reasons I have not pressed this matter in the past. It seems to me that the civil defence organization is bound to need some accommodation in this area, and probably this should be considered in connection with the arrangements made for the Algonquin regiment, which has its headquarters in Haileybury. The land presently owned is sufficient to allow a federal building to be built on it, though I do not suggest that it could not be built in a better situation. However, there is enough land there to serve as a site for the post office, a building which would take into consideration the needs, both present and future, of some of the other

officials working in that area; for example, the staff engaged in carrying out the provisions of the Veterans' Land Act and the work of the Department of Veterans Affairs. There are also the inspectors and officials of the Department of Agriculture. The Department of Public Works has no representatives in the area, and the fact that officials have to be sent from North Bay undoubtedly interferes with the speedy handling of requests made from areas further north.

The situation could probably be dealt with better by setting up a permanent office in the area. The unemployment insurance commission has arranged that a branch will be established before the end of the year in New Liskeard. If this is so the officials will obviously have to be housed in a federal building, because rental accommodation in that area is limited. I am suggesting that the minister should survey the requirements of the whole area so that the town of Haileybury will be able to get a post office large enough to also house other federal agencies which can be located in the town, and that with the establishment of the new unemployment insurance office in New Liskeard consideration be given to housing in one building the other agencies which are now operating from buildings in adjacent areas.

I am not sure, Mr. Chairman, how we go about arranging these things and getting them done. I am not interested in this question in a political way. If it is necessary to bring the defeated Conservative candidate into the negotiations, if the department feels it is necessary to send him around, it is perfectly all right with me, because we both come from the same area; we both recognize the needs of that area and are sympathetic to them. If this is the way it should be done, I do not object to having some assistance. But I do believe that these projects should not be carried out by bits and pieces. I believe that while we are building premises in Haileybury to house the post office we should consider other demands which are likely to arise for accommodation. I suggest that the minister should give consideration to the needs of his colleagues who are concerned with civil defence and the desirablility of finding accommodation for civil defence staff in this area. As I say, this might be considered in close connection with the Algonquin regiment, whose history throughout northern Ontario is highly respected. The fact that the regiment has for many years had its headquarters in the town of Haileybury would indicate to me the desirability of having the civil defence headquarters for the northern region in that area also.

There is another problem and I am not sure what happens about it, but I am concerned with docks, wharves and other facilities on lake Timiskaming. For many years we have, without doubt, neglected lake Timiskaming. I am sympathetic toward the question raised by the hon. member for Hull when he speaks in this house about the forward looking program we should be developing in connection with the Ottawa river. This is only part of the problem, which affects the upper Ottawa river, which includes lake Timiskaming.

This whole area is now faced with all the problems of conservation which other areas faced earlier in their development. One of these is erosion. I have often heard members from the maritime provinces talking about erosion and the assistance which is given to combat it. I think some of this assistance should be available to lake Timiskaming, which is an interprovincial body of water. I see that the parliamentary secretary to the Prime Minister is in his seat. His riding covers all the other side of those waters, and he will agree with me, I hope, that the survey which appears to me to be necessary should not be made on a partisan basis. It should not even be on an exclusively provincial-federal basis. It should be on a scale sufficiently large to include both the conservation authorities and the municipalities.

Obviously control dams will be needed in the riding of the hon. member for Pontiac-Temiscamingue. They will be needed on the White river and on the Quinze river as well as on the Wabi, on the Moose, the Matachewan and on the Montreal river. Each of these rivers will need control dams, and these dams will have to compensate for the abuses which are taking place at the present time in connection with the use of the water by Ontario hydro. Ontario hydro does not give one hoot to what happens to the Ottawa river or to the Ottawa river watershed. They could not care less what happens to it. All they are interested in is getting a head of water to produce a certain amount of electricity.

Last year, on one occasion when I went home, I found that my area was flooded. The town of New Liskeard had water in its streets. I am sure the hon. member whose constituency lies across the lake found exactly the same situation in all the towns along the lake shore on his side. When one is asked to make representations asking that water be let out at the south control dam, one is well aware at the time that both at Britannia, here, and all the way up the Ottawa river other places are flooded also. This is a situation which should not exist, and it would not

exist were it not for the inability of the hydro authorities to look at this problem in a larger light than that of their own interests, which, as I say, consists of maintaining a head of water for the generation of electricity.

I do not know whether this question can be settled now. I do not even know whether the government has any interest in making a survey of the whole situation in the Ottawa watershed, but this is an important matter. Within the next few years it will arise internationally, and we shall be obliged to give consideration to a project which will be as important to the Canadian people as is, presently, the problem associated with the Columbia river agreement. The same situation will arise in relation to the need which has already developed in Chicago, where there is not even enough water to meet the sewage disposal needs in that area. And, of course, the only place from which we can get water is the Ottawa river watershed, supplemented, of course, by water taken from the Arctic watershed.

I am not asking the federal government to make that survey now, because it still seems unrealistic to me. I am not really suggesting to the minister that we survey the Ottawa river with the object of putting in a canal. This seems kind of unrealistic to me as well. The only reason it sounds unrealistic to me is that I am not an engineer and I am not really a conservation expert, and I do not know what the potentials and possibilities are; but many people much smarter than I have said that it a feasible project, and both these things will come to pass at some time in the future. I think we would be foolish not to take these problems into consideration.

Lake Timiskaming is a very pretty and useful lake and a very large resource of northern Ontario. It is a large resource for southern Ontario as well, because if that lake does not continue to serve the purpose it is serving now, namely as a reservoir for power development, we shall pay very dearly for the loss of it. As a first step the department could make a survey. This is just an example. I know the minister is going to have more examples. I know he is familiar with this matter because the hon. member for Pontiac-Temiscamingue has brought it to the attention of the cabinet, of caucus and also of the house.

Let us use New Liskeard as an example. The municipality of New Liskeard has been playing around with one of the tributaries of Lake Timiskaming for a number of years. The erosion of the shore is very great in our area. I am not so very old and I cannot remember too far back, but I am old enough to remember that at the mouth of the Wabi river there was a nice grove of hardwood trees which was rather unique in that area because they were oak, and normally oak trees do not grow that far north. Most of these oaks have been killed, the shore has eroded and silt piles up in the mouth of the Wabi river.

More important than that, during heavy rainfalls torrents of water come down the river. The lake is muddy about three quarters of the way across Wabi bay, which is two or three miles wide at this point. This was not true 10 years ago, and certainly not 15 years ago. The lake was relatively clear in the past. Many years ago they did have a very large breakwater in the New Liskeard area, and it protected the shore. Over the years it fell into disrepair. The department said it was not as necessary now as it had been in the past, and this is probably true, but its disrepair resulted in a great increase in the rate of erosion, and this is particularly evident since the breakwater was removed. All I am asking is that we give some consideration to this matter.

It is very hard to go back to mining municipalities and say to them "Let us have a conservation organization." How much better it would be if we did that now rather than wait until we reach the same impasse they reached in the United States in the time of Roosevelt, when he took the initiative to set up the Tennessee valley project. After he set up the project millions and millions of dollars worth of benefit accrued from it, but only because they spent the money to put it in. But really it was a little late. It is not too late yet for us to act. It would not be an expensive proposition to bring about conservation in the Ottawa river watershed and prevent the abuses that are bound to take place if we do not take some action. I hope the hon. member for Pontiac-Temiscamingue will rise in his place and say something about this because I believe this problem affects all of us in northern Ontario and northern Quebec. It is a serious problem, Mr. Chairman.

In my opinion we were not smart enough in our part of the country to see that a federal law was passed which would prohibit the driving of logs or having logs floating around in the lake all year round. This is not a little pond that we are talking about; it is a lake 85 miles long and 12 miles wide. It is a large body of water. Of course the federal government is responsible for it. It has passed legislation to establish an upper Ottawa improvement company to be responsible for looking after this particular aspect of lake Timiskaming. I am sure it is possible to call up the people concerned and criticize them for not sweeping the particular area and they will get busy and do

it. I think the hon. member for Pontiac-Temiscamingue will agree with me that we should have an authority representative of all the municipalities and communities around the lake. We should be pressing the federal government for this survey and for control dams on the headwaters of that system, which would make it much easier to overcome the silt problem and cut down the amount of clay which is drifting into the lake. The other valuable assets and the natural resource that we have in that area in the form of lake Timiskaming should be protected.

I should like the department to give immediate consideration to the land erosion program as it affects three or four of the municipalities. The municipality of Harris is now a very well developed housing area, but the shore line of the lake is usually in very bad shape. The erosion taking place is not legally the responsibility of the government, because the water level in that area was changed. It was placed so high that you would have to drown the town of New Liskeard before there was any high water problem. I own a piece of land along the shore there which is four or five acres in extent. I think I would be lucky if I could claim half an acre because the rest of it, owing to the very high water level established at the time they changed the water levels with the erection of the dams in south Timiskaming, would be under water. This appears to me rather unrealistic. Surely the reason for establishing the high water level was not to take away from the federal government its admitted responsibility of preventing and supervising erosion. This has come about because of the inability of the department to decide at the time what the high level should be in relation to the level that would have to be maintained by the dam, and the fact that the government did not want to be put into the position, I am quite sure, of having to expropriate a great deal of land for flooding purposes, if that was necessary, when the level was established in the lake. I may be wrong, but it seems to me that the reference to the high water level was changed in the deeds about the same time that the water level in the lake was raised by the establishment of the permanent dam in south Timiskaming.

I should like to see more municipalities undertake to do their share of the protection of the shore line. New Liskeard has been doing some erosion prevention work. The department of highways is interested in this problem, because there is continuous danger of their losing the highway which until this year has been a part of the trans-Canada system. There is great danger of the highway falling into the lake. The water comes up very close to the shore line. It is a rocky shore line, and when the water is maintained at a high level the winds and the ice conditions make it very difficult to maintain a sufficient amount of land on the lake side to prevent a threat to the highway. On occasions the road has to be closed off because part of it falls into the water.

It may be true that the water level is too high. It is also true that the municipalities are ignorant of their rights, Mr. Chairman. They have not applied for assistance in the prevention of erosion. In most instances they have done it themselves without any assistance. While this is to be commended, the fact is that they do not necessarily spend their money in the most efficient manner. I think much more could be achieved if they would spend their money in conjunction with financial assistance from the federal government, and they would also be able to avail themselves of the technical advice and assistance that the federal department is quite capable of giving. The department has had a great deal of experience in other parts of the country in connection with erosion and the protection of shore lines, and their assistance would be very valuable. Yet it always seems to require a great deal of dickering to arrive at an arrangement whereby the federal government will participate in these matters. I say the municipalities are partly responsible for this because of their inability to understand just what their responsibility is and what grants are available to them.

I think such projects could be carried out under the winter works program. I know that the town of New Liskeard would be willing to do their erosion work in the late fall and early spring, because the water level is very low at that time and the work could be done more economically then. I would be pleased if the minister would give some indication when he replies as to what the department is going to do with relation to the whole Ottawa river watershed. This question involves considerations of diversion, canalizing the Ottawa, the system of control to be used, the necessary reforestation under a conservation program, what assistance the government will give in setting up a conservation authority like the Thames valley authority and the Tennessee valley conservation authority in the United States; in other words, what assistance the federal government contemplates giving in this whole field in the future.

(Translation):

Mr. Caron: Mr. Chairman, I had a few questions to raise and, first of all, I wanted to refer to the building of an additional post office in the western part of Hull, which in-

cludes Wright, Tetreau, Lafontaine and Dollard wards, and whose population numbers about 30,000. However, I realize that the Department of Public Works has only the responsibility of building post offices, but that it is up to the Post Office Department to decide on the necessity of those post offices and where they are to be built. Consequently, I shall content myself with writing directly to the Postmaster General about the matter.

Mr. Chairman, I should like also to refer to something that does not seem to work too well in the Central Mortgage and Housing Corporation.

I know that up to May 1960, when regulations to take effect on January 1, 1961 were adopted, loans could be obtained for buildings located in places where there are no sewers.

Not being aware of those new regulations, I recently wrote C.M.H.C. on behalf of Mr. Dupuis. Besides reading the letter I wrote, I will also read the reply I received from the corporation.

Here is what I wrote:

Gentlemen—

Mr. Andre Dupuis, 30 Rouville St., Hull, told me that the Central Mortgage and Housing Corporation refused to approve a $15,000 loan because his house is to be built along McConnell road, where there is no sewer or water service.

Taking into account the fact that his lot is about 200' x 200', that the septic tank is to be installed at the far end of it, more than 100 feet away from the well, and also taking into account the fact that he has a letter from Dr. Gregoire, Quebec health deputy minister, who after an examination of the plans stated that everything is in accordance with the provincial sanitary regulations, how is it that C.M.H.C. refuses to approve that loan?

I know that Mr. Dupuis has a large family of 10 children and that, because of his difficulties in finding proper housing for them, he is forced to build. Do you not think that those particular circumstances deserve special consideration?

I would be very happy if you would reconsider this case in the light of those facts, and if it is not formally forbidden by the law, try and grant his request.

Here is the answer I received from the Ottawa branch manager. I quote:

This letter is in answer to yours of June 2, concerning the application of Mr. Dupuis for a loan for the construction of a house on a piece of land located in Hull South, lot 17-A-10, where there is no sewer system.

His case was considered again and we reached the same decision, that we cannot accept his application since there is no sewer system in a suburban-like area.

This is consistent with our corporation's new policy announced May 13, 1961, and retroactive to January 1, 1961.

You will no doubt agree that the area where Mr. Dupuis wants to build has a very good residential development potential for the future, with a sewer system and waterworks planned according to accepted city planning principles.

Our past experience proves that it is difficult to carry out such a program in a suburban area where a number of houses have already been built without any such system.

We are really sorry not to be able to grant his request, but he might perhaps consider another site where a loan could be authorized under our rules.

My point is that at least two houses have been built in that area under a C.M.H.C. loan. In fact, a Mr. Tremblay, if I am not mistaken, and another individual have built houses there after the department of health of the province of Quebec had recognized that their system, according to the blueprints, was acceptable to the department of health.

I realize that Central Mortgage and Housing Corporation has decided it should protect individuals against themselves, and I realize that preventive measures are called for.

However, in areas where there are no sewage systems and where none will perhaps be installed for years to come, when people comply with provincial government regulations requiring septic tanks to be placed at a distance of at least 30 feet from the well, I fail to see why a change was made to the provision which formerly allowed house building loans to be granted. We must not forget that in our cities, there are large families that cannot find accommodation and must go out and build outside the city, something they might be unable to do if taxes were in relation to the services provided.

Moreover, if loans were granted for this type of housing on the basis of provincial health legislation, this would be a tremendous boon to some areas where there is a great need for accommodation for large families.

I therefore leave the matter with the minister. I hope he will consider it and will agree to amend the regulations so that provincial sanitation regulations will be recognized as reasonable housing standards in areas without sewage systems.

Following a number of members who have spoken before me, I should now like to discuss the matter of retaining walls.

As you know, Mr. Chairman, from time immemorial and up to the years 1954 or 1955, the Department of Public Works has at all times, both under Conservative and Liberal administrations, accepted a measure of responsibility for the construction of such walls.

I know such was the practice for at least 30 years, and that it was when Mr. Winters was appointed to the Department of Public Works in Ottawa that the system was changed. I think Mr. Winters was advised by lawyers that he had no right to get into this field and that since then, the department has stuck to the same policy.

I had an opportunity of writing to the minister in that connection not so long ago, that is on August 19, 1960, and in that letter I explained the problem as I saw it.

Dear Sir:

I received your letter of August 13, in reply to mine of July 17, concerning the damage caused by floods in the municipality of South East Buckingham. You mention that the damages resulted from the extraordinary swelling of the waters which occurred last spring. That, I will admit, but the whole question remains debatable. As I stated in the house, Mr. Winters took the liberty of giving his own interpretation to the constitution when he said that all navigable rivers were under the jurisdiction of the federal government. Even if Mr. Winters confused "navigable rivers" and "rivers where there is navigation", I took the matter up with the attorney general of Quebec, who claimed that the responsibility lies with the federal government, since, according to the constitution, the latter is responsible for navigable waters.

I then asked Mr. Winters to take advantage of a federal-provincial conference to clear up this matter, which he never did, and I note that you have accepted this version or interpretation given by Mr. Winters; I am all the more surprised since you are a lawyer and I am convinced that a lawyer would interpret a matter such as this better than an engineer.

To clarify this matter once and for all, it should be submitted to the Minister of Justice and, at the same time, to the attorneys general of the different provinces, so as to establish:

1. The extent of the federal government's responsibility regarding damages caused by navigable waters;

2. The complete definition of navigable waters; and

3. The extent of the principle of overpowering circumstances or, as it is called, an act of God.

Then we should not have to treat those matters in a haphazard way in the future.

Here is the minister's reply, dated October 1:

Re: Flood damage in Buckingham, Que.

Dear Mr. Caron:

I acknowledge receipt of your letter dated August 19, 1960, and I am sorry I have been unable to reply to you sooner.

I have made a thorough study of your comments in connection with this problem and I feel there is a misunderstanding on that point.

Section 91 of the B.N.A. Act gives the parliament of Canada exclusive jurisdiction to legislate in matters pertaining to navigation and shipping. Parliament has exercised that jurisdiction over the years by adopting statutes such as the Canada Shipping Act, the Navigable Waters Protection Act, the St. Lawrence Seaway Authority Act, etc.

The Canadian government has also carried out its responsibilities in administering that legislation as well as regulations set up under the various acts.

The comments I just made thoroughly prove that the legislative power of the Canadian parliament is restricted to matters which can reasonably be considered as related to navigation and water transport. Those are the limits of parliamentary authority in Canada in this matter.

On this point I do not seem to understand the argument very well. I was told at the start that there is somewhere a misunderstanding with regard to the matter and the government's responsibility is said to be limited to the field of navigation and water transport. Nevertheless, when I submitted that to Mr. Duplessis who, at the time was attorney general of the province of Quebec —Mr. Duplessis was also a lawyer—he said: The waterways are the responsibility of the federal government, and I therefore always insist that the means be found for the two parties to get together in order to know whom to approach. To date there has been no such understanding or discussion, which might have been helpful.

And he says further:

You indicated, in your letter, that waterways are the responsibility of the federal government. The proposition is correct—so the minister told me—as far as you intend it to mean that navigaion and transport on the waterways are constitutionally under the jurisdiction of the Canadian parliament.

The problem you are raising in your letter deals with the responsibility resulting from flood damage to properties on the banks of the Ottawa river, at South East Buckingham, in the spring of 1960. You will recall that the flood was due to heavy rainfall when the river had reached its highest spring level.

The conditions prevailing on the Ottawa river, near South East Buckingham in 1960 can in no way be blamed on or related to navigation or shippin.

Therefore the parliament of Canada has no authority under the constitution to pass legislation on such matters.

The problem is essentially "a purely local and private matter in the province" under subsection 16 of section 92 of the British North America Act. The constitution gives jurisdiction in this matter exclusively to the provincial legislature.

I hope this explanation will clearly show the distinction between matters under the jurisdiction of the parliament of Canada and those under the provincial legislature, and satisfactorily answers your first question.

As to your second question, I might say that the expression "navigable waters" has not been defined by the legislator.

Well, how can we gauge government responsibility with regard to navigable waters, if the expression has never been defined in the law.

Things were left that way on purpose, because each case must be decided on its merits.

This is where my opinion is at variance with the minister's and all those who share this opinion.

May I call it one o'clock, Mr. Chairman.

(Text):

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Mr. Dumas: Mr. Chairman, I rise on a question of privilege based upon a remark made this morning by the hon. member for Chambly-Rouville when he made a so-called correction in *Hansard*. I am sorry to note that the hon. member for Chambly-Rouville is not in his seat. However, I called his office and talked with his secretary, and she said she would notify him as soon as possible. I would have risen at the time this morning, but I wished to be absolutely sure that I heard the words correctly by checking further with my colleagues.

The hon. member for Chambly-Rouville first quoted the agreement between Canada and Quebec on the Mattagami access road, as follows:

> No member of the House of Commons shall be admitted to any share or part of any contract, agreement or commission with respect to the project, or to any benefit to arise therefrom.

He then went on to say this: "Évidemment il s'agit du député de Villeneuve". In addition, in the course of the debate on the estimates of this department he made a number of statements in connection with professional services which I performed, as a Quebec land surveyor, for the department of mines in the province of Quebec. These services were under the jurisdiction of the province of Quebec and were paid for exclusively by the provincial government.

The hon. member certainly left the impression that my conduct in this matter was incompatible with my responsibilities as a member of this house. I cannot allow any such impression to remain unchallenged. I therefore request the hon. member to withdraw the remarks which have reflected on my conduct. If he is not prepared to withdraw I challenge him to make a definite charge and then I will immediately ask that the matter be referred, in accordance with the past practice of this House of Commons, to the standing on privileges and elections. In other words, he should put up or shut up.

The Deputy Chairman: Order. I have heard the question of privilege. If I am not mistaken, I believe it was raised this morning when Mr. Speaker was in the chair, or at least the matter with which the hon. member takes issue was raised when Mr. Speaker was in the chair. Perhaps it would be the part of wisdom to defer the point until Mr. Speaker is in the chair and possibly the hon. member who aggrieved the hon. member for Villeneuve is in his place as well.

(Translation):

Mr. Caron: Mr. Chairman, at one o'clock I was discussing the second part of the reply, or rather the reply to the second part of my letter dealing with retaining walls. The minister wrote, and I quote:

> With reference to your second question, I may say that the phrase "navigable waters" has not been defined in the legislation. This was done on purpose, because it is a matter to be determined in the light of the facts of every particular case. However, the courts have ruled that a river is in fact navigable if, in its natural condition, it can be used for purposes of trade, no matter how the trade is carried on. The standard of navigability of a river must therefore be judged in the light of its natural capacity and its usefulness for trade purposes. The courts have in fact ruled that small rivers of shallow depth in which navigation could only be carried on in small craft were none the less navigable.
>
> Though I am not sure what purpose you have in mind in raising your third question in connection with the present case, I might mention that the phrase "act of God" has been defined in civil law as being "an unforeseen event caused by a major force against which no resistance is possible". Under the law, an act of God is necessarily a very unusual event and is seldom invoked successfully as a means of defence in a damage suit.
>
> The principles applying to the present situation are clear, and I regret being unable to see any advantage in discussing this matter with the attorneys general of the various provinces.

First, I must say that I do not consider the reply as clear as the minister claims it is. I submit that in the minister's letter, there are many contradictions, particularly where he suggests that the responsibility of the federal government mainly concerns navigated waters rather than navigable waters, and quotes as an example the findings of the courts to the effect that shallow rivers and even, if I am not mistaken, a river which perhaps is not normally navigable but on which logs are floated to the mills are considered navigable.

The minister has stated his opinion. I have asked, and I again ask what is the extent of the federal government's responsibility in relation to damage caused by the waters of navigable rivers?

This is a question which has been discussed at great length. I have raised it in Quebec. I have raised it in Ottawa. The opinions

given to me in Ottawa are at variance with the opinions I have received from Quebec. It is claimed in Ottawa, and this is the generally recognized opinion, that navigable waters are a federal responsibility, but that the bed and the river itself are a provincial responsibility in view of the fact that they are the property of the province.

But when I ask both federal and provincial authorities to co-operate in order to clearly define the responsibilities, nobody does anything about it. Neither federal ministers nor provincial ministers take action with a view to finding a method of agreement to define responsibilities.

I do not accept the federal government's version in its entirety; part of it might be correct and based on something sound and reliable. Besides, I do not accept either the provincial government's suggestion that this is a federal responsibility. It seems to me that both governments have a joint responsibility and that they could agree to clearly define it.

The minister says this amazing thing in his letter:

With reference to your second question, I may say that the phrase "navigable waters" has not been defined in the legislation.

Well, if it has not been defined, it is time perhaps we had a sound and complete definition of navigable waters.

We are told that all waters where navigation is possible and on which logs can be floated are navigable waters and that we already have findings to that effect. Well, both governments should meet once and for all in order to discuss this matter and give satisfaction to those who maintain that they have a right to those retaining walls, because if that responsibility were clearly defined and if the present department, like the previous one under Mr. Winters, had accepted to keep on building retaining walls, a great number of projects could be undertaken in many Canadian municipalities, which could alleviate unemployment since local people could carry out such work during the summer.

That is what I am asking the minister. I ask him to kindly see to it that a definite plan be established. This is not my first request on that point. In fact, on December 3, 1957, I asked the minister the following question:

(Text):

Has the minister taken advantage of the federal provincial conference to discuss with the premier of Quebec as to which government is responsible for protection walls along the Ottawa and Gatineau rivers?

[Mr. Caron.]

(Translation):

I never obtained an answer. And I asked this supplementary question:

(Text):

Is it the intention of the minister to discuss the matter with the Quebec authorities who claim that it is the federal responsibiliy?

(Translation):

I did not get an answer to that question. I asked another one:

(Text):

Due to the controversy between the Quebec and the federal authorities regarding the responsibility towards the building of protection walls alongside of navigable rivers, even if not or little navigated, would the minister satisfy all the interested parties by submitting the case to the Supreme Court of Canada for clarification?

(Translation):

There again, I got no reply.

Mr. Chairman, I think it is about time that the governments agree on a precise definition as to who is responsible for navigable waters and who is responsible for the prevention of farm land erosion by navigable waters. There is a great deal of farm land in my constituency—the same thing can be said about several other constituencies in Canada—which is being eroded gradually by the water in the spring and in the fall. Farmers who are not rich have lost hundreds of feet of land in a space of 25 years.

The government must attend to that. I am not blaming entirely the federal government and the provincial governments. My criticism is aimed mostly at the ministers who do not want to clear up this matter.

I know that in the committees where there are a lot of lawyers, plays are made on words. But when the question to be cleared up is one of such importance to the people of those areas, it seems to me that they could take the trouble of coming to an agreement to clear up this situation, so that we may know where to apply when damage is caused by some river, whether it be the Ottawa, the Gatineau or any other river.

I know that retaining walls were built at certain places. I am not blaming the ministers who authorized them. However, I feel that that should be the over all policy as it was until 1954 or 1955. That had been the constant practice under all the ministers of public works and all administrations. Municipalities and farmers who had damage caused by erosion always received assistance from the federal government.

And that practice was followed by lawyers. I know that Mr. Fournier, now a judge of the exchequer court, and who was, of course, a lawyer followed that practice. So did his

predecessor, Mr. Cardin, also a lawyer. In short, the ministers of public works who were mostly lawyers, always recognized this as a federal responsibility.

I wonder why there was a change of attitude since that time? If it is only for the sake of economy, I think it ill-advised. Because, such a saving does not help the people. If expenditures were made in different counties to assist the population who suffers damage on account of erosion by water, it would reduce unemployment, since such works would call for local manpower.

That is why I ask the minister once again to take up this matter with the provincial authorities, in order to have a definition of navigable waters, to know who is responsible and to see whether navigable waters must be taken to mean waters on which there is navigation. Let us have a clear definition of these words and we will know if we must direct our requests to the provincial government.

But, pending the clarification of this matter, I submit that we must request the federal Minister of Public Works to revert back to the sound policy that obtained before 1954. That is what I am asking today.

(Text):

Mr. Carter: Mr. Chairman, before coming to the main items which cause me to rise today I should like to support the plea put forward this morning by my colleague, the hon. member for Bonavista-Twillingate, for a revision of the government's policy with respect to public buildings in general, and in particular to post office accommodation for small communities.

We raised this matter when the estimates of the Postmaster General were before the committee, and subsequent correspondence which I received from the Postmaster General indicated that we had given him the impression that we were asking for a post office building in every community that has a post office. Of course, that was not so and I should like to take this opportunity to correct that impression.

As my colleague pointed out this morning, we have a special situation in Newfoundland because of the difficulty of integrating the policy of the Newfoundland government prior to our becoming a part of Canada with the policy of the government of Canada. Many small communities which were able to get a public building for post office accommodation from the Newfoundland government prior to confederation, are now smaller than many other communities which have grown since confederation and which are not able to qualify for these buildings under the present

We are not asking for a post office building in every community, but there are many communities where the public cannot be served satisfactorily by the post office being in some part of a person's residence. Particularly in the larger communities which have a population of five or six hundred or a thousand people, we feel the best solution is to have a little post office building. We ask that every case be considered on its merits. There would not be very many; in my own riding there might be five or six communities in that category. So I would urge the minister to consider the details which my colleague has put on record in *Hansard* and to take another look at this policy respecting postal accommodation in these communities which have grown and expanded since confederation.

I think there is no department of government which touches the lives of so many of my constituents or affects them more closely than the Department of Public Works. I have in my riding about 55,000 people most of whom are dispersed in some 160 small communities stretched along a coast line which, if it were straightened out, would reach for hundreds of miles. It can be realized how important to these people are the services provided by the minister's department. When it is considered that about 80 per cent of these people are fishermen and that all of them are facing the sea—and even those who do not earn their living directly from the sea often use the sea as a highway—we get some idea of the importance of the structures which the Department of Public Works provides. In our smallest communities there is a need either for a little landing place where small boats can dock or for a ramp to help fishermen haul up their boats more easily without damaging them on rocks and boulders.

I know that from a strictly economic point of view many of these structures could not, perhaps, be justified but I raise this question today mainly to point out to the minister that there are factors other than purely economic ones to be considered, and in my opinion these other factors are more important. The usefulness of these structures is not limited to the people who actually live in the settlement. Once a wharf or landing place has been provided it serves the interests of everybody in the area and, from time to time, of people throughout the province or even those who live outside the province. To be able to tie up alongside a wharf in a small boat, instead of having to lie at anchor all night and pass sleepless hours wondering whether the wind might change and your vessel be blown ashore, is a most comforting experience. It is much

better to be able to lie alongside some sound structure and have a good night's sleep without worrying about whether you will have to run for your life or whether you will drift ashore during the night. In our larger communities we need wharves in order that the C.N.R. ships may tie up for the convenience of passengers and for the handling of freight. If such structures do not exist, the work which has to be done is multiplied many times. People have to go out in small boats in all weather to deliver cargo and bring it ashore. Inconvenience is caused especially to old people and to women and children who have to clamber over boulders and climb down rickety stages. All of this could be avoided by the expenditure of comparatively few dollars to build a landing place or small wharf in these communities.

I should like to point out that many of the structures which have been provided so far in many communities have led to a considerable decrease in the cost of living. If a community facing the sea has a harbour and can bring in its coal direct from Sydney or St. John's it can save as much as four or five dollars a ton on that item alone. Multiply the saving by a large number of communities and you will realize the total advantage to the people who live in this region, though the statistics in any one place may not be impressive.

Then there are the breakwaters. These not only provide shelter for the boats which are moored in the harbours but very often they save lives as well. In our winters in Newfoundland we experience very stormy weather and it is not unusual to find waves 14 feet high rolling in on the land. Last winter, in particular, the weather was severe and there were cases reported when walls of water 17 feet high rolled on the beaches. That is the height of a two-storey house, and hon. members can imagine what damage would have been done not only to shipping but to lives and property along the water front if breakwaters had not provided some protection. Last winter in several of the communities in my riding the force of these seas was strong enough to upset several of these breakwaters, but the very fact that they were there saved not only the fishermen's property but their dwellings and, possibly, their lives.

These are all factors which must be taken into consideration apart from strictly economic considerations. I wish to express my appreciation to the minister for the kind and thoughtful attention he has always given to the many cases I have brought to his attention during the last year and for the careful and sympathetic consideration he has always given to them. Since I am speaking mainly of the work of the harbours and engineering branch I want to pay a special tribute to the chief engineer, the district engineer and the officials of the harbours and rivers engineering service, because it was with them that I had most of my contacts. I have always found them most co-operative in trying to solve the problems and to work out what is best for the fishermen, or for the community concerned.

I note that the vote for harbours and engineering services in Newfoundland is up this year by about $316,000. I realize that a large part of this amount is earmarked to take care of the contracts that have been let with respect to St. John's harbour. I do hope that this large project will soon reach completion and that the minister will then be able to give more consideration to these smaller works which I have brought to his attention.

I mentioned a while ago, Mr. Chairman, that I have 160 settlements in my riding. I think I could find something that would be useful and needed in each one of them, but I assure the minister I am not going to make a list of them. There is already on record in the department a list of recommendations that will take care of his votes in this regard for perhaps several years to come, but I do want to mention one particular place, perhaps two. I am not going to go into detail about it because I have already given the minister complete details in a volume of correspondence. The place I refer to is Seal Cove in Connaigre bay. I brought up this matter in his predecessor's day. It has been deferred from one year to another. I merely mention it now to point out to the minister that the situation is getting more and more desperate the longer it is deferred. This is a large, important and growing community. The provincial government has lived up to its part of the bargain in this instance. They put the road to the new site. I do hope that the minister will see fit to include in his estimates next year an item to provide a sort of combination breakwater-wharf which is necessary to provide a harbour for those people and also to permit them to earn a livelihood because if this is not done they will have no means of earning a living at all.

I should like to bring one other place to the attention of the minister, namely the town of Marystown. The town of Marystown has a public wharf which is pretty much in the same condition today that it was 10 years ago when Newfoundland became a part of Canada. It has been repaired and strengthened, but it is not at all in keeping with the kind of facility the department has provided for other communities of similar size and importance. This picture is not now adequate to the needs of Marystown. Again this is a

structure that has been deferred from year to year. I do hope the minister will make a special note of this along with Seal Cove. I should be very happy if he can have these two items in his estimates next year.

One other point I should like to mention to the minister has to do with policy or perhaps I should say priority. I know it makes a very good argument to say that if a community has a road, then its need for a wharf is thereby lessened. Well, that argument is not as sound as it appears because the road that it has is usually very poor; it is not a paved road; it is just a small narrow dirt road, usually very dangerous and usable only for a very short part of the year. To truck freight over that kind of road is very costly.

Despite the fact that communities seven or eight miles away, may be linked up with other settlements by road, I would ask the minister to keep in mind that during the wintertime the road will be blocked and nothing will be able to get over it. There is still need for an outlet by the sea, and that can only be had by providing the proper facilities.

I have one particular case in mind that I wish to bring to the minister's attention in this regard, namely Harbour Mille in Fortune bay. I understand it is not the fault of the department that this structure has been delayed so long. There again the situation is getting more and more acute. The population and the need are growing. Therefore I ask the minister to reconsider this project and see what can be done in his estimates next year.

During the past two years there has been a great deal of rumour and press reports in my riding about the development of a transshipment harbour at Mortier bay. I understand an interdepartmental committee has been considering this project for many years. There is so much rumour that I think it would be advisable to have some official pronouncement about this project in so far as it concerns the minister's department. If the minister can reveal anything of any plans in the process of being worked out for this project I would be very grateful to him if he would tell us about it when he replies.

Then there is need for clarification of policy with respect to erosion. As has been pointed out by a good many hon. members, at the present time it is difficult to define where federal responsibility ends and provincial responsibility begins. If the federal department accepts responsibility for erosion caused by lakes and rivers, it would seem to me logical that that policy should apply also to harbours and to the approaches to harbours. I personally would like to see a clear-cut definition of policy with respect to protection works to take care of erosion of the sea shore.

There are two other matters that I wish to mention before I take my seat. I notice that the vote for repairs and upkeep, vote 358, has been reduced by $100,000. This happens to be the year when we have the most need of repairs, following the very severe winter that we have just gone through, with all the storm damage that I mentioned a few minutes ago. I do hope that this reduction in the vote will not delay the necessary repairs to put those structures back into shape before another winter comes.

I am glad to see that vote 360 for dredging, construction or acquisition of plant and equipment, has been increased by $366,000. That is a relatively small increase. I do not think the minister will be able to secure very much new equipment with that much money. As I have pointed out on previous occasions, dredging is one of our most urgent needs in Newfoundland. Although we have modern equipment, we do not have any heavy suction dredging equipment. We have been trying for two years to pry loose the dredge of that type operating in Nova Scotia but it seems to be stuck there, and in the meantime our needs are becoming more and more acute. There is certainly a need for more heavy suction dredging equipment than we have and there is also a need for more shallow dredging equipment.

I hope the minister will look at this need, particularly with regard to Newfoundland, because the amount of equipment we have there now has not been able to look after the needs that were inherited ten years ago when Newfoundland became part of Canada and very soon some of these situations will have to be looked at again. If we are going to keep abreast of the problem and maintain our harbours in proper shape, we must have more dredging equipment than we have at the present time.

I am a little disappointed that vote 371 for miscellaneous works is slightly less than last year. It is now $2,450,000 compared with $2,500,000 last year. This is a reduction of $50,000 but certainly the trend is in the wrong direction. If there is one vote that needs to be increased more than any others, it is that for miscellaneous works not otherwise provided for. Most of the structures in small communities in my riding of the type to which I referred earlier have to be financed from this vote. Many of these communities have been waiting for six or seven years now for something to be done. Because the amounts are too small to be listed separately in the blue book, this is one vote that should be doubled instead of decreased.

When one considers that the $2,450,000 has to be distributed all across Canada from the

Atlantic to the Pacific, it is certainly not a very large sum. When one considers further that projects costing up to $25,000 can now be financed out of this vote, it becomes apparent that no provision has been made for the extra drain on this fund. To reduce the total amount only makes the drain all the heavier and will certainly result in deferring still longer many small projects costing $3,000, $4,000 or $5,000 for which we have already been waiting for several years.

I am not going to burden the minister with further details. I have tried to speak in general terms, but I hope the minister will heed what I have just said about the need for a further increase in the dredging vote and particularly in the vote for miscellaneous works. Finally, I thank the minister and his officials again for what they have done in the past and I hope they will be able to do even more in the future.

Mr. Matheson: Mr. Chairman, I am grateful for the opportunity to speak briefly on the general item of these estimates. I represent Leeds, a riding in the very heart of what has been characterized as the golden triangle of eastern Ontario. Various tourist publications describe the area as being directly north of New York state, a land of hundreds of clear lakes, sparkling trout streams, thousands of picturesque islands, lofty evergreens, rugged mountains and so on. It is a lot more than that, Mr. Chairman, but may I say that under earlier administrations certain great projects flowed from the co-operation of Mr. King and Mr. Roosevelt first of all with respect to the Thousand Islands bridge at Ivy Lea. In respect of that bridge I think that a tribute should be paid to a man who worked indefatigably for it for many years long before it became a reality. I refer to George Fulford. He travelled up and down eastern Canada and particularly upstate New York. The Ivy Lea bridge is just over 300 miles from New York city, the most populous and wealthy part of the United States of America. It is right in the centre of that golden triangle bounded on the east by the charming village of Bainsville, on the north by Hawkesbury, the Ottawa river and Deep river and on the south by that ancient, great and historic city of Kingston.

The Thousand Islands bridge at Ivy Lea, in which Mr. Fulford had so much interest in years past, has actually transformed the face of eastern Ontario. Unquestionably my riding, all of which is within 40 miles of the bridge, is vitally interested in tourism. Extending to the west we have historic sites as far as Kingston. Extending to the east we have Glengarry park, Upper Canada village and so many of the great areas along the river including the parks of the parks commission which are now attracting thousands of United States tourists to this country.

We now see indications that the Canadian dollar appears to be slipping and no doubt this will lead to greater tourism, particularly if the minister can impress upon his colleagues the urgency and importance at least to our part of Canada of soft-pedalling anti-Americanism. Those of us who live in this part of Canada feel that we are very closely related to upstate New York and, indeed, to all of the United States. We feel that our wealth is partly dependent upon a happy and close relationship with the United States and we believe that at times definite harm has been done to our area by comments that have been made and by policies that have done our area no particular good.

It happens that the Leeds area, which has such attractive places as Gananoque, Seeleys Bay and Westport on the west, Charleston and the Rideau lakes system, is very popular with United States tourists and a most happy relationship exists between our people and them. We hope that this relationship will continue to exist.

We were pleased when the minister spoke on May 25 last of a contract having been let for a public wharf at Westport. Westport is only a tiny place but it is immensely important. It is located on a beautiful body of water which is connected with other bodies of water and it is really important so far as the tourist business is concerned.

The minister also spoke of Seeleys Bay, which was the home of my very fine predecessor, Mr. Hayden Stanton. Seeleys Bay is also important from the tourist standpoint. On May 24 the minister also referred to contracts that have already been let at Gananoque and other work to be performed. I would impress upon the minister that anything that is done in this area in the way of public works, however small it may be, will add to the general economy, welfare and benefit of this part of Canada. We do not expect from the minister, perhaps, great projects of the type of the deep sea waterway or such things as the Thousand Islands bridge. These works have already been completed and the whole area has been elevated and enriched by the co-operation, for example, that existed between Mr. St. Laurent and, in the first instance, Mr. Truman. This has transformed this part of Canada. Still, the natural beauties are there. They are very much appreciated and we can go forward with new heart.

I urge the minister kindly consider, from the standpoint of unemployment, any of these projects in that part of the riding which is bounded on the north by Smiths Falls, on the

east by Brockville, on the south by Gananoque, and on the west by Westwood, because they are very urgently needed at this particular time.

Mr. Bourget: Before this item carries, I have a few questions I should like to ask the minister. Have some of the architects and engineers left their jobs, either in Montreal or Toronto? If so, how many and for what reason?

Mr. Walker: I will obtain an answer to that question.

Mr. Bourget: I should like also to ask the minister if he will tell us why one Charles Bankley of Montreal who, I understand, was working as a janitor from March 3, 1959 to June, 1960, was fired.

Mr. Herridge: I have been very quiescent during the initial stages of this discussion. Before this vote carries, is the minister going to reply to a few of the questions that were put, or is he going to reply on the appropriate items?

Mr. Walker: On appropriate items.

Item agreed to.

334. Quebec, $4,680,000.

Mr. Bourget: I should like the minister to tell us when the plans and specifications are going to be ready for the public building to house the unemployment insurance commission. The minister will recall that we have had this item in the estimates for the past three years, but so far nothing has been done except to demolish the old hospital. We should be entitled, after 2½ years, to get some information as to when the people of Quebec can expect the building to be erected.

Mr. Walker: The hon. member is speaking of the unemployment insurance commission building in Quebec city?

Mr. Bourget: Yes.

Mr. Walker: The delays in this project have been caused by discussions necessary to settle the requirements for space in this building. The development of the site plans has now been agreed upon, and the architect has developed them into preliminary elevations and other matters. The architect has indicated a completely stone faced building. This has been a change, and the department has requested changes in order to lower the cost of the project. It is expected the architect should be able to complete the plans and specifications by the end of this calendar year.

Mr. Deschatelets: Referring to page 461 of the details, I notice that there are three projects for the city of Montreal. Is there any project for the construction of an office for the national employment service, since the office on Delorimier street is too narrow for present purposes. Is there any project to cover a new office building in the east end of Montreal?

Mr. Walker: No, not for the east end.

Mr. Bourget: I wonder if the minister could give us a progress report on the post office building in Quebec city? Have there been any extras in the work or any changes in the plans and specifications since the main contract was awarded?

Mr. Walker: There have been no extras, and we are getting along nicely. It is 36 per cent completed.

Mr. Denis: Has the minister considered the advisability of constructing better looking post offices? Many complaints have been received from all parts of Canada about the new post office buildings, especially in so far as the small post offices are concerned. These buildings are erected by the federal government, and if they do not look well in their surroundings they give the appearance that the federal government is the poor member of the family. I know the minister agrees that, since there are so many complaints, there should be some improvement.

I know that in the province of Quebec a committee has been formed to study the decoration of public buildings, and this committe is composed of architects and painters. I should like the federal government to be at least on the same level as the provincial government in so far as public buildings are concerned.

The Deputy Chairman: Shall the item carry?

Mr. Bourget: I think that the comments made by my colleague, the hon. member for St. Denis, deserve an answer. This is an important question because many of these small post offices have been constructed all over Canada. We have noticed that, generally, they look like square boxes. Surely the minister has a sense—I do not know how to say it in English, but "sens de l'esthétique, comme on dit en français". I hope he will pay particular attention to that because I know he has seen, as we have, these little square boxes. Even if it costs $2,000 or $5,000 more to erect a different building it would be worth while. The federal government should set an example in the erection of these buildings so that the people of the municipality will be proud of them.

Mr. Walker: I was accepting the remarks of the hon. member for St. Denis as advice, and I was giving them consideration. If a reply is required, I may say that the small post offices erected during the winter, of which

there were 90 last year—I refer to the small ones of 800 to 1,200 square feet—are contemporary architecture. Some people do not like them. However, during the discussion of these estimates, we have heard a tremendous amount of comment about how pleased the different members were with them. It is a question of taste. These are modern post offices, streamlined and very businesslike, but with good lines, so I am told by architects.

As to the post office in Quebec city, I think the hon. member for Levis and the hon. member for St. Denis will agree because I am sure they have seen the plans, this is going to be one of the most magnificent post offices in Canada.

Mr. Bourget: I am not speaking about the large one. I am speaking about the small ones.

Mr. Walker: I regret the situation in Rouyn. They needed more space and it was a question of adding to the present post office or getting a new site altogether. I understand the original building was constructed in 1956 or so. It was not considered practical to scrap it and so an addition was planned on the same architectural design as the building constructed in 1954 or 1956. One consequence—and I think it is regrettable—is that it comes up very close to the street line. It is not set back. However, now that the exterior has been cleaned up around there it is looking much better. I agree that, if we could have done so, it would have been better to get rid of the old building. However, these things must be looked at from an economic standpoint. I agree that if we could have got rid of the old post office there and could have built a brand new one, it would have looked much better because we could have given it more space. However, we had to add to it under the circumstances.

Mr. Dumas: In view of the fact that the minister has mentioned the post office in Rouyn which is in my constituency, I think he would like me to correct an assertion just made by him to the effect that the building was constructed in 1954. It was constructed long before 1954. It was built in the 40's or in the 30's. I agree that the government did the right thing by putting on an addition to this building. However, this is only a one-storey addition and it does not look too good. I wonder whether the minister would give consideration to putting perhaps another storey on the addition that was made in 1958-59 or 1959-60.

Mr. Walker: I accept my hon. friend's correction as to when it was built. I personally have no idea as to the time. I can only depend on my officials and apparently we have not any information here as to the time at which it was built. I apologize to the hon. member.

Item agreed to.

335. Ottawa, $11,320,000.

Mr. Peters: Yesterday, Mr. Chairman, I raised three or four problems in relation to the public buildings in Ottawa. One was with regard to the establishment of departmental administration offices on Wellington street and the federal government working out a plan with the city of Ottawa for expropriation of the area in order to allow centralization of administration at least of our government departments. Then there is the problem that is uppermost in the minds of many people who are interested in agricultural development and experimental work. It is in connection with the difference of opinion that appears to exist as to whether the experimental farm should be considered to be a land assembly scheme on which any department can put government buildings if they cannot find a site somewhere else. The other side of the coin, as it were, represents the opinion that no buildings should be constructed on the experimental farm except those that are closely allied and connected with the continuation and the furthering of agricultural experimental work.

An hon. Member: Which coin?

Mr. Walker: I wish to admit to the hon. member that I am no authority on town planning. However, the former government brought in from France probably the greatest town planner in the world—I refer to Mr. Greber—and he submitted a plan to the predecessor of the national capital commission for a more beautiful and greater Ottawa. After many adjustments his plan was approved by the national capital commission, the government of Canada and the city of Ottawa. It is a decentralized plan, but in being a decentralized plan it follows the tendencies of Madrid, Paris, London and latterly Washington. I should like to be able to engage with my hon. friend in a learned talk on this subject. However, in matters of this kind, I always rely on experts. However, I would think that his views might be brought up for consideration in committee at some time or other. There is certainly an argument for what he has said as certain people object to decentralization.

Mr. Pearson: Under this vote I believe there is an item "West block—alterations and improvements". I should like to ask the minister whether he can tell me when the extremely useful but extremely noisy activities

of the tunnelling company outside my window and other members' windows are likely to cease?

Mr. Walker: In reply to the Leader of the Opposition may I say this. We really thought the session would be over now when we were making the plans with the contractors. We are somewhat responsible for the fact that the explosions have started at the present time. I can assure the Leader of the Opposition that I am, I guess, the closest person to it. I get soot in my windows every day and when I am having my snooze at noon, I am wakened up each day. I know exactly what the Leader of the Opposition is speaking of. However, it will continue all summer. We expect it to be completed in the early fall, I believe in October. Although those explosions sound fairly noisy at times I am assured over and over again, because I keep asking the question, that they are harmless as far as the main structure of the central building is concerned.

Mr. Pearson: I am not criticizing anybody. I am just reminding the minister that while all the explosions may be harmless, they are also reminiscent.

Mr. Bourget: While we are speaking of the tunnel, I think we can discuss this matter on this item. When were tenders called for the tunnel, how many tenderers came in on the contract and at what price?

Mr. Walker: It was all in the main contract. Does my hon. friend know how many tenderers there were there, or will I look it up? I am informed that there were 12 on the main contract.

Mr. Bourget: When were tenders called?

Mr. Walker: We will look up that information.

Mr. Bourget: I understand that they are also working in two shifts. Is there any extra cost for that work, if they work in two shifts?

Mr. Walker: No extra; no.

Mr. Bourget: With regard to the west block alterations—

Mr. Walker: In order to get rid of the noise of the explosions mentioned by the Leader of the Opposition, we suggested having three shifts but that was really going to be expensive.

Mr. Bourget: I do not suppose the minister has a snooze during the night in his own office. He goes home for a good sleep.

Mr. Walker: I paddle back to my river place.

Mr. Bourget: With regard to the alterations to the west block may I say this. Last year, when we were discussing the estimates, the minister, in answering a question asked by the hon. member for Bonavista-Twillingate, said that the alterations will be done in two parts, meaning that they will work on one part and then after it is completed, will work on the other so as not to disturb the members who are located there. I should like to ask the minister also about the tenders. Were tenders called last year on that matter? I do not remember exactly because at the time, when the estimates were discussed on July 21, the minister said this as reported at page 6685 of *Hansard* of that year:

> The consultants have almost completed their estimate and I expect it will be ready in about a month's time at which time I would be glad to give the information to the hon. member.

The session ended. A month elapsed after July 21. I am therefore wondering whether the minister can inform the house what was the amount of the estimate, what was the name of the firm which was the lowest bidder and what was the price submitted by that firm.

Mr. Walker: It is one contract, and it is to be done in two parts. I believe the tenders were called in December. We have not the exact date here. The contract was awarded on April 13 this year. The original estimate was $6,400,000 and the contract was awarded Perini Limited in the amount of $5,088,000.

Mr. Bourget: I understand that is a firm contract.

Mr. Walker: It is a firm contract, yes.

Mr. Bourget: And so far there have been no changes in the contract?

Mr. Walker: There has been no change in the contract.

Mr. Bourget: While we are dealing with this subject, is there any date for completion of the work in the contract?

Mr. Walker: February 18, 1963.

Mr. Pearson: In Washington, where they have this type of tunnel between the congressional building and the house and senate office buildings, they have little trolley that runs back and forth so the members do not have to walk. Is it the intention to have that kind of facility in this tunnel?

Mr. Walker: No.

Mr. Herridge: I am glad to hear that. We are becoming a nation of sissies.

Mr. Peters: This raises another problem. I mention this matter as we are discussing the tunnel itself and repairs in the west

block. One rumour that is prevalent—and there are thousands of rumours in the House of Commons, of course—is that the new cafeteria accommodation will be built in the tunnel. Was this contemplated at the time the contract was let, or is this just a rumour?

Mr. Walker: That is a very interesting thought as to where the cafetaria is going to be, but it is not the fact. It is going to be where the present courtyard is in the west block, and on the ground level.

Mr. Bourget: Is the cafeteria also included in the main contract?

Mr. Walker: Yes, it is.

Mr. Denis: While these alterations and improvements are being made in the west block and other buildings, would it be possible to have a kind of recreational centre to which members of parliament could go and take some exercise? As the minister himself has noticed, and other people have noticed this, we are far from healthy and one only has to look around to see the big bellies which are caused by lack of exercise.

In past years members of parliament, their wives, staff, messengers and newspaper men used to be able to bowl—and paid plenty of money for it—outside the parliament buildings. This would help House of Commons personnel to get some exercise, and I do not think it would be very expensive to have that kind of recreational centre with bowling alleys in the west block or any other public building close to the parliament buildings. I am sure this could be done by charging a fee less than we used to pay outside.

I am sure it would be a good thing for the members of parliament and the staff to have this kind of recreational centre. As the hon. member for Kootenay West has just said, there might be less sissies around and more people would be physically fit for work.

Mr. Pearson: If there is to be such a recreational centre, would the minister make sure it includes a punching bag?

Mr. Walker: I could have used one the last couple of days. I have been sitting here silently for two days. In answer to my hon. friend from St. Denis may I say that there is to be an exercise room on the top floor of the west block, and also showers in connection with it. It will not be a large room. It will include a rowing machine, and that sort of thing. At the present time, as hon. members know of course, we have an excellent new steam bath just adjacent to the barber shop and we have Sam from the Chateau Laurier, who is a very good physiotherapist.

[Mr. Peters.]

Mr. Denis: I was speaking specifically about bowling alleys, which would not be very expensive and would be good for us all. I am sure members of parliament and the staff would be quite willing to pay their share if they could go and bowl in such a recreational centre.

Mr. Walker: We have not found room for the bowling alleys, but we may find room for the suggestion of the Leader of the Opposition that we put in punching bags. That would be a very, very excellent idea.

Mr. Denis: It would be good exercise against the Tories.

Mr. Johnson: I understand that many members of the opposition and the Leader of the Opposition himself are very much concerned about the leisure of hon. members, but since this question has been raised I should like to bring one matter to the attention of the minister.

I should like to know whether there are provisions for parlours in the west block for people who might be visiting their members of parliament. I can understand that this might not be a question which interests hon. members from far away, but hon. members whose constituencies are not far from Ottawa often have to receive visitors, and it is very difficult for them to find a convenient place in which they can wait. These people have to wait to see their member of parliament in order to discuss some matter with him.

At the moment we have to share an office with another member of parliament, and when we have visitors it disturbs our partner.

I understand that when hon. members' offices are transferred to the west block we will not have to share offices and each member of parliament will have his own. However, we still will not have a waiting room for visitors, I understand. It might be convenient to put such a waiting room on each floor at least. We could have one parlour on each floor, with a telephone, for accommodating visitors who have a right to come and see their member of parliament in Ottawa.

While I am on my feet—and I will try not to rise again—I should like to bring to the attention of the minister the fact that every time hon. members whose constituencies are not far from Ottawa come to Ottawa during the recess, they are very much concerned because they cannot telephone unless the Department of Public Works is notified that the hon. member intends to stay in his office for quite a while. If that is the case, the department sees to it that we have a telephone. If the member of parliament comes

to Ottawa for only one day, I understand he does not have any telephone facilities. I also understand that if an hon. member comes from the Union station to the House of Commons at 10.30 in the morning he has to run in order to get a secretary, and the secretaries leave at 4.00 o'clock during the recess. By the time the member reaches the minister or an official of the Department of Public Works, for instance—the minister has his offices way on the other side of the city—it is difficult for the minister to do anything.

It is sometimes important that members of parliament should phone ministers or departments from the House of Commons, and if they come to Ottawa for only one day they have a very difficult time finding a telephone in order to reach the minister or the officials of his department.

Would it be possible to establish at least pay phones in some parts of the building, either in the main building or the west block, for use during the recess? The best thing to do would be to have telephones at the convenience of hon. members, of course; but if the government is too poor to do that, at least let it put pay phones in different sections of the building and in the waiting rooms. They could be put in the corridors or the hallways of the west block and on the main floor of the centre block.

Mr. Walker: In reply to my hon. friend I shall be glad to take up that matter with the Speaker because this is something which is within his purview.

Mr. Peters: With regard to the modifications which are going on in the west block, has any decision been reached about what is to happen to the cafeteria in this building? Does that fit in with the building program? I have advance information from another committee, though I may be misinformed. The suggestion which has been made in that committee is that there would be only a coffee shop and a restaurant in this building and that the cafeteria would be in the other building. If so, I want to put a claim in for a room in that part of the main building which the cafeteria will have vacated.

Mr. Walker: There will be two cafeterias, one here in the main block and one there. Then, of course, there will be the dining room upstairs.

Item agreed to.

336. Ontario (other than Ottawa), $6,332,000.

Mr. McMillan: This item has to do with the voting of money for public buildings in Ontario outside Ottawa. I wish to bring up a matter which concerns the hon. member for Niagara Falls who is engaged elsewhere in a standing committee.

Mr. Brunsden: Where?

Mr. McMillan: She was a few minutes ago so engaged. On page 463 of the estimates appears an item:

Niagara Falls—public building—addition and alterations—to complete, $375,000.

I am informed that no start has been made on the construction of this building as yet. I believe that in a previous year moneys have been voted for this proposed building in Niagara Falls and I should like to ask the minister if these sums were voted in respect of the acquisition of adjacent property. I should also like him to give me some idea as to the total cost of these additions and when they are likely to be started and completed.

Mr. Walker: At the request of the church which was adjacent we delayed proceeding with this building until they felt it was satisfactory for us to proceed. The original vote was $200,000 in 1959. The plans will be completed in July.

Mr. Matheson: Can the minister provide the committee with details respecting the $500,000 federal building to be built at Brockville? My questions are as follows: 1. Has any property been acquired? 2. Have funds been provided for the acquisition of such property? 3. Have funds been provided for the construction of the building? 4. What firm of architects in Kingston is preparing plans for this building? 5. When will tenders be called?

Mr. Walker: Several of the lots have been acquired. We are not sure at the moment whether or not there are two other lots yet to be acquired in connection with this building. The architects are Beaver and Smith of Kingston. They have been sent the plans and they are working on them at the present time.

Mr. Matheson: May I ask whether funds have been provided both for the acquisition of such property and for the construction of this $500,000 building?

Mr. Walker: I should say to the hon. member that the planning vote is for the purpose of doing just what we are doing at the present time. It is not allocated to any particular project.

Mr. Bourget: May I ask the minister when he expects the plans to be completed?

Mr. Walker: Some time during the winter. You mean the Brockville federal building?

Mr. Bourget: Yes.

Mr. Peters: May I ask the minister what land the federal government holds in the town of Haileybury and if this is sufficient land upon which to build a post office? I

also should like to know if it is contemplated building a post office on that land or whether the department intends to acquire a new site. I understand that the lease of the present building expires in October, and so this question has to be decided in a few months. I believe the federal government does own the armoury site and maybe one or two lots close to it, but I am curious to know whether this is sufficient to allow for the construction of a government building.

Mr. Walker: I wish to thank the hon. member for Timiskaming. We shall be glad to have the help of any advice he has to give us in this connection. It is not too late to consider that advice, because the whole plan is now under study—whether it is possible to expand or whether we shall have to put up an entirely new building. The hon. member's assistance would be welcomed.

Mr. Pearson: I wonder if the minister can tell me when it is anticipated that the federal building in Elliot Lake will be completed.

Mr. Walker: It is 97 per cent complete and when it is completed and we go up there I intend to ask the Leader of the Opposition to come along for the opening ceremony.

Mr. Pearson: I think that is a good idea. The minister might need a little protection up there.

Mr. Matheson: Perhaps I am a little slow, but may I respectfully ask the Minister of Public Works if funds have been provided for the federal building in Brockville and also when construction is likely to begin. This is a matter of great importance to my riding.

Mr. Walker: In reply to the hon. member for Leeds we do not provide funds in the estimates until it is necessary to do so, and as I explained we have in the planning vote sufficient money to acquire the land and complete the plans.

Mr. Matheson: I also asked the minister when construction may be expected to begin.

Mr. Walker: We anticipate that construction will commence early next summer if the Kingston firm has completed its plans and if everything works out as we anticipate.

Mr. Matheson: On May 24 the minister was good enough to indicate there would be a new post office at Portland costing $25,000. Has property been acquired for the post office at Portland? When will tenders for this building be called?

Mr. Walker: This is a winter works program. We will seek the information from our officials and I shall let the hon. member know as soon as it is received.

[Mr. Peters.]

Mr. McMillan: I asked a question on behalf of the hon. member for Niagara Falls. I said she was attending a committee. An hon. member to my left, I think it was the member for Medicine Hat, suggested that that was not right. She is in the railway committee room at the present time. I asked the minister when it was proposed to call tenders for the public building at Niagara Falls and I think the minister said the plans would be completed by July of this year.

Mr. Walker: By the middle or end of July this year.

Mr. McMillan: Will tenders be called immediately thereafter?

Mr. Walker: Tenders will be called immediately after that.

Item agreed to.

566. Saskatchewan, $1.

Mr. Rapp: I should like to take the opportunity to say just a few words on this item. The proposed amount in the supplementary estimates is $30,000 for a public building at Naicam. May I express on behalf of the residents of this community and on my own thanks to the Minister of Public Works for giving consideration to this project. I am sure the people of this community will receive this vote with satisfaction and gratitude. This public building is something the people of Naicam have looked forward to over the years. The minister has given consideration to this matter and because of the efficient work the officials in his department are doing and the remarkable understanding they have displayed in instances such as this, the people in this community are to have the public building. When will work commence on this building under this item?

Mr. Walker: It will be a winter works program, starting this fall in October.

Mr. Speakman: I do not wish to delay the committee on this item but on behalf of the residents of my constituency I express their appreciation to the minister for two winter works post office buildings completed last winter, one in Calmar and one in Devon, and now for the fine new federal building which is going to be provided for the town of Lacombe.

Item agreed to.

340. British Columbia, $2,680,000.

Mr. Herridge: In rising to speak even briefly on this item, Mr. Chairman, I am very conscious of the row of gentlemen opposite who would prefer to be on the golf course than to be captives of our eloquence and curiosity.

Mr. Walker: I do not play that game any more.

Mr. Herridge: I have a few words to say on this item. I want to bring to the minister's attention the fact that I received considerable correspondence from organizations and residents in the city of Rossland who are very interested in the proposals of the minister's department for improving their post office facilities and are anxious to see something started as soon as possible. They realize the difficulties in assessing the situation and the circumstances surrounding it; but I have been asked to bring to the attention of the minister their anxiety to have this work proceeded with as soon as possible.

The residents of Kootenay are very pleased with the decision of the minister's department to consider as a winter works project the building of a post office there. It is a very active and aggressive community. This post office was needed very much indeed.

What is the latest situation with respect to the acquisition of a site for a post office at Montrose? If the minister has any information I should be very pleased to have it, since it would save my writing a letter.

I think the Department of Justice has had under consideration for a year or 18 months the erection of an R.C.M.P. building at New Denver, British Columbia. I was informed that it would be considered for a winter works program this year. I am all in favour of delaying the construction of those buildings so that they will be undertaken when they will employ persons who are more likely to be unemployed at that time than they are, particularly, during the summer months. I would apreciate it very much indeed if the minister could inform the committee when the department intends to commence the construction of this R.C.M.P. building at New Denver?

Mr. Walker: The Rossland extension or alternation is now under study and when the study is completed the alterations will be proceeded with. Plans for the R.C.M.P. building at New Denver have been 90 per cent completed. As to Montrose, we have no information. We will get that information and let the hon. member know.

Item agreed to.

341. Yukon and Northwest Territories, $1,410,000.

Mr. Hardie: I do not want to hold up these estimates any more than anyone else does. I am wondering whether the minister can tell me if the item of $560,000 for federal government housing at Fort Smith and the item of $200,000 for federal government housing at Inuvik will complete the major portion of the federal government's housing programs in these two locations?

Mr. Walker: The answer is yes. May I on behalf of all hon. members express our delight at seeing the hon. member back in his seat.

Mr. Hardie: Is it intended to proceed with the administration building at Hay River this year? If not, can the minister tell me whether the plans and the location of the land have been settled?

Mr. Walker: We are just in the planning stage. Even the site is under consideration. Because of a possible conflict, as my hon. friend will know, with the railway terminal there, it is very difficult to give any estimate of when construction will begin.

Item agreed to.

342. Outside Canada, $250,000.

Mr. Pearson: I should like to ask the minister a question about an item in this vote that deals with the Canada House building in London, England, on Grosvenor square. What is the total expenditure that has been made on the property, on the building itself and on the remodelling that was required?

Mr. Walker: Up to the end of the fiscal year we have spent $4,283,503.

Mr. Pearson: Is there any further expenditure required or is the building now complete, occupied and used?

Mr. Walker: We expect the interior alterations yet to be done to be completed in another two months.

Mr. Pearson: Can the minister tell the committee whether all the Canadian offices in London now, except those of the Department of External Affairs, are housed in this new building on Grosvenor square?

Mr. Walker: When the alterations are completed my understanding is that it will house all the offices of Canadian departments in London.

Mr. Pearson: Including all the offices of the Department of National Defence and the joint staffs?

Mr. Walker: Yes, including the Department of National Defence although I understand that at the moment there is some problem about security. The defence department has not completed moving.

Mr. Pearson: Is there any occupier of the building now apart from Canadian government offices? I think there was a flat in the building last year leased to a private individual which had not been given up.

Mr. Walker: There were three tenants who had life-time leases and they have been moved to the top floor. When I answered some questions of the Leader of the Opposition last year, I think I indicated that we anticipated having too much room at this time and that we would be leasing the top floor.

Mr. Pearson: So that within a short time, when these difficulties to which the minister has referred are cleared up, we can anticipate that all Canadian government offices, except those in the old Canada House, will be in this building and there will be no outside leases in London at all?

Mr. Walker: That is my understanding, yes.

Mr. Peters: Has any further consideration been given to establishing accommodation of some sort for the missions at the United Nations? There was some suggestion that Canada would be buying or erecting a building suitable for housing missions.

Mr. Walker: This is a matter for external affairs. I take it the hon. member for Timiskaming is referring to the Canada building in New York.

Mr. Peters: I have reference particularly to the delegations that go to the United States, the permanent staff there and the accommodation provided for them. I do not want to get into a discussion of the Canada building. There was some talk that a building would be constructed to house these semi-permanent delegations to the United Nations.

Mr. Walker: I am afraid I cannot enlighten the hon. member. It is a matter for external affairs.

Mr. Bourget: Is there an office of the Department of Public Works in Europe since we are looking after all these buildings, and what kind of a staff is there?

Mr. Walker: We have established an office in London in the new accommodation in Grosvenor house and the staff at the present time numbers three.

Mr. Pearson: Can the minister inform the committee what the exact responsibilities of the Department of Public Works are in connection with Canadian buildings abroad, diplomatic and trade commissioner buildings and that sort of thing?

Mr. Walker: We give the Department of External Affairs any technical assistance they may require. Having learned from them what they wish, we assist them with the plans. When a decision has been reached in conjunction with the Department of External Affairs, we then proceed to erect the building or arrange the lease or do whatever else is required.

Item agreed to.

343. Improvements generally and miscellaneous buildings—not more than $25,000 to be expended on any one project without the approval of treasury board, $1,000,000.

Mr. Bourget: Will the minister tell us why the amount is doubled this year? If you look at the details on page 466 you will see that up to November 1, last year, the expenditure was $177,282 and the estimated amount for the balance of the year was $322,718, or a total of $500,000. This year the amount is doubled. What are the reasons for the increase? What are the big projects?

Mr. Walker: The extra amount represents two storage buildings for the storage of war material, one of which is at Kemptville and the other at Carleton Place.

Mr. Bourget: Are these new buildings?

Mr. Walker: Yes.

Item agreed to.

344. Maintenance and operation of public buildings and grounds, $44,794,200.

Mr. Herridge: Mr. Chairman, in view of the fact that some general seems to have halted the attack on the patina covering the statues on parliament hill, would the minister inform the committee whether the attack is to be resumed or has it been definitely abandoned?

Mr. Walker: It has been definitely abandoned. The hon. member for Kootenay West really has a point there. Although this chemical treatment is suitable to London, England, where there is salt in the air and different climatic conditions, it has not worked out too well here. It did not do D'Arcy McGee too much harm but if some of the nudes who are looking up at D'Arcy McGee were treated in this way it might at times prove to be embarrassing.

Mr. Herridge: It was a bit damaging to Molly.

Mr. Walker: Damaging to modesty, yes.

Mr. Bourque: Mr. Chairman, in view of the correspondence we receive continually from the graphic arts association of Montreal about the printing bureau, I should like to ask the minister some questions. I understand that everything in connection with the bureau is paid for by this department, the upkeep, maintenance, lighting, heating and so on. What charge is made to the printing bureau for all these services?

Mr. Walker: No charge.

Mr. Bourque: No charge whatever. It is all at government expense. The reason I ask the question is that there seems to be quite a controversy between the printers in private industry and the government printing bureau. The bureau claims it can do work much more cheaply than private industry. If they are provided with their building free of charge and are also provided with heating, lighting and everything else free of charge, their costs must be very much lower than those of private printers who have to erect their own buildings, pay taxes and all the other charges.

Mr. Walker: I do not think I can make any comment. I have completely forgotten about the printing bureau. I think it was three years ago since I had anything to do with it.

Mr. Bourque: In order that there might be a basis for a fairer comparison between the costs of private industry and those of the government-owned plant, would it not be possible for the minister in some way to arrive at a charge that could be made for these services so that there would be some method of arriving at the costs of the government plant? They do not seem to have any basis whatever now. If there is no charge made to them for their plant, lighting, heating or the machinery they buy, it seems unjust for the government plant to say that they can manufacture more cheaply than private industry because the bureau has no basic figures in order to arrive at their costs. If you have a plant worth $5 million and do not have to pay rent or interest or carry anything on your books, it seems obvious that you cannot have any basic figures to indicate that you can manufacture more cheaply. The government will never know whether or not it is losing money in this plant.

Mr. Walker: I thank the hon. member for his comments. This is matter for the Secretary of State, and I understand it is presently under study not only by the Auditor General but also by the public accounts committee.

Mr. Peters: We have had a discussion recently relating to recreational facilities for the members of the House of Commons. This is obviously a difficult proposition, but one suggestion was that a swimming pool be installed. Has the minister given any consideration to the fortunate situation in so far as some of his people are concerned, in that there is a ready made swimming pool located near at hand? Has there been any consideration given to the development of this to provide recreation for the people in the minister's building as well as those in the other buildings located nearby?

Mr. Walker: I will refer that suggestion to the national capital commission.

Mr. Batten: When the estimates of the Post Office Department were under consideration I referred to the public building at Corner Brook. At that time I recognized that this did not come under the jurisdiction of the Postmaster General, but I thought he would take an interest in a building that is locally referred to as the post office. This building is well kept inside. I think the standard of maintenance is one that the minister would be willing to commend. However, the grounds are not as well kept as they might be, and are not at all compatible with those of the other buildings around the city of Corner Brook. I believe the Postmaster General has written the minister about this matter. I would assume, from the letter I had from the minister, that something will be done about these grounds during the present year. I wonder if my assumption is correct?

Mr. Walker: Because of the manner in which the hon. member has pressed this matter, and the justness of his claim, it is not only being looked into but I expect something will be done about it.

Mr. Herridge: I have another question to ask the minister on this item which I overlooked before. I raised this matter last year, and have mentioned it on quite a few occasions. I am referring to what the newspapers call "Lovers' Walk". I do not know whether or not that is the correct name. Last year the minister said he would give consideration to the cost of restoring this walk between the parliament buildings and the Ottawa river. Has any consideration been given to the matter, and has there been an estimate of the cost?

Mr. Walker: I know that the hon. member has a particular interest in this walk. I accept his word that it is purely a platonic interest. I know he is a great admirer of nature. However, the hon. member for Kootenay West is the only member who has really pressed this matter and the mounted police as well as the national capital commission, are still adamant that lovers' lane should remain closed. I regret that I must deny the hon. member anything, but I am afraid I must be governed by the advice I get from these two departments.

Mr. Herridge: I thank the minister for his explanation. I can understand, to some extent, the reasons for this stand. However, I was the spokesman for a great many members of his own party who did not have the courage to get up and speak about it.

Mr. Bourget: My Colleague, the hon. member for Drummond-Arthabaska being absent,

has asked me to ask the minister whether or not a decision has been taken concerning repairs to the clock in the public building at Arthabaska. The minister will recall that Arthabaska is a historical place in the province of Quebec because Sir Wilfrid Laurier stayed there for many years.

The minister wrote my colleague on May 18 of this year telling him that if the repairs could be made, they would be made. I know that in the past this question of repairing clocks in public buildings has been a headache for the department because there have been so many complaints from people. However, since this is a historical place, the people would like to keep that old building and the clock, and I wonder if special attention could be given to these minor repairs?

Mr. Walker: Yes, I will have that looked into at once.

Item agreed to.

345. Furniture and furnishings for government departments, $2,943,808.

Mr. Bourget: I noticed lately that a competition was advertised by the civil service commission for a purchasing agent at Quebec city. I am asking the minister if any changes have been made in the purchasing department. If I remember correctly, there was a regional staff set up by the Department of Public Works for supplying what was needed for public buildings. I am asking whether any change has been made in this practice.

Mr. Walker: There has been no change. There was a vacancy to be filled.

Mr. Bourget: Are the materials needed for public buildings supplied by Ottawa or by the regional office in Montreal? I do not want to translate this advertisement, Mr. Chairman, because it might be too long, but it sets out in French the functions of the purchasing agent as follows:

(Translation):

To carry out instructions given by the chief of purchasing and stores for the proper operation of the stores—

So, if I understand correctly, in this case—

(Text):

This purchasing agent will be required to buy some materials, and that is why I was wondering if a change had been made and a regional office had been established in Quebec city. I have no objection. I think it would be a good place to establish a purchasing office because it would be centralized. If I recall correctly, however, in the past all materials needed for public buildings were sent from Montreal or Ottawa. I think it would be a good idea to decentralize and have an office in Quebec city to take care of that district.

[Mr. Bourget.]

Mr. Walker: While we are looking up the answer to the last question, may I answer the hon. member's question about engineers and architects who resigned in Toronto and Montreal. Mr. A. Gagnon, a district engineer, resigned on May 2, 1961, to join as deputy minister for the Montreal area the provincial service of Quebec; Mr. P. R. Martineau, district architect at Montreal, also resigned on May 2, 1961 to join in a high post the provincial service at Quebec. In Toronto, Mr. K. A. Rowswick, engineer grade 3, resigned on March 31, 1961 to accept a position with a private firm.

Mr. Macdonnell: May I revert for just a moment to item 344. I am not one of those Conservative members who appointed the hon. member for Kootenay West to act as his spokesman. I should like to speak for myself. I think the reasons given by the police and the national capital commission are utterly inadequate.

Mr. Herridge: I am very pleased to have a supporter in this one man crusade, which has now become a two man crusade.

Mr. Bourget: I was wondering if those officials who resigned from the service left the service because they could not get an increase in salary. These officials had a good deal of experience. The minister and probably the deputy minister also must realize that it is very difficult—and I am speaking of Quebec particularly—to get architects and engineers of experience. I know it is not the fault of the minister because he cannot prevent that situation. However, if it is a question of salaries I think it should be looked into. I think some increase should be given to these men who have rendered service for many years. The time will come when the department—and this statement applies not only to the Department of Public Works but to other departments which are concerned with the construction business—will have great difficulty in getting architects and engineers of good standing and good experience. I know that because I was with the engineers and the architects of the department for four years.

I think we are extremely fortunate to get such good and experienced men having regard to the very small salaries they are getting. When we consider the fact that we are spending nearly $100 million in building and that on harbours and rivers we are spending about $35 million or possibly more, I think the question should be looked into and that an effort should be made to see that they get salaries which are comparable to those being paid in private industry. Some people might think that this is an unnecessary expenditure, but I do not think so. The minister

realizes that when we have good and experienced engineers and architects we are saving to the country every year thousands and thousands of dollars. I therefore think the minister would not be criticized if he looked into the question and, if there is a chance to do so, gave consideration to the salaries of those employees who have experience and whom I think we should keep at the service of Canada.

Item agreed to.

Harbours and rivers engineering services—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, including expenditures on works on other than federal property, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—

347. Newfoundland, $6,593,500.

Mr. Batten: I should like to make one or two comments with regard to the amount of money that is spent under this heading in Newfoundland. I think that most of us recognize that the work going on in St. John's is a special job; and as a special project I do not see any reason why the amount of money being spent on this project in one area should be taken from the rest of the province. I think that the money being spent on this project at St. John's is going to be well worth the effort; but because it is a special project, I think that a special grant should have been made for it and that the money to be spent there should not have been taken from projects in other parts of the island.

If we look back over the amounts of money spent in various years under this item in Newfoundland, we find that the amount has been consistently decreasing since 1958-59. I should like to support that statement by some figures which I have here. Expenditures on harbours and rivers for the year 1955-56 amounted to $3,173,601. For 1956-57 the amount was $2,741,601. For the year 1957-58, the amount spent under this item was $3,015,100. For the year 1958-59—and I think this is the first year in which there was in the estimates an item for improvements to the St. John's harbour—the total amount under this heading was $4,606,500, with $1 million for harbour improvements at St. John's leaving for the remainder of the province $3,606,500. For the year 1959-60, the amount under this vote was $4,237,200. The allocation for St. John's harbour was $1,250,000, leaving the total of $2,987,200 for other projects in the province. Last year the total amount under this item was $6,277,501, with harbour improvements in St. John's at $4,500,000, leaving $1,777,501 for the remainder of the province.

Last year the amount spent outside the city of St. John's on harbours and rivers was only slightly more than one-half the amount spent in the same area in 1958-59. I am sorry; I should say it was a little more than one half the amount spent in the year 1955-56 and only a little less than one half of the amount spent in the year 1958-59, or I should point out that the total amount of money spent under this heading last year was divided in this manner: 72 per cent for harbour improvements in St. John's and 28 per cent for the whole remainder of the province. This year the estimate gives a total of $6,593,500 and for the St. John's project $4,850,000 leaving $1,743,500 for other projects within the province. For this year it means that the total amounts spent on the St. John's project will be 74 per cent of the total expenditure for the province, with the remaining projects in the province receiving only 26 per cent. Again, the amount for this year is slightly less than half of what was spent in the year 1955-56 and a little less than half of what was spent in 1958-59. I think that anyone who wants to examine these figures carefully will note that since 1958-59 the amount spent under this item outside the city of St. John's has been decreasing consistently.

I hasten to point out to the minister that I am not objecting to the amount of money being spent in St. John's. My contention is that since this is a special item there should be a special vote and that it should not be carried out at the expense of the rest of the province. Around the island of Newfoundland and Labrador, of course, there are many projects in need of being undertaken. It appears to me that some of these projects are being delayed because of the large amount of money being spent on the St. John's project. At this time I am not going to go into any long description of specific points in my riding that need attention. However, I wish to take two particular areas as examples. I refer first to the strait of Belle Isle in the northern part of Newfoundland. I have written to the minister on a number of occasions not only about the area known as the strait of Belle Isle but also for every specific place in that area. Here these people are all fisher folk. I cannot see how they can manage to carry on their work unless the facilities which they cannot be expected to provide for themselves are provided for them. They are living in an area where rough seas are very common and it is impossible for these men to protect their boats unless they are hauled up in the evening and launched in the morning.

The hon. gentleman, being a small boat owner, will know exactly what I mean. I

recognize that in the area in which he operates his boat the waters may be a little bit calmer than they are in the strait of Belle Isle, but I am sure he has some conception of what I am talking about. I have not had the opportunity of seeing the ability with which the hon. gentleman manoeuvers his boat, or should I call it prowess in this case, but I am sure he does it well enough to be able to understand the difficulty of a man in the northern part of Newfoundland who has to handle a big boat in stormy weather.

I also recognize, and I think the minister recognizes this too, that this is not an area where marine works can be built cheaply. In some places where marine works are urgently required it may be true that they will cost a little more than in the average place in Newfoundland. However, I cannot accept that as an argument against having these projects carried out.

In this section of Newfoundland we have one of the few places on the eastern seaboard of Canada where people make their living almost entirely from the fishery. Again I appeal to the minister to give consideration to the representations that have been made on behalf of these people who live and work in the straits of Belle Isle. While it may be true that some of the projects recommended would cost a considerable amount of money, I think the amount of money which might be spent on these projects is small when compared to the return the fishermen will get.

One of our problems in the fishing industry of Newfoundland is that we are not able to get our men working early enough in the year and we are not able to get them working late enough in the fall because they have no protection for their boats. I hope that in an effort to keep these men in their own occupation—one which means that no other type of employment will have to be found for them—this money will be spent. It will be money well spent, and again I describe it by saying that it would be well spent in providing for them those marine works which they could not be expected to provide for themselves.

Again I want to bring to the attention of the minister, as I have on a number of other occasions, the situation in the peninsula of Port au Port. Port au Port is a peninsula that juts out into the sea on the west coast of Newfoundland. It has over 25 small and large communities and exists on the outskirts of the large United States base at Harmon field. Over the last 20 years people from the Port au Port peninsula have been able to earn a living by doing construction work on this United States leased base. Obviously this construction work cannot continue, and as construction begins to taper off some other alternative employment must be found for these people.

It seems to me that if alternative employment is to be found, it must be found by using the resources that exist in the area. In this particular area there is an ample supply of various types of fish, from the catching of which men could make a living. Here again the shore line is rather rugged. The cost of marine works will be higher than the average, but again I believe that if employment is to be found for these men, to a large extent it will have to be found in the fishing industry. However, these men will certainly be unable to carry out their work as fishermen unless they have the marine works that will provide all the protection and all the convenience they require.

I have had a good deal of conversation and correspondence with the minister concerning what he very affectionately refers to as the Irish town of Piccadilly. Another admirable site for marine construction would be Port au Port. I can also think of Ship Cove, Boswarlos and Mainland. These are places where there are large numbers of fishermen and yet there is no marine protection at all for their fishing boats.

I hope the minister will give some consideration to the needs of the people who live in the strait of Belle Isle and those people who live on the Port au Port peninsula. Last year and the year before I made some recommendations to the minister regarding a settlement on the St. Barbe coast known as Parson's Pond. Some dredging is needed at Parson's Pond. The minister has advised me that a certain amount of dredging will be done there this year.

I am very pleased to hear that and perhaps the minister will not mind if I just say this to him, knowing the situation as I do—and I know it from firsthand experience—and knowing, too, something about the sea.

I do not think that the work the minister intends having done this year will be sufficient to solve the actual problem. It may be that the minister has in mind doing this work and seeing what happens, and then perhaps completing the job another year. If this is all the department intends doing at Parson's Pond I would very respectfully suggest to the minister that a second look should be taken in regard to this matter.

Mr. Walker: We will do that.

Mr. Batten: I think the dredging that is going to be done will be of some advantage, but whether or not that advantage will last very long is a matter which will have to be decided. I will be very pleased if the minister

goes ahead with what he has decided to do this year, but I think another look should be given to this problem of Parson's Pond.

Mr. Chairman, I know that all around the coast of Newfoundland there are various projects that need attention. I hope that when the minister makes his estimates next year the amount of money he will spend on projects outside the city of St. John's will be restored to the former amount.

The Deputy Chairman: Shall vote 347 carry?

Some hon. Members: Carried.

Mr. Baldwin: Mr. Chairman, I should like to take just a few minutes to say a few words which are frankly intended to be complimentary of the minister and his officials with respect to what has been the expenditure of a small amount of money which has achieved a great deal of good in the area in my constituency known as Lesser Slave lake, which is about 70 miles long. There is taken from this lake more fish than from any other part of the province of Alberta, about three million pounds a year, three quarters of which is coarse fish for feeding to mink, and the other quarter is commercial fish.

Thirty years ago there was a rickety pier built by the government of the day. It was destroyed and taken out by the ice. Since then for 30 years the fishermen—and there are some 80 or 90—go out in small, open boats across that lake. They have to do this without any form of harbour or wharf at all.

I have frequently travelled past there and seen, after a hard blow from the north, half a dozen of these boats cast up on the shore. Eventually I was able to dent the armour of the department about three years ago and they showed an interest in it. Finally the regional director came up, and just at that time the fishermen in a small community called Faust gave up the ghost and attempted—

The Deputy Chairman: Order. I am sorry to interrupt the hon. member, but I cannot relate what he has said heretofore to the item under consideration. If the hon. member can relate it for me, he may carry on.

Mr. Baldwin: Am I speaking on item 347?

An hon. Member: You should be on 354.

Mr. Walker: The hon. member was just about to finish I think. Could he not finish?

Some hon. Members: Agreed.

Mr. Baldwin: Thank you, Mr. Chairman. This might well have reference to other parts of Canada as well. The regional director came up and saw that these fishermen had then started on their own to build a canal in the harbour. He was so taken with the fact that they had shown this initiative that he endorsed the plan which I had proposed. Since then the minister and officials of his department have devoted approximately $50,000 to this, as a result of which some 5,000 people have their means of making a livelihood greatly improved. This will be a matter of great interest to the people in that community and I am sure the minister and his officials should be commended upon what has been done.

Mr. Batten: Before item 347 carries, may I ask the minister one question? On page 475 we see the entry: items not required for 1961 and 1962, $1,125,500. Would the minister tell us what is included in those items not required for the present year?

Mr. Walker: It is a balancing item to complete the accounts for last year, a question of bookkeeping. We could table the particulars if the hon. member wishes us to do so.

Mr. Batten: Thank you.

Item agreed to.

351. Quebec, $6,926,000.

Mr. Bourget: On this item, the report of the Department of Public Works for the fiscal year ending March 31, 1960 states that members of the branch made on-site surveys of various harbours. The report says that an interdepartmental group consisting of senior officials of the Department of Public Works and the Department of Transport continued to investigate major harbour requirements. I should like the minister to tell us what harbours have been investigated and, perhaps, to give us a brief report on each of the main harbours concerned.

Mr. Walker: Baie Comeau, Windsor, Sept Iles, Cornwall, and Goderich.

Mr. Bourget: Has any final decision been taken on these reports? The minister has mentioned a few places. I should like to ask him if in the case, for instance, of Gros Cacouna, an investigation has been made of this particular project.

Mr. Walker: Yes it has.

Mr. Bourget: And are the conclusions favourable? Does the department intend to proceed with it?

Mr. Walker: This is a very complicated matter as the hon. member for Levis knows. No decision has been made as yet.

Mr. Bourget: The minister will recall that there was a delegation from Riviere du Loup. Following the visit of this delegation I asked

the minister, on May 3, I think, whether an answer had been given to the city of Rivière du Loup. Has an answer been given and, if so, what is contained in that answer?

Mr. Walker: An excellent delegation came from Riviere du Loup. Because of the complex nature of this project, which would be a large one, a model study has been begun at the national research council and is proceeding at the present time.

Mr. Keays: I trust tempers will be restrained for a few minutes, as I should like to speak about a few projects on the Magdalen islands. As you well know, Mr. Chairman, our people are humble, but they still have the pioneer spirit. They wish to earn their own living without having to call too often on the government for means of subsistence.

On the Magdalen islands there are, as hon. members know, a number of fishing harbours. The present government has done a great deal of work which has enabled our fishermen to pursue their calling more efficiently. However, there are further harbours, unloading docks and facilities needed to enable them to take advantage of every day of the month and of every month of the year. In some instances we find 50 fishermen fishing out of one harbour while the following month there may be 100 fishermen fishing out of there. In these circumstances the facilities are not sufficient to accommodate them all. I trust the department will take into consideration the fact that this situation does exist and that further developments might well be undertaken.

I can assure the minister and his officials that what has been done is deeply appreciated by those people. I should like to mention a few places to which I believe consideration needs to be given, among them, Oyster Basin where the development of a harbour and not the establishment of a fish processing plant is desired. I understand the department requests that we should have an assurance from the department of fisheries of the province of Quebec that the province will consider moving its fish processing establishment to this area before the government will consider a further development there. However, the problem there is not to give facilities for fish processing but to be able to harbour the boats which fish out of the area.

I was down in the riding recently and at Old Harry I saw fishermen having to pull their fishing boats over a sand bank between 50 yards and a 100 yards wide before they could get out into deep water. I assure the minister this is not what we expect our fishermen to have to do today. Therefore I suggest that at Old Harry the construction of a slipway should be immediately undertaken. At Gros Ile where the fishermen go in the fall of the year and where there are not sufficient fishing facilities, I would ask for an extension to the present wharf and breakwater. At Havre Maison, or Harbour House, where there are now three different harbour facilities I would recommend that one main harbour be built for the whole island. This would result in a lessening of the expense which the department now has to incur due to sand. Bryan island is the most prolific fishing area of the Magdalen islands although there are no inhabitants there. Since it is situated approximately 15 miles from the main island, many of our fishermen go there on Mondays and return on Friday nights. They are requesting an unloading facility there. Although the land which is owned by one of the co-operatives consists of a few acres I think there is sufficient land on this 600-acre island to be able to build the unloading facility and to give the residents of the Magdalen islands a most prolific area where they can go and earn a living.

At Etang du Nord the problem is very well known. Last year reconstruction of the breakwater was cancelled owing to the fact that the petitioners could not agree on the plan submitted. I trust that the department will undertake another plan immediately and thus be in a position to start this development as soon as possible.

Item agreed to.

352. Ontario, $10,786,500.

Mr. Habel: On this item I should like to ask the minister whether the amount of $50,000 in last year's estimates has been spent on the survey at Moosonee? Has the survey been made? Has the minister received a report on the survey?

Yesterday the hon. member for Timiskaming mentioned the fact that many people have been playing politics with the Moosonee seaport. I am the last one who would want to play politics with this question. It is one which deserves consideration and a thorough study. It is a question which I myself have taken up with the division of the department having to do with harbours. I did this in 1956. I must say that in that year I happened to be in the offices of the department when a vote was taken. It was the only vote recorded during the special session of 1956 which took place at which I did not record my vote. As I say, I did not record it because I was in the office of the engineers discussing this very matter with a man from Montreal who at that time had a boat at Moosonee and could not get it out that fall. He was very much interested in the possibility of the development of a seaport at

Moosonee. We went over the whole matter. I received information with respect to the whole matter. As much as I am interested in the welfare and advancement of my riding, I want to be fair with the Department of Public Works. Even if the provincial government wishes to take the federal Department of Public Works for a ride I would not be a party to it. I would rather give the Department of Public Works the chance to study the feasibility and all the angles of the case for a seaport there. I would be the last one in fact to try to play politics with such an important project that may be very prominent some day. It should not be tackled in 24 hours and should not be dragged into politics.

Mr. Walker: I want to thank the hon. member for Cochrane for these observations. I know that he would not play politics in this matter even though he is the whip of the opposition.

In reply to him may I say that the basic surveys have been completed and the information derived therefrom is being forwarded to the province of Ontario, as a matter of fact next week. From these surveys a feasibility study of the whole port project can be made. If there is anything further to report the next time we meet I shall be very happy to inform the hon. member.

Mr. Peters: The minister made reference to the report of the survey. I presume this is the one in which the provincial and federal governments have co-operated?

Mr. Walker: Yes.

Mr. Peters: I would appreciate it if it was made public.

Mr. Walker: It is survey data of a technical nature; it is not in the form of a report.

Mr. Garland: Do I understand that this is technical data only and has no reference to economic feasibility?

Mr. Walker: My hon. friend from Nipissing is quite right; it is hydrographic.

Mr. Peters: I presume it would include a survey of the problem that I suggested was evident to a number of the members concerned in relation to the upper Ottawa river watershed. Can any consideration be given to a survey of this nature by the department? Has any consideration been given in the past to a survey of that type?

Mr. Walker: Yes. I understand that the Department of Northern Affairs and National Resources has a commission appointed to study that area.

Mr. Garland: My question is in respect of the Moosonee survey. I understand that no funds are provided. Although we have no control over the matter and nothing is submitted by the province, can we conclude that no action is proposed this year other than a review of the study?

Mr. Walker: Nothing more. We have no further obligations at the present time. We have carried out our undertaking with the province. The $100,000 has been spent on this basic survey, of which we pay $50,000.

Mr. Peters: One further question. Is the department anticipating any repairs to the harbour dock facilities at Haileybury this year?

Mr. Walker: Yes, I understand some small repairs are expected to be made this year.

Item agreed to.

355. British Columbia and Yukon, $2,414,500.

Mr. Payne: I have a few observations to make on this item. Probably they could more appropriately have been made on item 1 of the estimates. However, I thought it would be more co-operative to make them at this time. Generally, and before getting to specifics, I should like through the minister to congratulate Mr. Walkey, the chief engineer of harbours and rivers for the British Columbia and Yukon area, on a magnificent job of work done over the past several years. I should like to add to that the very profound thanks of thousands of people in the lower mainland for the splendid work he has done in connection with the planning committee of the port of Vancouver.

I would say, Mr. Chairman, that the discussion this afternoon has been most interesting. I will also say to the minister it has been somewhat disturbing for we have listened for some time during the discussion of these estimates, particularly those on harbours and engineering, to some of our fellow colleagues from the province of Newfoundland sitting in the opposition. It does seem to me there is internal disagreement as to where the vast sum of money allotted to the province should go, whether it should go to the main harbour and port of St. Johns, or whether it should be more generally distributed.

I would say, against this background, and I do hope the minister will pay attention to this, it is indeed disturbing, while we are talking about the distribution of funds, to see amounts such as that allotted to Newfoundland. I say this not for the sake of being parochial in any way whatsoever. It is disturbing when we look at the vast coast lines of the province of British Columbia, including an island certainly in economic importance, in area, and in boat requirements greater than the province of Prince Edward Island, and see a sum of a little over $2

million to supply the public works requirements, the boat shelters, the rock-filled breakwaters that are so urgently needed in so many areas of British Columbia.

I say quite frankly, Mr. Chairman, that I look with some alarm at the general breakdown of these items under harbours and engineering services, and I would ask the minister to take a very careful look at this matter in future years and try to establish a balanced program based on the economic needs of various areas of Canada and making provision for the safety of the thousands of craft that are plying the waters off our shores.

I wish to thank the minister for certain splendid undertakings such as that going forward at Okeover arm and the Westview small boat harbour. I wish to discuss these briefly. They are of a somewhat different concept in the provision of shelter on the west coast. They are rock-filled shelters where small craft can go for a short period or for a longer moorage. I would very much wish the minister to take cognizance of the fact that, though these works have been done and are appreciated, much of the thanks should go to the people living along that coast. I consider, and I am sure the minister will agree, that they have co-operated in a most wholehearted way by allowing his department to dispose of various wharf facilities which no longer fit the economic and trading pattern formerly prevalent along the British Columbia coast. In other words, today motor connections and the ramp loading of cars have become a major factor and wharf facilities built on piles are becoming less and less important. In the case of these unnecessary works the people of the west coast have been most co-operative. The hon. member for Bonavista-Twillingate gets up and catalogues the vast requirements of the people of his riding, leaving me to wonder what he did for them while he was a minister of the crown. In this case we have works going forward which have been contributed to in a major way by the people surrendering works of a nature not now required.

Quite aside from the commercial necessity, we have a requirement today for shelter for small craft. Today on a week end between 40,000 and 45,000 small craft ply the inner waters of the strait of Georgia and Malaspina strait, and only in very rare cases have we ever recognized our responsibility to provide shelter to which these thousands of craft can run in the event of a sudden squall. Unless steps are taken now, one of these days we are going to be faced with a tragedy.

I would ask the minister to think about this matter very seriously. I would point out that the difficulty of proving the need for shelters along the long exposed coast line of the Sechelt peninsula is such that it is almost impossible to surmount. The historic requirements of the department are that first of all you must show economic need. This is certainly putting the cart before the horse. Nobody can make use of a shelter along that coast line unless shelter exists and it is impossible to try to establish in a statistical way a situation that cannot develop until the much needed shelter is provided. Such statistics cannot be supplied to anyone until shelter is provided.

In a not too critical way, I hope, I say, as a British Columbian who feels a responsibility to those who ply the waters of the Pacific and the sheltered waters of our inland canals, that I believe that greater emphasis and attention must be placed on the needs of the west coast. Surely a great maritime province such as British Columbia with its apparent needs is justified in expecting an amount to be provided for such services far greater in ratio than that which is before us in the estimates this year.

My criticisms and my suggestions in this connection are not directed against the minister in his capacity as Minister of Public Works. This pattern is a historic one. The same recognition of the need of Canada's west coast has been shown by past ministers over many years. All I am asking today is that the matter be looked at closely and put in its proper perspective.

Before taking my seat, I should like to thank the department again for its continuing program with respect to the building of a sea wall around the historic area of Stanley park. I should also like to make one suggestion. Much of the harbour of Vancouver is taken up by what is known as the north shore area, which is the southern boundary of my beautiful riding. I would urge that some consideration be given to establishing a continuing program, as has been done in the case of Stanley park, whereby the approaches to Canada's western gateway may at long last have the sea wall which they so badly need.

Mr. Herridge: Mr. Chairman, I just want to make a few observations. First of all, I wish to refer to the surface of the wharf at Crawford Bay. The wharf is a rock-filled crib structure that cost around $30,000 and it is an excellent wharf. There is an earth covering over the rock fill and owing to large trucks using the wharf for the unloading of logs and so on the surface has been very much

cut up and has been somewhat neglected until recently. The minister's department is going to look into the matter and improve the surface at the first opportunity.

I suggest that the department investigate the possibility of providing an asphalt surface like that at the Kaslo wharf. It makes an excellent surface for these rock-filled, earth-topped wharves. I am not suggesting any large expenditure but I do ask the department, because of the requests of a number of residents, to look into that question. It makes an excellent launching ramp for small craft belonging to local people and for the many tourists who use the highway which passes nearby.

I want to say that the residents of Kootenay Bay are delighted to know that the department intends to build a launching ramp or proper launching facilities there because there is an increasing number of people coming from the United States particularly who will use these launching facilities and they will also serve the local people.

The people of Slocan city have requested for a couple years the consideration of the building of launching facilities there. I understand the policy of the department is that these launching facilities are provided where the major industry is catering to tourists. I would ask them to look into that question again because the number of tourists who stay in that small city is increasing every year. It is a historical place, an old mining community that was very much larger at one time than it is today. It was at one time the smallest city in North America having a population of about 272 persons in an area a mile square. It is in a most attractive spot at the south end of Slocan lake, with an excellent beach three quarters of a mile long fronting this small city, which of course attracts tourists there in increasing numbers.

I come to one other question, and I hope the minister does not think I am at all avaricious. I am just putting forward the views of my constituents. The Nakusp launch club, supported by the chamber of commerce and other organizations, asked the minister to give reconsideration to the necessity for a small breakwater behind which United States small craft can shelter. Last year, we had about 125 of these small craft come up. I just got word today of about 20 being there. Under storm conditions, it is very difficult for them to find satisfactory shelter. Some of these craft are too large to beach. Some of them are quite expensive cruisers, and are quite elaborate. They come from as far south as Portland, being portaged around the Grand Coulee dam and the Bonneville dam on huge trucks or lowboys, as I think the term is. Since the people of the United States have discovered this paradise in which we live, they are coming in increasing numbers.

I have a suggestion to make. I am under the impression, and I know something about the cost of piling and logs, that the department has, on occasion, possibly paid an unnecessarily high price for piling and logs required for the foundations for breakwaters and that sort of thing. Since the war all the lumber companies have been very busy. These small orders have been somewhat of a nuisance to the larger operators. There would be possibly two or three people who would bid on these contracts for piling and logs under these circumstances and because the order is small and a particular effort is required to get these materials out, the prices have been somewhat high. I do suggest consideration be given to calling for tenders for these piles and logs that are required in the construction of wharves during the winter when there are many unemployed men with families who would be very pleased indeed to undertake this work at a reasonable cost. I make that as a suggestion in respect of this breakwater.

I am of the opinion that this is a very necessary breakwater because Nakusp is the main port on the Arrow lakes, in fact it is the capital of the Arrow lakes. These boats usually come up from as far south as Portland and stay there overnight before continuing their journey to Revelstoke. I have been rather astounded at the estimated cost of this work as given by the minister's officials. I know something about the construction of these facilities. I believe the high estimated cost is due to the cost of the raw materials. The piledrivers are there and the driving of the piles would not occupy more than a day. The other facilities needed for this kind of work are there, too. I suggest that with some co-operation with this launch club and the local organizations, this breakwater could be built at about half the cost of the estimate provided by the minister when the matter last received consideration. I just put forward that suggestion.

I want to say a word or two about Duncan river.

Mr. Walker: I do not want to interrupt the hon. member for Kootenay West, but there was some suggestion that we might be able to get through some of these items by six o'clock. The hon. member for Kootenay West often drops in to see me. Could he outline the details of some of these projects to me during a private visit? I do not want to interfere in any way with the hon. member in presenting his comments, but it would

be appreciated if we could get through some of these items. We have had three hard days so far.

Mr. Herridge: I am in a very co-operative mood. I was going to say a few words about Duncan river and the dredging of the Arrow lakes. However, I shall accept the minister's suggestion and call on him at the first opportunity that is convenient to him.

Mr. Walker: Thank you very much.

Mr. Howard: I do want to underline, if I may, the remarks made by the hon. member for Coast-Capilano with regard to the great need which exists for boat shelters. I expect this need is more prevalent in the lower coastal area because of the population than it is in some of the outlying regions. I spent almost a year travelling up and down the coast by small craft, and know from personal experience the need that exists for these breakwaters and shelters.

At this stage, I would not want to become involved in any difference of opinion which might arise between the hon. member for Coast-Capilano and some hon. members from Newfoundland about the relative importance of each coast or the different amounts of money that are assigned to each coast. You will recall, Mr. Chairman, that on a number of occasions I have expressed similar thoughts with regard to fisheries and, on another occasion, with regard to the subsidies for shipping and transportation. I pointed out the disparity that exists between the two coasts.

Over the last two years there has been some work developing on the northern coast of the Queen Charlotte islands at Wiah point or Seven Mile point. Perhaps the minister could give us an account of this work, if he would. I am sure it would be very brief. Before the minister replies, I should point out for the benefit of the hon. member for Kootenay West who raised the question of the initial estimates of such projects, that the initial estimate of the Wiah point project was greatly in excess of what it actually cost to do the dredging and the breakwater work that was necessary. Some thoughts have been expressed to the effect that it is sometimes the policy of a minister who does not want to say no to a particular project and be accused of being unfair to one part of the country as compared with another, to take the initial estimated cost and double or treble it, then say it is far too costly to do that this year. I do not say this Minister of Public Works does that.

However, as I say, I have met this situation with regard to Wiah point. The initial estimates were far in excess of the actual cost. I am sure the minister of highways for British Columbia sometimes does this overestimating in order to curtail argument and pressure from groups in the community in relation to proceeding with particular road projects. We have seen, on a couple of occasions, that the final cost was less than the initial estimated cost, which seems to be a bit difficult to understand.

I wonder, too, if the minister would give us an account of what is taking place with regard to the dredging of Metlakatla bar, just outside Prince Rupert. I have exchanged a lot of correspondence with the department. Once they said yes; at another stage they said no, then yes, and then the captain of the dredge was involved in the argument, too. The last information I received was to the effect there was going to be some dredging at Metlakatla bar. I wonder if the minister could give us an indication of what is happening in connection with those two items.

Mr. Walker: In reply to the hon. member for Skeena, I would say he is quite right. This work is being planned and I understand we hope to get it under way very shortly.

Mr. Batten: I just want to make a few brief comments on the remarks made by the hon. member for Coast-Capilano. I do not want to become embroiled in any argument as to the relative importance of the Vancouver coast and the Newfoundland coast. I do not know anything about the coast of British Columbia. I therefore do not propose to have anything at all to say about it. If there are needs on the British Columbia coast, I would think that those who are representing British Columbia here in the House of Commons will be well able to speak for the constituencies who sent them here. I can assure you, Mr. Chairman, that nobody will ever hear from me any complaints about any hon. member talking too long in order to place before parliament the needs of the area which he represents. I am just a little bit annoyed that anyone should take occasion to object to my representing the area from which I come. I do not know the length of the Vancouver coast or how many projects are required. I have no doubt the hon. gentleman has requirements and I have no doubt that he does a good job of placing those requirements before the minister. However, I should like to do exactly the same thing.

In my province we need a large number of marine works. I come from an island where the coast line is 6,000 miles long, and where along that coast line there are 1,200 small settlements; to that figure you will have to add another 3,000 miles for the coast line of Labrador. Surely on the coast line it is to be expected that there would be a

great need for marine construction. True it is that in the early thirties many of the marine works that were built along the coast of Newfoundland were destroyed and the government of the day was unable to replace them. However, coming into the mid 40's and well before Newfoundland came into confederation in 1949, a number of these marine works were replaced. From 1949 until the present government came into office a good deal was done to provide the needed marine works. Let us be fair about this matter. Since 1957, the present minister and his predecessor have done exactly the same thing. But because all this has been done I see no reason why there should be any objection to explaining to the minister what further things are required. The Newfoundlanders who sit in this House of Commons listen for days and days to members from western Canada talk about agricultural products, but you never here any complaint from Newfoundlanders, and I am certainly not going to complain. They have their case to place before parliament and they have a right to do so. I claim the right to do exactly the same thing. I may not talk about exactly the same problems that exist in British Columbia or the prairies. Maybe in the case of Newfoundland we are talking about fish; in the case of the prairies we are talking about wheat. However, they are all products of Canada. Let me say to some of the western members that you cannot live by bread alone.

The Deputy Chairman: Shall vote 355 carry?

Mr. Howard: Before it carries, Mr. Chairman, I should like to relate to the minister a couple of following thoughts I have or rather thoughts following upon what I had originally said about the need for breakwaters and the like. I have had correspondence over this matter with the department and with the minister and have had discussions with them for some time. The department and the minister's officials have been kind enough to conduct in some instances, surveys and investigations of the requests and in others they have not yet quite reached that stage. However, I would point out that the north coastal area is to a great extent, at least on the coastal part, dependent upon the fishing industry. The north coastal part is not so well protected as is that area between the mainland and Vancouver island on the lower coastal part.

Throughout the entire Queen Charlotte islands and the entire north coastal area we are at the complete mercy of the Pacific winds and storms from the southeast in the fall and winter months and it gets extremely dangerous to go fishing on many occasions, with no shelter in sight. This Wiah Point that we mentioned earlier was a case in point of being the only possible place on the whole north coast of the Queen Charlotte islands that could be developed into some sort of haven for the fishing fleet that fish out of there. Some work was done and that is most helpful and most appreciated by the trawlers that work off the north island and Seven Mile, Masset inlet and the parts along the north coast of the Queen Charlotte islands.

In the middle of the Queen Charlotte islands, on Skidegate inlet there is another group of settlements containing a fairly large number of people who are fishermen with rather expensive boats. This is near Queen Charlotte city or Skidegate. There are a dock and two floats there, but generally the boats are at the complete mercy of any storms that blow up anywhere along the north coast. There is no shelter whatsoever and they are moored out in the bay and Skidegate inlet. The people have been complaining and asking for and insisting upon a breakwater to be established there—a rock filled breakwater—for many years now but so far no breakwater exists; and any time that a storm blows up or storm warnings are up those individuals who have boats out in the inlet have to get up, whether it is in the middle of the night, middle of the morning or any other time or off fishing days and row out to the boats, unmoor them and move away down the inlet in order to gain some protection from the winds that blow up there almost overnight in the fall and in the winter parts of the year.

This is an extremely important matter. I wish the minister would undertake to delve into this particular question of a breakwater at Skidegate. When he is doing this, I wish he would pay less attention to the question of cost as it relates to the number of people who might use it. The lives of individuals are involved as well as the value of their ships just as is the case at another community, namely Port Simpson just north of Prince Rupert. The minister's department made some investigations there. They came back with the answer that it would cost too much to provide the breakwater facilities; that there were not enough people here with boats of enough value that would get enough benefit out of the breakwater even if we were to put it in, but it cost too much anyhow. To look purely and simply at the dollars and cents end of it and to establish some arbitrary rule, if that is what is done, about whether or not a breakwater, a dock, or some other safety device of that nature is established I think is the wrong thing to do.

Port Simpson, for instance is an Indian village and I think it will remain for some time at generally the present level of population and that the increase will come from an increase in the birth rate. It will remain for some period of time, I would think, in relatively the same economic position, with relatively the same number of boats and the same number of people operating them, with gradual increases arising out of population alone or perhaps intermarriage into the bands. To me this means that for a long period of time to come those people are going to be denied the right to safety and a safe mooring place behind a breakwater because it is considered to be uneconomic by the department.

I could mention a number of other places on the north coast that are in the same position. The minister I am sure has under consideration one that immediately comes to mind at Hartley Bay where a great need also exists for a breakwater. This is also an Indian village and it is also going to remain in relatively the same position economically and with respect to population for quite a number of years to come.

Without going into all of these other requirements and needs by name at this time, I just wanted to use these one or two instances in order to point out to the minister and I think in a number of cases, far too much consideration or almost exclusive consideration appears to have been given—or at least this is the feeling that the people in those communities have—to the question of cost and that the sole concern is dollars and cents related to the number of people who might be using that particular facility. When the lives of individuals are involved and when their investment in boats, fishing equipment and gear is involved, I think if this is the criterion the department uses, it is an incorrect one.

I wonder whether the minister would also say what is happening with respect to the requests of people at Oona River who wanted to participate jointly with the department in some work at that particular community by supplying labour and the like if the department would supply some additional equipment and money in order to establish facilities there. I would like the minister to give an account of what is happening there.

I was not able to be in the chamber earlier, unfortunately, and perhaps at that time the minister dealt with the matter raised by the hon. member for Vancouver East yesterday, namely the situation at San Juan in which the minister had quite a bit of interest prior to the by-elections and indicated to the house, as I read his words, that all that was necessary was to elect the Conservative candidate for Esquimalt-Saanich and the breakwater would be built overnight. If the minister has already dealt with that matter and it is on *Hansard*, perhaps he will let me know and I will find it. If he has not, perhaps he will deal with this particular point.

Mr. Broome: Are those all the afterthoughts the hon. member has?

Mr. Howard: I beg your pardon?

Mr. Broome: The hon. member made one speech and then said, "I have some afterthoughts". I wondered whether he had any more afterthoughts.

Mr. Howard: If my hon. friend invites me, I will be glad to accept the invitation. What I said was not that these were afterthoughts, but thoughts which I hoped to express after I received a reply from the minister on the question of Wiah point and Metlakatla bay. Also, I saw the hon. member for Humber-St. George's rising at the same time as myself and I thought perhaps he wanted to deal with the question of the relative treatment of the east and west coasts. I certainly did not want to take up all the time and prevent him having an opportunity of taking part in the debate.

I know the Minister of Veterans Affairs has accused me of doing this before, that is, preventing hon. members like my hon. friend from Vancouver South having a say in this house. That is a pretty sad situation. However, I may be able to follow the invitation of the hon. member after the minister has replied to the questions I have asked.

Mr. Walker: Mr. Chairman, in connection with the Esquimalt-Saanich matter, I think my answer to the question in connection with the breakwater was very non-committal, because I gave no encouragement; I said the matter was being investigated by the engineers. If the hon. member for Skeena had been the minister of public works, does he think he would have given as non-committal an answer?

In regard to the other questions the hon. member has raised, I can give no information at the present time except to say that we are noting the remarks of the hon. member.

The Deputy Chairman: Shall vote 355 carry?

Mr. Howard: No, Mr. Chairman. I think this question of San Juan is one in which we should perhaps get involved a little more, because the minister with a smirk on his face the other day when questions were asked about this, obviously meant—and in fact almost said it—that he had been in touch with an individual who was the reeve of Saanich. When he was asked a question a couple of days later he qualified that and said this was the individual who would be the next member

of parliament representing the constituency of Esquimalt-Saanich; and he was.

This is what happened, and there is no doubt at all that the statements of the minister were used to advantage in that particular constituency. Perhaps anyone who had been in the same position would have used them in the same way. I think perhaps all candidates take advantage of using government information of this kind, if they can, in order to get a few votes. The unfortunate thing that develops out of this practice is that such projects and matters are purely and simply vote-getters and do not mean anything in so far as concrete action is concerned.

One would not want to see this particular request carried on year after year after year waiting for other elections and by-elections for the minister to consider it. I know how long these things carry on and how much delay takes place in giving them what is known as proper consideration. I know how many petitions have to be signed, letters written, requests made, resolutions passed and everything else before action is taken. Esquimalt-Saanich is not my constituency and I only raise this matter as an incidental in this discussion because I have asked questions about it before.

I have been in that part of the country. The hon. member for Vancouver East dealt with the subject last evening. Perhaps the hon. member for Esquimalt-Saanich at some time intends to ask the minister about this particular item or perhaps he has already done so. Perhaps the hon. member has been in touch with the minister and may want to deal with it further.

I suppose the minister has an excuse if this is not contained in the estimates now before us, because they were prepared long before the by-election was called. The minister has that excuse, perhaps, if he wants to use that sort of excuse. However, there are supplementary estimates which we will also be dealing with, and I notice it is not included in there either. I only want to say that I hope this is not one of those items which drags on and on and on, year after year continually being given consideration, with no action being taken.

This is what happens to requests for so many projects of a similar nature. I have mentioned a couple of them already. I have mentioned the one at Port Simpson and the one at Skidegate. The projects I have mentioned would be of great benefit to the people there, just the same as the projects mentioned by the hon. member from Coast-Capilano would be of benefit to the people of that area.

Mr. Chevrier: Mr. Chairman, I wonder whether I could ask the minister a question. I know I am out of order, but I have not been in the chamber because of committee work. The minister may have answered this question earlier. It is in connection with the report of his officers and those of the Department of Transport about the facilities along the waterfront from Dorion to Oshawa. Are there any other recommendations apart from that covering the expenditure at Cornwall?

Mr. Walker: Mr. Chairman, the hon. member for Laurier asked some questions yesterday and the answers, as I have them seriatim, are as follows:

Dorion, Quebec. No steps are being taken to develop a major harbour at Dorion.

Cornwall, Ontario. Engineering investigations have been carried out under the advance planning program of the Department of Public Works to prepare an over-all plan with cost estimates for a harbour development to handle both bulk and package freight. Any development undertaken is to proceed in stages, with only a modest outlay in the first instance, with further stages to depend upon the growth traffic.

A single berth wharf, 400 feet long, providing for ships with a 21-foot draft, but expandable both as to depth and length of face, is to be constructed this fiscal year. Tenders are expected to be advertised next week.

Morrisburg, Ontario. There is not now sufficient basis to warrant a major deep water harbour development at this place. Morrisburg will rapidly increase in importance as a tourist centre and, consequently, there was a reasonable case for the provision of tourist wharfage facilities.

An L-shaped timber cribwork and span structure, 180 feet by 16 feet, is presently under construction. This wharf is nearing completion and the contract price was $22,280.

Prescott, Ontario:

(a) A deep water facility is not warranted at Prescott;

(b) There are the Johnston national harbours board deep water wharfage facilities on the west side of the elevator slip which can be utilized for general cargo, provided that a transit shed facility is installed;

(c) The Department of Public Works has constructed such a transit shed about 60 by 200 feet on the national harbours board wharf, west of the elevator slip; this shed is being administered by the national harbours board.

The approximate cost of this shed was $58,000.

At Brockville, Ontario, no steps are being taken to construct deep water harbour facilities at Brockville until such time as there

are firm indications of the volume and nature of traffic which would use the harbour.

At Oshawa, Ontario, a wharf structure, 500 feet long is to be constructed on the eastern side of the harbour to provide additional berthing. The cost of this construction will approach one half million dollars.

Mr. Chevrier: I thank the minister. There was another question which I put, namely, why the construction work would not begin until the month of August, as stated in the local press.

Mr. Walker: The wharf site has been approved by the industrial committee, by the mayor, the town planner and other parties but the job has been delayed somewhat as the consultants' original plans required substantial revision. The plans and specifications are now ready and tenders will be advertised next week.

Item agreed to.

357. Remedial works where damages are caused by, or endanger, navigation or federal government structures, $800,000.

Mr. Caron: I have asked the minister time and time again, and I ask him again today, what can we expect from the department by way of protection wharves. I have stated that before Mr. Winters became minister of public works successive ministers in both Conservative and Liberal governments had always recognized a certain responsibility for the provision of protection wharves along navigable rivers. When Mr. Winters took over it was decided that "navigable" should be construed as "navigated" and from that time ministers of public works have refused to accept responsibility along navigable rivers.

I have written to the minister stating my case. I have told him that while Ottawa was saying, "it is not our responsibility", Quebec was saying that it was the responsibility of Ottawa because damage was occurring along navigable rivers, not navigated rivers. For this reason I have from time to time asked the minister why the federal and the provincial authorities should not get together to decide exactly who is responsible in these cases. It is claimed that erosion by waters in the spring is an act of God. But we also suffer from the effects of erosion every Sunday because the numerous dams on the Gatineau and Ottawa rivers are opened Saturday. Then the water rises and it goes into the land affecting the land belonging to farmers along the river. They close again on Saturday night so that they can get water for power, and the water goes down. This certainly cannot be called an act of God. It is an act of man. We should like to know definitely who is responsible for these things.

The minister wrote me a letter two and a half pages long but I cannot accept it as clearing up the situation perfectly. The only way in which we could have a clear answer would be for the federal and provincial authorities to get together and accept the joint responsibility they might have, together with their individual responsibilities. I should like to hear from the minister whether or not he intends to submit the problem to the provincial authorities to see what can be done.

The Deputy Chairman: Shall the item carry?

Mr. Caron: I should like to have an answer from the minister. I know that in the letter he sent me he does not admit he is obliged to. I understand that he is not forced to take action but if he wishes to clear up this matter this would be a way of doing so. The minister will have to do so one way or the other—either he or his successor. If this matter were cleared up we should know where to strike when we want to get something done. Farmers in a great many places in my riding along the Ottawa river have been affected including those at Gatineau Point, Templeton, Masson and Buckingham. They have been affected in all parts, and I know this situation exists not only along the Ottawa river and the Gatineau river but along many other rivers in Canada. The minister should give us the necessary answer so that we might know who is responsible and where we should strike if we need help in these matters.

The Deputy Chairman: Shall the item carry?

Mr. Caron: I am not ready to let it carry in this way. I think the minister should at least give the committee an answer.

Mr. Walker: The answer is fully set out, with clarity and detail, in the long letter which took hours and hours of preparation so that the hon. member for Hull might be able to understand. There is no change in government policy. I had hoped the hon. member would understand the letter. If he does not, I shall be glad if he will come to my office and I will go over it point by point.

Some hon. Members: Carried.

Mr. Caron: I am not ready to accept it that way. The minister seems to have made up his mind that the answer he gave was satisfactory. I know that the provincial authorities say it was not so. They claim this is the responsibility of the federal government. The federal government denies this. How can we get a clear-cut answer with regard to this matter? Either we shall have

to send cases to the supreme court in order to have a ruling or the two parties must get together to decide. May I call it six o'clock, Mr. Chairman.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Chevrier: The leader of the house indicated last night that today he would give us the order of business of the legislative program for Monday and Tuesday. I wonder if he would be good enough to do that and at the same time indicate what estimates will be taken up during the course of next week.

Mr. Churchill: The legislative items for Monday and Tuesday are 10 in number. The order in which they will be considered is as follows: No. 1, a bill to amend the Criminal Code; No. 2, Bill No. C-109, with regard to the Financial Administration Act; No. 3, Bill No. S-28, with regard to the Trust Companies Act; No. 4, Bill No. S-29, with regard to the Loan Companies Act; No. 5, Bill No. S-24, with regard to the Government Property Traffic Act. No. 6 will be the resolution in my name, followed immediately by consideration in committee of the whole of Bill No. C-101, to amend the War Veterans' Allowance Act. No. 7 will be Bill No. C-108, concerning the Export Credits Insurance Act. No. 8 will be a bill to amend the Energy Board Act. It will appear on the order paper Monday morning; it is in *Votes and Proceedings* now. No. 9 will be a bill to amend the Railway Act; and No. 10, a resolution concerning the Pine Point railway.

This is the business available for Monday and Tuesday, followed on Tuesday night at 7.30 by the budget. Wednesday will be available for other legislation or estimates, I have not decided yet. It depends on the progress made on Monday and Tuesday on these legislative items. Thursday and Friday will be given over to the budget debate and Saturday will be devoted to estimates.

I think it is a little early to predict the estimates that may be taken up next week. We have now completed nine departments, we have dealt partially with four others. Two are in committee. Therefore there are not very many left but the house will have to determine how rapidly it would like to progress with the estimates.

It being five minutes past six o'clock the house adjourned, without question put, pursuant to special order.

90205-6—412

Supply—Items Passed

[The following items were passed in committee of supply]:

DEPARTMENT OF PUBLIC WORKS

329. General administration including a grant of $2,000 to the Canadian good roads association, $10,667,720.

Public buildings construction and services—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, including expenditures on works on other than federal property, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—

330. Newfoundland, $205,000.
331. Nova Scotia, $1,425,000.
332. Prince Edward Island, $45,000.
333. New Brunswick, $1,070,000.
334. Quebec, $4,680,000.
335. Ottawa, $11,320,000.
336. Ontario (other than Ottawa), $6,332,000.
337. Manitoba, $715,000.
338. Saskatchewan, $1,554,000.
339. Alberta, $1,312,000.
340. British Columbia, $2,680,000.
341. Yukon and Northwest Territories, $1,410,000.
342. Outside Canada, $250,000.
343. Improvements generally and miscellaneous buildings—not more than $25,000 to be expended on any one project without the approval of treasury board, $1,000,000.
344. Maintenance and operation of public buildings and grounds, $44,794,200.
345. Furniture and furnishings for government Departments, $2,943,808.
346. Work in the interests of fire prevention including a grant of $5,000 to the Canadian joint fire prevention publicity committee, $202,780.

Harbours and rivers engineering services—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, including expenditures on works on other than federal property, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—

347. Newfoundland, $6,593,500.
348. Nova Scotia, $2,981,500.
349. Prince Edward Island, $475,000.
350. New Brunswick, $1,896,000.
351. Quebec, $6,926,000.
352. Ontario, $10,786,500.
353. Manitoba and Saskatchewan, $130,000.
354. Alberta and Northwest Territories, $292,000.
355. British Columbia and Yukon, $2,414,500.
356. Construction or acquisition of buildings, works, land and equipment, $220,500.

Public buildings construction and services—

Construction, acquisition, major repairs and improvements of, and plans and sites for, public buildings listed in the details of the estimates, including expenditures on works on other than federal property, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

561. Nova Scotia, $119,000.
562. New Brunswick, $75,000.
563. Quebec, $1.
564. Ottawa, $1.
565. Ontario (other than Ottawa), $1.
566. Saskatchewan, $1.
567. Alberta, $175,000.

Harbours and rivers engineering services—

Construction, acquisition, major repairs and improvements of, and plans and sites for, harbour and river works listed in the details of the estimates, including expenditures on works on other than federal property, provided that treasury board may increase or decrease the amount within the vote to be expended on individual listed projects—further amounts required—

568. Newfoundland, $1.
569. Nova Scotia, $320,000.
570. Prince Edward Island, $181,000.
571. New Brunswick, $1.
572. Quebec, $1.
573. Ontario, $1.
574. British Columbia and Yukon, $1.
575. Construction or acquisition of buildings, works, land and equipment—further amount required, $150,000.

HOUSE OF COMMONS

Monday, June 19, 1961

The house met at 11 a.m.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF MINISTER OF LABOUR OF NIGERIA

Hon. Michael Starr (Minister of Labour): Mr. Speaker, I am pleased to call to the attention of the house the presence in the diplomatic gallery of the minister of labour of Nigeria, Hon. J. N. Johnson. Mr. Johnson is currently visiting Canada and the United States and recently has been attending the international labour conference in Geneva. I am very pleased to welcome him today. I am sure all hon. members would wish me to express our good wishes to him and to his country, Nigeria, which gained independence within the commonwealth last October, and which is a friend of Canada.

Hon. Paul Martin (Essex East): Mr. Speaker, we in the official opposition are happy to join with the Minister of Labour in extending a warm welcome to so distinguished a person as the minister of labour of Nigeria. We not only extend him a warm welcome but in this way we express our admiration for his country.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, members of this group are pleased to join with the Minister of Labour and the hon. member for Essex East in the sincere and cordial greeting that has been extended to our distinguished visitor. I think the feelings of this group can be best expressed this way. We all take great pride in the commonwealth and its organizations, and are convinced that it can make a great contribution to the peace and prosperity of the world.

One way in which this can be done is by the exchange of men who hold high office such as our distinguished guests here this morning. I know that in Canada we always welcome ministers from other nations and by the mutual exchange of views, opinions and understanding of each other there is given a lead to world peace and happiness. We in this group, are very thankful for the opportunity of adding our words of welcome to our distinguished visitor and hope he will have not only a pleasant but an interesting stay in our country.

90205-6—412½

COPYRIGHTS

REPEAL AND REPLACEMENT OF EXISTING LEGISLATION

Miss Judy V. LaMarsh (Niagara Falls) moved for leave to introduce Bill No. C-112, to provide for copyright in Canada and to implement the universal copyright convention.

Mr. Pickersgill: Explain.

Miss LaMarsh: This bill which is introduced as the result of several weeks of intensive effort, is an act to repeal the present Copyright Act which is 40 years old and to provide for its modernization; further, for the assistance of authors and architects, composers and cameramen, playwrights and poets and other artists within the community; and to further protect them by implementing the universal copyright convention signed in 1952, pursuant to the recommendations of the Ilsley commission of 1957 and the O'Leary commission of 1961.

Motion agreed to and bill read the first time.

NATIONAL ENERGY BOARD ACT

Hon. George H. Hees (Minister of Trade and Commerce) moved for leave to introduce Bill No. C-113, to amend the National Energy Board Act.

Mr. Martin (Essex East): Explain.

Mr. Hees: Mr. Speaker, the purpose of this bill is to make necessary amendments to certain clauses in the National Energy Board Act that was passed two years ago.

Mr. Martin (Essex East): What clauses?

Mr. McIlraith: Explain.

Mr. Speaker: Is it the pleasure of the house that the minister shall have leave to introduce said bill?

Mr. Martin (Essex East): Mr. Speaker, we have not had an explanation of the matter. The minister has simply said that this is a bill to amend certain clauses. What clauses? Can the minister give us some indication of the principle involved?

Mr. Hees: As there are a number of clauses that have to be amended, I am afraid it would take up too much time of the house to explain each clause in detail. These are technical amendments.

Mr. Martin (Essex East): Is there no principle involved?

Mr. Pickersgill: Contempt of parliament.

Motion agreed to and bill read the first time.

CANADIAN NATIONAL RAILWAYS

CONSTRUCTION OF LINE TO GREAT SLAVE LAKE

Hon. Leon Balcer (Minister of Transport) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to provide for the construction of a line of railway in the province of Alberta and in the Northwest Territories by Canadian National Railway Company from a point at or near Grimshaw, in the province of Alberta, in a northerly direction to Great Slave lake, in the Northwest Territories; to provide for the payment out of the consolidated revenue fund of a subsidy to Canadian National Railway Company equal to the cost of constructing the said line of railway, but not exceeding in any case $86,250,000, to enable the work of construction to proceed forthwith upon an agreement being completed between Her Majesty, Canadian National Railway Company, Consolidated Mining and Smelting Company of Canada Limited and Pine Point Mines Limited, the said agreement to provide, among other things, for payment to Her Majesty not exceeding $12,500,000 on behalf of Pine Point Mines Limited toward the cost of constructing the said line of railway, such payments to be based on the average annual value per ton of concentrates shipped and to commence after the completion of construction of the said line of railway and to continue for a period of ten years.

Motion agreed to.

MOTIONS FOR PAPERS

DISTRIBUTION AND SALE OF AUTOMOTIVE ACCESSORIES AND RELATED PRODUCTS

Motion No. 143—**Mr. Howard:**

For a copy of the material collected for submission to the restrictive trade practices commission in the course of an inquiry under section 42 of the Combines Investigation Act relating to the distribution and sale of automotive oils, greases, anti-freeze, additives, tires, batteries, accessories, and related products, by director of investigation and research, Combines Investigation Act.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, as I explained last week the chairman of the restrictive trade practices commission has ordered that public hearings be held in connection with this inquiry. I therefore consider I am not under any disability with respect to the production of the documents and am prepared to accept the motion.

Motion agreed to.

Mr. Fulton: I table two copies herewith.

[Mr. Hees.]

SIREN TOWER, NORTH BURNABY, B.C.

Motion No. 148—**Mr. Martin (Timmins):**

For a copy of all letters and communications between the Minister of National Defence or his department and any person or persons relative to the erection of a siren tower at the corner of Fell avenue and Parkcrest drive in North Burnaby, B.C.

Motion agreed to.

PENSION PLAN, BANK OF CANADA

Motion No. 149—**Mr. Matheson:**

For a copy of any communication or communications addressed to the Minister of Finance by Mr. John T. Bryden, former director of the Bank of Canada, regarding the pension plan of the bank together with the replies to any such communications by the Minister of Finance.

Mr. Fleming (Eglinton): Stand.

Mr. Pickersgill: Why should this stand, Mr. Speaker?

Mr. Speaker: No. 150—

Mr. Pickersgill: On a point of order, Mr. Speaker, I see the hon. member in his place moving his motion.

Mr. Speaker: Is the hon. member unwilling to allow the motion to stand?

Mr. Matheson: I am not willing, Mr. Speaker.

Mr. Fleming (Eglinton): Mr. Speaker, I ask the hon. member to allow this to stand because I have just this morning seen the motion and I think there should be opportunity to examine it.

Mr. Pickersgill: Mr. Speaker, the minister has raised a point of order. These motions are of course put on the order paper, with due notice given under the rules. The minister has had the same opportunity to see this as we have to see other things, and it does not seem to me there is any reason, since the minister himself has chosen to introduce this subject, why it should stand.

Some hon. Members: Question.

Mr. Speaker: Order. The motion is not debatable. If the hon. member wishes the motion put, I shall put it.

Some hon. Members: Put the motion.

The house divided on the motion (Mr. Matheson) which was negatived on the following division:

YEAS

Messrs:

Argue	Dumas
Batten	Dupuis
Benidickson	Fisher
Caron	Granger
Carter	Habel
Deschatelets	Hardie

Herridge
Howard
LaMarsh, Miss
McIlraith
McMillan
Martin (Essex East)
Martin (Timmins)
Matheson
Mitchell
Pearson
Peters
Pickersgill
Regier
Richard (Ottawa East)
Roberge
Winch—28.

NAYS

Messrs:

Aiken
Balcer
Baldwin
Barrington
Beech
Bell (Carleton)
Bell (Saint John-Albert)
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Brunsden
Cadieu
Cathers
Chambers
Charlton
Chatterton
Churchill
Clancy
Coates
Comtois
Cooper
Creaghan
Crouse
Diefenbaker
Dinsdale
Dorion
Doucett
Drysdale
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Flemming (Royal)
Forbes
Frechette
Fulton
Grenier
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Hees
Henderson
Hicks
Horner (Acadia)
Horner (Jasper-Edson)
Horner (The Battlefords)
Jones
Jorgenson
Jung
Keays
Kindt
Lambert
Legere
Macdonald, Mrs.
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
MacLellan
MacRae
McFarlane
McGrath
McIntosh
McLennan
McPhillips
McQuillan
Mandziuk
Martineau
Martini
Matthews
Monteith (Perth)
Morris
Morton
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Murphy
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Pascoe
Paul
Payne
Phillips
Pigeon
Pugh
Rapp
Regnier
Rowe
Sevigny
Simpson
Skoreyko
Smallwood
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Starr
Stefanson
Stewart
Taylor
Thomas
Thrasher
Walker
Webb
Winkler—111.

FOREST FIRES, ALTA.—ARMED FORCES ASSISTANCE

Motion No. 150—**Mr. Horner (Jasper-Edson):**

For a copy of all correspondence and telegrams exchanged between the government of Alberta, or any officer thereof, and the federal government since April 1960 in regard to the use of the armed forces in fighting forest fires in that province.

Inquiries of the Ministry

Mr. Egan Chambers (Parliamentary Secretary to the Minister of National Defence): Mr. Speaker, this motion is acceptable subject to the approval of the government of the province of Alberta.

Mr. Speaker: Subject to the limitation expressed by the parliamentary secretary, is it the pleasure of the house to adopt the motion?

Motion agreed to.

DOMINION-PROVINCIAL RELATIONS

TABLING OF CORRESPONDENCE RESPECTING FISCAL MATTERS

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I would ask leave to revert to motions so that I may table certain correspondence.

Mr. Speaker: Has the Prime Minister leave to revert to motions?

Some hon. Members: Agreed.

Mr. Diefenbaker: Mr. Speaker, I wish to ask leave to table copies of letters written on June 16 to the premiers of the provinces with regard to dominion-provincial fiscal relations. One of the letters that I have here is to Mr. Frost, the premier of Ontario. The other, in French, is to Mr. Lesage, the premier of Quebec. I would ask at the same time, if the house agrees, that these letters be printed as an appendix to *Hansard.*

Mr. Speaker: Is it agreed that these letters be printed as suggested?

Some hon. Members: Agreed.

[*Editor's note: For text of letters above referred to, see appendix.*]

FINANCE

BANK OF CANADA—REQUEST FOR TABLING OF MEMORANDUM FROM GOVERNOR

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Minister of Finance whether he will table the memorandum to him from the governor of the Bank of Canada dated February 6, 1961, which has now been made public, and submit it to the banking and commerce committee of this house for examination.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I was informed just before I entered the house this morning that the governor of the Bank of Canada has released a memorandum that answers to the description given by the Leader of the Opposition. The governor has always told me

that any communications passing between him and myself were confidential. I have respected that rule. I will have to examine the position in the light of the action taken by the governor this morning.

Mr. Pearson: May I ask the minister whether he has discussed with the governor the substance of this memorandum, which puts forward a program that in the view of the governor would reduce the deficit and reduce unemployment to less than 4 per cent within one year?

Mr. Fleming (Eglinton): Mr. Speaker, the Leader of the Opposition is now seeking to discuss the contents of a memorandum which the governor of the bank evidently has released this morning. The governor has always told me that all such communications, including this memorandum, were sent to me in confidence. He has always taken the position that communications passing between him and me were confidential whether or not they were marked to that effect. I have said that I have respected that confidence.

I think I should examine the position before allowing myself to engage in discussion on it or answer questions concerning it. Obviously if there is to be complete disclosure on the part of Mr. Coyne, then I should have the right to answer and to point out the extent to which some of these observations contained in such memoranda are self serving evidence or contain proposals that would be unacceptable for various reasons. I think in all fairness, until there has been opportunity to examine precisely what the governor has been doing in these day to day or hour to hour actions and announcements of his, I should examine the position that he has always taken in the past in regard to the confidential nature of communications.

Mr. Hazen Argue (Assiniboia): A supplementary question, Mr. Speaker. Would the Minister of Finance care to say why he has taken the extraordinary position of refusing to discuss—

Mr. Speaker: Order. The question asked by the hon. member for Assiniboia started out in rather an argumentative way. If the hon. member has some request for factual information I suggest that he not lead off with an argument about some extraordinary position.

Mr. Argue: My question for factual information is this, Mr. Speaker. Is it correct that the Minister of Finance has refused to discuss with the governor of the Bank of Canada these proposals that were presented to him on February 15?

Mr. Pearson: That is the question I asked.

[Mr. Fleming (Eglinton).]

Mr. Fleming (Eglinton): Mr. Speaker, I am glad to welcome back to the chamber the hon. member for Assiniboia.

Mr. Argue: I am not sure I am glad to be back.

Mr. Fleming (Eglinton): The hon. gentleman may not be completely up to date with respect to the events of recent days, and he may not have fully absorbed what I have just now said to the Leader of the Opposition in reply to the question that he directed to me on the same subject.

Some of these matters have been discussed and were the subject of correspondence, as I mentioned in a statement in the house last Wednesday when the hon. member, I think, was not present.

Mr. Argue: Mr. Speaker, since these further submissions have now been made, I wonder whether the Minister of Finance will allow the annual report of the Bank of Canada to be discussed by the banking and commerce committee with the minister and the governor appearing before the committee.

Mr. Speaker: The hon. member is asking a question which to my recollection has been asked approximately half a dozen times.

Mr. Argue: On a point of order, Mr. Speaker, although this question has been asked on a number of occasions I am asking it in the light of the new and extraordinary information that has now been divulged. In the light of this I wonder whether the report could now be made available to the banking and commerce committee for discussion.

Mr. Speaker: I do not wish to prevent the minister from answering if there is any possibility of a change in the answer, but the question has already been answered a great many times uniformly in the same way.

Hon. Paul Martin (Essex East): Speaking to the point of order, Mr. Speaker, if I may, I submit with great respect that the question asked is in order. It is true that I have repeatedly asked the Minister of Finance whether he would allow the governor of the Bank of Canada to be interrogated by the banking and commerce committee. But in the document which was circulated by the governor this morning he makes this statement on the first page—

Mr. Speaker: Order. It would not be regular to allow the hon. member to introduce an extraneous matter in relation to a point of order; that is, a substantial matter. The question relates to the business of the house. Unless the minister wishes to answer the question I suggest to hon. members that it has been asked often enough that there is

no need to repeat it further. It takes up the time of the house unnecessarily. The question is the same question asked before relating to the submission of the report of the governor of the Bank of Canada to the banking and commerce committee, as I understood the hon. member's question. Is that correct?

Mr. Martin (Essex East): With great respect, Mr. Speaker, it is not the same question—

Mr. Fleming (Eglinton): Mr. Speaker, the question was directed to me, and perhaps I could save the time of the house.

Mr. Martin (Essex East): I am speaking to the point of order.

Mr. Speaker: Order. If the hon. member had not concluded his remarks relating to the point of order when I interrupted him, I shall hear the hon. member and then the minister.

Mr. Fleming (Eglinton): Mr. Speaker, I thought I might save the time of the house and save you from having to listen to the same question that has been asked so many times and the same answer which has been consistently given by the minister. This question has been asked many times and if it were directed to me again this morning I would give the same answer I have given on every other occasion when the question was raised.

Mr. Pearson: Mr. Speaker, on the point of order, surely it is not an extraneous matter when the governor of the Bank of Canada says that for four years—

Mr. Speaker: Order. If the Leader of the Opposition introduces remarks, statements or propositions from the statement of the governor of the Bank of Canada he will be seeking to introduce a discussion of these matters which to my mind would be irrelevant in relation to the point that has to be decided. Presumably the minister knows what is in the communication. If the question is asked of the minister whether in the light of the communication which has now been revealed he would consider referring the report of the Bank of Canada to the committee on banking and commerce, that is the same question that we have had, as I said, at least five times, and there could be a great many variations of support for the argument; but to my mind it is irregular to introduce a discussion of the subject matter which might be so referred.

Mr. Pearson: Surely, Mr. Speaker, the privileges of the house are involved. The governor of the Bank of Canada makes public a statement which bears on the action taken by the government in response to previous questions regarding the submission of this matter to a house committee, because in this submission the governor of the Bank of Canada—

Mr. Fleming (Eglinton): Mr. Speaker, the hon. member now wants to introduce the statement which he attempted to introduce earlier.

Mr. Argue: It is time the minister was thrown out again.

Mr. Pickersgill: The minister is very thin-skinned.

Mr. Speaker: Order. I expect hon. members in discussing the point of order to observe the proprieties, namely that they should not endeavour on a point of order to introduce matters contained in the statement.

Mr. Pearson: Mr. Speaker, on a question of privilege, it is quite true that we on this side of the house have brought up this matter on several occasions, but it is also true that the governor of the Bank of Canada, dealing with this particular matter of the submission of the annual report of the Bank of Canada to a house committee, has made a public statement to the effect that the minister refuses to allow this to be done—

Some hon. Members: Order.

Mr. Pickersgill: There was a time when hon. gentlemen opposite cared about the privileges of this house, or at least pretended to.

Mr. Speaker: Order. If I were to permit the Leader of the Opposition to refer to what the governor has said in this statement with which the Minister of Finance has declined to deal until he has had an opportunity to consider it further, I would then have to admit the whole of the statement and there would be no limit to the discussion that might take place. I rule the question out of order.

Mr. Martin (Essex East): Mr. Speaker, on a question of privilege, the governor of the Bank of Canada is a public official appointed by the board of directors of the bank and responsible to parliament. This morning the governor made a statement which affects the rights of parliament. He has said that on four occasions—

Some hon. Members: Order.

Mr. Speaker: Order. I think the hon. member should establish that there is a question of privilege before he makes statements which are obviously objected to and would be argued against.

Inquiries of the Ministry

Mr. Martin (Essex East): Mr. Speaker, I shall endeavour to comply with what I think is a proper request of the Chair. The fact is that the governor of the Bank of Canada is responsible to parliament under the Bank of Canada Act. This fact has been acknowledged repeatedly this session by the Minister of Finance. Parliament, through some of its members, has sought this session to have the governor appear before the banking and commerce committee. Because of our procedures it is not possible to arrange for that—

Mr. Aiken: Mr. Speaker, I rise on a point of order.

Mr. Speaker: Order. Would the hon. member for Essex East, who is raising a question of privilege, allow the hon. member for Parry Sound-Muskoka to intervene on a point of order?

Mr. Aiken: Mr. Speaker, my point of order is this. A question of privilege does not arise by way of appeal from Mr. Speaker's ruling. Your Honour has made a ruling, and I think that should be the end of it. The hon. member is merely raising a question of privilege which arises out of your ruling. I submit that he is not permitted to do so. However, this is exactly what he is doing. If he wishes to appeal your ruling, that is a different question.

Mr. Speaker: What the hon. member says is not necessarily true. What might not be a point of order might very well be based on circumstances which involve a question of the privileges of the house. I wish to satisfy myself whether there is a question of privilege as the hon. member for Essex East asserts, and I think I should hear what he has to say providing that he observes the proprieties.

Mr. Martin (Essex East): Mr. Speaker, I wish to make it clear that I have not risen to appeal your ruling. That has not been thus far our practice in this house, because of the high regard we have for the way in which Your Honour has conducted our proceedings. Let that fact be very clear to the hon. gentleman. I rose on a question of privilege, and in substantiation of my right to do so, I was in the process of indicating that members of this house had this session sought to resort to procedures by which they might examine the report of the governor of the Bank of Canada and the governor of the bank himself.

Your Honour will be familiar with the steps we have taken in that regard. Questions were put to the distinguished chairman of the banking and commerce committee. Questions were asked of the Minister of Finance if he would stand in the way of the realization of this particular objective. He replied to the contrary and said no, that he would not object. Notwithstanding that fact, it has not been possible for us to examine the governor of the Bank of Canada, who now affirms that he was prepared—

[Mr. Speaker.]

Some hon. Members: Order.

Mr. Speaker: Order. The hon. member should not introduce affirmations by the governor of the Bank of Canada.

Mr. Martin (Essex East): Am I not permitted—

Mr. Speaker: What the governor of the bank chooses to affirm or not seems to me to have no bearing on what decision this house makes.

Mr. Martin (Essex East): May I deal first by way of digression with this last point which I think is fundamental to this whole question. Your Honour has said that what the government has said in that regard is not germane. If the governor of the bank is responsible to parliament and if parliament has been endeavouring to try to set up a procedure under which to examine the governor, what is contained in a public document made public today is a matter of the greatest concern to parliament. The Minister of Finance understandably may not be in a position to reply if the document has only come to him within a short time, but it is a public document now and it goes to the very vitals of the rights of parliament.

I am rising on a question of privilege in order to enunciate that we have the right now, in the face of this new evidence, to ask the Minister of Finance whether he will not facilitate the setting up of a committee of this house so that we can examine into the statements made this morning, among others, by the governor of the Bank of Canada with regard to the intransigent position taken by the Minister of Finance.

Mr. Speaker: The hon. member's point of privilege comes to the same position as the question which was asked and which the minister, in discussing the point of order taken at that time, has indicated he would answer in the same way as before.

[*Later:*]

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Minister of Finance whether his reluctance to publish Mr. Bryden's letter is because it discloses that the minister misled the house last Wednesday?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, we have heard something this morning about privilege, and you had a speech by the hon. member for Essex East smuggled in on that subject. You have just heard now from the hon. member for Bonavista-Twillingate an attempt of a kind that is made by him in particular, and others of his ilk in the house, to defy and to break the rules of the house. The purpose of this question was not to obtain information. That fact is perfectly patent to everyone in the house. The purpose was to try to throw a slur and a smear.

Let me say that when this question was raised this morning by the hon. member who brought in the motion for the production of papers, I asked that the matter stand. The hon. member for Bonavista-Twillingate did not even wait for the member who sponsored that motion, namely the hon. member for Leeds, to say whether or not he agreed to let the matter stand. The hon. member for Bonavista-Twillingate jumped up—

Mr. Speaker: Order.

Mr. Fleming (Eglinton): —and prevented that motion from being allowed to stand so that it could come up later.

Mr. Speaker: Order. It seems that one irrelevance is leading to another. The house decided against the production of the document, and I think it would be improper for the hon. member for Bonavista-Twillingate to question the decision of the house by asking an oral question which throws doubt on it.

Mr. Pickersgill: I rise on a question of privilege. The minister chose to make insinuations about my motives.

Some hon. Members: Oh, oh.

Mr. Pickersgill: The minister is entitled to have any ideas he likes about my motives, but under our rules he is not entitled to express them in this house, and he should withdraw those insinuations. However, I am not going to waste my time by asking him to do so. I can tell him that he can resolve this whole question by publishing that letter and revealing to us whether or not he misled the house, as I think many people feel he did.

Some hon. Members: Oh, oh.

Mr. Fleming (Eglinton): Mr. Speaker, you have allowed the hon. member for Bonavista-Twillingate now to make another statement following the statement he made previously which was clearly a breach of the rules of the house. I can tell him that he will make a contribution to the fuller understanding of this whole issue by all members of parliament if he refrains from these calculated attempts to smirch and smear.

Mr. Pickersgill: And the minister talks about smears!

Mr. Herridge: I wish to ask a supplementary question.

Mr. Speaker: Is it supplementary to the last dispute we have had?

Mr. Herridge: No, Mr. Speaker. It is another dispute.

Mr. Speaker: If it is a new question, I recognize the Leader of the Opposition.

THE CENSUS

INQUIRY AS TO QUESTION 26 ON FORM 2A

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as a long time champion and defender of women's rights, prestige and prerogatives, I wish to direct a question to the parliamentary secretary to the Minister of Trade and Commerce. My question is based on a complaint from a lady constituent of mine who served with the British, French and Belgian armies in world war I. Her complaint is that question No. 26 of census form 2A makes no provision for the recording of wartime service by women. This question reads as follows:

> 26. Did you ever have any wartime service in the active military forces of Canada or allied countries?

The form states: "Question 26 for all males 25 years of age and over". Can the parliamentary secretary inform the house of the reason for this serious and irritating omission?

Mr. E. L. Morris (Parliamentary Secretary to the Minister of Trade and Commerce): Mr. Speaker, this question relates to a detail and it seems to me that it might be more appropriate to put it on the order paper.

Mr. Herridge: Mr. Speaker, I wish to ask a question of the parliamentary secretary to the Minister of Trade and Commerce supplementary to the one I asked him previously. In view of the fact that I promised this lady, of whom I am very fond, that I would get an answer for her today, could he possibly give me an answer this morning?

Mr. Morris: Mr. Speaker, question 26 in form 2A of the population census reads:

> Did you ever have any wartime service in the active military forces of Canada or allied countries?
> In what war(s)?
> In what forces?

This question has been included in the 1961 census of Canada at the express request of the Department of Veterans Affairs. Similar statistics which derived from information collected in the 1951 census of Canada have been found useful to that department in the preparation of estimates for administrative purposes.

Since the question would have had to be asked of some five million adult females in order to produce fewer than 50,000 affirmative answers, it is extremely doubtful whether the result would be a useful statistical summary. The question was asked of adult females in the census tests of 1959, which hon. members will recall were taken in Galt and Joliette, but the result was not found to possess that degree of accuracy which is desired in census taking.

I should add that with this sort of ratio of less than one in one hundred, the information, if it should be required in the future—and the Department of Veterans Affairs have said that they do not presently require it; that they have quite accurate records of adult female veterans—the opinion of the dominion bureau of statistics is that with this sort of ratio there are probably better ways of getting that type of information as to access to the census.

TRADE

EUROPEAN COMMON MARKET—MISSION TO DISCUSS ENTRY BY U.K.

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister whether it is a fact, as alleged in the London *Times*, that the visit of the secretary of state for commonwealth relations to Canada, which was to have begun this Friday, has had to be postponed until after he has visited Australia and New Zealand because, according to this report, of the internal political commitments of Canadian ministers.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, there are many reports that appear. I have noticed on occasion that the papers in London publish statements made by their representatives here in Ottawa that bear no resemblance to the facts. This is another example of that type of thing. Originally there was some suggestion that the secretary of state for commonwealth relations would come here in the latter part of June. Then it became inconvenient. Finally it was decided that it would be most acceptable to both parties if he would come a little later on. That question asked by the hon. gentleman is founded on another of those reports which too often emanate from the correspondents here in Ottawa, and which have no relation to the facts.

REPORTED DISCUSSIONS RESPECTING PACIFIC COMMON MARKET

On the orders of the day:

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. The question arises out of press reports suggesting that steps or discussions are taking place concerning the organization of a Pacific common market. My question is this. Will the Prime Minister advise the house whether the government has taken any steps toward the establishment of a Pacific common market.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the hon. gentleman says, there were press reports to the effect that consideration was being given to a free trade area for certain Pacific countries, including Canada. May I say at once that I am not aware of any foundation for these reports, and there is nothing in them so far as the Canadian government is concerned.

COAL

CAPE BRETON—REQUEST FOR EXTENSION OF OPERATION OF FLORENCE COLLIERY

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, I should like to direct a question to the Prime Minister. Can the Prime Minister advise the house whether he has received a communication from the secretary of Florence local No. 4544 of the united mine workers of America, requesting that he use his office as Prime Minister to take the necessary action to extend the operation of Florence colliery, scheduled by the company for closure on July 2, 1961? If so, would he advise what consideration has been given to this request.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I did receive such a letter, and I will make a statement to the house at the proper time. The hon. member and other hon. members from Cape Breton have continued to bring before the government their ideas with regard to this situation in that island.

I can only say that concerning the operation of the mines that is a matter the government cannot determine, being purely the undertaking of a private company. However, concerning action to meet the general situation, on Saturday I made an initial report setting forth what was being done, and as further steps are taken the house will be advised.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I wonder whether I may put a supplementary question to the Prime Minister. I recognize at once that the government cannot direct the company, but would the government consider making representations to the company that the Florence mine be kept open until the alternative employment he forecast on Saturday is actually available?

Mr. Diefenbaker: Mr. Speaker, there have been continuous discussions among the company, labour representatives, municipal representatives, the Minister of Labour and other ministers. Naturally we would welcome any action along that line, but as the hon. gentleman was very fair and very frank to admit, we have no power of "dirigisme", an expression that was used last September or October, I think, at a well known meeting at Queen's University.

Mr. Pickersgill: That is a new one on me.

BUSINESS OF THE HOUSE

REQUEST FOR RETURN TO MOTION ON ORDER PAPER

On the orders of the day:

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to direct a question to the Minister of Finance. It relates to a notice of motion for production of papers, but not the one upon which the house reached a decision. I refer to No. 147. In view of the presentation of the budget tomorrow evening and the proposed resumption of the debate on Thursday, would the minister endeavour to comply with this motion at the next opportunity, which I take it will be Wednesday?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I presume the motion must first be passed before I could be expected to carry it out.

Mr. Pickersgill: Are you going to oppose it too?

Mr. Fleming (Eglinton): Both these motions, No. 146 and No. 147, stood this morning.

GRAIN

WHEAT—FINAL PAYMENT ON 1959-60 POOL

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister. I had originally intended to ask it of the Minister of Agriculture, but I see he has been called out of the house. My question is this. In view of the fact that the announcement of the final payment on the 1959-60 wheat crop has been delayed beyond the time when final payment announcements have usually been made, and further because of the very disastrous situation with regard to grasshoppers and cutworms on the prairies and the increased cost to producers who have had to spray for these insect pests, would the Prime Minister use his good offices to see that announcement of the final payment is made immediately?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think the suggestion of the hon. member has been made by practically all hon. members from the province of Saskatchewan. They have pointed out the situation there caused by grasshopper infestation. However, when the payment shall be made rests with the wheat board. I know the Minister of Agriculture has been in touch with the board, and it will provide the information at the earliest possible date.

Mr. Argue: A supplementary question. I appreciate the Prime Minister's answer, but I wonder whether it is correct to assume from his answer—and I hope it is not—that the account has not yet been closed, because first it has to be closed before the payments are made some weeks later. I am wondering whether the account has now been closed.

Mr. Diefenbaker: The hon. gentleman knows as well as I do the procedure that is followed in closing the account.

Mr. Argue: The Minister of Agriculture announced some weeks ago that the payment—

Some hon. Members: Order.

Mr. Speaker: Order.

Mr. Argue: —would be made soon, and I regret very much that the announcement has not been made yet.

Mr. Speaker: Order. The hon. member could not fail to hear me calling for order, and I would appreciate it if he would resume his seat when I call order.

LABOUR CONDITIONS

MOOSONEE, ONT.—USE OF LIVING ACCOMMODATION BY STRIKING CARPENTERS

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to direct a question to the Minister of Defence Production. In view of the isolated nature of the Moosonee community, what consideration is being given to permitting the carpenters who went on strike today at Moosonee to stay in their present

bunkhouses, which I understand are owned by the crown and are under the minister's administration.

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, as this dispute is under the Ontario labour department, and since when this contract was awarded to Carter Construction Company they were given the use of these buildings—it was part of the contract—we feel it is not our responsibility to intervene in the dispute. We hope very much the strike will be settled as quickly as possible, but we do not feel we should intervene in any way whatsoever in either the lodging arrangements in the buildings or in the dispute.

IMMIGRATION

RESTRICTION ON MOVEMENT OF CANADIANS TO U.K.

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): I should like to ask the Minister of Citizenship and Immigration whether either the hon. lady or her department or the government have received any approaches from the United Kingdom government concerning a restriction of Canadian immigration to the United Kingdom?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): No such approach has been made to my department.

CRIMINAL CODE

Hon. E. D. Fulton (Minister of Justice) moved the second reading of Bill No. C-110 to amend the Criminal Code.

He said: It is not easy in dealing with an amending bill of this nature, which covers a variety of subjects under the Criminal Code, to make a second reading speech concerned strictly with the principles of the bill. There are, however, three or four major matters which are covered by this measure, and it may be helpful to hon. members if I outline those parts of the bill which are of the greatest importance and of the greatest interest both to them and to the country.

I should like, therefore, to outline, first of all, the changes which are being made in those provisions of the Criminal Code which deal with criminal sexual psychopaths, a term which we are now changing to "dangerous sexual offenders". Then I will deal with two or three other matters covered by the bill, including the operation of small vessels, habitual criminals generally, and so on.

The first subject, and the one which will be of the widest interest and importance, is that relating to the criminal sexual psychopath.

The problem of the sexual offender is a most complex one. As the house knows, in 1954 a royal commission was appointed under the chairmanship of Mr. Justice McRuer, chief justice of the high court of Ontario, to study the question and make representations with respect to the criminal law relating to criminal sexual psychopaths. This commission presented its report to me in 1958, and that report has been the subject of consideration and study in my department and by the government ever since.

In dealing with the subject it might be helpful if, first of all, I endeavour to outline the problem itself. After that I will describe the amendments which we are placing before the house for its consideration. Finally I shall turn to a difficult question and one which is not covered by the amendments, namely the question of providing for clinics, education and research in this field.

Probably the best way I can give to the house an outline of the scope of the problem is by borrowing from the words of the royal commission itself as they appear at page 59 and following of its report. The commission describes it as follows:

> Although sexual offenders cannot be precisely classified, they may be divided into two general groups—those who are a danger to the public and those who are not dangerous but are distinct nuisances. In this inquiry we are primarily concerned with the first class. The legislation we are considering has special application to those who, by reason of some limitation on their power to control their sexual impulses, are likely to be dangerous to society. The principle of preventive detention underlying the law is twofold—segregation to prevent injury to others, and treatment if possible so that the prisoner may ultimately be safely released.
>
> It appears to us that there is no reason why a convicted sexual offender who suffers from no mental disorder impairing his free will and ability to restrain his sexual impulses should not be treated as any other criminal. There always have been and probably always will be in society individuals who seek to fulfil their selfish desires and accomplish their selfish ends through trespass on the legal rights of others.

Again, the royal commission said:

> The sexual crimes included in section 661 of the Criminal Code are all crimes affecting the person and are either of a violent or of a corrupting nature which may have devastating effects on the victims, particularly if committed against children.

The amendments which we are proposing to the law on this subject are to a large extent based upon the report and recommendations of the McRuer commission as those recommendations were considered in detail by the commissioners on the uniformity of the law. I should explain that we are not at the present time adopting every one of the recommendations or every part of every recommendation made by the royal commission, but in large part the amendments which I am presenting do proceed from the studies of the royal

commission as amended, or in some cases modified, by the study of the uniformity commissioners.

I should say at once that we do agree entirely with the finding of the McRuer commission that the law as it stands now is not accomplishing its purpose, and, further, we agree that this failure, as the royal commission says, may be due to one or more of three causes; first, the phraseology of the law; second, the lack of proper enforcement of the law; and third, the reluctance of the courts to commit a person to imprisonment for an indeterminate term, especially where there are no arrangements made for custody and treatment of the prisoner apart from those provided for prisoners serving determinate sentences.

There are a number of the amendments which, while arising out of the report of the royal commission, take the form which they have in this bill as a result of the work of the commission on the uniformity of legislation. These are designed to strengthen the provisions of the Criminal Code in relation to this matter and to make them more workable and effective. There is, for instance, the change in the description of the offender from "criminal sexual psychopath" to "dangerous sexual offender". This is based on the report of the royal commission, concurred in by others, that the use of the word "psychopath" is not appropriate because it gives rise to difficulties and misunderstanding between experts in the field on the one hand, particularly when they are called upon to give evidence, and layment, comprising the jury, on the other hand.

It seemed to us to be desirable to adopt a more simple and less technical definition as being less liable to create technical and unnecessary controversy, especially if, as we believe is the case, it is possible to find a phrase which describes the situation we are trying to deal with in non-technical language. With the assistance of the royal commission, we think the words "dangerous sexual offender", based on the reasoning which that commission adopted, do accomplish the purpose of giving a better definition of the type of offender with whom the law is attempting to deal.

Further, we have adopted not only a new terminology in this respect but also a new definition of what constitutes an offence. The present definition of a criminal sexual psychopath is:

> A person who, by a course of misconduct in sexual matters has shown a lack of power to control his sexual impulses and who as a result is likely to attack or otherwise inflict injury, pain or evil upon any person.

The new definition of "dangerous sexual offender" is:

> A person who, by his conduct in any sexual matter, has shown a failure to control his sexual impulses and who is likely to cause injury, pain or evil to any person, through failure in the future to control his sexual impulses or is likely to commit a further sexual offence.

I have already dealt with the reasoning behind the change in terminology. As to the change in the definition, the purpose is to make it clear that a court, in an appropriate case, may make a finding that a person is a dangerous sexual offender on the basis of one offence. It was suggested in the evidence before the royal commission that much of the reason why courts have not found, or apparently have not found, the present provisions with regard to a criminal sexual psychopath effective to restrain in custody under treatment those who are guilty of this type of offence is that the law at present makes it necessary to prove a course of conduct probably extending over some years. This has the effect of importing into the law in this field, that which should not be imported and which might be likened to the principle that every dog is entitled to his first bite; whereas it is felt by the commission, and with this line of reasoning we agree, that in dealing with offences that are potentially dangerous and damaging to others, as is the kind of offence embraced in the words "dangerous sexual offender", it should not be necessary to wait until there is a second or subsequent offence, but that the the law itself should define the offense in such terms as to make it possible for the courts, aided by expert medical and psychiatric evidence, to sentence offenders to indeterminate sentence for treatment if, on the basis of that evidence, they come to the conclusion that the offender comes within that definition, whether or not there has been a previous offence.

Another purpose of the change in the definition has been to avoid the extreme difficulty of proving lack of power to control as compared with simply failure to control. After all, what we are concerned with here are the consequences to society of the crime or the offence. Our objective is to remove the offender, thus protecting society on the one hand, and providing treatment for the offender on the other. Therefore it seems immaterial whether the offence is the result of a complete lack of a power to control, requiring technical and very difficult proof, or whether, as is certainly the case whenever this sort of offence is committed, it simply results from failure to control.

Another purpose of the change in the definition has been to eliminate the implications of coercion contained in the word "inflict". The evidence before the royal commission contained considerable examples of differences of opinion on this point and, indeed, the commission itself referred to a case in the Supreme Court of Canada where the judges of the supreme court themselves were divided on the question of whether or not the words "inflict damage or evil" imported a necessary element of coercion. We felt it was not essential to the determination of the matter to enter into an analysis of whether or not a person, in respect of whom an application has been made to have him declared a dangerous sex offender, may cause the damage in the future by physical coercion or by mere persuasion and temptation. It does not seem to make much difference what method is resorted to, but it is again the possibility of evil and damage which must be borne in mind here, as well as the elimination of the possibility of that evil or damage. In connection with this particular point, inclusion of the words "or is likely to commit a further sexual offence" was the proposal of the uniformity commissioners.

Again, the amendments relating to dangerous sexual offenders will also clear up the question as to when, in relation to the time of conviction, the application to have a person declared a dangerous sexual offender may be made and the notice of such application must be given. A new provision is included that such an application may be made upon notice thereof being given at any time not later than three months after conviction for the offence giving rise to the application. Under the existing law an application had to be heard before the passing of sentence for the offence giving rise to the application.

It will be noted that we have accepted the argument of the royal commission that the making of an application to have a person declared a dangerous sexual offender should not entitle that person to change his plea if he has already pleaded guilty to the specific offence upon which he is at that moment in court. We have accepted that point of view, but we have gone further. I think in fairness to the house I should point this out, because it should be in the minds of hon. members as they discuss this matter.

We have gone further and provided that the crown may make the application to have a person declared a dangerous sexual offender after he has been convicted, but not more than three months after conviction, and limited in any event, to the time which the offender or convicted person is serving under his sentence. In other words it will not be possible for the sentence to have expired or have been served in full then for the crown to reach out and make an application based on the previous conviction. However, provided a person is still in custody or, if sentence has been suspended, provided that the sentence is still in effect, and within the limit of three months after conviction, the crown may make application to have that person declared a dangerous sexual offender.

I should like to add a few words on the sentencing of persons adjudged to be dangerous sexual offenders. Under the present law the court, upon adjudging a person to be a criminal sexual psychopath, now to be described as a dangerous sexual offender, must sentence him to a term of imprisonment of not less than two years, and in addition may impose a sentence of preventive detention. The amendment now before the house will eliminate the determinate portion of the sentence because, in our view—and again here we agree with the royal commission—it seems inappropriate to couple a determinate sentence with an indeterminate sentence or a sentence of preventative detention, the main purpose of which is segregation and treatment. I think the reasons for this decision are best explained by the royal commission itself as found at page 65 of its report, which reads as follows:

> The mandatory minimum sentence of two years in prison, to be followed by an indeterminate period of preventative detention as required by section 661 C.C., not only eliminates any opportunity of treatment of the prisoner as an out-patient while on suspended sentence, but makes it obligatory that both the determinate and indeterminate sentences be served in a penitentiary. The only qualification is that the prisoner may be confined to a part of a penitentiary set apart for prisoners servicing indeterminate sentences of preventative detention. In theory the sexual offender who comes within this branch of the criminal law is one who at least suffers from some abnormality affecting his sexual impulses. If he does not suffer from any abnormality he does not come within the scheme of the law and should be dealt with as any other convicted person.

Then it continues as follows:

> The custody of habitual criminals was discussed in the report of the royal commission investigating the penal system of Canada.

I interpolate here, Mr. Speaker, to point out that their reference is to the Archambault commission which reported in 1939 and not the Fauteux commission, which reported in 1955 or 1956. Then to continue the report:

> The recommendations are (1) the sentence of preventative detention should become effective at once and not on the expiration of any other sentence and (2) segregation in an institution away from other offenders.

Then the McRuer commission continues as follows:

—the purpose of the prison (in the case of habitual criminal) is neither punitive nor reformative but primarily segregation from society.

Again the McRuer commission makes this express finding:

All that is said in the Archambault report applies with greater force to the treatment of one who is undergoing preventative detention as a "criminal sexual psychopath", except that segregation should be acompanied by all possible treatment.

These, Mr. Speaker, are the main effects that we hope to attain by the amendments to the law on sexual offenders; that is, the segregation of any person who, as a result of his conduct in any sexual matter, may be determined to be persons likely to commit a sexual offence in the future and thereby liable to cause damage or suffering to any other person. We are concerned with his segregation first, but also his segregation for the best treatment we can devise for him and which is within the limits of our ability to administer in our penal institutions.

This is, however, only the first stage toward the solution of a very complex problem. The reformation, in this case the treatment, of the inmate is only one essential part of any rehabilitation program. The segregation of these offenders, however, will not serve any long term desirable results if the sexual offenders are not treated, so this leads naturally and I think inevitably to a discussion of the establishment of diagnostic and treatment centres, the early detection of cases and the organization of research.

I think it is essential, before I outline the work being done in this field, to draw your attention, Mr. Speaker, to the state of present medical knowledge of this disease. As pointed out by the McRuer royal commission:

The public should understand that it is not possible to speak with assurance about curing the class of offenders we are considering. Many of the medical witnesses who were in a position to speak with great authority took a pessimistic view of the prospects of obtaining satisfactory results from any known form of treatment.

The report went on to state:

Notwithstanding these pessimistic views, we think that a positive attitude toward the problem is of great importance, and a positive attitude demands more than mere custodial care for the prisoners we are discussing. We are convinced that with custodial care must go definite progressive methods of the application of all known helpful means of treatment and the development of new means.

The royal commission recommended that special provisions be made in the penitentiary system for the custody, control and treatment of every sexual offender undergoing preventive detention. In regard to these suggestions I wish to say that the penitentiaries branch is actively engaged on a policy of increased psychiatric attention for all classes of prisoners, including dangerous sexual offenders, who appear to be in need of such treatment, and in connection with such policy the penitentiaries branch is studying the best methods of applying such treatment, including the question of how and where dangerous sexual offenders should be confined. In implementing this policy the penitentiaries service is at present restricted by the difficulty of obtaining the services of psychiatrists, and by the limitations of the detention facilities at present available.

It will be remembered that the proportion of dangerous sexual offenders in the prison population is relatively small. No particular question or problem of escape from custody appears to be involved. It will also be remembered that while it is generally recognized that every reasonable attempt should be made to give treatment to those cases willing to receive it and likely to profit from it, psychiatric treatment cannot by its nature be forced upon a prisoner or patient. The McRuer report itself points out that the outlook for successful treatment of those who are not prepared to co-operate in such treatment may be bleak.

The royal commission has recommended that special clinics be set up in co-operation with the courts. In view of the relatively small number of dangerous sexual offenders actually charged and convicted as such, and the high proportion thereof who will be sent to penitentiary in any event; in view also of the fact that the penitentiaries have and are constantly improving the psychiatric services for dangerous sexual offenders, we feel it would be unreasonable and unnecessary duplication at this time to incur the expense of establishing special clinics not part of the penitentiaries system. Furthermore, the establishment of such clinics in what would be really a purely health field is essentially a provincial responsibility.

Although the problem of establishing separate clinics to examine and treat persons who may become dangerous sexual offenders is essentially provincial, the Department of National Health and Welfare is deeply concerned and is approaching the provincial authorities for the purpose of creating interest on their part and discussing with them the manner in which provincial facilities for such diagnosis and treatment outside the penitentiaries system can best be utilized in connection with this problem.

The McRuer commission also suggested a program of education of parents, teachers and all those in charge of young persons, urging them to co-operate with clinics established on the basis, for instance, of the forensic clinic of Toronto so that all known effective measures might be taken to arrest the development in young persons of tendencies toward

sexual deviation. Again, this is mainly a problem for the provinces to tackle, but the department of my colleague the Minister of National Health and Welfare is concerned about the problem and is approaching the provincial authorities for the purpose of finding the most efficient and effective solution to this problem. There is indeed urgent need in Canada for research into all aspects of sexual deviation with a view to development of means of correction and prevention. The question of the possible participation by the federal government is under active consideration by my colleague at the present time.

I hope I have succeeded in outlining to the house, in a necessarily brief compass, something of the nature of the problem and of our approach to it, which recognizes that amendments to the law should be based on the principle, first, that a court should be empowered to find a person a dangerous sexual offender on the basis of one offence if the medical evidence indicates that he is a person who is likely to repeat that kind of offence; and second, that the object of the law should be to provide for the segregation of this type of offender for two reasons, on the one hand the protection of society while he is segregated and, on the other hand, the application to him to the greatest degree possible of effective methods of reformation and treatment designed to assist him in curing his deviation so that he may ultimately, in appropriate cases, be released to society without danger to himself or the members of society.

It is, however, always necessary to sound a word of caution in this field as in other related fields. It must be recognized that the dangerous sexual offender is a sick man for whom no assured treatment exists as yet. I should also repeat that, based on the preponderance of medical evidence, it is possible to diagnose "an individual as having a psychopathic personality but we have no specific way of determining what type of anti-social activity he will display". That is actually a quotation taken from the evidence of Dr. Frederick van Nostrand, as it appears in the royal commission report at page 93. So this is a difficult and complex problem about which it is not safe to say with certainty that this or that measure will produce the answers. However, in our view it is a problem with respect to which it is essential to make a beginning, and we trust members of the house will agree that this legislation represents an effective approach to the problem.

I should like to pass now to a discussion of one or two of the other more important amendments found in the bill before the house, the first of them having to do with habitual criminals generally. The house will appreciate, of course, that the provisions with regard to dangerous sexual offenders, about whom I have up to now been speaking exclusively, are, of course, found in that section of the code dealing with habitual criminals generally, and we have amendments here relating to that subject as well.

One amendment to the provisions relating to habitual criminals parallels the amendment relating to dangerous sexual offenders, in that it permits a notice leading to an application to have a person declared an habitual criminal to be made at any time up to three months following the imposing of the sentence for the offence that gives rise to the application.

Another parallel amendment eliminates the determinate sentence in the case of a person found to be an habitual criminal and sentenced to preventive detention. In the future, when a finding is made that the person concerned is an habitual criminal, the only sentence to be imposed will be an indeterminate sentence to preventive detention. I should point out that in the case of any indeterminate sentence under our new legislation, it is the parole board which determines whether and when the time may have arrived at which it is appropriate to release the person from custody and allow him to spend the balance of his sentence at large in society.

Another amendment which I am sure will be of great interest to the house generally, and perhaps particularly to lawyers, is a provision of the bill which restores the offence of dangerous driving which used to be an offence under the old Criminal Code. At the time of the Criminal Code revision, however, this offence was dropped in favour of the offence of criminal negligence in the operation of a motor vehicle. There is a long history, both in this country and in other countries, of an attempt to formulate an offence under which juries would convict, in appropriate cases, for the reckless or dangerous operation of a motor vehicle which caused death or bodily harm. Juries at one time shied away from convicting persons of manslaughter arising out of death caused by the negligent operation of motor vehicles because of the rather awesome connotation of that word.

This tendency led to the enactment, some years before the Criminal Code revision, of the offence of reckless or dangerous driving, coupled with a provision to the effect that if upon a charge of manslaughter the jury was not satisfied that manslaughter was proved but was satisfied that the other offence was proved, it might convict of that other offence. Apparently juries have tended similarly to

shy away from convicting for criminal negligence in such circumstances. At the present time, the offence of dangerous driving having been removed, it is felt, and widely felt, that there are many cases where persons who have been guilty of criminal negligence in the operation of their motor vehicles are nevertheless escaping with a much milder penalty because of the reluctance of juries to convict of manslaughter or of criminal negligence.

We are accordingly reinstating, at the request of the provinces, the old offence of dangerous driving. We are, however, omitting the word "reckless", because to employ this word seems to have the effect of elevating the offence to the same plane as criminal negligence, thus creating a distinction without a difference which would make it very difficult to charge juries.

There is also an amendment making the offence of driving a motor vehicle while the person is disqualified or prohibited from doing so by reason of the suspension of his licence by the court or a motor vehicle registrar, an offence punishable upon indictment as well as upon summary conviction, which is now the case, and imposing a more severe penalty when the charge is proceeded with by way of indictment.

Another provision in this bill, which I am sure will be of great interest, has the effect of transferring to the Criminal Code a number of provisions now found in the small vessels regulations. For some years there have been in the small vessel regulations, enacted under the Canada Shipping Act, a series of sections paralleling those in the Criminal Code relating to abuses in connection with motor vehicles; namely operating a vessel or towed object, such as water skis, dangerously or while the ability of the operator is impaired by alcohol or a drug, or leaving the scene of an accident with intent to escape liability; and providing that the court, when convicting for such offences, may make an order prohibiting the person convicted from operating a vessel for a stated period.

Of late years, as all hon. members know, the number of small pleasure craft on the domestic and territorial waters of Canada has greatly increased and a great many accidents, in some cases fatal, have recently been caused by the careless operation of such craft. We consider that this problem has now become so acute that measures to deal with it should be in the Criminal Code. While those provisions were to be found only in the regulations under the Canada Shipping Act, they have tended to be regarded as rather special provisions of interest chiefly to the Department of Transport, or at any rate to the federal government alone; by including them in the code we hope they will be recognized as an ordinary part of the criminal law made necessary by new conditions and will be enforced by provincial authorities in the ordinary course of Criminal Code enforcement.

There are, as will be appreciated, a number of other amendments in the bill. I think I have picked out the amendments of greatest interest and concern, at least I have endeavoured to do so, in an effort to be as helpful as possible to the house in outlining the thinking of the government which has given rise to this amending bill.

I should say also, Mr. Speaker, that it is my view, and my colleagues have agreed with me in this, that generally speaking amendments to the Criminal Code should not be made every year. It seems to me that, as nearly as possible, the criminal law should be certain. It is not desirable, then, that changes should be made too rapidly or too frequently. Every change necessarily imports the necessity for building up new jurisprudence on the change and may, in ways quite unforeseen, have the result of confusing settled jurisprudence. We do not think it is desirable in the field of criminal law that this should take place, at least with frequency.

I wish to emphasize that this does not indicate that we will refuse to consider necessary changes or to discuss with anyone the necessity for a change. It is merely that we feel, in general, changes to the Criminal Code should be made as a matter of real deliberation, and as infrequently as will meet the necessities of the case. This is one reason there is a fairly substantial bill this year. There was no Criminal Code amending bill last year.

Of course if a case in the courts or a situation in the country arises, indicating an emergency and indicating urgent necessity for an amendment, we would not then be so foolish as to say we do not believe in amending the Criminal Code every year and therefore we will not introduce such an amendment. The necessary amendment would be recommended to the house at once where there was any real necessity for it. In general, however, our thought is that there should be a Criminal Code amending bill only every two or three years. This is one of the reasons for the size of the present bill.

Miss Judy V. LaMarsh (Niagara Falls): Mr. Speaker, in introducing the amendments to the Criminal Code the minister prefaced his remarks with an apologia to the effect that it was difficult to speak to matters of principle in connection with this bill because its 45 amending provisions deal with so many different aspects of the criminal law. I hope the minister and the house, in listening to my remarks, will bear in mind the fact that if it is difficult for the minister, who has had the bill in charge for some time, it is even

more difficult for the opposition members who only saw the bill for the first time this morning. There are a number of remarks which I should like to make, Mr. Speaker, concerning these provisions, and perhaps I might do so in reverse order to those touched upon by the minister.

In so far as the small vessels regulations are concerned which have been incorporated into Bill No. C-110, as the minister stated those provisions have been in the law and have been the responsibility of the Department of Transport for some time. The necessity for enforcing them, therefore, has lain with the R.C.M. Police. As the minister indicated, this responsibility now passes to the provincial police of those provinces which have provincial policing authorities.

Speaking generally to the principle, I suggest that they are good provisions. They have been in the Canada Shipping Act for some time. However, care must be taken in enacting legislation not to enact it purely because it appears to meet a need or because it appears to be a good thing. This should not be a kind of "busy" work just to justify a department. Laws enacted by this parliament should be those which not only meet a need but which are enforceable.

It is well known, I think to most hon. members of the house that the R.C.M. Police have had difficulty in trying to enforce these regulations. Their numbers are comparatively small. The problem itself is acutely difficult because of the thousands and thousands of small lakes and hidden waterways within Canada. If the R.C.M.P. who have been dealing with this matter for some time are incapable of handling the matter, it is highly unlikely that the provincial police forces, which call annually for more personnel and which are annually running well behind the necessary personnel even to police the highways, will be able to provide sufficient personnel to police the waterways. When I think of the many lakes, even in the area surrounding Ottawa to which hon. members have resort on Sundays while the house is in session, and the number of boats such as those I saw yesterday speeding through the lakes with no member of a provincial police force anywhere for miles around, it seems to me that we must be careful not to congratulate the minister or the government, or not to be content that by the mere proposal and passage of a section in the Criminal Code or under the Department of Transport regulations we have thereby solved the problem. The mere fact that we have enacted legislation, unless we have sufficient policing authority to enforce it, is useless verbiage.

I would hope that the minister would be able to advise us, either now or later, of some provisions which may be made for special policing authorities. It may be that in his discussions with the provinces, which I presume were held prior to the introduction of these sections into the Criminal Code, some arrangement has been made with the provincial attorneys general to provide more policing authorities, particularly as we are now into the summer season and there are thousands more small boats in use each year. I think this is a good provision if it is enforceable. If it is not enforceable, then it only weakens the criminal law to include it.

With respect to the provisions in Bill No. C-110 dealing with driving while under suspension, may I say that it has been my experience and, I think, that of most of the hon. members of the house who are of the legal fraternity, that the public generally does not view this offence as serious. By now making it capable of being prosecuted as an indictable offence with a vastly more serious penalty, it may be that the public generally will accept this as a more serious matter and will be deterred from driving while under suspension. To carry the same provision into the operation of a small vessel only points up, I think, how difficult it is to police those provisions with respect to small vessels. I have been told at various times by members of policing authorities that they would estimate that there are 10 drivers on the highway driving without licences or with licences under suspension for every one who is caught in the process of doing so. I imagine that these figures would be vastly greater if one were to consider those operating small vessels with licences under suspension. Again I repeat that the mere enactment of legislation is insufficient and weakens the criminal law unless there are enough provisions for enforcing it.

As to the amendment to replace in the Criminal Code the offence of dangerous driving, may I say this. As the minister knows and has mentioned, this has a long history of difficulty in the criminal law. When the act was amended in 1955 it was dropped for a particular purpose, as it was felt that there would be convictions under what was at one time motor manslaughter but is now criminal negligence in the use of a motor vehicle. As a matter of practice, as the minister has said, juries do not convict because there has been telegraphed to them the fact that this is the old motor manslaughter provision. There appears to be a feeling in the community that manslaughter is not the proper name, that it does not carry the proper intent, when connected with a motor vehicle. The public generally seems to feel that that is an almost deliberate sort of killing.

Accordingly, it may well be that there are many individuals who have been guilty of driving in a manner which has caused grievous bodily harm, in some cases death, and in other cases considerable property damage, who ought to have been convicted of some offence and to have suffered a monetary penalty or a penalty by incarceration, but who have not convicted by virtue of the fact that this section was not in the code. Its reinstitution I would suppose has been suggested by provincial authorities and would be greeted by them with some pleasure. It cannot be said, however, that defence counsel would greet it with the same pleasure.

As to the provisions respecting habitual criminals, may I say that this is perhaps the greatest single deterrent which is in our criminal law. In my experience with habitual criminals or those who characterize themselves as professional thieves or professional robbers—and there are, shockingly enough, in Canada those who pride themselves on this title—they are all afraid of what they call "the bitch". As they collect a record of convictions they come terrifyingly close to the point where a crown attorney may lay this charge. Within the brief span of my 11 years in practice, most of which has been in criminal law, I found that nothing deterred or frightened a professional criminal with a record as much as the possibility of a charge of being an habitual criminal.

I think the provision which is being instituted by this amendment is one which must be approached with caution. Although it strikes terror into the hearts of criminals—and that is what we want for one who is an habitual criminal—we have to bear in mind that this is not an offence in the usual understanding of that term. It is a condition; what the court is asked to find is that a person is in such a condition that in fact he cannot be reclaimed to society, as indicated by a long history of convictions for varying criminal offences. Because I think we recognize that all individuals in society may commit crimes, no matter how heinous, and may be reformed, we must be careful in the use of this charge, or this application to have a person so found. Notwithstanding a long and vicious record, it is possible that some intervening act may happen to make them reclaim themselves.

The fact that now it will not be necessary to serve this notice and have the same jury which convicted an individual of a criminal offence deal with the application to find him as an habitual criminal works in two ways, or can possibly do so. One of these can certainly be as a deterrent to an individual who has been charged with an offence and has been convicted but who, in the time after conviction and prior to the expiration of three months, feels that he can rehabilitate himself; then shortly before the expiry of the three months he finds that the crown authorities have laid this charge against him.

I would call it one o'clock, Mr. Speaker, if I may do so.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Miss LaMarsh: Mr. Speaker, before the luncheon adjournment I was discussing some of the provisions of this bill with which the minister had dealt in the latter part of his statement. Before leaving that part of it I might make one other suggestion. Many people who have dealt with the question of habitual criminals are of the opinion that this provision is not used sufficiently. I do not have the statistics, nor has the minister placed them before us, of the number of habitual criminal convictions which have been obtained in Canada since this provision was put into the Criminal Code. However, I have heard it discussed at various times by those involved in the administration of justice, and I have heard the suggestion that there should be a definite time laid down after which there should be no discretion in the crown attorney. In other words, on the third or fourth criminal conviction there must be an application made to the court to find the individual concerned to be one who is an habitual criminal. I wonder if the minister, when he discusses this matter later, would comment on whether this suggestion has been considered by the department and what the rationale of the department was in deciding not to include it.

I should like to pass on to the clauses of the amending bill which deal with those who until now have been called criminal sexual psychopaths. My experience of this matter has been in discussing it with a member of the royal commission which was chaired by Chief Justice McRuer, a person of whom in my riding and county we are very proud, in particular those of my sex. I refer to Her Honour Judge Kinnear of the county court of Ontario, who was the first woman appointed by the previous administration to this level of the judiciary and who still remains senior in this post throughout the commonwealth and the empire.

She was a member of the commission which dealt with the difficult question of criminal sexual psychopaths, and over the years I have had the benefit of discussing this question with her. Chief Justice McRuer, who

chaired the commission, has the widest practical criminal experience in Ontario, and the recommendations included in the report of that commission are lucid and humane. It is with some regret that I notice this bill does not include a provision for research and clinical facilities such as were recommended by the royal commission. I understand from the statement of the minister that consideration of this matter has not ceased, and that in the future it may be possible to make provision for more facilities, but the intention now is that anyone convicted as a dangerous sexual offender under these amendments will be required to go to a penitentiary.

The royal commission report is very definite on the point that this is of little real assistance and that there are two factors which keep many such offenders from becoming cured or rehabilitated. One is that most sexual offenders do not choose to be rehabilitated. This is, in many sexual offences this is a way of life which they have adopted and which they choose to pursue. The other is one which the minister mentioned, that so far medical science has discovered no real cure for one who does not wish to be changed.

Certainly the change of style from "criminal sexual psychopath" to the style in the present bill of "dangerous sexual offender" is good. In particular I think it might be interesting for the house to note that in the evidence of the psychiatrists who were called before the McRuer commission the first quotation was a remark of Dr. B. H. McNeill of the Ontario department of health, who said "I once heard a psychopath defined by a psychiatrist in the same way as he said someone defined a hippopotamus; he could not define it but he knew one when he saw it". This points up the fact that psychiatry has not as yet been able to define or pinpoint what it is that is wrong with these people and thus take a first step toward their cure. Certainly within the experience of certain criminals whom I have defended there is in the penitentiary system wide scope for abnormality of sexual experience which this bill will not cure, because even though these people are segregated within the penitentiary system there will still be opportunity for this abnormality to continue without any real treatment and without at present any real hope that they may be cured.

Many suggestions were gone into by the commission when they dealt with this subject. While it is a knotty and difficult one, partly legal and partly medical, it is encouraging, I think, for hon. members of the house to remember that the numbers involved are very small; that most of those who are guilty of sexual offences are only what are known as common nuisances and that the really dangerous criminal offenders are very much in the minority. Thus we are legislating with respect to only a few people, although those few people are capable of wreaking great damage on other people and particularly on very young children.

We should be careful, however, when dealing with any offence which may bring about a term of preventive detention that we do not infringe on the rights of all under the bill of rights or under the natural rights of people in this country. We have to be satisfied first that there is, in fact, a condition there which cannot be cured in our present state of medical knowledge. Second, even if a cure is available it may not be accepted by the individual concerned, since it is necessary to have sympathy and empathy between the psychiatrist and his patient. Third, we must consider whether simply removing these people from society is sufficient.

We hear in this field very little discussion of points which arise in the consideration of murder, such as what is a deterrent, what is the retribution of society and what is the rehabilitation of the criminal. We admit we cannot rehabilitate these people. We deny, I think generally, that what we are asking for is retribution. I would ask the minister upon what philosophy he has based the provisions he now places before the house in order to remove these people from society for a more or less permanent period which may be the rest of their lives.

The provisions of the clause dealing with dangerous sexual offenders are generally noncontentious, inasmuch as they were largely recommended by the McRuer commission. That commission, however, did not stop with these recommendations. Ten of the 20 or more points made dealt with questions beyond the Criminal Code, in particular with the urgent need in Canada for research into all aspects of this problem and the need to develop a means of correction and prevention. The commission pointed out that the psychopathic sexual offender is no different from any other offender, that he is in effect an ill man, as the minister also pointed out. The commission drew the conclusion that our only course is simply to segregate these people from society; that we should not cover this with a feeling that we are doing something for these people who are ill, but that we must recognize that at this point there is little we can do for them even if they were willing to co-operate.

All we can do is merely remove the festering canker from society and place where it cannot be communicated. This, of course, is communicable if left in society because the

aberrations of some individuals cause them to bring in younger and younger people, and it spreads. It may, therefore, be justifiable simply to remove them from society. However, we should not pride ourselves that because we are taking them out of society we are doing this for their good. This removing of offenders from society is nothing but punitive legislation for society's good.

The provisions of the bill are similar to those which apply to habitual criminals, in that this offence may be charged within a period following conviction. I would again caution the minister, as I did before the luncheon break, about the obvious dangers of this. Once having faced trial on a sexual offence and having been found guilty, any time within the following three months an individual may be faced with a further charge and prosecuted.

There are a number of things which were recommended by the royal commission which the government has not yet seen fit to adopt. I understand from the minister's statement this morning that unless something arises of an emergent nature it is unlikely that we shall see another amendment to the Criminal Code during the life of this parliament. The hon. gentleman indicated clearly that be believed amendments should only be introduced every second or third year. While I agree that it is very necessary to have a degree of certainty in criminal law in order that a body of jurisprudence may be built up and in order that there should be time to see how the legislation operates, I decry the rigidity of saying that unless there is something of an emergent nature we shall not amend it from time to time.

It may be that it will take more than three years for the effects of this legislation to become known. Of course if we do not pass it we shall never find out what its effects might have been. However, it may be that within a year after its passage we find that further amendments need to be brought forward, amendments more in conformity with the report of the royal commission, particularly in connection with whatever assistance may be given sexual offenders in providing research and clinical facilities and, especially, by providing a separate place in which to segregate them where they would receive treatment, rather than receiving treatment in other parts of the penitentiary where they are at liberty to move among other prisoners.

Mr. Fulton: Would the hon. lady not agree that a provision of that kind would not necessarily be made by way of amendment to the Criminal Code, but more likely would be made by other legislation, possibly under the Penitentiaries Act or within the field of responsibility of the Minister of National Health and Welfare?

Miss LaMarsh: I do agree with the minister that it is likely this would come in elsewhere. There were, of course, other recommendations respecting amendments to the evidence act and amendments to the Penitentiaries Act. I have not seen these on the order paper, and it may be that the minister will be bringing those in shortly.

If I may sum up, Mr. Speaker, we on this side approve in general, I would say, the adoption of the recommendations of the commission. These were reported to the Minister of Justice in 1958, and for three years now they have been available to the public, to psychiatrists and to those law officers who would be interested. The minister announced that a study had been made by the commission on the conformity of legislation. The hon. gentleman said that having had the benefit of its report he had modified the report of the royal commission, adopting some of its recommendations but not others.

We are in sympathy with stern treatment for those who as ravening monsters prey sexually on small children. We are also in sympathy with those who are ill, who have committed these offences and who wish to stop being deviates and avoid getting into such trouble again. We are in sympathy, I would say, with the principle of preventive detention, because this permits flexibility in that each person convicted of an offence may, as the individual reaches the point where he is no longer a danger, be freed without the rigidity which is necessarily so often a part of the criminal law.

We shall have remarks to make at the committee stage not only on these clauses but on other clauses with which I dealt prior to the noon adjournment. As I said at the beginning of my remarks, it is difficult to deal with the principles involved in a bill which covers so many subjects, linked only because they come under the umbrella of the Criminal Code. However, in principle the amendments are largely ones of which we approve although, as I stated before, we reserve our right at the committee stage to complain about certain of them. It may well be, Mr. Speaker, that the minister will find certain amendments being put forward, either with respect to the material now dealt with or additional material, since we have been warned in effect that we cannot expect other amendments to the Criminal Code for some years.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, this bill contains several principles, as the minister has indicated, and I should like to say a few words about the main ones.

I should like to refer in general terms to amendments to the Criminal Code, and draw to the attention of hon. members the progressive manner in which the Minister of Justice has brought before this house problems which have been seriously troubling many people of this country. During this session we have considered the most serious problem regarding the question of capital punishment, in respect to which there were many satisfactory proposals made and accepted by this house. The Minister of Justice has also brought forward a bill dealing with narcotics control and treatment of offenders. This involves another serious problem which has concerned many people in this country.

I suggest there are two main principles involved in the bill presently before us. The first deals with the provision of a stern code of regulations to prevent individuals from turning our waterways into speed zones and death traps when they should be used for the pleasure of individuals. The second principle embodies an effective method, which the minister has proposed, to deal with dangerous sexual offenders. There is of course also the provision having reference to the reinstatement of the dangerous driving section of the Criminal Code, to which I should like to refer briefly later on in my remarks.

In relation to the dangerous operation of vessels on our waterways, I suggest this has been a problem of serious concern to individuals throughout Canada and particularly to those resident in my area of the country, which has a very important tourist industry. For many years the waters of Canada, and particularly the inland waters, have been used for pleasure by individuals on fishing holidays, or just for travel from one place to another, as well as by those who wanted to take a vacation away from crowds of people.

With the advent of high powered engines and lighter and smaller craft, dangers on inland waters have become very great. Not so many years ago people were satisfied to have boats equipped with 2½ horsepower motors, and to cruise slowly along the water enjoying themselves. Today there exist many high powered engines mounted on very light craft, which in itself creates a danger, used by individuals for travelling around our inland waters at high and very dangerous rates of speed. I do not suggest it is always young people who operate these boats in that fashion. It is very easy to blame this wild speeding on teen-agers, but I suggest that on many occasions adults are guilty of this same dangerous practice. It seems that when an individual puts a high powered motor on a small craft he likes to feel the power behind him and takes the attitude that while travelling on open water there is not likely to be anyone else in the area.

The minister has pointed out, in introducing this bill, that there are small vessels regulations in existence under the shipping act, but that the main problem involved has been one of enforcement. Operators of these motor boats apparently have not been impressed by the existence of these regulations. While they do exist, I suggest, like the provision of library book fines, they are not taken seriously. Perhaps the reason for this is that these regulations come under the Department of Transport. I suggest that by placing these regulations under the Criminal Code it will be drawn to the attention of the public, particularly operators of these small craft, that infractions of these regulations are considered to be serious matters, to be seriously dealt with.

The Department of Transport has issued a small booklet entitled "Safety Afloat" with wide distribution among pleasure craft operators, but it has not been receiving the attention it deserves. In appendix 4 of that booklet appears a list of offences and penalties under the small vessels regulations. I feel that this has been a polite reminder to operators of small craft of the existence of the regulations. However, in view of the apparent lack of concern and attention, the time has now arrived when action must be taken in a manner which is not merely polite but also effective in preventing the continued infraction of these regulations by the operators of small boats on our public waters.

I suggest the new amendment to the Criminal Code covering the regulations in respect of the operation of small vessels will constitute a clear indication to those operators that this situation is considered serious. I believe there will be no reason, following proper publicity given to this change in the regulations, for individuals to consider them only as polite reminders.

I suggest one other problem which has resulted from the fact that the regulations were under the shipping act has involved their enforcement. There has been some difficulty in persuading municipal and provincial police forces that these regulations in respect of inland waters under the jurisdiction of the Department of Transport should be enforced by them. Those forces have taken the attitude that the enforcement of these regulations was a matter of concern

to the mounted police force only. This attitude exists particularly in the provinces of Quebec and Ontario, which are policed in the main by provincial police forces. I suggest, therefore, that there has been some gap in respect to the responsibility of enforcing these regulations on our public waters.

While it is true that the provincial police have on several occasions, certainly on the Muskoka lakes, established patrols similar to those established by the mounted police, I feel it is understandable to all hon. members that it is impossible for these patrols to enforce these regulations on all the lakes and streams throughout these districts. I suggest that the inclusion of these provisions in the Criminal Code will make clear that the responsibility for enforcing the regulations lies to a great extent upon the provincial and municipal police forces, and thereby will remove a great deal of doubt which I suggest has existed in the past in this regard.

I feel that many of these provincial and municipal forces have considered that the mounted police, particularly in Quebec and Ontario, are a specialized force designed to carry out the enforcement of federal laws, and that lack of effective enforcement of those regulations within the jurisdiction of the Department of Transport has resulted from the lack of sufficient personnel in the Royal Canadian Mounted Police force. For the reasons I have stated, I am very pleased that the Minister of Justice has seen fit to bring these regulations under the Criminal Code in respect to navigation on the waters of this country.

The second subject which I should like to deal with has reference to dangerous sexual offenders. I feel that the existence of these dangerous sexual offenders in our communities has been perhaps the greatest source of worry to parents in this country, and that the inadequacy of the law in respect to them has been obvious for quite a number of years. We all know that a royal commission was set up under the chairmanship of Chief Justice McRuer of Ontario, which reported to the Minister of Justice on March 21, 1958. That commission found that in addition to an inadequacy in law there was an inadequacy in definition as to the type of individual who ought to be dealt with as a criminal sexual offender. I suggest that the amendment now introduced by the Minister of Justice in this connection contains great advances in this matter. Occasionally it is said jokingly, if you cannot do anything about a certain subject, appoint a royal commission. But here is an example, among many others, of where a royal commission has made a very thorough review of a difficult subject and has brought forward good recommendations. I commend the Minister of Justice for accepting them almost without hesitation and certainly without any alteration of the main principles of the report.

In the report the commission came to a number of conclusions and made a number of recommendations with regard to sexual offenders. As found in the summary of conclusions on page 123, they conclude first that the use of the word "psychopath" as applied to the class of sexual offenders coming within the terms of reference is undesirable. During the course of the commission's hearings, many of those who appeared before it tried to define what a psychopath was and it was found that to a large extent it was undefinable. To a considerable extent the definition depended entirely on the evidence of one psychiatrist or another and, as we know, psychiatry has not developed to the point of absoluteness where there can be any sort of agreement.

I think the recommendations made by the royal commission and accepted by the minister with regard to defining the type of person and the offence constitute a much better criterion than trying to define a criminal sexual psychopath, and in that regard the first recommendation of the McRuer commission, as found on page 127 of its report, was adopted. The McRuer commission recommended the use of the words "dangerous sexual offender" and defined them in almost the precise terms that are found in the bill now before us.

The commission also recommended that section 661 of the Criminal Code should not be extended to cover any offences not named therein. An examination of the bill indicates that this recommendation has been carried out and that the same offences now listed in the Criminal Code have been carried forward into the bill.

In paragraphs 7 and 8 of the recommendations in the McRuer report there is reference to the evidence to be given at hearings and the rights of the prisoner and the crown with respect to appeals. These recommendations have been carried into the bill now before the house. The McRuer report also recommended that the courts should be given power to refer a prisoner convicted of any indictable offence for psychiatric examination before sentence. We find that this conclusion has been carried into the bill, and we also find that it applies not only to those classified as dangerous sexual offenders but to prisoners in general.

Conclusion No. 14 in the report of the McRuer commission reads as follows:

> The provisions of the law requiring a court to sentence a prisoner found to come within section 661 C.C. to serve a definite term of imprisonment

before the sentence of preventive detention commences are not consistent with the theory of the law.

Effect has also been given to this conclusion in the bill now before us, with the result that a person may now be sentenced immediately to preventive detention. I do not want to offend against the rules by the discussing the bill clause by clause, and I think it is sufficient for me to make the general comment that the good work done by the McRuer commission has been given effect in the present legislation. There are certain amendments which are not included in the report of the royal commission and there are a number of slight changes in wording, but in general the bill meets a crying need in respect to criminal sexual offenders.

There is another principle introduced in the bill that I should like to discuss. I do not think it was mentioned by previous speakers but it seems to me that it is rather important. It has to do with the power given to a court of summary conviction to remand a prisoner for mental examination. This is found in clause 42 of the bill, and I refer to that clause purely and simply because it deals with one particular principle involved in the bill.

For a good many years magistrates and persons with similar jurisdiction have been remanding for mental examination people about whom they have had some doubts. Heretofore they have had no direct and real authority to do so and no criteria to follow. Under the proposed clause they must secure the opinion of at least one duly qualified medical practitioner, and if the magistrate has reason to believe that a certain accused person may be mentally ill the magistrate now has authority to direct that the person be remanded for observation for a period not exceeding 30 days. I think this clause will be welcomed very much by a great many people involved in the administration of justice because it removes any doubt as to the period and the grounds for which such a remand can be made.

The final principle I should like to discuss has to do with the question of reinstating in the code the provision with respect to dangerous driving. Mention has already been made of this matter by the minister. While the technical reasons for omitting the dangerous driving section from the code when it was rewritten are well known to members of the legal profession, I believe the general public failed to understand the significance. Many people never did quite understand why dangerous driving was no longer an offence. Dangerous driving, of course, always has been an offence, only under a different classification and a different name.

[Mr. Aiken.]

I think the reintroduction of this particular provision in the Criminal Code will do a great deal with respect to the administration of the rules of the road. It has been found that many magistrates, judges and juries hesitate to find a person guilty of criminal negligence in connection with the operation of a motor vehicle. The criminal negligence section was not particularly designed to cover dangerous driving of a motor vehicle; nevertheless it was included as part of the general offence of criminal negligence. Now it is made very clear that dangerous driving of a motor vehicle on the highways is in itself an offence.

Those are the main principles of the bill that I wish to discuss. There are several others, minor in their nature, which can be considered when the bill reaches the committee stage. I think I might say that all these amendments are well considered and should meet with the approval of the house.

(Translation):

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, the bill now before us includes 45 amendments to the Criminal Code dealing with the most varied subjects.

At the end of his statement, the minister expressed the opinion that amendments should not be made too often to the Criminal Code, so as not to cause any confusion in the field of jurisprudence, which is not always in line with the intention of the legislator. I do not know whether the minister was thinking then of the jurisprudence ensuing from the bills we passed recently on premeditated murder and goof balls, but, at all events, I have no intention of making a commotion about this matter. However, the only criticism I should like to make now is that we are being called upon to express our opinion on the principle of very important questions on too short notice, and as far as I am concerned, I was not able to examine this bill until 11 o'clock this morning. I suggest that, in the future, when a bill as important as this one is introduced, a bill which does not deal with contentious matters, it would be advantageous for members of all parties if we had at least two or three days to examine and consider it in order to properly comment on it.

I should like now to comment very briefly on some of the amendments before us. As for section 4 which makes it an offence to operate a motor vehicle in a way which endangers the public's safety, that is merely the re-enactment of a provision which existed before. The minister will recall that on March 28, 1961, the police chiefs' association sent

him a brief concerning this type of offense, in particular. I will now read that brief as it appeared in the Ottawa *Citizen* of March 28, 1961:

(Text):

There seems to be no alternative to a charge of criminal negligence. Hence, if a person is acquitted of criminal negligence, and records indicate acquittals far outnumber convictions, the person responsible seems to escape punishment unless one steps down to provincial or even city bylaws. This is an unsatisfactory condition.

The chiefs called for reintroduction of reckless driving . . .

(Translation):

I fully agree with what this amendment lays down. Already the Criminal Code provides very severe penalties for the most serious cases, like, for example, manslaughter due to criminal negligence on the road. I am in a position to speak knowingly on that subject because, I think it was two years ago, I acted as counsel for a man who incurred the heaviest penalty, that is five years of imprisonment, for having killed two persons with his car while intoxicated; but such cases are the odd ones.

This amendment deals with cases occurring most frequently, perhaps the most dangerous on the road, but where the driver is likely to escape scot free. It is the offence of the irresponsible driver who passes another car on a curve or on a hill, when it is impossible for him to know if a car is coming, and who thus places drivers and riders in constant danger. If I understand correctly, the amendment deals with such offences, which should be punished with the utmost severity. I hope that the legislators who will administer this act will make all the necessary arrangements to ensure, especially during the summer season, that law-abiding citizens will not be exposed to the dangerous driving of those irresponsible drivers.

I realize that it is not always easy for any provincial government to have enough officers on the road to ensure the protection and the safety of the public. But I wonder whether it would not be possible, on a holiday or on a Sunday in particular, when cars are simply crowding our highways, to assign special officers at the most dangerous spots so as to catch in the act those who commit the offence mentioned in this section.

Now, I would like to deal briefly with clause 5, in which we are asked to include in the Criminal Code certain provisions that already exist, in regulation form, in the Canada Shipping Act.

It represents another improvement. I believe that time has come to provide for and apply penalties to put an end to dangerous navigation on our waterways.

Since the end of last war, increasingly powerful craft are plying our lakes, and many tragic accidents have been caused by careless and irresponsible drivers.

At this point, I should like to point out to the minister that the proposed amendment makes no reference at all to age requirements. The minister knows, as we all know by experience, that when we have a yacht, most of the time it is the youngsters who take it over. I wonder whether it would not be advisable—and this is something we shall take up at the committee stage—to prescribe a minimum age for the operator of a craft with a motor of, say, more than 10 horsepower. In my opinion this is a most necessary provision because most of the time—as visitors to our lakes well realize—children eight, nine and 10 years old are seen operating very powerful craft, children who obviously lack the required amount of judgment to observe essential safety regulations or precautions for the proper operation of such boats.

Mr. Speaker, the minister told us this morning that enforcement of those regulations in the province where there is no provincial police, would be a responsibility of the R.C.M.P. I am referring here to the province of Quebec, and I am not talking politics at all. I say that when, in a province, there is already a provincial police force, that police force could very well—and even better than the R.C.M.P.—look after law enforcement on our lakes.

I know from experience that, on the northern lakes, where I go, the R.C.M.P. put in an appearance once or twice during the season to check on whether craft have a registration number and sometimes to investigate certain thefts of outboard motors. But, in Quebec at least, lake navigation cannot be controlled by the R.C.M.P., because there are not enough officers to see that regulations are observed as they should be.

Mr. Speaker, I hope the provincial police will see that all necessary steps are taken to ensure the implementation of this timely amendment, and that some way will be found to make it known to all our municipalities. Just how this can be done, I do not know. We are going to pass important legislation, and it meets a need. In what way will this

act be made known to the public? I wonder. It might conceivably be more of a provincial responsibility to look after such publicity. Still, I do hope that such an important amendment may be posted, for instance, at the entrance of all the parish churches in the north, in areas where lakes are used for navigation purposes in the summertime. In any event, I leave this suggestion with the minister in order that this amendment be publicized, and also to make enforcement easier, because those responsible for enforcing the regulations know perfectly well that about 80 per cent of people are law abiding, and that there is only a minority of citizens who always refuse to conform. Therefore, I do hope there will be some publicity made in this regard, so that we may enjoy safety on lakes and will no longer have to deplore such tragedies as have occurred in the past.

Mr. Speaker, I now want to say a word about section 9 which concerns the transmission of information known to be false by telephone, telegram, radio, etc. I am now referring to the problem relating to a certain type of telephone call. In a professional capacity I have had to deal with various cases of persecution by telephone. Indeed, some people have come to me complaining that they had been getting so many anonymous night time telephone calls that they had to have the service discontinued. At this time, I also want to mention the fact that in such cases, we do not always get the kind of co-operation we might expect from the Bell Telephone Company. In the one case I have in mind, we tried to investigate the matter. Now, to do so, it is necessary to enlist the co-operation of the Bell Telephone Company, because the telephone conversations of any person suspected of persecuting someone in this way must be listened to or, to use the familiar phrase, wire-tapping must be resorted to. At the present time there is no way of discovering who might be responsible for such anonymous persecution, nor of prosecuting such people. I see here, in the Ottawa *Citizen* for March 8, 1961, that this amendment is among those recommended by the police chiefs association of Canada. The section says:

(Text):

That persons using the telephone to transmit threats, insults, or cause annoyance are guilty of a criminal act.

(Translation):

Mr. Speaker, may I now draw the minister's attention—and we shall have the opportunity to take this up again at the committee stage—to the fact that clause 9 does not seem to cover average cases of telephone persecution and nuisance. I have read over and over again the proposed amendment to section 315 of the Criminal Code, and in my opinion the simple case of repeated nuisance does not seem to be covered. However, we shall have a chance to go into this matter further at the committee stage.

Mr. Speaker, I now wish to say a few words about clause 32 which I feel is the most important of the proposed amendments. It is a clause which has to do with sex offenders. I find that there is now a new definition and that henceforth a judge will find it much easier to order preventive detention. In other words, it will not be left entirely to the judge to decide when preventive detention should be ordered. Such detention will become compulsory whenever the crown requires such sentence, with the consent of the attorney general of the province, within three months of the time the sentence is passed and, in any event, before the sentence has expired.

We have provisions similar to this with regard to the habitual criminal, with the difference that, for the habitual criminal, the accused must necessarily have been convicted three times for offences involving over five years in the penitentiary and must still be living a life of crime.

I quite agree with these amendments and I do hope that if they are enforced as they should be, this will not only remove a menace to society, but also make it possible through segregation and through a study of the offender, to make an effort to cure him so that he may return to society as a healthy individual.

Hon. members will recall that it costs, I think, $2,500 a year to keep a person in jail, so both from an economic and from a purely humanitarian standpoint, it is in our interest to provide appropriate means to cure the people involved in order that they may become an asset to society as soon as possible.

The present legislation is obviously inadequate, and I feel sure these amendments will strengthen the present provisions, and as I indicated a moment ago, will make it much easier for the courts to deal with these cases.

It is interesting to note that many of the individuals convicted for sexual crimes are sane people.

I find on page 366 of *Hansard* for January 20, 1956, a quotation from the Hamilton *Spectator* for Tuesday, January 17, which reads as follows:

Dr. J. N. Senn ... said today the majority of suspected sex offenders committed by magistrates for observation are returned to the courts as sane persons.

Extraordinary as this may seem, the study that was conducted in New York on this type of criminal behaviour also points to the rather surprising conclusion that most of these individuals are sane. I feel sure, however, that there is a most important social problem involved and that we are only at the exploratory stage.

I think the minister referred this morning to the matter of research, which is still the most important aspect. I do not think we have made much headway in the study of these problems. I include the case of homosexuals and all others of that type.

If we provide for segregation of those individuals, if we have their case studied by a staff of psychiatrists who are qualified to study individual psychology, and if we promote research in this field, I am sure we shall make great strides in fighting this threat to society. While statistics prove these people to be sane, I remain convinced that we are dealing here with very ill people.

But there is one thing which worries me. The minister is speaking of isolated clinical institution for prevention, segregation and research. Have plans been made to meet such a program? In other words, the minister is quite familiar with the situation. I shall, for instance, take the case I know best, that of St. Vincent de Paul penitentiary, in the province of Quebec and more particularly of the Leclerc Institute, where there are now no facilities for following up such a project.

I therefore hope that it will not be news to the minister when I say that, even in the St. Vincent de Paul penitentiary—which he can easily check—the budget is overspent and there is a lack of curative drugs. I have been told so, and the minister could check on this, as I wish he would.

But how should we go about it? There should necessarily be some building program, projects for adequate additions to the penitentiaries in order to carry out such a program, which is excellent in principle. But I am afraid we lack the required material facilities that would enable us to do so.

I earnestly hope I am mistaken in this regard, or that the minister will seek the agreement of his cabinet colleagues so that we may immediately launch a campaign for additions to existing penitentiary facilities.

Now I shall say a few words with regard to section 39 which deals with habitual criminals. The minister knows that, when his estimates were discussed, I said that I did not at all like the idea of that, at a given time, an individual who has led a life of crime, and is still doing so, be sent to the penitentiary, in the same way as, in the olden days, people were sent to a secret dungeon and were never heard of again. One feature that pleases me is that, with respect to an habitual delinquent, the case will be reviewed once a year and that such review will be statutory, so that all will be treated on equal terms. This provision removes to some extent my apprehension about those cases and I feel this will have a good effect on the morale of those individuals sent to penitentiaries during pleasure and who are wondering, after being under custody for 12 or 14 years, whether they have not been completely forgotten.

Those are the remarks I wanted to make at this point, and we shall keep on making suggestions so that this bill may prove as useful as possible.

(Text):

Mr. G. W. Baldwin (Peace River): Mr. Speaker, first of all I wish to comment on the statement made by the minister which was referred to by the hon. member for Niagara Falls (Miss LaMarsh) when dealing with the question of when and under what circumstances there should be amendments to the Criminal Code.

I am inclined to agree with what the minister has said, provided he underlined the last part of his statement when he intimated that when there was a clear, pressing need and an indicated requirement for amendments, they would be made from time to time without having to wait for a general over-all revision of the provisions of the Criminal Code.

It has been my experience that when you have a body of jurisprudence such as is contained in the various sections of the Criminal Code, administered at varying levels from superior court judges right down to the magisterial level, it is wise not to have it in too great a state of motion and flux. There are many, many hundreds of magistrates who probably deal with by far the greatest percentage of those people charged under the Criminal Code and who have to face a magistrate, judge or judicial tribunal.

When amendments are made in parliament and they percolate down to the magisterial level we usually find some period of time has elapsed before magistrates have acquired an understanding of what is involved in the changes. It may well be that some of the changes become the subject of dispute, as for instance when a case comes before a supreme court judge and is appealed by the crown or the accused. It may even go to the Supreme Court of Canada. Amendments

which are made today may not be solidified for a period of a year to a year and one half from now.

Consequently I think it is a great mistake to be continually stirring up the provisions of the Criminal Code, because apart from what I have said there are many consequential effects. If we make an amendment to one section of the Criminal Code today we may well find there will be a determination as to the true measure of the results of that amendment by reference to various other sections of the code and by reference to cases which have been decided in the Supreme Court of Canada or the appellate tribunals of the provinces. Sometimes the result is somewhat different from what was anticipated when the amendments left parliament.

Consequently I feel it very wise, when passing amendments in a group such as this, to find out what their impact will be, what consequential amendments may be required later on and what interpretation will be given by our courts. Then after the lapse of two or three years, or whatever the period may be, they should come back for any new amendment which may be required.

I say that I favour that approach provided, and I think the minister made this abundantly clear, we review these amendments if the situation calls for review because of the superior courts' or appellate tribunals' decisions. We should then review these particular amendments, decide that they have a certain meaning and give a certain interpretation to them, because of the great many varying situations which may arise. So long as the department and the minister are prepared to bring in amendments from year to year as and when required, I believe what the minister has announced is proper and wise, and I am saying that from very considerable experience.

I should now like to deal with the question of dangerous sexual offenders. I am not going to go into detail on this matter; it has been commented upon by all speakers so far, and I will have something to say when we are considering this matter in committee. I mention specifically only one aspect of it, and that is with approval. I refer to the effect of the measure which permits there to be some type of treatment without the necessity of there being a determinate jail sentence. I think that is requisite; I think that is very, very necessary. I should only like to make this general observation that this particular aspect of the amendments is a measure of the willingness of this government, and in particular of the Minister of Justice (Mr. Fulton) who is charged with the responsibility in these matters, to deal with this question and with kindred problems on a far wider basis than has been the case in the past, and I am not saying this in any partisan spirit. There is a tremendous wastage in our society today because in the past we have not been prepared to consider ways and means of salvaging persons in this country who have committed criminal offences, and who have done things for which there must be some punishment, but who may still be restored to society. So many of the matters which the government has undertaken, and so many of the bills which have been passed, have indicated that this government is prepared to examine our criminal law in the light of its social implications. While on the one hand preserving penalties which will act as a deterrent, society still holds out a hope of the individual ultimately regaining his place. Those who deliberately choose and persist in criminal courses of action will receive stern punishment but, on the other hand, those who through no fault of their own have fallen into or been driven into a course of action which involves them in the criminal law are to be helped in every way we can. It is not only the pragmatic cost in dollars and cents, if you want to look at it that way, but the fact that these people have a place in society and it is for us to make sure that we restore them to it if possible.

I want to deal to some extent with the amendment which restores to the Criminal Code the section providing for the offence of dangerous driving. I am interested in this matter. I mentioned it on the estimates of the minister and I was very glad to hear at that time that an amendment of this kind was to be included in the amendments to the Criminal Code when they were brought down. At the present time there is in the code the offence of criminal negligence which, when it results in the death of a human being can be punished by life imprisonment. When it results in bodily harm to an individual it can lead to a penalty of up to 10 years, and when committed without any specific harm being done to an individual, an offender is still liable to a penalty of five years. The general description of that offence is "wanton and wilful disregard". It has been my experience, and I am reinforced in it by opinions which have been expressed to me unofficially by members of the judiciary and by crown attorneys who have appeared in these cases that when a judge has to charge a jury giving them direction as to what the law is in respect of criminal negligence and has to explain these words "wanton and wilful disregard" he often runs into difficulty. This situation is made worse when, quite often, a jury, though it is not concerned with the question of the penalty, realizes what the penalty is. Many instances have occurred

when people who should have been convicted in respect to some offence have been acquitted.

Under the old code, under the code as it stood before the introduction of the offence of criminal negligence, there was what is known as reckless driving, as the minister has pointed out, and dangerous driving. Reckless driving can be more or less related to criminal negligence as it now exists. Consequently I think the minister is right in saying it is unnecessary to bring that back into the code. But the reintroduction of this offence and the fact that when there has been a conviction the judge is entitled to prohibit the driver from driving for a specified period of time is an excellent change in the law as it has heretofore existed. The fact that there has been a consequential amendment by which people who are charged with the more serious offence may still be convicted, if the jury sees fit, on the lesser offence of dangerous driving is also to the good. The frightening carnage and slaughter which is taking place on highways of this country—a slaughter which I greatly fear will increase as our population grows and as more cars come upon the highway—will grow no less as more and better roads are built. It is erroneous to think that when we build better roads we shall experience less killings, less motor car accidents, less injuries. I do not think this is the case. Anything we can do to try to stop this and get at the root cause of it is all to the good. That is why I am most heartily in favour of this particular amendment.

I might mention to the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) who brought up what appears to be an excellent suggestion concerning an age limit that this question might well be considered by the provincial authorities. The hon. member was talking about the operation of vessels.

I want to pass on, then, to this particular part of the amendment which introduces into the Criminal Code the various provisions which in the past have been contained in Department of Transport regulations for safety. Apart from the fact that there is involved a question of policing I think it is all to the good that we are now attaching a stigma to these particular actions. In the past it might well be that people regarded them as being a breach of a regulation. Once these regulations become part of the Criminal Code there is likely to be present in the minds of people a consciousness that in committing any of these prohibited acts they are in breach of the criminal law of this country, and it has always been my feeling that when we introduce a provision into the Criminal Code and say it is prohibited and there is a penalty for it, reasonable, decent, law abiding people are more likely to consider their actions with care in the future than in the past. For this reason, I feel that the enactment of these particular provisions as part of the Criminal Code will go a long way to ease the situation now existing. And the present situation does present a danger. The hon. member for Parry Sound-Muskoka (Mr. Aiken) enlarged upon it. Anybody who has been down to the summer resorts, the lakes, the rivers and the seaside of this country in the last few years cannot but be impressed by the large increase in the number of pleasure boats in use. That is part of the heritage of recreation enjoyed by the people of this country. But this is a right which must be used hand in hand with the responsibility which goes with operating vessels of this kind. The waters of this country are for the benefit of all the people. They are not merely for those engaged in operating speed or pleasure boats. I hope the incorporation into the Criminal Code of offences which heretofore were part of the regulations published by the ministry of transport under the small vessels act will go a long way toward dealing with this problem.

The only other point I should like to deal with which has not been mentioned as yet, is that section of the bill dealing with the offence of false pretences. I suggest this proposed legislation enlarges the coverage in respect to banks so as to include other financial institutions and will, I imagine, include credit unions and, in the province of Alberta, the treasury branches which operate there, and will attach to the deliberate writing of cheques on accounts which, known to the writer, do not contain sufficient funds, the same criminal consequences as are now attached to those individuals who write cheques on chartered banks.

I approve of the principles of this legislation as well and feel that when these matters are being dealt with at the committee stage there will be greater opportunity to go into the detail of the principles which have been brought forward.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I intend to be brief because I am not competent to deal with some aspects of this bill. However, I do intend to comment with regard to the two or three sections in which I am particularly interested and with which I feel competent to deal.

I listened to the minister, while enjoying my pipe behind the curtain, with a good deal of interest during his introductory remarks. I noted that he said in his opinion it was not wise to frequently amend the Criminal Code. I think he suggested it should not be amended more frequently than once

every two years. I feel that is a very sound practice. I feel that the application of law to any degree must be accompanied by time and experience in order to make certain in the first instance that a particular law is not as effective as it should be, and to acquire that experience which indicates the amendments required. I am an individual who is opposed to tinkering with things in too much of a hurry. I am a little old fashioned in that respect. In fact, I have a model T car which is quite serviceable and is much better than many modern vehicles for operation on backwoods roads. I mention that fact to indicate that I do not change my opinions overnight.

I intend to say a few words in regard to clause 5 of this bill dealing with small vessels, which provides for the incorporation in the Criminal Code of the regulations, which previously existed under the jurisdiction of the Department of Transport and were enforced by the Royal Canadian Mounted Police. I think this is a sound move because the field of small vessels navigation is becoming increasingly important. I do not intend to criticize anyone who in past years considered that these regulations were sufficient because the problem in regard to the operation of small vessels has developed very rapidly since the end of the second world war, as a result of a tremendous increase in ownership of small craft for recreational purposes. As I understand the principles of this clause, the administration will be in the hands of provincial authorities, even though the provinces have a contract with the Royal Canadian Mounted Police.

I have noticed a great increase in the numbers and uses of these small craft on the lakes of the area in which I live. I have been very conscious in recent years of the increase of the horsepower of the engines being used, as well as the increase in interest in water skiing and things of that sort, and I have, therefore, noted the increased necessity for sufficient regulations and laws to deal with the situation.

Without regulations and laws of this kind there will always exist a number of individuals who fail to use good judgment in respect to their own safety, and who have very little regard or concern in some cases for the safety of others, often as a result of ignorance. Many individuals in the last two years have taken to water sports and water recreations with very little experience and knowledge of how very quickly serious accidents can occur through the use of fast moving craft.

As far as the administration of the regulations is concerned one of the big problems will involve personnel. I suggest in isolated areas, where many people go to enjoy water recreations, it will not be possible to have constables to enforce the regulations. I do not understand how this difficulty will be overcome but I suggest that with the co-operation of launch clubs and recreational organizations it may be possible for provincial authorities to establish services similar to the honorary fire services, members of which, because of their knowledge, and by recommendation of responsible groups, can be issued badges indicating the right to counsel and advise operators of small vessels in the first instance and to turn over to the proper authorities for prosecution the numbers of the craft of individuals who refuse to obey the law. I suggest the success of the application of this law will depend entirely upon co-operation between organizations interested in these types of sports and activities, as well as upon the co-operation of the greater percentage of individuals involved in this type of activity.

In addition to the adoption of these regulations I am of the opinion that small water craft should be licensed. I believe the time has arrived when the owners of small craft should be required to license their vessels at a fee of between $1 and $3, following their having passed rudimentary examinations regarding the principles of navigation and rules of the road, so to speak, as well as an examination in regard to safety requirements, involving the use of life preservers, fire protection equipment, engine control, and things of that sort. I do not know whether this type of regulation would come under the jurisdiction of the federal or provincial government, but I suggest it is something that must be worked out in the very near future through co-operation of the federal Department of Transport and the appropriate provincial authorities.

I make these suggestions, Mr. Speaker, because I am firmly convinced that we have now arrived at the time when operators of small water craft of over three horsepower should be licensed. I think this suggestion will be accepted by the majority of those operators, because it is not the majority who object to regulations and licensing but, like the operators of motor vehicles on the highway, the small percentage of irresponsible individuals who will not be checked or changed except through regulation and licensing.

Mr. Speaker, I should also like to make a few remarks in respect of clause 9 of this bill. Having listened to the remarks of the Minister of Justice (Mr. Fulton), the hon. member for Niagara Falls (Miss LaMarsh) and the other hon. members of the legal profession who spoke in regard to this bill,

I feel a bit like a duck out of water in doing so. However, clause 9 in part, reads as follows:

(1) Everyone who, with intent to injure or alarm any person, conveys or causes or procures to be conveyed by letter, telegram, telephone, cable, radio, or otherwise, information that he knows is false is guilty of an indictable offence and is liable to imprisonment for two years.

(2) Everyone who, with intent to alarm or annoy any person, makes any indecent telephone call to such person is guilty of an offence punishable on summary conviction.

(3) Everyone who commits an offence under paragraph (b) or (c) of subsection (1) is guilty of (a) an indictable offence and is liable for imprisonment for two years or (b) an offence punishable on summary conviction.

Paragraph (b) and paragraph (c) of subsection (1) read as follows:

(b) to burn, destroy or damage real or personal property, or

(c) to kill, main, wound, poison or injure an animal or bird that is the property of any person.

I should like to comment in regard to paragraph (2) of that clause. I can well understand the necessity for the regulations and have known of one or two cases where, in order to annoy, or alarm or cause anxiety to a person, particularly a woman whose husband is away, an individual has telephoned possibly three times per day, week after week, and has simply failed to say anything when the telephone was answered. I have been informed of one case where this has caused serious anxiety and almost a nervous break down. When we come to the clause itself, I wish the minister would inform the house if it covers such a practice where a person simply telephones a number repeatedly night after night and when the phone is answered never speaks. These people do this in order to cause a state of anxiety and annoyance. If it is not covered by the clause, I think it should be because in some instances it is getting to be quite a common trick. It does not sound like much when one mentions it in discussing a clause in a bill but the practice can cause very serious anxiety to some people.

Mr. Macdonnell: Do you mean to say that sane people do that?

Mr. Herridge: I would not think they were sane, Mr. Speaker, but they are vindictive people or people who want to cause annoyance. We have a small percentage of these cranks, shall I say. It might be done because of certain circumstances, because a person belongs to a certain group or something of that sort, but it does happen.

I come now to clause 11 which I find rather interesting. It is amazing, Mr. Speaker, but even a socialist is attracted to a clause in a bill if it has something to do with his personal experience and if that personal experience has cost him some money in the past. We cannot help it. We are all weak and human. The explanatory note in connection with clause 11 reads as follows:

The purpose of this amendment is to make it lawful for a land surveyor, surveying for a public work which will necessarily obliterate an existing boundary mark, to remove such boundary mark provided he establishes a permanent record that permits its original location to be ascertained.

I have known of a number of persons, Mr. Speaker, who suffered considerable inconvenience in recent years because of the removal of a boundary mark or survey stake, particularly with respect to property, timber limits and things of that sort. Mind you, there is an increasing lack of respect for boundary marks. I think some people do not realize what they are, but this situation has been brought about because of the development of highways and public utilities. I have found that the very competent engineers in charge of the building of pipe lines, for example, especially if they come from Texas, have very little regard for these stakes. They simply bring in their bulldozers and push them over.

I think more must be done with regard to this matter. I am not really sure what the offence is but I think it should be considered a serious offence to remove a boundary mark or survey stake. I am not sure what the penalty is either but I wish the minister would inform the house as to the situation when he speaks. I have known of a number of cases in the last four or five years where great inconvenience and considerable expense have been occasioned by people simply pulling up a survey stake at the corner of a timber limit or timber lease and throwing it 10, 15 or even 100 feet into the woods thinking that it is just a joke. This is something that has come about with the increasing population. There are many people who did not grow up under the same environment as we did and they do not realize how much it actually cost to put the stake there.

I am speaking to some extent from personal experience and therefore I speak with some warmth and interest. In the first place, I think this is a very serious offence and attention should be drawn to it even if notices have to be posted for the information particularly of the younger people who are quite unaware of what they are doing. They think these stakes are simply driven in at appropriate intervals and can easily be put back in place. They do not realize that it may require the running of four or five miles of line to locate the stake again.

It is explained here that the purpose of this amendment is to make it lawful for a land surveyor, surveying for a public work which will necessarily obliterate an existing boundary mark, to remove such boundary mark

provided he establishes a permanent record that permits its original location to be ascertained. I have seen that sort of thing done in the past and I am not sure whether it is sufficient. I think it should be a last resort. I think that anyone who removes a stake or boundary mark should first be required, if at all possible, to provide an offset mark. What I mean by that is that if you put blazes on three trees and triangulate from the three trees you can find the location of the stake even if it has burned down. In the majority of cases you can locate the boundary mark or offset stake or offset monument, whether the distance is 10 feet or 50 feet or 100 feet. That is a much less expensive way of determining the corner or boundary of any property than depending on a record which will cause you to hire a surveyor at considerable expense who, in order to locate that position, may have to run a line two or three miles long. I am speaking of large land holdings, timber holdings and things of that sort.

I ask the minister to consider whether it is not possible first of all to provide for an offset boundary mark in order to lessen the expense rather than having to determine the location of the boundary mark or stake from a record. I have no doubt that the minister has received advice on this matter but I just mention these things as a result of my experience. When we come to this clause I should like him to tell me whether there is any merit in the suggestion or what reasons he has for refusing it.

When it comes to the question of what is a permanent mark, that is a very relative term. In surveying history a four-inch by four-foot stake was a permanent mark according to the legislature of British Columbia. Under modern conditions a wooden stake is no longer a permanent mark and I think there should be some elaboration of the word "permanent" to indicate that it means either an iron stake or a cement block or something else that is definitely permanent and cannot be easily wrenched out or destroyed by fire or because of other circumstances.

These are the clauses in which I am particularly interested, Mr. Speaker, though I am interested in all these amendments. I am very pleased to see the amendment with respect to dangerous driving. I listened with great interest to the minister's explanation of the amendments concerning sexual offenders. I am going to say very little on that subject because I am not competent to deal with the legal, medical and psychological aspects of such a very complicated problem. I judge from the minister's remarks that this is a progressive step and an improvement over the former legislation. I know the matter has received considerable study and is of great importance.

Finally, with respect to this serious problem which requires our sympathetic attention, I wish to say that I am all in favour of this new and more sympathetic approach. While we have to protect citizens and restrict and punish those who are criminals in this respect, we also realize there are many persons who are actually psychologically sick and who suffer as a result of their inherited tendencies or unfortunate environment. This group is very pleased to see these amendments and we will watch the results with interest. Those members in particular who have taken an interest in this subject for many years will watch with interest the application of this new law respecting sexual offenders. No doubt as a result of time and experience amendments will be found necessary to improve the legislation further, but from our point of view this is a step in the right direction.

Mr. W. B. Nesbitt (Parliamentary Secretary to the Secretary of State for External Affairs): Mr. Speaker, I should like to commend the Minister of Justice (Mr. Fulton) for the amendments to the Criminal Code which he has introduced. In my opinion all of them have been needed for some time but, as the hon. member for Kootenay West (Mr. Herridge) has said, it is not wise to tinker with these things until proper consideration has been given. While I should like to speak on a number of the amendments, I think I will confine my remarks at this time to those involving the regulation of small vessels. This, Mr. Speaker, has been a matter of great interest to me ever since I have been in this house. The history of this legislation is probably interesting, too. In 1954 I had the honour of introducing a resolution concerning the establishment of a search and rescue organization on the inland waters of Canada. This resolution was debated on several occasions and received the support of all hon. members who spoke. Naturally, the discussion of this resolution covered a rather wide area and included, among other things, the regulation of small vessels on inland waters.

Subsequently, amendments were made to the Canada Shipping Act to regulate small vessels. I can well recall that many hon. members in this house now, as well as others who were members at that time, contributed many valuable suggestions to the committee which was set up in 1955 and 1956. As one or two hon. members have pointed out today, while regulations were passed under the appropriate section of the Canada Shipping Act, there has been some confusion in various

parts of the country as to how these regulations should be enforced. In Ontario, for example, the provincial police were not certain as to whether they should enforce them or whether the Royal Canadian Mounted Police should enforce them, since the regulations were made under a federal statute. Certainly in so far as the public is concerned, the regulations under the Canada Shipping Act relating to small vessels have not been very adequately enforced. I think all hon. members would agree with this.

While the enforcement of the law is of course not the responsibility of this parliament, nevertheless now that these regulations are embodied in the Criminal Code it will be made quite clear that the provincial authorities should enforce these regulations the same as other sections of the code. The hon. member for Kootenay West made a suggestion with regard to enforcement. He said that yacht clubs and organizations of that nature might very well appoint special deputies to help enforce these regulations during the summer months. I would agree with this suggestion. However, I should like to go a step further. Since the use of small craft is, of course, prevalent in the summer months, those who are charged with responsibility for enforcing these regulations might very well give consideration to the employment of senior university students. This scheme would provide the students with summer employment, with the necessary funds to continue their education, and at the same time would not cause the law enforcement authorities to take on an unnecessary number of persons whose services would not be required during the balance of the year. As I have already mentioned, services of this nature would be required largely during the summer months. I know that the Department of National Revenue employs senior university students to assist in the enforcement of customs regulations during the summer. I feel that the provincial authorities who will be responsible for enforcing these regulations might very well deputize a number of senior university students to help enforce the regulations covering small craft on the great lakes, Muskoka lakes and other resort areas in Ontario as well as other parts of Canada.

There is another matter to which reference has been made by the hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) as well as the hon. member for Kootenay West, and that is the question of licensing small craft and the age limits of operators. I realize that there may be some difficulty in setting age restrictions. Also, I do not know whether or not this parliament has the constitutional authority to license boats. This is a subject for constitutional lawyers, and I would not presume to make a statement upon it. I would be interested in hearing what the Minister of Justice might have to say on the matter. If it is not possible for this parliament to legislate on the matter, perhaps the appropriate legislative bodies could do so.

I refer, of course, to the question of licensing not only small craft, which I believe are licensed now, but licensing the people who operate them. I am not particularly concerned whether a one dollar or two dollar fee is charged, as suggested; I do not believe that is important. The important thing is to make certain that the people who operate small craft which have engines of high horsepower are persons who are responsible. In so far as the age limit is concerned, I do not know what it should be. I feel this should be given careful consideration. Perhaps sixteen would be the appropriate age, just as it is for driving a car. One thing is quite certain. Since the war there has been a great increase in the number of small pleasure craft using our inland waters. I believe it is just as essential to regulate craft using these waters as it is to regulate traffic on the highways. I believe that is a self-evident fact upon which I do not have to elaborate.

Some consideration should be given, too, to requiring persons to be a certain age before they are permitted to operate boats which are propelled by engines of perhaps more than three horsepower. These boats can become very dangerous weapons indeed in the hands of irresponsible persons. Provision is made, I see, for adults, for those who are intoxicated while operating boats. I have spent a great deal of time on the inland waters during the summer because boating happens to be a hobby of mine. Generally, the worst offenders in the operation of small boats are young boys and girls of 10, 12 or 13 years of age. It is true there is the occasional adult offender. However, all too frequently we see children of eight or ten years of age operating boats powered by engines of 40 horsepower. They go roaring around small lakes, in around swimmers, in a very dangerous manner. I do not believe there is any excuse for the parents who permit this to happen. I believe an age limit might be set which would prohibit children operating a boat over a certain horsepower.

It is very difficult, of course, to make children reponsible and punish them because they are not really responsible. I believe provision might be made for the punishment in some way of the parents who permit children to operate small boats of high horsepower. This matter should be given consideration. I do not expect the minister to immediately produce an additional amendment to the act because, as the hon. member for Kootenay

West pointed out, you do not want to tinker with the Criminal Code unless adequate consideration has been given to the amendments. I think this is something the officials of the minister and of the Department of Transport might carefully consider because I believe such provisions would go a long way toward preventing unpleasant accidents. I believe those are all the observations I have to make at this time.

Hon. J. M. Macdonnell (Greenwood): I should like to ask a question, Mr. Speaker. What is the meaning of the words "dangerous to navigation" contained in section 226A (1)? What kind of navigation is included? I understand the reference to be wholly to power boats, those little boats that rush about as the hon. member for Oxford (Mr. Nesbitt) has said at 30 to 40 miles an hour and make life hideous for everybody within range. Is any consideration being given to the comfort and security of those strange people who still row or paddle or sail or are they regarded as being just as extinct as the dodo? Are they no longer to have any rights? Are we quite prepared to accept the fact that those sports have now given way to the so-called sport of sitting in a boat and being rushed about by an engine? That is my question. In the consideration of the words "dangerous to navigation", can the navigation of these innocent people be considered, because it certainly is no joke to suggest that it is dangerous for them to be on their lawful occasions when these incredibly powerful little boats with irresponsible people in them are dashing about.

(Translation):

Mr. Gabriel Roberge (Megantic): Mr. Speaker, I should like to take this opportunity to deal with the principle of this bill and to congratulate most heartily my colleague from Niagara Falls (Miss LaMarsh) who replied to the Minister of Justice (Mr. Fulton) this morning, even though she hardly had any time to prepare herself.

I should like to offer similar congratulations to my colleague from Maisonneuve-Rosemont (Mr. Deschatelets) who, in spite of the few hours at his disposal, succeeded in giving us this afternoon a most accurate statement on the bill under consideration.

Since I have been sitting in this house, Mr. Speaker, I have taken part in several debates on bills introduced by the Minister of Justice. I had the opportunity also of participating in the debate which takes place each time we consider the estimates of the Department of Justice, the penitentiaries division and the R.C.M.P.

Very seldom did I have to address any reproach to the Minister of Justice but this time, I have a few to make. Perhaps those reproaches do not concern him in particular but they surely concern the government of which he is a member, and especially the leader of the house.

During his speech this morning the Minister of Justice told us that, in his opinion, a government should not introduce amendments to the Criminal Code every year but rather think them out thoroughly and submit them to the house deliberately, after having considered all the aspects of one or several matters covered by the Criminal Code.

Mr. Speaker, I agree in part with the principle that legislation, and especially the Criminal Code, should not be amended without due consideration. On the other hand, the government, clearly disregarding this principle, introduces through the agency of the Minister of Justice a bill including 46 sections. This bill was read for the first time Saturday morning, and it is only this morning, at the beginning of the sitting, that a copy of the bill was made available to us. And moreover, Mr. Speaker, the standing orders of this house provide that any bill must be printed both in French and in English.

Now, when this morning's order paper was distributed, the French version of the bill was not ready. In fact, when we came to the house at 11 o'clock this morning, only the English version was available, and we had to send over for the French version.

It is extremely important for hon. members, particularly the French speaking members, to prepare themselves adequately for a debate. It would have been preferable to be able to examine the French text at the outset. We did not even have a single week end to consider this bill, and you will agree that this is inadequate.

This is what I would call an omnibus bill, as the amendments put forward deal with various aspects of the Criminal Code.

I have no doubt that these amendments have been the subject of continuing and thorough studies by the minister and his officials. Some time was also devoted to them by various organizations. I refer in particular to the Canadian association of police chiefs, which made recommendations in a brief submitted to the minister last March.

The proposed amendments to the Criminal Code deal with the dangerous driving of motor vehicles, threats made by telephone or otherwise, etc.

The McRuer commission, appointed in 1954 by the former government, pursued its studies until 1958, when it submitted its report.

It recommended various amendments to the Criminal Code, particularly in relation to habitual criminals and habitual sexual offenders.

We agree with the minister that all amendments proposed in his bill represent a step in the right direction. As far as I am concerned, I foresee no difficulty in getting this bill adopted.

I should like, Mr. Speaker, before resuming my seat, to deal with a few points covering dangerous sexual offenders.

They are divided into two categories.

First of all there are the sexual perverts, the depraved individuals, who are caught in the swamp of sexual delinquency. We all admit with the minister that they have to be kept away from society.

On the other hand, there are sick people, those who suffer from an anomalous state for which they are not actually responsible.

Those people are not necessarily criminals. But, in their case, the state has the responsibility to provide a temporary internment which would help their rehabilitation.

Some time ago rehabilitation was discussed in this house, particularly when the estimates of the penitentiaries branch were discussed.

Last Monday, more particularly, when we examined the penitentiaries bill, the question was studied at length. Habitual criminals, ordinary habitual criminals, which this legislation covers, and dangerous sexual offenders were all discussed.

Clause 39 of this bill says that the minister shall, at least once a year, submit all cases of criminals undergoing preventive detention to a review by the parole board.

To my mind this is an improvement. The Criminal Code now provides for a revision every three years, but this bill provides a yearly revision of the records of those unfortunate people.

With regard to the rehabilitation angle, the minister mentioned it when the situation of penitentiaries was discussed.

I believe that, in a general way, this section, if it is enacted as we may expect, will mean a substantial improvement and a better protection of society against those who live in ordinary crime or sexual crime.

(Text):

Mr. Laurier Regnier (St. Boniface): Mr. Speaker, I wish to deal briefly with section 660 dealing with applications for the imposition of preventive detention. Section 660 reads as follows:

> Where an accused has been convicted—

Section 661 contains the same words. Section 661 deals with cases of rape, carnal knowledge, indecent assault on female, buggery or bestiality, indecent assault on male and gross indecency. These are cases which are usually heard by juries. One of the sections provides that the application for the imposition of preventive detention shall not be heard by a jury. Then section 662 provides:

> (a) an application under subsection (1) of section 660 shall not be heard unless . . .
> (ii) seven clear days' notice has been given to the accused by the prosecutor, either before or after conviction or sentence—

Therefore I am a bit puzzled whether the application can be heard concurrently with the offence being tried, because in most instances the offence would be tried by a jury. It is provided that notice may be served even before conviction, although sections 660 and 661 provide that application may be made only after an accused has been convicted. I submit that this bill requires amendment to reconcile those two sections.

Another section provides that if the application is made after conviction it shall not be heard by the convicting judge. That would imply that a transcription of the evidence would be required for the hearing of the application. Past experience has shown that many times an accused has not been able to properly defend himself because he did not have the funds or opportunity to obtain for himself a transcription of the evidence.

Then section 667 deals with the right of appeal to the court of appeal. Here again I should like to underline the fact that an accused has to face an almost indefinite sentence of imprisonment, if he is convicted and sentenced to preventive detention, and he may not have the funds with which to provide the transcription of evidence.

We know that cases are dismissed every year in the court of appeal where the accused has filed notice of appeal but has not the means to provide a transcription of the evidence for all the judges of the court of appeal, for the crown and himself. I believe accused persons deserve some protection in this regard, because it means that wealth and poverty are not balanced. Many times an accused has not sufficient funds of his own with which to provide the required number of transcriptions, and very often he has not any friends who can provide these funds. I commend the minister for this bill, but it seems to me more safeguards should be provided for accused persons.

Criminal Code

Mr. R. D. C. Stewart (Charlotte): Mr. Speaker, in rising to speak on Bill No. C-110 at the present time I do not wish to delay the bill being considered in committee. Although there is no general principle involved in this bill, it contains a number of substantial amendments to various sections of the Criminal Code.

I listened with a great deal of interest this morning to the Minister of Justice (Mr. Fulton) as he outlined the provisions of this bill, particularly those sections dealing with dangerous sexual offenders. I believe that in this particular field the provisions of our Criminal Code at the present time are wholly inadequate. It is not enough to remove these people from society; we must, if we are going to practice the principles of Christianity, try to provide some means of rehabilitating them.

I also agree with the minister that amendments to the Criminal Code should not be made piecemeal, they should not be made haphazardly or too often unless it is absolutely necessary. It has been found in the past that one amendment to the Criminal Code usually requires several other amendments to various other sections. If those amendments are not made at the time the result is that the new amendments, if enforced by the courts without the corresponding sections being amended—perhaps this is a good thing for defence counsel—possibly a person who should have been convicted escapes punishment.

There are a number of substantial amendments in this bill. As the bill will be discussed section by section in committee I do not intend to refer to these sections specifically, except to say I am quite disturbed about introducing into the Criminal Code regulations dealing with the operation of small vessels.

As I read the relevant section, it puts small vessels in exactly the same position as motor vehicles on our highways. In the constituency of Charlotte we are not particularly concerned with pleasure craft except in some of the inland waters. As this house is aware, we have tides of 28 feet and 29 feet in the bay of Fundy which prevent the use of that water by pleasure craft.

Also, most of the vessels in the bay of Fundy area are commercial vessels used entirely for fishing purposes, having a speed of possibly six or seven knots per hour, and some of them a great deal less. Most of these boats are powered by inboard motors, except the small boats used by fishermen for lobster fishing, which are sometimes powered by small outboard motors. These boats do not constitute any menace, or any of the dangers that this provision of the code contemplates and I would suggest to the minister that possibly there should be some distinction made between commercial craft and pleasure craft.

I have another observation to make. During the past number of years, particularly since the present code was revised in 1955, there has been a tendency to take away from an accused person the right to a trial by jury. I realize there was a reason for this. It has prevented a lot of minor cases from going up before the supreme court or before a county court and a jury. Nevertheless, we should keep in mind that when we are going to impose a severe penalty on a person charged with a criminal offence we must give him an ample opportunity so that he may have a proper defence at the right time. We have, in other words, extended the powers of magistrates without, in a good many instances, increasing their competence. I realize that the appointment of magistrates is purely a matter for provincial governments, but we have an instance in this bill where we are going to make driving by a motor or a boat operator whose licence is under suspension an indictable offence carrying with it a possible penalty of two years' imprisonment, yet we are making it one of the offences which can be tried by a magistrate with absolute jurisdiction. In other words, although the magistrate now, under the summary conviction penalty section, can sentence a man on conviction to a maximum of $500 and six months, or a fine or sentence less than the maximum it is now going to be made an indictable offence when a man is liable for two years imprisonment, yet an accused has no option but to be tried by the magistrate. Under the absolute jurisdiction section of the code we find that the offences dealt with in this way are more or less minor offences such as assault, assault on officers or peace officers, attempted theft, thefts involving sums less than $50 and so on, most of which are dealt with by magistrates by the imposition of fines or short jail sentences of maybe up to 30 days. If the circumstances surrounding the suspension of a licence in the operation of a car or a boat after suspension were serious enough, I suggest an offender could be tried under the criminal negligence section of the code.

I was interested in the minister's observations on the old dangerous driving section of the Criminal Code which, if my memory serves me correctly, was section 285(6). The minister explained why this section was deleted, but I would suggest that the main reason was the difficulty of obtaining convictions under the old code which set out three distinct and separate offences. I am pleased to see that the change now proposed

in this bill deletes many of the objectionable features of the old section 285(6). But I think this further question should be raised: are we not getting into another field of conflict, as most of the provinces have passed legislation dealing with the operation of motor vehicles? These are usually called "due care" sections. I just point this out to the minister to indicate that there is some difficulty inherent in this section.

I do not intend to discuss at any great length habitual criminals or dangerous sexual offenders. I suggest, however, that in both categories the federal government should provide some means of rehabilitating individuals of this type, providng ways and means whereby they can obtain the necessary training. It has been my experience over the years to defend a good many of these people and I say they are more to be pitied than punished. I feel we are failing in our duty if we do not provide not only for their removal from society but some method whereby worthy citizens can be made of them.

I shall have some further observations to make when the bill is before the committee and is being discussed clause by clause. I feel I should commend the minister and his department for the substantial and beneficial amendments proposed in this bill.

(Translation):

Mr. Remi Paul (Berthier-Maskinonge-Delanaudiere): Mr. Speaker, in any properly organized society, criminal law must be conceived so as to protect the citizens, and any legislation must always be drafted in the light of common good.

If we consider the bill now before us, we are convinced once again that the Minister of Justice (Mr. Fulton) has taken into account various recommendations submitted to him by different organizations.

This bill, on the whole, features three aspects of safety. First, there is the section dealing with highway safety; the second section provides for water or maritime safety; and third, a series of sections provide for moral or social safety.

Considering the dangers incidental to driving nowadays on our increasingly congested highways, I feel we must take stricter steps to bring to reason those who drive their vehicle without paying any heed to the rights of those they meet on the highways. In view of the large number of accidents, the legislators must punish those who break our laws because, by their reckless and dangerous driving, they ruin the social order in families. Besides, I believe we are right in being even stricter with those who, because of carelessness, youth, stupidity or intoxication constitute real hazards to public safety.

The minister has decided to include in this legislation the provisions of the Canada Shipping Act with which the people were not familiar enough and which were not respected unfortunately. There again, there are too many water casulties today and society which we represent, must take every possible means to put an end to this lack of care which people show much too often on our lakes and rivers during the summer season. Turning offences under the Shipping Act into indictable offences appears to me to be a wise measure in so far as it will prompt owners of commercial and pleasure crafts to observe basic safety rules.

I think we must pass such a measure in order to provide the ever increasing number of people who are to be found on our beaches, rivers and lakes with a minimum of safety and to protect them from the fools who, careless of what is going on around them, are a real threat to the public.

The principal feature of Bill No. C-110 is the provision dealing with dangerous sexual offenders. It seems that the bill wants these offenders against marality to be treated more like sick persons.

The legislation aims at protecting youth against these mentally unbalanced and dangerous beings; that is why the minister inserted into the bill these provisions the effects of which will be to protect society from these dangerous persons.

The hon. member for St. Boniface (Mr. Regnier) seemed to view the problem from a different angle. In his opinion, offences mentioned in sections 136, 138, 141, 147 and 148 of the Criminal Code are still crimes for a jury to judge. And when the hon. member said that the application cannot be heard by a jury, he was referring to a distinction bearing not on the crime itself, but on the consequences that the individual might bring upon himself in committing his crime, because the attorney general must decide on the application of this act and he may order an inquiry before a judge to determine whether the accused is a dangerous sexual offender. It is only in that case that the hearing is not before a jury. In my opinion, the person who has to face a specific charge against morality retains all his means of defence, as it is the case now under our Criminal Code as modified in 1955.

All members will readily accept those different amendments which not only help improve our Criminal Code but ensure a larger measure of protection for society through fuller respect for the individual and the right to human life.

(Text):

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I have listened with interest to the remarks of hon. members who have spoken this afternoon in regard to Bill No. C-110 as introduced this morning by the Minister of Justice (Mr. Fulton). I listened with particular interest to the remarks of the minister, and the hon. member for Peace River (Mr. Baldwin), my neighbour on the other side of the house, whose words are usually wise and worthy of attention. I thought this was particularly true when he referred to the matter of amendments to the Criminal Code, that very important piece of legislation in this country which applies throughout the many provinces, and involves all the people of Canada.

The hon. member for Peace River pointed out that certain amendments must be made to the Criminal Code from time to time because of the fact that our way of life changes, as well as because of changes in our society. He suggested that the amendments to our legislation must reflect these changes but that they should not be made too quickly or too often, because they must be interpreted throughout this land by the members of the judiciary who are, after all, human also, as well as by lawyers engaged both in crown and defence work. Time must be given, as that hon. member pointed out, for interpretation of the changes, and for cases to be tried in the various courts of the land, so that a complete picture can be obtained as to the impact upon our society. We must not be stagnant in regard to our legislation, but must at the same time allow for a period of interpretation.

I should like to make a few remarks regarding the amendment contained in this bill particularly concerning the operation of small boats. I feel it has particular importance to the Atlantic provinces, and recognize the situation referred to by the hon. member for Charlotte (Mr. Stewart), and the importance of this legislation to the people of his area where there exists a particular problem because of the fact that small boats are engaged to a great extent in commercial enterprises. However, I suggest that small boats are used a great deal today in many other areas in the Atlantic provinces, as well as in the areas of inland water in Canada. I feel that the results of these regulations, formerly contained under the shipping act, will justify their incorporation in the Criminal Code.

I think that the benefits of this change will be recognized by the many individuals throughout Canada who operate small boats strictly for enjoyment and in the pursuit of hobbies, as well as by those individuals who are members of yacht clubs and other similar organizations. I am sure those individuals will also realize the necessity of having regulations of this type. I do not suggest that they should be too strict, but I believe that responsible individuals will recognize the necessity for regulations in respect of this type of operation as responsible car drivers throughout this country recognize the need of highway and traffic regulations.

In regard to the amendment reinstating the dangerous driving section of the code, I suggest this is one of the amendments I had in mind at the opening of my remarks this afternoon when I referred to the necessity of keeping our legislation in line with changes in our way of life and society, for the protection of our citizens. This bill also provides that a charge of criminal negligence can be reduced to a charge of dangerous driving. I suggest to the minister that he give consideration to the remarks made by the hon. member for Charlotte regarding subsection (3) of section 225, covering the operation of a vehicle by a disqualified individual. I shall not refer to this in detail now, but may do so at the committee stage. It seems rather strange to me that under this provision an individual is liable to two years' imprisonment upon conviction of an indictable offence because, as the hon. member for Charlotte pointed out, the matter of dangerous driving is one which is within the absolute jurisdiction of a magistrate, so that an accused person cannot elect to be tried by a judge or a judge and jury. Perhaps the minister will consider this situation and give some explanation in his reply.

The hon. member for Kootenay West (Mr. Herridge) mentioned the fact that he owns a model T car. I should hope that he drives it at an adequate speed because, should he not drive it fast enough, although he would not be in contravention of the dangerous driving section, he would undoubtedly be dealt with under the provincial motor vehicle act of the province of British Columbia.

That hon. member also mentioned the legislation referring to the making of telephone calls to the annoyance or nuisance of individuals. It has come to my attention that quite often calls are made and when the phone is answered the person on the other

end of the line hangs up, thus creating a great nuisance. I realize it is very difficult to check through the telephone companies and prove such matters but I would suggest to the minister that perhaps he might look into the nuisance that is caused with a view to doing something about it in the future.

The legislation with regard to sexual offences has been discussed fully and I do not intend to go into it. There are also amendments with regard to election involving offences where absolute jurisdiction has rested with the magistrate, and there are other matters of importance dealt with in the bill.

I do not wish to take any more time now except to say that the amendments with regard to sexual offences and the other changes in the Criminal Code that have been made since the minister became Minister of Justice show that he is carrying out a policy of attempting to rehabilitate many of the offenders and is making an effort to restore them to society as worth-while citizens. When the bill is discussed in committee there may be other matters of interest which I will have an opportunity to discuss further then.

Mr. Speaker: I must inform the house that if the minister speaks now he will close the debate.

Hon. E. D. Fulton (Minister of Justice): Mr. Speaker, a number of important points which have been of some value have been made in the discussion and I wish to express my appreciation to all hon. members who have spoken for their suggestions which I am sure will be helpful to us when considering whether or not there are some amendments that should be made in committee. I also wish to express appreciation to all hon. members for their general indication of the support which the proposals embodied in the bill are receiving and will receive in all parts of the house. I will endeavour, as I think I should in recognition of the serious contributions that have been made, to deal with the majority, if not all, of the points that have been made, but if I omit any or omit reference to any hon. member particularly I would ask all hon. members to understand that this may well be because the same points in different form were made by a number of members and also because some of them lend themselves perhaps better to detailed consideration in committee. However, I wish to show hon. members, who have been very generous to me, the courtesy of dealing with all the points that have been made.

The hon. member for Niagara Falls (Miss LaMarsh) referred first to the important aspect of the new provision with regard to the small boat laws which concerns the question of enforcement by the provinces. I should like to assure her that there have been some discussions with the provinces, most particularly with the province of Ontario. It will be appreciated, of course, that in all provinces except Ontario and Quebec the provincial police service is provided by the R.C.M.P., and to some extent therefore the question of whether they are enforced under provincial or federal regulations is but a variation of the same problem in those provinces.

As was pointed out, it will be largely a question of whether or not adequate personnel can be provided for the discharge of this very heavy duty, a duty made particularly difficult because of the fact that the use of these boats mushrooms during the summer months and then falls off to practically nothing, at least on the inland waters of Canada, during the winter months. The problem, therefore, is one of having sufficient personnel to deal with the matter in the summer tourist months while not having so many men on your force that you have got nothing for them to do in the other months of the year.

In that connection I was particularly impressed with a suggestion made by the hon. member for Kootenay West (Mr. Herridge) that it might well be that some type of honorary or voluntary warden could be appointed and given some authority at any rate in connection with the enforcement of these laws. I am much struck with that suggestion and I have made a note to investigate, the moment I have time, the question of whether such persons, for instance, as game wardens might not be persons to whom it would be appropriate to give authority in this field. I would think that in a large number of cases, if not the majority, boats being used at resorts would be used in areas where there is a game warden or fisheries warden present. Therefore this strikes me as being a very excellent and apt suggestion.

In addition to the discussions which the R.C.M.P. have had with the provinces, I should point out that the Department of Transport has also had some preliminary discussions with the provinces regarding this whole matter and that it is their intention to follow up these discussions and have specific talks on the problem of licensing. I noted that all members, I believe, who referred to the small boat problem, referred to the question of licensing the operators of boats. It will be appreciated, of course, that here you have a question where we have to be careful because of the limits of constitutional authority, and it might well be that the licensing of boats is something which is

within the authority of the provinces. In any event, it is desired and intended to discuss this question, and when and if a licensing system is worked out there can then be provision either that to operate a boat without a licence is a criminal offence, which could be provided subsequently, or if the licensing were to be done under provincial authority the provinces themselves could provide, in a manner similar to that which now prevails in the highway acts of the provinces, that the operation of a boat without a licence is an offence. We have very much in mind the desirability of working out a licensing system and then providing by the appropriate provincial or federal legislation that to operate a boat without a licence is an offence. Here again, of course, there would be room to take care of that point which many members raised that it is probably desirable to impose an age limit as a qualification for the operation of a boat with an engine say of more than three horsepower.

The hon. member for Niagara Falls referred also to the question of habitual criminals and the changes imported into the law by the bill now before the house. So that she will not think that I am omitting anything in the discussion, I should point out that one of the problems she referred to does not arise, I think, by reason of the fact that an application to have a person declared an habitual criminal or a dangerous sexual offender is not now heard by a jury. It is heard by a judge alone and the only change we are making in this respect is to provide that where the application is made subsequent to a conviction it should not be heard by the judge or magistrate who tried the specific offence which gave rise to the application.

I was also asked for the record with respect to habitual criminals and sexual offenders. The following are the records as of June 19, 1961, with respect to persons sentenced as habitual criminals. The total number sentenced was 54. The number who died in prison was four, leaving a total of 50. Of that number, 24 had been released on parole. Of the 24 released, four had had their parole revoked or forfeited, so that there are in custody or were in custody 30 habitual criminals. Of those 30, one had successfully appealed his conviction. As of this date, the actual number in custody was 29. The record with regard to parole is, as I have pointed out, 24 have been released on parole. Two have subsequently died; four have had their parole revoked or forfeited, so that there are actually 18 habitual criminals on parole at the present time.

The record of criminal sexual psychopaths, again as of June 19 this year, is as follows: The total number of persons sentenced under that provision was 34. Of those, one had died in prison and nine had been released on parole. Of those nine, one had had his parole revoked or forfeited. There is, in custody at the present time under this provision, a total of 25 persons. Of those, one is appealing his conviction. Again, with respect to the record of the parolees, of the eight released on parole, one has subsequently died; one has had his parole revoked; one is in custody facing other charges. There are, therefore, five at present on parole who had previously been sentenced as criminal sexual psychopaths.

The hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) referred to the small boat regulations, and particularly the problem of young persons operating small boats. I hope he will agree that I have covered that and when a licensing system is worked out, which I think is most desirable, it will be possible to cover the question of those who should be licensed to operate boats with engines beyond a certain horsepower.

The hon. member for Kootenay West dealt also with this problem. I have noted his suggestion regarding temporary personnel being appointed with authority under these regulations. He asked me some questions concerning the penalty for removing boundary markers. This is found in section 384 of the code, and the maximum penalty at the present time, if I recall correctly, is five years. The section reads:

> Everyone who wilfully pulls down, defaces, alters or removes
> (a) a boundary mark . . .
> is guilty of an indictable offence and is liable to imprisonment for five years.

The maximum penalty for this offence is quite severe at the present time. However, it is a fact that with the number of roads being built, and the widths and permanence of these roads, an increasing problem has been posed for surveys in that at the present time the code merely protects them where they carefully replace the necessary boundary mark as it was. With the type and size of highway being built now, it is becoming increasingly difficult to replace the mark where the surveyor took it up. It is for this reason the additional provision protecting the surveyor is being enacted, so that if he finds it impossible to replace the boundary mark he will be covered if he establishes a permanent record of the original position sufficient to permit such position to be ascertained.

I would think that with respect to the hon. member's point the surveyors should be required merely to establish reference marks so that it would not be necessary to run a line two or three miles in length to establish

the location of the original mark, the surveyors would be aware of this and would be inclined to establish such reference marks. There is nothing in the wording of the clause that would preclude that. I believe the wording of the clause suggests this. It says he is protected where he establishes a permanent record of the original position sufficient to permit such position to be ascertained. An offsetting mark would be the most readily means of establishing the original position. I will give consideration to the matter. I am unable to give my hon. friend a firm answer at this time, but I shall be glad to give consideration to it to see whether in committee or at perhaps some other appropriate time, a clarification is indicated.

The hon. member for Oxford (Mr. Nesbitt) also commented on the necessity and desirability of licensing operators of boats. We have, I think, covered that point sufficiently now.

The hon. member for Greenwood (Mr. Macdonnell) raised the interesting and understandable point of the protection of those who are operators of small boats but who operate them without engines preferring—I am glad there are numbers in this country who do so prefer—to operate them with their own muscle power or by sail. He asked whether they would be protected by the words "dangerous to navigation". I would say they would be because he will note the section provides:

> Everyone who navigates or operates a vessel or any water skis . . . in a manner that is dangerous to navigation, life or limb . . . is guilty of an indictable offence—

If the operator or owner of a boat with a powerful engine goes sweeping past at a speed which endangers the life or limb of my hon. friend or others who share his commendable point of view, and there is danger of swamping the rowboat or sailboat, then there would be an offence under this section as we have drafted it.

The hon. member for St. Boniface (Mr. Regnier) raised a question as to whether it would not be desirable to provide more protection for the accused in connection with an application to have a man declared either a dangerous sexual offender or an habitual criminal. He suggested that it might be provided that the jury which heard the case should also dispose of the application. We had thought rather that the opposite principle should govern on the grounds that where a jury had also heard and disposed of a case—the application would not arise unless the accused had been convicted of that specific charge—it would then be undesirable to have the same court which had convicted on the specific charge deal with the application to have him declared a dangerous offender or habitual criminal. I want to remind the house again that these applications will not be dealt with by a jury in any event. The principle which we think should be applicable is that the judge who disposed of the charge on which the accused was convicted should not dispose of the application under this section because of the possibility of prejudice to the accused. We thought it should be a new judge or magistrate as the case may be.

The hon. member for Charlotte (Mr. Stewart) suggested that there should be some words in clause 5 of the bill to make it clear that the provision does not apply to commercial vessels but only to small, pleasure craft. I would be glad to give this matter further consideration but I must say that at first sight the suggestion does not appeal to me. After all, the offence that we are now importing into the criminal law is the navigation of a vessel in a manner that is dangerous to life or limb. I am not able to appreciate why commercial vessels should be exempt or placed in another class so that this provision would not apply to them.

I point out further for the hon. member's consideration that it is provided by a later subsection that, with respect to commercial vessels which are required to carry certificated masters, mates or engineers, the right of those persons to operate a commercial vessel cannot be taken away by a conviction under this section. The reason for that is that it is the Canada Shipping Act that at present provides for the qualifications of persons who shall have certificates as masters, mates or engineers. We think that is the proper place where those provisions should rest and that the taking away from one of these persons of his right to operate a vessel for which he is certificated should remain under the shipping act. What is intended here is that if a person operates a vessel, whether it be a commercial craft or a pleasure craft, in a manner that is dangerous to navigation or life or limb, then he commits a criminal offence; and if he is the owner and operator of a pleasure craft he may be prohibited from operating that craft. However, if he is the certificated master, mate or engineer of a commercial vessel, then the question of whether or not he has his certificate taken away from him rests to be disposed of under the Canada Shipping Act.

Then the hon. member for Charlotte and also the hon. member for Pictou both raised the question as to whether it is wise to provide, as we have provided in subclause 2 of clause 4, that a charge of operating a motor vehicle while disqualified or prohibited from driving by reason of a previous conviction,

should be made an indictable offence as well as an offence punishable on summary conviction as it is now. The reason for their concern, if I understood them correctly, is that this was an offence within the absolute jurisdiction of a magistrate and that to provide that it is now also an indictable offence would have the effect of giving to magistrates, about whose qualifications there are sometimes some reservations, the power to impose punishments of two years and more. With respect I think I must take issue with the hon. gentlemen. I have not had time to check this matter out completely since it was raised, but it is my impression that this charge would not be within the absolute jurisdiction of a magistrate. It may be that the offence for which they were originally convicted and on the basis of that conviction were prohibited from driving was within the absolute jurisdiction of the magistrate. However, I question whether the charge which is involved here, namely the charge of driving a motor vehicle while under an order of prohibition, is under the absolute jurisdiction of a magistrate. The study I gave to it in the few moments since the question was raised rather persuades me that it is only triable by a magistrate with consent. If that is correct—and I will have a further check made on that matter—it would, I hope, dispose of the reservations expressed by my hon. friends.

I think that covers the points that were raised, Mr. Speaker. If I have left any out or if I have not covered them adequately I shall try to make amends when we are in committee on the clauses.

Mr. Deputy Speaker: Is the house ready for the question?

Some hon. Members: Question.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Flynn in the chair.

On clause 1.

Miss LaMarsh: By virtue of the fact that the bill has not been given to us in time for us to make a very detailed study of it and also by virtue of the fact that, as I have no doubt, the minister has brought in the amendments as a result of some difficulties which have been created in the past and recommendations which have been made, may I ask that the minister, as we approach each group of sections dealing with different subjects, give us some background on what the present law is, why it has not been found to be fitting and why an amendment has been brought in. The explanatory notes are very brief, of course, but it would be of great assistance to us, as we have not had very long to study the matter, if the minister gave us a brief introduction.

Mr. Fulton: Yes. I think clause 1 stands by itself. It is made necessary by the fact that last year we amended both the Yukon Act and the Northwest Territories Act in order to set up courts of appeal for those territories. Prior to that time it had been necessary for them to have recourse to the courts of appeal of certain of the provinces, but now they have a court of appeal in the territories. We are therefore changing the words here in order to provide that, in the Yukon Territory, it is "the court of appeal" instead of "the court of appeal for the province of British Columbia" and similarly with regard to the Northwest Territories.

Clause agreed to.

On clause 2—*Service of Process.*

Miss LaMarsh: I hesitate to be on my feet all the time, but it may be that in clause 2 the minister has done something which it was not the intention to do. I was just idly looking at subparagraph (a). In the case of a municipal corporation service will be made on the mayor, secretary-treasurer or clerk of the corporation. I am thinking of one municipality in my riding in which there is no mayor, no secretary-treasurer or no clerk. Therefore it would be impossible to effect service. I know that the minister is a big city boy and it may be that most of the people on the other side of the house are in that category. I am not sure about all the provinces, but in the province of Ontario we have municipalities which do not have as their head a mayor; they are reeves. There are many cases of municipalities which do not have a secretary-treasurer. They may have a secretary or a treasurer but they are not always a secretary-treasurer. In those cases there is often no clerk. In the one municipality, a village of which I was thinking, you would find there was a reeve, a secretary and a treasurer but none of the three offices which are indicated in subsection (a). I wondered whether it might be considered by the minister that this subsection should stand and that some consideration be given to the fact that there are municipalities other than cities whose heads are not mayors. In the Ontario municipal act the matter is covered by a reference to the head of the municipality, not the mayor or the reeve.

Mr. Fulton: I think I can only say that, far from being a big city person myself, I am a small town lawyer and proud of the fact. I am therefore prepared to admit that the hon. member has a point there the

answer to which I do not have at the moment. If there is a municipal corporation that has no mayor or secretary-treasurer or clerk, I do not know what the answer would be. It may be that the Interpretation Act would provide us with an answer but we shall be glad to look into that matter. Perhaps in the meantime the clause might stand. I am afraid that we may have fallen into the error of taking it for granted that, because an almost identical provision appears twice elsewhere in the code, it had been tried and found not wanting. Perhaps it just has not been tried. Perhaps also the municipal corporations of these small places that my hon. friend has in mind would never be guilty of anything requiring service of process under the Criminal Code. I think that would be the most likely answer, Mr. Chairman.

Miss LaMarsh: That undoubtedly is the answer.

The Chairman: Shall clause 2 stand?

Some hon. Members: Agreed.

Clause stands.

Clause 3 agreed to.

On clause 4—*Order prohibiting driving.*

Mr. Fulton: Mr. Chairman, I find that I did not have time to make the necessary study after the hon. member for Charlotte and the hon. member for Pictou raised a question regarding giving magistrates absolute jurisdiction to try the offence of driving a motor vehicle while disqualified.

In this bill we have provided that it shall be indictable, and by virtue of clause 18 within the absolute jurisdiction of the magistrate. It has not previously been indictable, but it will be indictable and absolute when this bill is passed. I have had my memory refreshed now and I am reminded that the reason why we thought this was appropriate was because it is a relatively simple issue; it is not a difficult legal issue. The issue is simple: has an order prohibiting driving been made, and was the accused driving the motor vehicle while under that prohibition?

It is not a difficult legal issue and therefore we thought it was one quite appropriate to leave in the hands of the magistrate, even though the penalty has been increased. The penalty has been increased for the reason referred to by several hon. members, namely that we think it is a serious matter and persons should be required to take seriously an order prohibiting them from driving.

Clause agreed to.

On clause 5—*Dangerous operation of vessel, etc.*

Mr. Deschatelets: Mr. Chairman, with regard to clause 5, suppose a child of 11 or 12 years of age is guilty of an offence under this clause, what would happen in that case? We are dealing here with the penal law.

Mr. Fulton: Of course, the case could be tried in juvenile court. I do not think the position here is any different from that of a child accused of another criminal offence.

Mr. Deschatelets: I know of the case of a young boy of 10 years of age who was driving a motor boat on a lake—I think it was in the riding of Joliette-L'Assomption-Montcalm—a few years ago and four people were drowned. The father was arrested on a charge of manslaughter because of his negligence in performing his duty as father of the child. He was acquitted, by the way. In my remarks a few minutes ago I suggested to the minister that we should provide a minimum age for operating certain classes of boats. I wonder whether the minister has any comment to make on this matter.

Mr. Fulton: Mr. Chairman, I think the position here is simply one of the general application of the provisions of the Criminal Code, which set the absolute age below which no person shall be charged with a criminal offence. As I recall, the age is seven years. In the case of an indictable offence by a child over 14 years of age it would be in the discretion of the juvenile court whether he should be prosecuted under the Criminal Code in the ordinary courts or whether the case should be proceeded with in the juvenile court. However, because the Juvenile Delinquents Act is not in force in all parts of Canada it would be quite inappropriate for us to say that children of a certain age must have their cases disposed of in juvenile court. We think we should merely create the offence and then leave it to the determination of the authorities in the ordinary way as to the method by which these cases are dealt with.

Clause agreed to.

On clause 6—*Theft of telecommunication service.*

Mr. Herridge: Mr. Chairman, I should just like to ask the minister this interesting question; that is, interesting to me. In the first part of clause 6 the word "colour" is spelt c-o-l-o-u-r. Why is the Oxford dictionary spelling, which is the preferred spelling, used in the clause and the Funk and Wagnalls dictionary spelling, which is the United States spelling, used in the explanation? Does this

represent a difference of opinion in the minister's department, or a concession to the United States?

Mr. Fulton: Mr. Chairman, I think it might be said to represent a very neat compromise. I could rationalize this by saying that in the code itself the spelling "o-u-r" is used throughout, but in the explanatory note—which is of course of no statutory value in so far as the bill itself is concerned—we have apparently used the spelling "o-r". We have at least saved one letter in the explanatory note.

Mr. Herridge: Is it the practice of the department, in the spelling of words, to use the Oxford dictionary style of spelling?

Mr. Fulton: Yes, that is correct. The "color" in the explanatory note is a typographical error.

Mr. Herridge: Thank you. I am very glad to hear that.

Clause agreed to.

On clause 7—*Presumption from cheque issued without funds.*

Mr. Deschatelets: Mr. Chairman, would the minister give an explanation of the reasons for this amendment, or perhaps the representations which were made in connection with this proposed amendment.

Mr. Fulton: Mr. Chairman, this arises primarily out of the fact that there was a case where a cheque was drawn on an institution that was not a bank and a conviction could not be obtained. Since caisses populaires, credit unions and other legitimate and worthy institutions which are not banks have increasingly entered into this field and to all intents and purposes have cheques drawn upon them, we thought this was an omission in the Criminal Code which should be rectified. The amendment is simply to add the words "or other institution".

Clause agreed to.

Clause 8 agreed to.

On clause 9—*False messages.*

Miss LaMarsh: Mr. Chairman, would the minister tell the committee how it is proposed to convict anyone of this offence. What kind of evidence could be adduced in connection with threats made by telephone? I think it is an excellent provision, if you can make it work.

Mr. Fulton: Mr. Chairman, it might be difficult, but on the other hand I think it might be possible. Certainly in so far as a telegram is concerned it should be possible to establish that a certain person actually conveyed information in a telegram. In connection with the telephone, it is possible to obtain direct evidence that a telephone call came in at a certain time and a certain person actually placed that call at that time. I do not think it would be easy, but we certainly think the actions described here should be made an offence.

Miss LaMarsh: May I suggest it is more in the nature of an educative process; it is there, and that is supposed to deter people from doing it, even though it may be very difficult to prove?

Mr. Fulton: I have never been one to place too much store on the deterrent effect of criminal legislation. We had that discussion in connection with the capital punishment bill. However, if the course of action were persisted in, I think my hon. friend will appreciate that certain checks could be made that would establish the facts with reasonable certainty and might well support a prosecution.

Certainly in the casual or isolated call I doubt very much whether you could ever obtain the evidence, but if it were a course of conduct persisted in, I think it might well be possible to obtain the evidence.

Mr. Deschatelets: Mr. Chairman, I said in my remarks a few minutes ago, and I think the hon. member for Kootenay West said the same thing, that clause 9 does not cover the most ordinary case of nuisance by telephone. The first and second parts of this clause provide:

> (1) Every one who, with intent to injure or alarm any person, conveys or causes or procures to be conveyed by letter, telegram, telephone, cable, radio, or otherwise, information—
>
> (2) Every one who, with intent to alarm or annoy any person, makes any indecent telephone call to such person is guilty of an offence punishable on summary conviction.

These are not the ordinary cases. I think the most common case is simply annoyance by telephone—somebody would phone 25 times in a day and when they answered they would hang up the phone. It is not covered.

Mr. Fulton: That is true. I do not think the case of a person who places a call and hangs up as soon as he hears a telephone lifted at the other end is covered by this section. An attempt to deal with it here might possibly create an offence more embracing than was intended or desired. There might be a number of innocent explanations as to the reason for hanging up at the other end. It might be that on two or three occasions an innocent explanation would prevail. Perhaps a mother who was calling would have to hang up the telephone to go to a child who had fallen. We feel that the

section here has gone as far as is to be desired and that the danger of such a course as has been suggested would outweigh any possible advantages.

Miss LaMarsh: The minister and his department might consider putting something similar into the nuisance section to make it an offence to annoy another person by telephone calls. This would not be such a serious offence and it would not be so difficult to prove.

Mr. Fulton: We shall be glad to look at that suggestion if it is not covered already by the nuisance section, and see whether we can adopt it.

Clause agreed to.

On clause 11—*Saving provision.*

Mr. Herridge: I want to thank the minister for explaining what the penalty was. I did not realize it is as severe as it is. This is an increasing problem, especially in backwoods areas. People go hunting and pull up a stake or something of that sort, knowing they should not do it but not realizing the damage they are causing. I know of one case where it cost $1,500 to relocate a stake because they had to go back many miles to relocate timber limits by reference to other markers.

I wonder if it would be possible to have some small notices made available, or what other steps could be taken to give publicity to this matter. I know that is a provincial matter, but the minister's officials are in contact with the provincial attorneys general and it seems to me that this question might well receive some publicity even in local post offices because I am sure the majority of people do not realize how serious it is. It is impossible to find out who does these things when this damage is done miles from anywhere. I wonder if there is any way of bringing this to the attention of attorneys general.

Mr. Fulton: I am sure this could be drawn to the attention of attorneys general and they might decide to give some publicity to it but that, of course, is something they themselves have to decide. Perhaps this discussion today and the reminder that the penalty is five years may go a long way to serving the purpose the hon. gentleman has in mind.

Clause agreed to.

On clause 12—*Exception.*

Mr. Roberge: What is the exact purpose of this clause and also clause 13? Will the minister give us the background?

Mr. Fulton: Clause 12 deals with the situation which arises when a person charged with an offence in one province wishes to plead guilty to an outstanding offence in another province. Clause 13 deals with the situation where an accused person charged with an offence in a province wishes to plead guilty to an outstanding charge against him elsewhere in the same province. The purpose of both clauses is to enable all the outstanding charges against an accused person to be disposed at one time so that he does not have to face a situation where, having served a sentence on one charge he is liable to be apprehended in the same or another province and prosecuted again.

At the present time in both cases the consent of the attorney general of the province concerned is necessary before an accused person can plead guilty to other charges. We have thought this should be preserved only in the case where a charge is outstanding in a different province. There the consent of the attorney general of that province will still be necessary before the charge can be disposed of. But where the outstanding charge is in the same province we feel the accused person should have the absolute right to have all the charges disposed of at the same time. We feel there is not the degree of administrative or other difficulty which would warrant anyone refusing to allow the accused to have the charges all to be disposed of at the same time when they arise in the same province. But where the outstanding charge is in another province we have retained the necessity for obtaining the consent of the attorney general of such province but we provide that it may be given by the deputy attorney general because it does not seem logical to insist that the attorney general must personally sign all these documents.

Mr. Roberge: One of the phrases in the clause reads this way: "Where the accused is in custody". Does that mean in custody undergoing punishment or in custody waiting to be tried for an offence? Would it include waiting to be tried for an offence and being out on bail, even?

Mr. Fulton: I understand that the better view is that this would apply on either occasion, when a man is in custody pending the disposition of a charge or when he is in custody following conviction. I would remind the committee that the Fauteux commission made a recommendation on these lines and the change has also been asked for by the uniformity commissioners, who represent the attorneys general of the provinces.

Clause agreed to.

On clause 14—*By peace officer.*

Miss LaMarsh: Would the minister say whether this provision will be of some assistance to us in the riding of Niagara Falls so that peace officers will be entitled to arrest without warrant anyone who throws himself into the upper Niagara river?

Mr. Fulton: I think that would be left to the discretion of the peace officer.

Mr. Deschatelets: What is the reason for spelling out attempted suicide here? I thought that was covered by the former section.

Mr. Fulton: Under the Criminal Code, attempted suicide is only punishable on summary conviction, so a peace officer could not arrest without a warrant merely where he has reasonable and probable grounds to believe. In order to make it possible for these officers, who are confronted with a situation where a man is about to jump over a bridge, to arrest the individual, one has to make attempted suicide punishable as an indictable offence.

The Chairman: Shall clause 14 carry?

Mr. Fulton: I am sorry, but the change that has to be made is one that provides that a peace officer may arrest without a warrant, where he has reasonable and probable grounds to believe that a person is about to commit suicide.

Clause agreed to.

Clause 15 agreed to.

On clause 16.

Mr. Fulton: The amendments to clauses 16 and 17, Mr. Chairman, are consequential upon the capital punishment bill that passed through the house a few weeks ago.

Clause agreed to.

Clauses 17 to 25 inclusive agreed to.

On clause 26.

Mr. Fulton: Mr. Chairman, in respect to clause 26, my hon. friends opposite asked if I could give the background. Clause 26 is the clause which arises out of the recommendation of the McRuer commission on the law of insanity.

Clause agreed to.

Clauses 27 to 31 inclusive agreed to.

On clause 32—*Dangerous sexual offenders.*

Miss LaMarsh: Mr. Chairman, I should like to ask the minister what the purpose was of adding the words "or is likely to commit a further sexual offence," to the definition as recommended by the commission?

Mr. Fulton: This idea was suggested by the uniformity commissioners as being a further test available to the court on the basis of which it could reach a conclusion as to whether or not a person should be adjudged a dangerous sexual offender. I think the hon. lady will agree that this creates a second and alternative test as a basis on which to form a judgment, and we felt it was a proper proposal.

Clause agreed to.

On clause 33—*Application for preventive detention.*

Mr. Regnier: Mr. Chairman, a portion of this clause reads as follows:

> Where an accused has been convicted of an indictable offence the court may—

Whereas, section 661 reads in part:

> Where an accused has been convicted—

When we consider section 662 we find that it provides that seven clear days' notice must be given to the accused before conviction, and then at page 13, paragraph (b) also provides that either before or after conviction notice may be served. I should like the minister to explain, regarding the service of notice, how an application can be made for an indeterminate detention before there is a conviction?

Mr. Fulton: Mr. Chairman, the answer to that question is that if the crown has in its possession, before the trial commences, evidence of the record of the accused in respect of other matters which, in the opinion of the crown, establish that the accused is an habitual criminal or a dangerous sexual offender then the crown can decide at that point to make application to have the individual so declared. Under those circumstances this amendment makes it clear that notice of this application may be given before or after conviction.

Clause agreed to.

On clause 34.

Miss LaMarsh: Mr. Chairman, again I wonder why the minister or his department have varied substantially from the terminology of the McRuer commission in its recommendation in regard to section 661 (3), which suggests that where the court finds an accused to be a dangerous sexual offender it shall, notwithstanding anything in this act or any other act of the parliament of Canada, sentence the accused to preventive detention; whereas the bill before us suggests that the sentence of preventive detention shall be in lieu of any other sentence that might be imposed, or in addition to any sentence that

was imposed if that sentence had expired. Why is it necessary to add those words?

Mr. Fulton: The answer to that is that we have included here the additional principle of providing that the crown may make application subsequent to conviction and sentence. We felt, in conformity with the intent of the McRuer commission's recommendation, that after the accused had been sentenced to a determinate period and the application was granted, then the court should impose an indeterminate sentence in lieu of the determinate sentence that had already been imposed. I think this carries out the intent of the McRuer recommendation, varying only because of the circumstances which we now are including, and which were not contemplated by the McRuer commission.

Miss LaMarsh: Mr. Chairman, there is a principle of law that once a trier has heard a case and has come to a conclusion he is functus. In this case, where the judge has tried the matter, has convicted and imposed a short term of sentence, following which an application is made, within the three-month period, to another judge to have the individual declared a dangerous sexual offender, the other judge may sentence the individual to an indeterminate period in lieu of the first sentence. In other words, the second judge, who has not been seized with the case at all, has the rights of an appeal court and can wipe out the determinate sentence and substitute an indeterminate sentence.

Mr. Fulton: I do not think there is anything contained here beyond the principle that a court of appeal may vary a sentence. All we are doing in principle is allowing a change in the sentence and providing by statute that, where a person is adjudged to be a dangerous sexual offender, the court that makes that finding shall impose an indeterminate sentence. The statute then says that the sentence is in lieu of the determinate sentence which may already have been imposed. I think this principle carries out the intention of the McRuer commission report.

Miss LaMarsh: It was my understanding that the only thing which could disturb a sentence, once properly made by a court with proper jurisdiction, was an order of the court of appeal or the exercise of executive clemency. However, this clause states in part:

> Where the court finds that the accused is a dangerous sexual offender it shall—impose upon the accused a sentence of preventive detention in lieu of any other sentence that might be imposed—

That seemed to involve a major departure from the usual practice.

Mr. Fulton: I suggest this clause tidies up the situation.

If my hon. friend's point has relation to the suggestion that the statute should say instead of "in lieu of any other sentence" that the sentence shall take the place of an earlier sentence, that might well have been said; but I would suggest that is just a matter of words. It is a new court trying a new issue, the issue of whether or not the accused is a dangerous sexual offender or habitual criminal. That is the only issue that that court is trying. That court is not retrying the question of guilt or innocence on the original charge. The statute says that if you find he is in one of these two categories then you shall impose an indeterminate sentence which shall be in lieu of the determinate sentence that was previously imposed.

Miss LaMarsh: Can the minister think of an analogy involving anything now existing in the criminal law which supports this?

Mr. Fulton: I do not think so.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at 7.30 p.m.

Mr. Roberge: Mr. Chairman, when we recessed at six o'clock we were dealing with clause 34. I should like to address myself to that provision, especially that part of it which provides that the court shall hear the evidence of at least two psychiatrists, one of whom shall be appointed by the attorney general. If one of these psychiatrists is to be appointed by the attorney general, who is going to appoint the other one?

Mr. Fulton: Well, the other psychiatrist could be appointed by the court or he may be called by the crown prosecutor simply as an expert witness, whether or not he has been nominated by the attorney general. One of the two psychiatrists must be actually nominated by the attorney general of the province.

Mr. Roberge: If I understand the procedure correctly, one is to be appointed by the attorney general and the services of the other one might be retained by the crown prosecutor. Under our system, the crown prosecutor is nothing more nor less than a representative of the attorney general. If the second one is nominated by the court, then this is done under the authority of the attorney general.

Mr. Fulton: Not if he is appointed by the court or if the accused calls a psychiatrist. Then, the accused's psychiatrist would be one

of the two. In the normal case the accused will call psychiatric evidence. If he does not, then the crown has to call two psychiatrists, one of whom has been directly nominated by the crown for the purpose.

Mr. Roberge: As a rule, I would think the accused would not have the means to permit the calling of a psychiatrist. On the other hand the crown prosecutor will call one appointed by the court and the accused would not have anyone to testify on his behalf. In those cases, who is going to pay for the psychiatrist if the accused does not call one?

Mr. Fulton: If the accused does not call one, then the crown has to call a second one and the crown would have to pay for the psychiatrist.

Mr. Roberge: When is the crown going to know that the crown needs another psychiatrist in addition to the one appointed by the attorney general?

Mr. Fulton: Presumably the crown would consult with the defence attorney. If the defence attorney is not going to call anyone then the crown would. Normally, psychiatric consultations of this sort are carried out by two psychiatrists. They need not be called unless the defence does not call one, in which case the crown has to call the second one. If the crown attorney is intelligent and anxious to discharge his duty under the section, he will have retained and instructed a second psychiatrist who will be available on short notice if a second psychiatrist is needed in addition to the one nominated by the attorney general.

Mr. Roberge: I understand the situation and the responsibility of the attorney general. I would venture to suggest that in most cases the defence attorney will say, I am not calling any psychiatrists, so the crown will have to provide two of them and pay for them. Does the minister not think more consideration should be given to that clause? I agree that two psychiatrists should be called, one of whom should be nominated by the attorney general and paid for by the province, but the other one should be appointed at the request of the defence and paid for by the province.

Mr. Fulton: I do not know that that would work very well in practice. This provision has been in the code ever since this section with regard to habitual criminals was enacted. This afternoon I gave figures relating to the number of persons who have been committed under both the habitual criminal section and the sexual psychopath section. The total was 88. In both cases, the committal is made on the evidence of two psychiatrists, one of whom is nominated by the attorney general. That is 88 cases altogether. I have never heard that the provision did not work out satisfactorily.

Mr. Martin (Essex East): Does the minister think that, where the section says "one of whom shall be nominated by the attorney general" the crown has the right to nominate two?

Mr. Fulton: Just before answering that question may I say this, I was guilty of an inaccuracy. The provision with regard to the appointment of psychiatrists does relate only to criminal sexual psychopaths of whom there have been 34 sentenced up to the present time. The hon. member for Essex East asked another question?

Mr. Martin (Essex East): I simply point out that subsection 2 says "one of whom shall be nominated by the attorney general". The attorney general is not given power to nominate more than one.

Mr. Fulton: Oh, I think that the attorney general does not require power to nominate more than one. The attorney general or the crown can call as much evidence as the court is prepared to hear. Where the section says that the court shall hear the evidence of at least two psychiatrists, certainly the court would hear the evidence of the two who were called by the crown. I am quite satisfied of that.

Miss LaMarsh: May I ask the minister this question. In the 34 cases which have been tried and in which there were convictions, could this situation not very easily occur? In the case where defence counsel and crown counsel did not consult together—and it is not unknown by any means in the criminal law, where defence counsel simply refuse to say whether they are going to call anyone—as a practical matter it would mean that in every case the crown would have to be prepared to put on two psychiatrists; they would not put on one and then wait to see whether one was called by the defence. Otherwise they would fail in their application.

Mr. Fulton: I quite agree. That is what I intended to say before.

Miss LaMarsh: Practically the crown would be ready with two.

Mr. Fulton: Yes; the crown would be ready with two.

Mr. Bell (Carleton): There is no change in the section.

Clause agreed to.

On clause 35—*Notice of application.*

Mr. Deschatelets: This amendment has to do with the application to have an accused adjudged a dangerous sexual offender. I do not understand why in the amendment this application can be made before the conviction. As the minister knows, with regard to the habitual criminal the application by the crown must be made after the accused is convicted. I do not understand the reason why it can be made before the conviction.

Mr. Fulton: This is to parallel the provision with regard to dangerous sexual offenders. I would think it desirable, if the crown has knowledge of the record of the accused, that it should give notice of intention to make this application even before conviction so that the accused and his counsel will have as much notice as possible of the likelihood of the application for such considerations as that might give rise to in their minds during the hearing of the charge upon which the accused is presently in court.

Mr. Deschatelets: The minister will no doubt appreciate the fact that by this notice being given before the accused is found guilty, it might prejudge the whole trial. After all this man will be charged with an offence. Why do we not wait until he is found guilty?

Mr. Fulton: The notice is not given in open court. If it is a jury trial, it will not be in the knowledge of the jury at the time. A notice is filed with the clerk of the court and served on the other side. There will be no reference to it. The fact that this notice has been given is not relevant and therefore would not be in evidence and no reference could be made to it in evidence on the specific charge for which the accused is on trial.

Mr. Regnier: The French translation of the section is absolutely contrary to the English interpretation. As found at page 13 of the English version, section 262, subsection 4 reads as follows:

(4) Where an application under subsection (1) of section 660 or subsection (1) of section 661 has not been heard before the accused is sentenced for the offence for which he has been convicted, the application shall not be heard by the judge or magistrate who sentenced the accused but may be heard by any other judge or magistrate who might have held or sat in the same court.

The French version of it, found at page 14, reads as follows:

(Translation):

Where an application under subsection (1) of section 660 or subsection (1) of section 661 has not been heard before the accused is sentenced for the offence for which he has been convicted, the application shall be heard by the judge or magistrate who sentenced the accused but may be heard by any other judge or magistrate who might have held or sat in the same court.

That is exactly the contrary of what is prescribed in the English version, which states that the application shall not be heard by the judge or magistrate who sentenced the accused.

Mr. Fulton: Mr. Chairman, before recess, the hon. member for Berthier-Maskinonge-Delanaudiere (Mr. Paul) called my attention to this discrepancy. This is obviously an error in translation and it will be corrected in a subsequent translation.

(Text):

For the benefit of my hon. friends whose mother tongue is the English language and having regard to my rather tortured French, I think what I said should be reproduced in both languages. There is an obvious error which was drawn to my attention during the dinner recess. I am informed that such errors, not being differences in the meaning or rendering but rather obviously complete errors of translation, are taken care of in the normal course when they are drawn to the attention of the officials.

Mr. Regnier: Also, if the application is not heard by the judge who has tried the accused, I do not see here any provision for a transcript of the evidence which another judge would need to have in front of him before he could hear the application. I think the accused would also be handicapped if the transcription of the evidence at the trial is not provided to the accused. As has been pointed out previously, these people sometimes simply cannot afford to pay for the transcription of a long trial.

Mr. Fulton: Mr. Chairman, there is no change here with respect to the application to have a person declared a habitual criminal, and that is what is referred to in the part under discussion. My hon. friend will notice that there is to be seven clear days' notice to the accused specifying the previous convictions and the other circumstances, if any, upon which it is intended to found an application. So a complete notice is served on the accused of the circumstances upon which it is intended to rely in support of the application.

Mr. Regnier: Mr. Chairman, I have not consulted the bill, but the clause the minister has read to the committee provides that the convictions shall be specified in the notice. However, the bill provides for the notice to be served before conviction; at least, it could be served before conviction. Therefore how could the conviction be specified in the notice?

Mr. Fulton: In that case obviously the conviction is not one of the grounds which is alleged in the notice, because it has not yet

taken place. Therefore the words that would be relevant there would be, "Specifying the previous convictions and the other circumstances, if any, upon which the crown intends to rely in support of the application."

Clause agreed to.

Clauses 36 to 38 inclusive agreed to.

On clause 39—*Review by Minister of Justice.*

Mr. Deschatelets: Mr. Chairman, I understand that when a person is sentenced to preventive detention the Minister of Justice shall, at least once in every year, review the condition, history and circumstances. How will that work? Has the national parole board anything to do with it, or the national parole board under the authority of the Minister of Justice?

Mr. Fulton: Mr. Chairman, the present provision in the law is that the Minister of Justice shall review the case of a person in custody under sentence of preventive detention at least once every three years. We are now reducing that period to once every year. Section 24 of the Parole Act provides that the duties of the minister under this section are exercised by the national parole board. The relevant provision reads as follows:

> The powers, functions and duties of the Minister of Justice under section 666 of the Criminal Code are hereby transferred to the board and a reference in that section to permission to be at large on licence shall be deemed to be a reference to parole granted under this act.

So where the section provides, as will be the case from now on:

> —the Minister of Justice shall, at least once in every year, review the condition, history and circumstance of that person for the purpose of determining whether he should be permitted to be at large on licence—

that duty of review is transferred automatically to the national parole board.

Clause agreed to.

Clauses 40 and 41 agreed to.

On clause 42—*Custody for observation.*

Miss LaMarsh: Mr. Chairman, I have been looking at the Criminal Code and section 710 deals with the rights, amongst others, of adjournment and what the summary conviction court may do. I am wondering how in this case, where the magistrate may send a defendant for observation for a period not exceeding 30 days, this clause can be reconciled with subsection 1 of section 710 of the Criminal Code, which provides of course that there may be no adjournment of a trial of more than eight days.

[Mr. Fulton.]

Mr. Fulton: I think the answer to that question is that this proposed new subsection starts out with the words:

> Notwithstanding subsection (1),—

Clause agreed to.

Clauses 43 to 46 agreed to.

Title agreed to.

The Chairman: Shall we revert now to clause 2, which stood?

Some hon. Members: Agreed.

On clause 2—*Service of process.*

Mr. Fulton: Mr. Chairman, I wonder whether the hon. member has any suggestion she would care to put forward. I had thought of amending the clause by putting in the words "or other executive officer", but if my hon. friend has another suggestion I would be very glad to hear it.

Miss LaMarsh: Mr. Chairman, I am not sure of the phraseology in municipal acts outside the province of Ontario, but there the phraseology that is often used is, "head of the municipal authority or statutory officer".

I cannot assist the minister as to whether these words are used outside the province of Ontario, but the words put into this clause might be something in the nature of "head of the municipality", or we might even enumerate "the mayor, secretary, treasurer, clerk of the corporation or person holding equivalent status", or something of that sort. It is a little loose, but it might cover it.

Mr. Fulton: Would the hon. member agree with me that "reeve" would normally cover every case of a municipality that does not have a mayor?

Miss LaMarsh: No, not altogether. There are, of course, the counties or districts where a warden is the head of a municipality, and the definition section of the Criminal Code says that a municipal corporation includes a district, a county, and a number of other designations. I am not very familiar with the section.

Mr. Martin (Essex East): Township?

Miss LaMarsh: It includes a city, town, village, county, township, parish or other territorial or local division of a province the inhabitants of which are incorporated. I do not know what the head of a parish might be called.

Mr. Fulton: Would this serve the purpose, in my hon. friend's opinion, in the case of municipal corporation, "the mayor, reeve, warden, secretary, treasurer or clerk of the corporation or the elected head of the municipality as the case may be"?

Mr. Bell (Carleton): May I suggest, Mr. Chairman, that a warden should come before a reeve.

Miss LaMarsh: The hon. member for Esquimalt-Saanich might not agree. It has been called to my attention that the heads of improvement districts are not elected but are appointed.

Mr. Lennard: Mr. Chairman, I am not a learned gentleman, but a warden might be just the reeve of his township. He is selected by the reeves and heads of other municipalities. I do not think a warden should figure in this picture at all.

Miss LaMarsh: I suggest he does, because of the interpretation section, which covers a county municipality, and the head of the county municipality is a warden.

Mr. Regnier: Also, the clerk is not an elected head of a municipality; he is just the appointed official.

Mr. Bell (Carleton): Mr. Chairman, before we actually amend this clause I should like to know whether the hon. lady from Niagara Falls can tell us of any difficulty that has occurred previously in respect to the operation of subsection 5 of section 441. That appears in the explanatory note opposite page 6. That section is now repealed and its provisions are included in clause 2 which we are now discussing. I am not aware that there have been any difficulties in respect to the operation of subsection 5 of section 441. If there have been none, I wonder whether we would be doing a useful service in making an amendment.

Miss LaMarsh: I can only say that I assume whoever drafted subsection 6 of section 441 in the code intended that it should cover every municipality in Canada and that if there was an error it was not pointed out at that time. I would suggest that even to a Conservative the progressive nature of correcting must be self-evident, and in the future it may be of some importance. I have no idea when this has ever been used, but I assume that the house intends that if there is a criminal act which is chargeable against a municipal corporation there be some method by which a warrant may be served, otherwise they would necessarily escape criminal action.

Mr. Martin (Essex East): I do not like to disagree with the hon. member for Niagara Falls but for the first time in a long time I am inclined to think there is some merit in the point made by the hon. member for Carleton. In any event there will always be a secretary-treasurer or a clerk of a municipality.

Miss LaMarsh: With respect, as I pointed out earlier while the hon. member for Essex East was not present, there are municipalities which do not have secretary-treasurers or clerks. I can think of a municipality in my own riding which has a secretary and a treasurer but no clerk as such. Its head is a reeve.

Mr. Martin (Essex East): Yes, but there is always a secretary-treasurer.

Miss LaMarsh: No, there is a secretary and a treasurer.

Mr. Aiken: Everyone else has had a go at this so perhaps I could make a comment. I think the case would be well settled if we took the hyphen from between the words secretary and treasurer and inserted a comma. I think that if the hyphen were taken out and replaced by a comma it would cover every eventuality.

Mr. Fulton: I was working on the same idea as my hon. friend from Parry Sound-Muskoka. It occurred to me that if an officer is a secretary-treasurer he is also a secretary and a treasurer. So the purpose would be served by taking out the hyphen and replacing it by a comma. But just to be sure, I have worked out this proposal which I would be glad to submit:

> —in the case of a municipal corporation to the mayor, warden, reeve or other chief officer of the municipality or to the secretary, treasurer or clerk of the corporation.

I shall ask my colleague, the Minister of Veterans Affairs if he will move that.

Miss LaMarsh: I just wonder whether the term "chief officer" means anything legally. Under Ontario legislation he is called the head of the corporation. I do not know what it might be called in other provincial legislation. "The chief officer" is a phrase with which I am not familiar in municipal law in any event.

Mr. Winch: Is "executive officer" any better.

Mr. Fulton: I will ask my colleague the Minister of Veterans Affairs to move:

> That clause 2 be amended by striking out lines 15 and 16 thereof and substituting the following:
> (a) in the case of a municipal corporation to the mayor, warden, reeve or other chief officer of the municipality or to the secretary, treasurer or clerk of the corporation, and

Mr. Churchill: I so move.

Mr. Fulton: Could you substitute, there, Mr. Chairman, the word "corporation" for "municipality" so that it would read "other chief officer of the corporation".

The Chairman: Very well. It reads, "or other chief officer of the corporation". Shall the amendment carry?

Mr. Winch: Would not "executive officer" be better than "chief officer"?

Mr. Fulton: No. I think we came to the conclusion that some of them might be elected by the reeves of a township. They might meet together and elect one of their number as a head. He is called a warden. We were not sure that he would be called an executive officer. "Chief officer" seems to cover the situation and if it does not, if there is any uncertainty, then, surely, there will be a secretary, treasurer or clerk.

Amendment agreed to.

Clause as amended agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time?

Some hon. Members: Now.

Mr. Winch: By leave, now.

Mr. Martin (Essex East): Next sitting.

FINANCIAL ADMINISTRATION ACT

AMENDMENTS RESPECTING PURCHASE AND SALE OF SECURITIES BY MINISTER, ETC.

Hon. Gordon Churchill (for the Minister of Finance) moved that the house go into committee to consider Bill No. C-109, to amend the Financial Administration Act.

Motion agreed to and the house went into committee, Mr. Flynn in the chair.

On clause 1—*"Securities" defined.*

Mr. McMillan: In connection with clause 1, I think the parliamentary secretary was asked some questions the other day. In particular he was asked what some of the securities might be, and what would be the advantage to Canada to be able to buy all securities guaranteed by the government of Canada. It occurs to me that the only securities other than the Canadian bonds would be the C.N.R. bonds.

I should also like to know if "securities" could possibly mean a mortgage, because in the note of explanation it says "and any other security respecting part of the debt of Canada". I should like to know the advantage of buying these securities guaranteed by the government.

Mr. Bell (Carleton): Mr. Chairman, the answer to the second question asked by the hon. gentleman is no, it could not include a mortgage. So far as I am aware the government of Canada has not engaged in that type of financing.

[The Chairman.]

The purpose of this particular clause is a rather simple one; it really is to remove an anomaly. The Minister of Finance is entitled to purchase, acquire and hold securities of Canada but not those guaranteed by Canada. This clause would permit him to purchase, acquire and hold the bonds to which the hon. member for Welland referred—C.N.R. bonds—and to buy them at any time to support the market.

Mr. McMillan: Can that not be done by the minister through the Bank of Canada?

Mr. Bell (Carleton): The Bank of Canada has powers under its own act. This clause relates only to the Financial Administration Act. Under this act there is a serious question as to whether the power exists.

Clause agreed to.

On clause 2—*Uncollectable debts.*

Mr. Martin (Essex East): I suppose this involves a practice which the government seeks to follow, one often followed in business, where there exists a whole series of accounts that are uncollectable. Is the parliamentary secretary in a position to give us a rough estimate of the number of these accounts and the total value which would come within the category of $1,000 or under?

Mr. Bell (Carleton): In respect to the first subclause, the change is solely to delete the existing time limitation. In respect to accounts under $500 there is now a time limitation of five years. In respect to accounts between $500 and $1,000 there is a time limitation of ten years. Those that exceed that are covered by an item in the supplementary estimates, as the hon. member for Essex East knows, passed at each session of parliament. The accounts exceeding $1,000, the deletion of which were authorized by the last final supplementary estimates under vote 654, amounted to $960,734, covering 238 items. The accounts which were covered by governor in council authority under the old act under $1,000 which were outstanding for ten years or more numbered 166 and totalled $116,559. Accounts under $500 which were outstanding for five years or more numbered 2,395 with a total value of $276,693.

Perhaps having placed that information on the record I should also deal with items which come under the subsequent subclause. Those are accounts under $25 each outstanding two years or more, numbering 5,028 with a total value of $40,119.

Clause agreed to.

Clauses 3 and 4 agreed to.

On clause 5.

Mr. Winch: Further to the explanation as it appears in the bill itself, could the parliamentary secretary explain to me what is meant by the suggestion that this clause places the crown in the same position as a private individual.

Mr. Bell (Carleton): Basically that is the purpose, so that in the case of an assignment of a crown debt the individual will be in the same position as though there had been an assignment of an ordinary debt by a subject and, as will appear later in the following subsection, an assignment of a chose in action.

As I endeavoured to outline at the resolution stage, when the house was in the committee of the whole, the position which has traditionally been taken by the crown in the past is that the crown is not bound by an assignment of a debt owing by the crown to a subject. Over the years there has been developed a practice whereby the banks, and indeed other persons engaged in the business, have accepted from crown creditors powers of attorney. They arranged their affairs, in many cases, apparently on the basis that such powers of attorney operated essentially in the same way as assignments, although in fact they did not confer on the donee any rights, as against the crown, to be paid in place of the crown creditor at the resolution stage. I outlined the particular case in the exchequer court of the Bank of Nova Scotia in respect to an assignment made by Roy Swail Limited. This case was heard by the president of the exchequer court who decided that the crown was in the same position with respect to the assignment of a debt owing to it as was any subject, provided that the assignment was made in accordance with the laws of assignment of the province in which the assignment was made, and that adequate notice of such assignment was given to the crown.

The purpose of these amendments, which are encompassed by new section 88 with the various letters, is to provide a simple and adequate procedure for the subject so that it is possible to have an assignment proceed, as the president of the exchequer court did decide, and that there may be no prejudice either to the subject or to the crown. The effect of the amendment is to provide for the recognition of the assignment of crown debts arising under contract, but subject to certain rights and conditions which we will discuss later.

It is also proposed to include, as I indicated earlier, provisions whereby the governor in council may authorize the recognition and assignment of other choses in action, subject to the same rules and conditions.

Mr. Winch: Mr. Chairman, this is one occasion when I am sorry that I am not a lawyer. Do I understand from what the parliamentary secretary has said that in the assignment of a crown debt there is no differentiation between the crown and the private individual—that there is no superiority or seniority?

Mr. Bell (Carleton): Mr. Chairman, I think the hon. gentleman is confusing two things in relation to this. I think he is perhaps confusing priorities in bankruptcy with assignments. In the first case, although I speak subject to correction, I think the crown does exercise a priority. The question of priority as between the crown and the subject does not exist here. This involves the simple case where the crown owes a contractor some money and the contractor, in order to secure credit for some other purpose, assigns all his rights to that indebtedness from the crown to the bank. This assignment then puts the bank in the status of the original creditor of the crown.

Mr. McMillan: Mr. Chairman, why should people working for the crown have an advantage over others in that their salaries, wages and other moneys coming to them from the crown are not assignable?

Mr. Bell (Carleton): Mr. Chairman, I think this is a case of protection for civil servants. If such assignments were permitted, then we would have the prodigal sons and daughters who had gone out and assigned their emoluments from the crown hoping that the fatted calf would come home. Frequently, for those who have done so, the fatted calf never arrives. Therefore, this is, as I have said, a protection against that sort of foolishness.

Mr. McMillan: Mr. Chairman, in connection with section 88D—

Mr. Bell (Carleton): Did you say section 88D?

Mr. McMillan: Yes, I said section 88D.

The Chairman: Section 88D is in clause 5.

Mr. Bell (Carleton): Overpayment comes under clause 6.

The Chairman: I will call the sections of clause 5 one by one.

Clause 5, sections 88A to 88C inclusive agreed to.

On clause 5, section 88D—*Notice of assignment.*

Mr. McMillan: I wanted to know something about the amount of overpayments. I think this provision will facilitate collection by the

comptroller, but has the parliamentary secretary any figures on the amount of overpayments?

Mr. Bell (Carleton): I think the hon. member is speaking about clause 6 of the bill, which deals with section 95 of the act, rather than section 88D. I will be glad to deal with that question when we come to clause 6.

Mr. McMillan: All right.

Clause 5, section 88D agreed to.

Clause 5, sections 88E and 88F agreed to.

On clause 6—*Recovery.*

Mr. Winch: Mr. Chairman, in the explanation that the parliamentary secretary said a moment ago he would give, will he go into some detail as to clause 6? I ask that question because both he and I are members of the public accounts committee. In that committee we have been dealing with the matter of overpayments and I cannot quite understand how this ties in and just what the exact implications are.

Mr. Bell (Carleton): Mr. Chairman, this is designed to provide an efficient means to recover overpayments made from the consolidated revenue fund with respect to salaries, wages, pay and pay and allowances. The committee will note that by subsection 3 of section 36 of the act the comptroller is authorized to recover any accountable advance or any portion thereof which is not repaid or accounted for out of any moneys payable by Her Majesty to the person to whom the advance was made. It was felt desirable that the comptroller should have similar authority to make recovery for the overpayment of salary and wages.

To follow the procedure laid down in subsection 1 of section 95—I am speaking now of the present section and not of the amendment which is 1a—requires that the opinion of the Minister of Justice be obtained indicating that a debt exists and after such opinion is received the matter must be referred to the treasury board to obtain direction authorizing the set-off of this debt against any moneys payable by Her Majesty. The establishment of overpayment of salary or wages is a matter which I submit to the committee can be very readily determined and it appears unnecessary in such cases that the matter should be referred to the Minister of Justice and also to the treasury board before recovery of such overpayment is effected. Such recovery would not affect the legal remedies of any individual should there not in fact have been overpayment. I should like to emphasize that this preserves for the individual all the equities that may exist at the time the alleged overpayment is made.

[Mr. McMillan.]

Mr. Winch: Is this intended to cover the situation which was brought to our attention by the Auditor General where a person is fully employed in one department but is also working part-time for another and receives payment on that account?

Mr. Bell (Carleton): It would cover such a situation if in fact it were held that there was overpayment, but I think that the situations to which the hon member refers are situations where payment was made on the basis of an opinion given by the deputy attorney general of Canada and it would be difficult, of course, in the face of such an opinion, to assert that overpayment had been made. If, however, in fact and in law an overpayment has been made, this provision would then apply.

Mr. McMillan: Has the parliamentary secretary any estimate of the amount of overpayments?

Mr. Bell (Carleton): No, I do not have an estimate for the committee. I would not think that the amount was large. This is not a significant matter. I am told that the numbers might be fairly significant but the actual overall total would really be small.

Mr. McMillan: Would this apply to those receiving benefits under the Unemployment Insurance Act?

Mr. Bell (Carleton): No, this would not apply.

Mr. Martin (Essex East): This only applies to those who are in the government service.

Mr. Bell (Carleton): That is correct.

Mr. Martin (Essex East): It would not cover social welfare payments.

Mr. Bell (Carleton): No.

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the said bill be read the third time? Now, by leave?

Some hon. Members: Agreed.

Mr. Churchill (for the Minister of Finance) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

TRUST COMPANIES ACT

AMENDMENTS RESPECTING INVESTMENT POWERS

Hon. Gordon Churchill (for the Minister of Finance) moved the second reading of Bill No. S-28, to amend the Trust Companies Act.

Mr. Richard A. Bell (Parliamentary Secretary to the Minister of Finance): Mr. Speaker, this bill, together with its companion bill which follows immediately and deals with loan companies, parallels in large measure the amendments already made this session to the insurance acts, the Canadian and British Insurance Companies Act and the Foreign Insurance Companies Act. This bill revises and modernizes the powers of federally incorporated trust companies. I am in the hands of the house, sir, whether the bill should be referred to the standing committee on banking and commerce for further study or should proceed to the committee of the whole. Whatever the procedure may be, the house might wish to have a little background information about trust companies generally.

There are just over 50 trust companies operating in Canada at the present time. Ten were incorporated by or under the authority of this parliament and the remainder were incorporated provincially. Looking at the field of trust companies as a whole, the ten federally incorporated companies transact between one fifth and one quarter of the total business of all trust companies in Canada. These ten companies, whose names I shall mention, have capital and reserve funds approximating $40 million and administer trust funds totalling about $1,500 million.

The federally incorporated companies are these, and I will give after each the year of incorporation:

Name	Year of Incorporation
The Canada Permanent Trust Company	1913
The Canada Trust Company	1894
Chartered Trust Company	1905
Commercial Trust Company Limited	1904
The Eastern Trust Company	1893
Guaranty Trust Company of Canada	1925
Investors Trust Company	1957
The Premier Trust Company	1913
Prudential Trust Company Limited	1909
The Sterling Trusts Corporation	1911

Originally, sir, the Trust Companies Act in Canada was enacted in 1914 and it applies to all federally incorporated trust companies but of course has no application to provincially incorporated companies. Consequently, the amendments to the act now proposed by Bill No. S-28 would apply only to the ten companies which I have mentioned and which are federally incorporated.

Mr. Martin (Essex East): But not to a trust company which has been incorporated and is not now functioning, like the Standard Trust Company which was given a charter two years ago. I do not believe it is in operation. The amendments would not apply to that company?

Mr. Bell (Carleton): My recollection does not extend, as the hon. gentleman's does, to the Standard Trust Company. This bill would apply to all trust companies federally incorporated.

Mr. Martin (Essex East): To all?

Mr. Bell (Carleton): To all.

Mr. Martin (Essex East): Not only to the ten; that is the point.

Mr. Bell (Carleton): If there are others not within my knowledge at the present time, then this bill would have such application.

Since 1914, the federally incorporated companies have been required to file financial statements annually with the Minister of Finance, but there was no provision for licensing or regular inspection or supervision until 1920. Since that year, federal trust companies have been required to operate under a licence from the minister of finance and under the provisions of the department of insurance, under its distinguished deputy head, Mr. Kenneth R. MacGregor.

The investment and lending powers of federal trust companies are specified, as I have indicated, in the Trust Companies Act. It has been the custom of parliament to keep these powers consistent with the corresponding powers of insurance companies, except in so far as differences may be necessary by reason of the special characteristics of trust companies. In view of the amendments recently made to the insurance act, it is now proposed to make similar amendments to the investment and lending powers of trust companies to the extent deemed appropriate. In addition, a few other amendments are proposed, either for clarification or to enable the companies to meet changing conditions. With respect to those, I shall deal in some detail.

Perhaps for clarification of my subsequent remarks, it might be mentioned that the assets of trust companies are divided into three categories as follows: First, unguaranteed trust funds. These are the funds accepted by the company in trust to be administered in accordance with the terms of the trust but carrying no guarantee of security of principal or of interest yield. Then, second, there are the guaranteed trust funds, those funds accepted by the company in trust where the company guarantees the security of the principal and sometimes the interest yield. They consist mainly of deposits made by the public in individual deposit accounts and of funds realized from the sale of guaranteed investment certificates. Third, and finally, there are the company funds. These are funds

owned by the shareholders themselves, and they consist principally of the capital, surplus and reserves of the company.

The Trust Companies Act deals separately with the investment and lending powers applicable to each category. Such powers relating to trust funds are found in section 64 and those relating to company funds are found in section 68 to which reference is made in Bill No. S-28.

I should like to outline the more important and detailed amendments proposed in respect of investments and loans, all of such amendments relating to trust funds being found in clause 1 of the bill and those relating to the company's own funds being found in clause 2.

First, may I deal with the limits on mortgage loans. Hon. members are familiar with this situation in view of what transpired recently in connection with insurance companies. At present, companies may invest in and lend on the security of mortgages on real estate but the amount so invested or loaned in any particular case must not exceed 60 per cent of the value of the real estate. What is proposed by this bill is to raise this limit from 60 per cent to 66⅔ per cent. This change would apply to all three categories of funds which I have mentioned and is parallel to the change recently made in respect of insurance companies.

Hon. gentlemen, as they review the bill, may see what appears to be duplication or repetition in the bill. This is attributable to the separate identification of investment powers and lending powers and also to the three separate categories in which the funds of trust companies are divided.

Then, may I outline the second category, real estate for the production of income. Companies may now invest a limited amount of guaranteed trust funds and company funds in real estate for the production of income, either alone or jointly with any other federal trust company or loan company, where the real estate is leased to a corporation having a dividend record meeting the prescribed standard of the act. The maximum amount that may be so invested in any one parcel of real estate is one half of 1 per cent of the aggregate of the book value of the guaranteed trust funds and the company's own funds. It is proposed to raise this limit from one half of 1 per cent to 1 per cent. It is proposed also to permit a company to join with any trust company, loan company or insurance company incorporated in Canada in making such investments. These changes are parallel to changes recently made for insurance companies.

Hon. gentlemen who sat in the banking and commerce committee when considering the insurance bills will remember the discussion there which related to equipment trust certificates. There is a similar provision in this bill. Companies may now invest guaranteed trust funds and company funds in equipment trust certificates issued for the purchase of railway transportation equipment. It is proposed, under this bill, to expand this class to include transportation equipment for use on public highways. As I have said, this parallels a change which was made in respect of insurance companies.

Then, fourth, I would deal with investments and loans which are not specifically authorized under the act. It is proposed that companies be permitted, with respect to company funds only, to make investments and loans not otherwise authorized by the act, subject to a maximum limit on the amount of funds that may be so applied. This would grant to such companies a rather small area of freedom of investment of their own funds similar to that which is now available to insurance companies. The proposed limit on the amount that may be so invested and loaned is 15 per cent of the company's unimpaired paid up capital and reserve. This limit is the same as is prescribed in the loan and trust corporations act of Ontario in similar circumstances, and there are advantages in having the same limit apply to federally incorporated companies.

For a company having the maximum capital and reserve permitted by the act in relation to its guaranteed trust funds, this limit would represent a little over 1 per cent of all the company funds and guaranteed trust funds. This may be compared with a limit of 5 per cent of the assets now permitted for insurance companies. Hon. members may wonder why the difference between 5 per cent for insurance companies and 1 per cent for trust companies. The lower limit for trust companies is considered appropriate, at least until some experience develops with the use of this area of freedom of investment. It is not proposed that such area of freedom would extend in any way the company's power to invest in mortgages or hypothecs on real estate, to invest in real estate or to lend on the security of real estate.

Mr. Martin (Essex East): In what clause of the bill is that covered?

Mr. Bell (Carleton): I believe the particular provision is contained in clause 2, subclause 4.

Then I deal with the limit on investment in common stock. Companies may now invest guaranteed trust funds and company funds in preferred stocks or common stocks of Canadian corporations where the dividend record of the issuing corporation meets a specified

standard set in the act. As respects guaranteed trust funds, not more than 15 per cent of the book value may be invested in common stocks and not more than 25 per cent may be invested in, or loaned on the security of, stocks of all kinds, whether common or preferred. As respects company funds, not more than 15 per cent of the book value may be invested in common stocks and the total invested in, or loaned on the security of, stocks of all kinds, whether common or preferred, may not exceed 25 per cent of the company's unimpaired paid up capital and reserve.

The companies have requested an increase in the existing limits on investments in common stocks. Since at the present time, companies have virtually none of their guaranteed trust funds invested in stocks, it is not proposed to raise the limit applicable to those funds. As respects company funds, however, several companies are near the limit and it is proposed to remove the 15 per cent limit on common stocks in that connection but to retain the limit of 25 per cent of unimpaired paid up capital and reserve as the limit on investments in and loans on the security of stocks of all kinds. So in order to maintain consistency with the insurance companies and the loan companies, it is proposed that the amount of the company's own funds invested in common stocks when added to the amount of guaranteed trust funds invested in common stocks shall not exceed 15 per cent of the total of such funds. The effect of this change would be to permit an increase in investments in common stocks with respect to company funds where a company has not used its full powers in guaranteed trust funds and provided that less than 10 per cent of company funds have been invested in preferred stocks.

This is a detailing of the significant changes which are in themselves rather detailed and complex in so far as they affect the investment and lending powers of the companies.

I should like to take just a moment or two in which to deal with two other matters. First, I should like to deal with the power of a federally incorporated trust company to purchase the assets and business of another trust company, whether the latter be a federally incorporated or a provincially incorporated company. Certain of the proposed amendments in this respect are to be found in clause 3 of the bill.

The act at present permits a company to buy 67 per cent or more of the stock of another trust company, subject to approval by the treasury board, where the purchase is made as a prelude to the eventual taking over of the assets and business of the purchased company. The act specifies that at least 67 per cent of the stock of the company to be taken over must be purchased at the outset but it does not clearly specify that in any offer to purchase, the same offer must be extended to all shareholders of the company being purchased. It is proposed to include such a requirement in section 79 in order to prevent discrimination against minority shareholders.

Another amendment to this section would authorize the purchasing company to have a larger board of directors, temporarily, following acquisition of the stock of the other company, than is ordinarily permitted by section 15 which places the maximum number at 30. The temporarily enlarged board could not, however, in any case exceed the aggregate number of directors of both companies at the time of purchase. This amendment is for the purpose of enabling the directors of the other company to become directors of the purchasing company, thus retaining the value of their goodwill, service and connections for the benefit of the purchasing company.

I said earlier there were two things which I wanted to mention. I should have said three. The third and final is the fact that it is considered desirable to include in the act provisions whereby federal trust companies might amalgamate as an alternative to merging by the purchase and sale of assets and business. Federal trust companies have had the power to merge by the purchase and sale of assets and business ever since the Trust Companies Act was enacted in 1914 but they do not at present possess the power to achieve the same end by amalgamation, notwithstanding the advantages of the latter course in some circumstances. For many years the chartered banks similarly enjoyed the power to merge by purchase and sale but they lacked the power to amalgamate until granted such power on revision of the Bank Act in 1954. Canadian insurance companies, on the other hand, have possessed the power to follow this course since 1910. Many provincially incorporated trust companies likewise have had the power for many years to amalgamate under the applicable provincial statutes, thus leaving federally incorporated trust companies at a disadvantage in this respect. Hon. gentlemen will observe that clause 4 of the bill, which would enact a new section 80A, has been designed at the request of federal trust companies to fill this gap and put them in the same position as most other kinds of companies. It might be noted that this clause makes provision for the amalgamation of one federally incorporated trust company with another federally incorporated trust company but makes no provision for the

amalgamation of a federally incorporated trust company with a provincially incorporated trust company or with any other kind of company.

Mr. Martin (Essex East): We have no power.

Mr. Bell (Carleton): We have no power. As I have indicated, the bill contains only 4 clauses and these are the significant amendments. There are a few other points of a technical nature which might be dealt with in the committee. As I indicated to the house this is the type of bill which generally is referred to the standing committee on banking and commerce where there is an opportunity of hearing testimony of the distinguished deputy head, namely the superintendent of insurance. There is opportunity also of the hon. gentleman from Greenwood being present. That hon. gentleman in other days was just as distinguished in the trust company field as he is today as a member of this House of Commons.

Mr. W. H. McMillan (Welland): I was just going to say, Mr. Speaker, that many of the provisions of this bill are very technical in nature, and I think we should have the advantage in the banking and commerce committee of hearing the officials from the department of insurance. When this bill was brought up for consideration in the other place I believe it was referred to their banking and commerce committee and that they had the officials appear before that committee.

Mr. Bell (Carleton): That is right.

Mr. McMillan: I think it would be well if we followed the same procedure.

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I was most happy to hear the parliamentary secretary to the Minister of Finance conclude his remarks in the same way as he opened them, namely by saying that it was up to the committee whether or not this bill No. S-28 went before the standing committee of the House of Commons on banking and commerce. I think perhaps the best argument as to why it should do so was the lengthy, detailed and technical speech made by the parliamentary secretary to the Minister of Finance. He made it quite obvious that it should be done. May I just say this having looked at the bill, namely Bill No. S-28. First of all I would ask the house to remember the remarks of the previous speaker who said that this bill does not concern one trust company only; it concerns all trust companies. I would ask hon. members to take a look at the principle of the bill. We find first in the explanatory notes:

[Mr. Bell (Carleton).]

The main purpose of this bill is to make certain changes in the investment powers of trust companies incorporated by parliament.

Right there is something of a most serious nature. If, understanding the principle of the bill, we look through all the clauses we find on page 3 the provision to enable a company to lend unguaranteed trust money on the security of real estate in amounts up to two thirds of the value of the real estate instead of 60 per cent as at the present.

We find that this bill will enable a company to invest its own funds in mortgages on real estate up to a maximum of two thirds of the value of the real estate instead of 60 per cent. Still dealing with the principle of the bill, lower down on page 3 we find an amendment which would enable a company to lend its own funds on the security of real estate in amounts up to two thirds of the value of the real estate instead of 60 per cent as at present.

What is the final principle of this bill? There is a brand new clause. It is a clause intended to grant trust companies the power to amalgamate and prescribe the procedure to be followed. Just taking the word of the parliamentary secretary to the Minister of Finance whose language was so technical and so difficult, I am sure the house will agree, as I do, with the hon. member for Welland (Mr. McMillan), that a bill of this importance, affecting every trust company incorporated by the parliament of Canada, is one which most certainly should be referred to the standing committee on banking and commerce. I hope the hon. member will so move on second reading.

Hon. Paul Martin (Essex East): Mr. Speaker, I want to say a few words on this subject. I am sure we are very grateful to the parliamentary secretary for the explanation he has given with regard to a bill the details of which are such as to defy ready appreciation unless there is an opportunity for pretty close interrogation of the superintendent, which we could undertake if he were to appear before the banking and commerce committee. However, it will not be possible there, I take it, to receive any statement of policy. We will receive an explanation of the bill, or an explanation of what has already gone on.

I wonder whether the parliamentary secretary is in a position to give the house the government's thinking with regard to matters having to do with large corporations, which I think perform a very useful service in our society; I refer to insurance companies, trust companies, banks and the like. I have particular reference to the tendency during recent days for large mergers and large amalgamations.

We have seen this in the case of the banks, which of course are not covered by this bill. We have seen it, of course, in the case of trust companies. All of this raises in one's mind the question of whether or not this is a good thing for the country and whether it is a development which ought to be fully explained so that we will know what are the consequences of this tendency.

I raise this question because I think it is in the minds of many people. Certainly this is true as a result of some of the big bank mergers, and recently some very important trust companies have added to their holdings by amalgamation and other processes. I believe there are now before us considerations concerning an amalgamation or some sort of integration between two of the larger trust companies in the country.

I mention this matter because I think this would be an appropriate time for a statement by the government of its opinion with regard to these developments. The bill, of course, does not deal with the question of purchase of trust companies by foreign corporations. I understood the parliamentary secretary to the minister to say a few moments ago that in the case of the amalgamation of trust companies, treasury board has the power under sections of the act which are not in the bill before us to approve such amalgamations.

In the case of the purchase, for instance, of an insurance company or the acquiring of control of an insurance company by foreign investors or foreign corporations, whatever may be the persuasive influence exercised by the Minister of Finance (Mr. Fleming), his authority is not more than a persuasive one; I do not believe he has any power to prevent it.

Mr. Bell (Carleton): The hon. gentleman, of course, is aware of the amendments to the insurance acts which this government introduced in 1957?

Mr. Martin (Essex East): I was not aware of them. I am aware of them now my hon. friend recalls them to my mind.

Mr. Bell (Carleton): They are of great significance in relation to federally incorporated insurance companies.

Mr. Martin (Essex East): That did not have the effect, for instance, of stopping the recent taking over by a United States corporation of a Canadian insurance company.

Mr. Bell (Carleton): I think that must be the insurance company with which my hon. friend's friend was involved, which company is provincially incorporated.

Mr. Martin (Essex East): I hope my hon. friend is not stooping to political considerations when he says "my friend". I presume that when he says "my friend" he simply means someone who, happily for him, shares my political views. In the case of trust companies, what is the situation? Is it open to any foreign corporation or any group of foreign investors to acquire a dominant interest in a Canadian trust company? If that is the practice, is it thought to be a good practice? I am not saying it is not; I am just looking for the kind of information which I think the public expect us to elicit and which we may not be able to get in the banking and commerce committee unless there is a spokesman there for the ministry itself. These are questions which in the light of recent events I think deserve comment by the parliamentary secretary.

Mr. Speaker: I must inform the house that if the parliamentary secretary speaks now he will close the debate.

Mr. Richard A. Bell (Parliamentary Secretary to the Minister of Finance): Mr. Speaker, there are two points with which I wish to deal. It is quite obvious from the attitude of the house that it is the wish that this bill should be referred, as is generally the practice, to the standing committee on banking and commerce, and after second reading I will ask the house leader to so move.

The hon. gentleman from Essex East has raised a matter which might be the subject of perhaps both philosophical and political argument; that is the tendency which does exist in companies, not only Canadian companies but companies throughout the western world to grow bigger, to amalgamate. I would not wish to make any statement of policy in relation to that matter. I do not think that bigness as such is necessarily an evil. I do believe, however, that each case where there is a request for amalgamation ought to be reviewed upon its merits and ought to be decided on the basis of one thing only, and that is whether the public good will be upheld. Bigness in some things may advance the public interest. Bigness in other circumstances may very well result in combines in circumstances which would be against the public good. However, I would certainly not wish to suggest that amalgamation as such is evil.

The hon. gentleman also asked about the freedom of any foreign corporation to acquire federally incorporated Canadian trust companies. This is a matter which I think might be pursued in detail with the superintendent of insurance before the standing committee on banking and commerce. The hon. gentleman raised the question of the insurance

companies. Decisive action was taken in the session of 1957 in respect of federally incorporated companies which has had a most salutary effect. Personally I would hope that provincial legislatures would adopt the principles which the federal parliament then adopted.

Mr. Martin (Essex East): The parliamentary secretary said that when this bill is discussed before the committee we could pursue the question of the purchase of Canadian trust companies by foreign investors or foreign corporations. But this possibly involves a matter of policy. What is the policy with regard to such attempts by foreign corporations to take over Canadian trust companies? Is there anything in the law now similar to the act of 1957? Are there any restrictions whatsoever?

Mr. Bell (Carleton): I am personally not aware of any provisions in the Trust Companies Act as it now exists, but the hon. gentleman is, I am sure, in no doubt as to the general policy of this government in its endeavours to Canadianize as far as possible.

Mr. Martin (Essex East): I have not had an answer to my question, but I shall not pursue the matter.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

LOAN COMPANIES ACT

AMENDMENTS RESPECTING INVESTMENT POWERS

Hon. Gordon Churchill (for the Minister of Finance) moved the second reading of Bill No. S-29, to amend the Loan Companies Act.

Mr. Richard A. Bell (Parliamentary Secretary to the Minister of Finance): As I indicated when I spoke on the earlier bill, this is a companion measure. It applies the same principles generally as those I had already outlined. In view of the obvious wish of the house that the previous bill should be referred to the standing committee on banking and commerce, I shall ask the leader of the house after the second reading of this bill to move that it also be referred to the standing committee.

The house may wish to have a general statement with respect to loan companies. The Loan Companies Act which this bill amends was enacted in 1914 at the same time as the Trust Companies Act. These two acts are in the same general form and contain many identical provisions. They differ only to the extent necessary to recognize differences in the nature of their businesses. In the past, whenever amendments have been made in one act it has always been the policy to make similar amendments to the other.

I think the house would wish me to distinguish between loan companies and small loans companies. It might be mentioned that the essential characteristics of a loan company under the Loan Companies Act is the power to make loans on the security of real property and absence of the power to make loans secured by personal property. On the other hand, the distinguishing characteristics of a small loans company under the Small Loans Act is the power to make loans on personal security and absence of the power to make loans on real property.

The Loan Companies Act applies to all federally incorporated loan companies, of which there are only five at the present time. It has no application to provincially incorporated loan companies numbering about 24.

Mr. Martin (Essex East): Would a finance company be included among small loans companies?

Mr. Bell (Carleton): I should not like to answer the hon. gentleman specifically in relation to that. There are many finance companies which are not small loans companies. We are in a very technical field.

The five federally incorporated companies have assets amounting to about $440 million and transact about twice the volume of business done by provincial companies. The companies to which I am referring are as follows. I shall give the date of the incorporation and the location of the head office in each case:

Name	Year of incorporation	Location of head office
Canada Permanent Mortgage Corporation	1899	Toronto
The Eastern Canada Savings and Loan Company	1887	Halifax
Gillespie Mortgage Corporation	1955	Vancouver
The Huron and Erie Mortgage Corporation	1864	London
International Savings and Mortgage Corporation (formerly International Loan Company)	1920	Winnipeg

Mr. Martin (Essex East): Are not some of those concerns trust companies?

Mr. Bell (Carleton): No. These are all loan companies.

Mr. Martin (Essex East): I thought the first one was.

Mr. Bell (Carleton): No. The Canada Permanent Mortgage Corporation is the parent company of the Canada Permanent Trust Company. I believe that The Huron and Erie Mortgage Corporation owns a subsidiary, the Canada Trust Company. My hon. friends who have dealt with these matters in their law practices in central and western Ontario have greater familiarity than I have with these firms.

Since most of the proposed amendments to the Loan Companies Act are similar to those already described in reference to Bill No. S-28 to amend the Trust Companies Act, it seems unnecessary to repeat the same explanations in reference to Bill No. S-29. Clauses 2, 4, 5 and 6 of Bill No. S-29 are the counterparts of clauses 1, 2, 3 and 4 of Bill No. S-28. Clauses 1 and 3 of Bill No. S-29 are additional proposed amendments respecting the Loan Companies Act and have no counterpart in the bill which has just received second reading.

Clause 1 of this bill extends the definition of a loan company so that the Loan Companies Act will clearly apply to companies which confine their business to the purchase of mortgage loans on real estate as well as to companies that make such loans directly.

Clause 3 relates to section 61 of the act and applies to only two loan companies, each of which owns all of the shares, other than directors' qualifying shares, of a subsidiary trust company. Hon. gentlemen have already referred to those particular trust companies, the Canada Permanent Mortgage Corporation, which owns the Canada Permanent Trust Company, and the Huron and Erie Mortgage Corporation, which owns the Canada Trust Company.

Where a loan company on June 28, 1922 owned 50 per cent or more of the shares of a trust company, the act permits the continued holding of such shares notwithstanding that the holding of common shares of any corporation is otherwise limited to a maximum of 30 per cent of the issued shares of such corporation. The act also permits the loan company to invest in the whole or any portion of additional shares that may be issued by the trust company. It does not, however, permit the loan company to acquire additional shares from other shareholders. The proposed amendment would grant this further power.

and, as I have indicated, the proposal will be to refer it to the standing committee on banking and commerce.

Mr. Speaker: Is the house ready for the question?

Mr. Winch: I should like to ask the parliamentary secretary a question. He says that the principles here are the same as apply to the previous bill. Why should a loan company which is a subsidiary of a trust company—there are two cases here—have the same rights as a trust company?

Mr. Bell (Carleton): I am not sure I understood the hon. gentleman's question. Did he ask me whether a loan company which is a subsidiary of a trust company has the same rights as the trust company?

Mr. Winch: Yes.

Mr. Bell (Carleton): I think if the hon. gentleman had followed me he would realize that exactly the reverse situation with respect to parents and subsidiaries is the case. The Canada Permanent Mortgage Company owns the Canada Permanent Trust Company; the Huron and Erie Mortgage Company owns the Canada Trust Company. But in each case the respective powers of the parent and subsidiary are covered by the respective acts; the parent by the Loan Companies Act, with which we are now dealing, and the subsidiary by the Trust Companies Act, to which we have just given second reading.

Motion agreed to, bill read the second time and referred to the standing committee on banking and commerce.

GOVERNMENT PROPERTY TRAFFIC ACT

AMENDMENT RESPECTING PENALTY FOR VIOLATIONS

Hon. D. J. Walker (Minister of Public Works) moved the second reading of Bill No. S-24, to amend the Government Property Traffic Act.

He said: Mr. Speaker, the amendments to the Government Property Traffic Act are required in order to bring this act up to date with the penalties of the highway traffic act and also the Criminal Code. Hon. members will note that there really are only three changes, two of them substantive.

Subclause (g) provides for a maximum fine of $500 in substitution of the old maximum of $50. Also provided, as will be noted in the second line of that subclause, is imprisonment for a term of six months, as the maximum imprisonment. In the third line appears the insertion of the word "such" between the words

"or" and "fine", so as to make it quite clear that this refers to the preceding clause.

There has been an addition in the fifth line following the word "regulation" of the words:

—except that for the violation of any regulation governing the parking of vehicles the penalty prescribed shall be a fine not exceeding fifty dollars.

Subclause (h) is added reading as follows:

providing for the voluntary payment of fines and for prohibiting persons who have violated any regulation from driving a vehicle on such lands for any period not exceeding one year.

These amendments are long since overdue. The Government Property Traffic Act was passed in 1952. Since that time penalties provided for similar offences under the other acts have become much more severe, such as that provided by section 694 of the Criminal Code as found in chapter 51 of the Revised Statutes of Canada, 1953-54.

Mr. Winch: Mr. Speaker, I presume that following second reading of this bill it will be referred to committee of the whole. If that is the case I should certainly like the minister to give us some clear explanation as to what is concerned in these amendments. There is an increase in the penalty from $50 to $500. What type of violation would necessitate an increase in the penalty from $50 to $500?

I do not intend to deal with the section governing parking, but I feel we are entitled to know what the offences are in respect to House of Commons property which necessitate a maximum fine of $500, and sincerely hope that the minister will explain this to the committee.

Mr. Speaker: The hon. member will have the opportunity of inquiring into the details at the committee stage. Is the house ready for the question?

Some hon. Members: Question.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Flynn in the chair.

On clause 1.

Mr. Winch: Mr. Chairman, I understood the minister intended to explain that to which I made reference a moment ago. Perhaps he will also explain whether the grounds of the House of Commons are completely within the jurisdiction of the House of Commons and, therefore, in order to change the penalty there must be an amendment passed by parliament. I should like the minister also to explain exactly how charges are laid under this act, before which judge the trial is heard, and to whom the fine is paid.

Mr. Walker: Mr. Chairman, I will be very happy to answer the hon. gentleman. This act does not apply solely to the grounds of the House of Commons but to any federal government property in Canada.

[Mr. Walker.]

Mr. Winch: Do I understand by that statement that a specific amendment to an act is required in regard to government property anywhere in Canada?

Mr. Walker: No, just in respect to federal government property.

Prosecutions under this act take place in the regular way before the regular constituted courts in each of the provinces. The necessity for this act results from the fact that provincial acts do not cover the federal property involved.

The purpose of this amendment is to bring the federal regulations in line with other regulations. The hon. member has asked what violations are covered by this act. As an example, I should like to suggest that an individual speeding in federal government property can be charged under this act. If the maximum fine is $50 hon. members will appreciate that there is not much deterrent to individuals who repeatedly violate the regulations. Over the past number of years provincial statutes have been increased in respect of fine to a maximum I believe of $500.

Mr. Martin (Essex East): Is the minister stating that the fines as covered by this amendment are consistent with those in other highway and traffic acts?

Mr. Walker: I thank the hon. member for Essex East for asking that question. The fines covered by this amendment are consistent with the fines imposed under provincial highway traffic acts, in respect to similar offences. The purpose of these amendments is to bring this act in respect to fines and imprisonment into conformity with other acts.

Mr. Martin (Essex East): Do the provisions of this act apply in respect to property owned by the municipalities but maintained by the federal government, such as federal parks and highways?

Mr. Walker: I should also like to thank the hon. member for asking that question.

There was perhaps some concern as to whether the national capital commission would be covered by this act. In that connection I should like to state that the national capital commission has its own act and regulations.

Mr. Deschatelets: Mr. Chairman, subparagraph (g) provides for a fine not exceeding $500 or a term of imprisonment not exceeding six months for violation of regulations, except

in respect to parking. What are these regulations? The minister spoke a few moments ago about the speed of traffic. What kind of regulations are they? I understand that speed can be covered, but are there any other regulations?

Mr. Walker: Everything connected with traffic violations is covered including parking, careless driving and so on. The maximum fine for parking, of course, is specifically set out in this amendment as not exceeding $50, and again that is commensurate with the provincial acts. The regulations are rather long. They are set out in the consolidation of statutory orders and regulations, 1955, and if the hon. member would like to see them at any time they are readily available.

Mr. Martin (Essex East): Does the provision in (h) correspond with any provincial act or regulation?

Mr. Winch: That is the very point I am after.

Mr. Walker: Just a moment. I am answering the hon. member for Essex East.

Mr. Winch: He did not stand up so I did not think he was asking a question.

Mr. Walker: He stands up. I have not noticed him refusing to stand up. Paragraph (h) is a new provision. If the charge is careless driving or speeding or illegal parking, instead of the person being forced to take time off to come to court and plead guilty or not guilty he has the option under paragraph (h) of voluntarily paying the fine and not standing trial provided he wishes to plead guilty. That is often done. The hon. member for Vancouver East has perhaps had no experience himself but some of us have had the experience of being able to pay the fine into court under some of the regulations, and this is just bringing the situation in conformity with the other acts.

Mr. Winch: I am not concerned about that but rather with the general principle. According to what the minister has said, this provision applies to any federal property in Canada. Is there something in the original act that says the law in the various provinces for the offence shall apply? You certainly cannot take that meaning from this. All the minister has spoken about is parking and I cannot see a fine of $500 for parking. I am a little confused as to what the first clause means.

Mr. Walker: Subsection 1 of section 2 of the act, which is to be found in chapter 324, Revised Statutes of Canada, 1952, volume V, page 5775, provides as follows:

> The governor in council may make regulations for the control of traffic upon any lands belonging to or occupied by Her Majesty in right of Canada, and in particular, but without restricting the generality of the foregoing, may make regulations
>
> (a) regulating the speed and parking of vehicles and prescribing routes of travel;
>
> (b) respecting one-way traffic, obstruction of traffic, and pedestrian traffic;
>
> (c) for directing traffic and erecting signs;
>
> (d) prohibiting traffic by such vehicles at such times, in such places and in such circumstances as may be prescribed in the regulations...

Mr. Winch: Where do you find anything there which gives you the authority to bring in the amendment before us now providing that there shall be a fine of $500?

Mr. Walker: That is in paragraph (g) of subsection 1 of section 2 of the same act. Having set out the preliminaries involving what the government can regulate, it goes on to prescribe a fine not exceeding $50 or a term of imprisonment not exceeding two months, or both fine and a term of imprisonment, to be imposed upon summary conviction as a penalty for violation of any regulation. In other words, first the government has the power to prescribe regulations for speeding, parking and other infractions of vehicular traffic and, second, it is provided that these offences shall be treated as summary offences and be punishable with a maximum fine of $50 or a term of imprisonment not exceeding two months or a combination of both.

In answer to the hon. member for Essex East, may I say that all we are seeking to do tonight is to substitute for the maximum fine of $50 and maximum imprisonment of two months a maximum fine of $500 and maximum imprisonment of six months. It has been found that the deterrent effect of a $50 fine is not sufficient to keep people within the law and accordingly we are bringing our act up to date and in line with the other acts. Otherwise it would seem to be inequitable that on federal government property the penalty should be less than elsewhere. I would ask the hon. member not to think particularly of parliament hill but to think of government property anywhere in Canada.

Mr. Winch: I am glad to do that, but will the minister tell me of any provincial law with respect to speeding or parking where such penalties are provided? Such penalties may be provided for dangerous driving or impaired driving, but the minister has only mentioned parking and speeding. Can the minister tell me of any place where the fine for speeding or parking is over $50? It is true that it is for dangerous driving, impaired driving or intoxicated driving.

Mr. Walker: The provincial highway traffic acts include the offences which the hon. member has mentioned—

Mr. Winch: Dangerous driving, impaired driving or intoxicated driving.

Mr. Walker: They are separate. This provision does not go that far. I am talking about summary convictions with respect to speeding, parking, careless driving and so on. Under the provincial acts they are punishable in accordance with section 694 of the Criminal Code which provides the penalties for summary convictions. Section 694 provides as follows:

> ...every one who is convicted of an offence punishable on sumary conviction is liable to a fine of not more than five hundred dollars or to imprisonment for six months or to both.

If the hon. member for Vancouver East will follow me, all we are seeking to do with respect to the act we are amending tonight is to bring it up to date and in line with the penalties prescribed in the Criminal Code for summary convictions. Each of the provinces has its own list of summary convictions and the punishment meted out on summary conviction is provided by the Criminal Code.

Mr. Godin: Mr. Chairman, as this legislalation has been in existence for some time it would seem that it has a very good purpose in that the crown in the right of the Dominion of Canada owns large tracts of land. Many areas come to mind such as that at Petawawa. People have occasions to travel over portions of the property there every day and therefore there must be a way of enforcing traffic laws similar to those contained in the traffic acts of the various provinces. I have not had occasion to read the numerous sections of the regulations which, if the volume that the minister held in his hand a moment ago is any indication, are rather numerous, but it seems to me that reference should be made to the travelled portions of these lands if the regulations pertain to traffic. In other words, these provisions would make very little sense if the crimes could be punishable when committed on other than a highway. Under most provincial highway acts, if the same crime were committed in a private driveway or on a person's farm, a person could not be convicted. No doubt the intention of this legislation is to make sure that the same exemption is preserved in so far as these large tracts of land are concerned which the crown owns.

If this bill relates to traffic offences, it seems to me the wording should be such as to limit the offence to the travelled portion of the property. If a person drove negligently on a portion of government property other than the travelled portion and thereby caused damage to another vehicle, there could be confusion as to the laying of a charge. The amending bill before us indicates that most of the provincial highways traffic acts impose rather severe penalties for certain infractions, including the cancellation of the licence. However, if the same offence were committed on crown lands, apparently the most severe penalty would be the revocation of the right to drive on crown property.

If someone visiting Petawawa committed a traffic offence, and there are many miles of road in Petawawa, the only penalty imposed would be a revocation of the right to drive in Petawawa. I think that this amending bill fails to impose any measure of severity because the penalty is restricted to depriving a man of the right to drive on crown property. Subclause (h) says that he shall be deprived of the right to drive a vehicle on such lands for any period not exceeding one year. If it is the intention of this amending bill to bring the penalties into line with the penalties imposed by provincial highway traffic acts, it seems to me that it fails because a person may commit a very grave offence while visiting government property for the first and last time, and therefore the judge has no power beyond depriving him of his right to drive on that portion of federal property. These are the two things that occurred to me as needing explanation.

Mr. Walker: This is a very interesting point that the hon. member for Nickel Belt raises. Since he is an able lawyer himself, I know he will appreciate that $500 seems like a substantial fine. However, it can be as small as the magistrate wants to impose. When you get up to $500, it is generally for repeated offences, and that is the reason the fine has been raised as high as it has.

Of course my hon. friend will appreciate that while on government property, outside of those regulations as to speeding and parking, the provision of section 6 of the traffic regulations would apply. This section reads, in part:

> No person shall operate a vehicle on a highway otherwise than in accordance with the laws of the province and the municipality in which the highway is situated.

We have here a situation where our own particular act which we are amending covers certain offences, and anything that is not covered by that act is covered by the law of the province or municipality in which the offence takes place.

Mr. Godin: I realize the minister intended to give an explanation, but my suggestion is that there seems to be an inequality. If a person commits a traffic offence on Wellington street, he may be fined $400 by the magistrate. If a person commits the very same offence on crown property, he is tried by the same magistrate and may be fined $400. There is equality here. However, if the

magistrate decided to cancel the licence of that driver in addition, the man who committed the offence on Wellington street may very well have his licence suspended for six months and he would be prevented from driving any place in the province of Ontario, whereas the person who committed the same offence on crown land would only lose the right to drive on those crown lands.

Mr. Walker: As my friend will appreciate, we are confined to federal lands. We cannot take upon ourselves any jurisdiction for Wellington street. I quite appreciate the point the hon. member is raising.

Mr. Deschatelets: There is a legal saying that nobody should be ignorant of the law. This is a special act covering infractions on federal government property. I would think that something should be done to make people aware of the fact they are on federal property. Some signs should be posted to show that people are liable to prosecution, for speeding infractions, careless driving, and so on. Otherwise, there may be people who would be completely ignorant of the fact that they are liable to prosecution for these offences on federal property.

Mr. Walker: I am glad my hon. friend raised that point. Section 7 of the traffic regulations states:

> The Minister of Public Works, the minister of any department having the control or management of any government property or the commissioner may mark or erect or cause to be marked or erected on any government property, traffic signs or devices
>
> (a) prescribing rate of speed;
>
> (b) regulating or prohibiting parking and designating parking areas;
>
> (c) prescribing load limits for any vehicle or class of vehicles;
>
> (d) prohibiting or regulating the use of any highway by any vehicle or class of vehicles;
>
> (e) designating any highway as a one-way highway;

And so on.

Mr. Winch: May I ask the minister, while he has that book before him, what the situation now is on the hill, as we call it. On the hill, only the Royal Canadian Mounted Police have any control whatever. The other night when I was in a taxi, a chap was coming up in front of the parliament buildings at 40 or 50 miles an hour and almost hit us. If the mounted police had caught him and charged him, I presume he would have been tried by a municipal judge. Since he would have been arrested on the hill by the mounted police, would the law of the province of Ontario apply when that man appeared in court?

Mr. Walker: No. When he is charged by the R.C.M.P. officer, the matter is taken before a magistrate and an information is laid. He is tried in the regular court by a magistrate the same as any other citizen who breaches the law on Wellington street. Then, the magistrate has cognizance of this particular act which we are amending tonight. That is why it has been a bit old fashioned and behind the times in providing such low penalties when one compares it with the law which would appertain to Wellington street. In the case which my hon. friend recited of the other night when he was almost run into by a car driving 40 miles an hour, which we so often see come rushing up to the main door, may I say this. That person, if he had been in any trouble before, could have imposed on him a fine up to $500 or as low a fine as the magistrate saw fit to impose if it was the first offence. In that way the penalty is brought in line for that same driver driving 40 miles an hour out on Wellington Street. In other words, we have now brought up to date and correlated the fines or the penalties for the same offence, no matter whether it is committed on Wellington street or on parliament hill. Does that answer the question?

Mr. Lambert: I have a brief word of commendation for the minister for the change that is being made in the act dealing with the voluntary payment of fines. This has been a particularly sore point in Edmonton at the new international airport where people have not been involved in parking regulations. Previously, at the municipal airport they simply received a parking ticket. Under the act as it stood prior to this amendment offenders had to appear in magistrate's court and take time off; somebody had to come in and give evidence. A good deal of time was lost and you were getting parking fines of $10 and more and costs; whereas for a mere city parking infraction the fine might be a ticket for $1. This amendment will remove a very annoying feature of traffic control at international airports particularly where you can easily run afoul of the law, for instance, in running over your meter. As the act stood previously, if you overran the meter, you were obliged to go to court and you could pay a fine of $10 or more. This amendment will now bring the practice in line and make for much more convenience for the public.

Mr. Hellyer: Will the minister say whether the regulations provide for or whether the governor in council has the power to authorize the payment of fines by instalment in cases in which the magistrate might feel that course was desirable?

Mr. Walker: There is certainly nothing under the act which is being amended tonight, namely the Government Property Traffic Act. That being so, we would then have reference

to the provincial law or the municipal law; and if there is such a provision there for payment on the instalment plan, that will be possible.

Mr. Hellyer: That would apply to this act?

Mr. Walker: Yes.

Mr. Winch: Is there a section there which says that although the provincial or municipal police may have no authority on government land the law, when a charge is laid, is the provincial law. That is the point I was trying to get at. Someone says that although the municipal or provincial police have no authority on government land—I am speaking now particularly of land on the hill—because persons are charged and must appear before a magistrate or authority outside this hill, they then come under all the provisions of the provincial law.

Mr. Walker: Yes. The hon. member for Vancouver East is quite right. The procedure in the particular province in which the offence took place or the municipality, whichever happens to govern, would apply in any infringement of the law on any federal government property where this federal Government Property Traffic Act does not provide the penalty.

Clause agreed to.

Title agreed to.

Bill reported, read the third time and passed.

WAR VETERANS ALLOWANCE ACT

AMENDMENTS TO INCREASE RATES OF ALLOWANCES AND INCOME CEILINGS, ETC.

Hon. Gordon Churchill (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That Bill C-101 intituled "An act to amend the War Veterans Allowance Act, 1952", now before the house, be amended, in clause 3 of the said bill, by adding the word "and" at the end of subparagraph (ii) and by striking out subparagraph (iv) of paragraph (a) in proposed subsection (4) of section 3 of the War Veterans Allowance Act, 1952.

Motion agreed to and the house went into committee, Mr. Flynn in the chair.

Mr. Churchill: The purpose of bringing in this change by way of a resolution is this. It is occasioned by the fact that it might involve a financial obligation on the crown. Consequently we brought it in preceding the consideration of the bill. It strikes out a clause dealing with the widow of a recipient who dies outside of Canada. The clause as it stands in the bill at the moment means that such a widow would have to apply for an allowance within 12 months from the date of the recipient's death. In the standing committee on veterans affairs it was considered that this was an unnecessary restriction to place in the bill. We have agreed with that view and consequently I am suggesting that it be now deleted. The widows of recipients are known to the Department of Veterans Affairs and we would not wish any widow to be deprived of an allowance that was her due simply because she had failed to make application within a period of 12 months.

Mr. Batten: I should like to support this resolution which I think is important but should not require a great deal of discussion. I think that the original paragraph was much too restrictive. One can easily conceive of a situation in which a widow would not be eligible for war veterans' allowance within the first year after the death of her husband and would therefore not apply; but if she were not to apply within the first 12 months she would not be eligible for the allowance. I think this is a much more reasonable regulation and I would support it.

Mr. Herridge: I rise to express briefly our pleasure at the introduction of this resolution which in effect accepts the recommendation of the Canadian Legion before the committee and the recommendation of the committee. While the amendment will affect only a limited number of veterans widows, prior to this time they have suffered, in our opinion, a measure of injustice. The matter has been brought to the attention of the government by hon. members on both sides of the house in the last year or so as a result of their experience of particular cases. The Canadian Legion and other organizations had experience of similar cases which were brought to their attention and as a result they made recommendations before the committee and gave very careful explanations of the reasons for those recommendations.

May I say again that we are very pleased the minister has introduced this resolution which further improves the amendments to the War Veterans Allowance Act which we expect to consider very soon.

Resolution reported and concurred in and referred to the committee of the whole on Bill No. C-101.

Motion agreed to.

AMENDMENTS TO INCREASE RATES OF ALLOWANCES AND INCOME CEILINGS, ETC.

Hon. Gordon Churchill (Minister of Veterans Affairs) moved that the house go into committee of the whole to consider Bill No. C-101, to amend the War Veterans Allowance Act, 1952.

Motion agreed to and the house went into committee thereon, Mr. Flynn in the chair.

On clause 1.

Mr. Churchill: Mr. Chairman, I have no intention of making a lengthy address at this stage of the bill. We have given very careful consideration to the whole problem. We had a discussion at the resolution stage on May 16 and debate on second reading on May 31. Since then the bill has received very careful study by the standing committee on veterans affairs and has now come back to the committee of the whole for consideration.

As I pointed out on those other occasions, the main amendment proposed in the bill involves a 20 per cent increase across the board for people receiving war veterans allowance and a larger increase for orphan children. The other amendments, as we come to them one by one, will indicate changes which will improve the administration of the act.

The committee may wish to ask certain questions concerning these various amendments. Hon. members may wish to spend some time discussing some aspects of them, but in view of the fact that the standing committee on veterans affairs undertook an intensive study of the bill and received representations from interested organizations it may be that we will not have to take too much time this evening in considering the bill. This bill will be of considerable benefit to veterans and their dependents, numbering approximately 70,000, who are under the administration of the war veterans allowance board.

Mr. Batten: Mr. Chairman, I should like to say just a few words on the first clause of this bill. The bill was studied very carefully in the standing committee and the various clauses were discussed. With regard to clause 1, I agree with the increase in allowance given to veterans because it brings the allowance they have been receiving more in line with the increase which has been given under another veterans act. As we go through the different clauses I may wish to ask one or two questions, but I have no further general remarks to make on the bill at this stage.

Mr. Herridge: Mr. Chairman, I do not think there will be a very lengthy debate on this committee stage of the bill because we had a thorough debate on second reading and the bill was referred to the standing committee and considered very carefully there. The committee heard representations from the Canadian Legion and the Canadian corps association, and there were written representations from other veterans organizations. The witnesses who represented the veterans organizations were questioned by the members of the committee and gave further explanations of the recommendations contained in their briefs and the reasons for introducing those recommendations.

In addition to that the officials of the department very carefully explained the present circumstances with respect to the administration of the act, the effect of the amendments on the administration and the effect on the veterans and dependents concerned. I might say that the Canadian Legion brief first of all expressed its belief in the value of the standing committee on veterans affairs. I quote from the brief:

> We believe that continuation of the policy of referring legislative changes to veterans affairs committees where we can offer suggestions and information assures the veterans of Canada that the legislation affecting their welfare will receive careful study.

The legion also expressed its appreciation of this legislation by saying:

> We feel that the introduction of Bill C-101, an act to amend the War Veterans Allowance Act, indicates that the government has been influenced by the recommendations which we have placed before it.

They went on to say:

> We thank the government for introducing these amendments to the War Veterans Allowance Act at this session of parliament. We realize that the speech from the throne in November made no mention of this legislation, and we are sure that Canada's veterans, particularly those in receipt of war veterans allowances, will be most pleased with the changes, especially the increases in rates.

They were particularly pleased, I think, because of the result of the amendments to the Pension Act. It was brought out during the debate and in the committee studying the act that there were some 13,000 war veterans allowance recipients who were also pensioners and who received no benefit from the increases under the Pension Act. This legislation, as the minister said, will be of advantage to 70,000 war veterans allowance recipients and will remedy what we considered to be an unintentional injustice suffered by the 13,000 pensioners who are recipients of war veterans allowance.

As we consider the various measures contained in this bill I may wish to bring to the attention of the committee the proposals made by the Canadian Legion. I might say that the committee, after its study of the legislation, directed the attention of the government to the recommendations made by the Canadian Legion and other veterans organizations for further amendments. All I wish to say at this point is that we trust

the government will give these veterans organizations' recommendations directed to it by the committee sympathy and favourable consideration.

Mr. Winch: Mr. Chairman, I realize this is the second veterans pension act we have had before us this session. Of course we in this group support this bill. We have discussed this bill at the resolution stage and the second reading stage, it was referred to the veterans affairs committee and it is now being considered in committee of the whole. Because this is the last opportunity I should like to ask the Minister of Veterans Affairs if consideration has been given to a certain matter and if by any chance the hon. gentleman contemplates any amendment of this act to give recognition to a forgotten group of people. I refer to the merchant seamen who were in the front line of war. Thousands of Canadians died on merchant ships in the front line. They have never been recognized by any public act in Canada. I should like to ask the minister, taking advantage of this discussion on clause 1, which is the only opportunity I have, whether consideration is being given in this measure or any other to those who survived as far as recognition by Canada in the matter of pensions is concerned.

Mr. Weichel: I had no opportunity of taking part in the discussion which took place on the resolution stage of this bill to amend the War Veterans Allowance Act and at this time I do not want to delay the bill. However, as a disabled veteran of the first world war and one who has been in close contact with some of these veterans from the first world war I feel sure this amendment will be of great benefit to the recipients who in many cases have served in both wars.

I am pleased, on looking over the bill, to see some of the changes which are to be made, especially the addition of time taken to travel to England and back again—in my case, 14 days going over and 10 days coming back. In some cases this extension will enable a number of veterans to qualify. I should like to commend the minister and the government on bringing in this fine legislation.

Mr. Hellyer: I do not often commend the government but I should like to do so on this occasion. I think this is a very good bill. I welcome it on behalf of many people in my constituency who will benefit from it. I think it is timely and worth while, and I should like to thank the government for introducing it.

Mr. Churchill: I should like to answer the hon. member for Vancouver East who raised a question concerning merchant seamen. I have given consideration to this problem affecting merchant seamen. It was one of the first questions I raised with my departmental officials when I assumed this porfolio last fall.

Along with others, I have a great deal of admiration for merchant seamen who served in many instances in such perilous conditions during war time. I admit, frankly, that had I been asked to perform some of the duties undertaken by merchant seamen I might have been somewhat reluctant to come forward quickly.

A question with regard to merchant seamen was raised in the standing committee on veterans affairs, and my parliamentary secretary answered the question there. It amounts to this—that although there is a difficulty in bringing merchant seamen under the provisions of the War Veterans Allowance Act as it stands now because of the requirements set out in the act we think, nevertheless, that merchant seamen might be dealt with more properly under the civilian war pensions and allowances act. We are giving consideration to this problem. If this could be done it would obviate the necessity of declaring merchant seamen to be veterans under the definition which appears in the War Veterans Allowance Act. I agree with the hon. member for Vancouver East and with others who have raised this question that the problem has to be tackled and dealt with. I do not at all disguise my sympathy for the merchant seamen who are not at the present time benefiting under the War Veterans Allowance Act. Let us not forget, however, that those who were disabled have been taken care of.

Mr. Carter: I had not intended to intervene in this debate—

An hon. Member: The old, old story.

Mr. Carter: —because we are anxious to get this legislation through and the hour is getting late, but what the minister has just said has caused me to rise and make a few remarks at this point.

I am grateful to the minister for telling the committee that this matter is under consideration but I would urge him to give consideration to bringing the merchant seamen under the War Veterans Allowance Act rather than under the civilian war pensions and allowances act as he has just suggested, because whatever act you bring these seamen under you will have to grapple with the problem of service and one of the big problems of the merchant navy is that there are so many different groups with so many different kinds of service—service on inland waters, service on coastal waters and service on the high seas. I do not think all of them can qualify, but I want to point out that this particular act which we are considering now, the War

Veterans Allowance Act, was set up for just such cases as these—for people who rendered service to their country in time of need and who are not qualified to receive regular service pensions. They were not wounded, they were not disabled, and perhaps there was some question as to whether they could be classed as veterans. I think this is where we should change our thinking. It is not enough to say that a person is a veteran because he served in a certain way. That, I think, is wrong thinking. Any man is a veteran who volunteered his services to his country in time of war and who risked his life in the service of his country. I will point out that the casualties in the merchant marine were often higher than in the regular service. A man can do no more than give his life. Of those who were spared I have many in my own district who are crippled with arthritis because of the soaking in the water that they underwent for hours, sometimes for days. I have others who are crippled with tuberculosis because they were cramped up in small quarters aboard ships. I have others who are crippled for other reasons traceable to their service in wartime. This act was set up to deal with such cases. If we call these people civilians we are throwing away the value of their service. We are saying to them that because they served in the merchant navy or because they were getting a certain rate of pay they are not veterans. I do not think that has anything to do with the definition of a veteran. A veteran is an individual who serves his country voluntarily in time of need. Surely these people are just as worthy and deserving of benefits under this act as those individuals in the other categories we have brought in.

Mr. Lennard: Nobody is arguing with you.

Mr. Carter: Oh, yes they are. The minister suggested we had to keep away from thinking about bringing these individuals under the War Veterans Allowance Act, not considering them as veterans but as civilians.

Mr. Lennard: And he is right.

Mr. Carter: I do not think he is right. A veteran is not a veteran because he puts on a uniform. Many veterans are drawing benefits under this act who never saw service or took any risk. Why should we decide just because they wore a uniform, they are any more worthy, and should receive the benefits of this legislation, than those individuals who served in the merchant marine? I should like to urge the minister to cast off this kind of thinking and to devise some means of bringing these individuals under the terms of this legislation, which has been set up to look after those individuals who cannot qualify for a pension in any other way.

Mr. Winkler: Mr. Chairman, I should like to say a word or two in regard to this bill. Not having been in attendance at the committee meeting, this is the first opportunity I have had to do so.

I have received representations from individuals who will be the recipients of this increase, and who, because of the numbers of their families, are currently recipients of provincial welfare. These individuals are concerned that because of this increase they may be deprived of the benefits they are now receiving from provincial welfare. I should like to know whether the minister has considered this situation.

Mr. Jones: Mr. Chairman, perhaps I could answer that question. The recipients of mothers' allowances and relief for dependent children paid by provinces or municipalities will not lose benefits as a result of this increase. Those allowances which they are now receiving are not included within the terms of income as set forth in this act, and the fact that they receive such allowances, will not have a bearing on their eligibility to receive benefits under this act. I do have a list of the exempted items from income, which includes mothers' allowances, family allowances, as well as a number of others, and could supply my hon. friend with that list if he desires.

Mr. McIlraith: Mr. Chairman, I should like to ask the parliamentary secretary to deal with the converse situation. I think he will find that mothers' allowance authorities consider the benefits of this act as income for the purposes of determining the allowances payable under provincial legislation, which is reduced when there is an increase in the benefit under this act. I think he will also find that this parliament has no authority in regard to this situation.

Mr. Jones: That is something over which the federal parliament has no control.

Mr. McIlraith: It is a very unhappy situation.

Mr. Jones: Any action taken by the provincial or municipal governments is taken under their own jurisdiction, not ours.

Mr. Macdonnell: Mr. Chairman, I should like to express my satisfaction with what the minister has said tonight regarding the fact that merchant seamen will not be overlooked. I have been greatly impressed by the words of the hon. member for Burin-Burgeo as well as those of the hon. member for Vancouver East. I am quite sure that every hon. member of this house feels that whatever else happens

these men must not be unfairly treated. On the other hand, I should not like to argue with what the minister says should be done. I am perfectly content to leave it to him to do what is right. If it is his judgment to look after certain individuals in a certain way, I know that he has given much thought to it and go along with that judgment, knowing that he will do what is right.

Mr. Winch: We should not delay that action too long because there is no legislation covering those individuals now.

Mr. Pickersgill: Mr. Chairman, I have only just come into the chamber and have had the chance of saying just a word or two to my friend the hon. member for Burin-Burgeo. I understand that he, as many other hon. members, has received representation in respect to merchant seamen. I should at this time like to join my voice with his in his expression of concern for them.

Mr. Chairman, I should also like to say a word or two about the 365 day regulations.

Mr. Jones: Mr. Chairman, we have not yet reached that item.

Mr. Pickersgill: Are we not dealing with clause 1?

Mr. Jones: We are considering clause 1 but we will come to that specific item a little later.

Mr. Pickersgill: Mr. Chairman, unfortunately I am supposed to attend three committee meetings tomorrow morning and felt that this perhaps was my only chance to say very briefly what I wish to say in regard to this legislation.

I should like to know why we must continue this discrimination in respect to the 365 day provisions, and why we cannot just do away with it altogether. I suggest this is an attempt to keep alive some old sores from the first world war which ought to be forgotten. This measure should be abolished altogether so that those individuals who went overseas during the first world war will be treated in the same way as those individuals who went overseas during the second world war. I think it is very unfortunate that this is not what is being done at the present time.

I should also like to suggest, as has been suggested by other hon. members on this side of the house from Newfoundland, that the Newfoundland forestry corps should be treated as veterans on exactly the same basis as the Canadian forestry corps because, if Newfoundland had been in confederation at that time, they would be treated in that way. I should like to repeat that this is perhaps something which ought to have been done in our day and was not, which is no excuse for the present government not doing it.

We all know that under the Canadian Citizenship Act every Newfoundlander is treated as a born Canadian. The members of the Newfoundland forestry corps should be treated with equality on the same basis as other veterans. These individuals performed exactly the same services but, because they were enlisted in a civilian corps, they are treated differently. I suggest that distinction should not be perpetuated and that there is still a chance during this committee's consideration for the minister to eliminate this distinction.

The hon. member for Burin-Burgeo put a motion on the order paper which, if I remember correctly, was passed, but I do not believe a return has been made yet, asking for a list of all those awards which have been made to a certain category of Newfoundland veteran. I have a letter I intended to bring with me but did not, which appeared in one of the St. John's newspapers the other day written by an individual who had received an award, indicating thereby that he had been recognized as a veteran, but whose services have never been recognized since confederation. I suggest this problem should also be dealt with under the present legislation.

Clause agreed to.

On clause 2.

Mr. Herridge: Mr. Chairman, I am very pleased to note the inclusion of the provisions of clauses 2 and 3 in this bill. However, in view of the time that has lapsed before receiving amendments of this type, I should like to suggest that the war veterans allowance board keep statistics in relation to those individuals who benefit as a result of clauses 2 and 3. I think statistics of that type would be very interesting and could be used as a guide in respect to further amendments.

Clause agreed to.

On clause 3.

The Chairman: I understand that the Minister of Trade and Commerce intends to move an amendment to clause 3.

Mr. Hees: Mr. Chairman, I move:

That clause 3 be amended by adding the word "and" at the end of paragraph (a) (i), and by striking out subparagraph iv of paragraph (a) in the proposed subsection (4) of section 3 of the War Veterans Allowance Act of 1952.

Amendment agreed to.

Clause as amended agreed to.

Clauses 4 to 13 inclusive agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the said bill be read the third time? By leave, now?

Mr. Pickersgill: By leave.

Mr. Churchill moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

EXPORT CREDITS INSURANCE ACT

AMENDMENTS RESPECTING LIMITS OF LIABILITY UNDER SECTION 21

Hon. George H. Hees (Minister of Trade and Commerce) moved the second reading of Bill No. C-108, to amend the Export Credits Insurance Act.

He said: Mr. Speaker, when this bill was being considered at the resolution stage a few days ago two hon. members asked questions, the hon. member for Ottawa West (Mr. McIlraith) and the hon. member for Kenora-Rainy River (Mr. Benidickson). I have answers to the questions which they asked me at that time and before proceeding with my remarks on second reading I should like to answer those questions for them.

At the resolution stage the hon. member for Ottawa West asked for certain information regarding liabilities incurred by the corporation under different sections of the act. I am pleased to inform the hon. member as follows: First of all, under section 13 of the act the corporation's liability amounted to $65,985,482 under policies of insurance outstanding at May 31, 1961. Second, under section 21 of the act the corporation's liabilities under policies of insurance issued and irrevocable commitments given for insurance amounted to $137,959,557 as at May 31, 1961. Third, under section 21A of the act no guarantees have as yet been issued by the Export Credits Insurance Corporation, and accordingly no paper has been purchased. For the information of hon. members, may I say that approval in principle has been given to guarantee and purchase negotiable instruments covering export transactions amounting to $48 million. In addition, business amounting to about $100 million is at present being negotiated by exporters and if it develops will require financing under section 21A.

The hon. member for Ottawa West also made reference to the tabling of orders in council issued under sections 21 and 21A of the act. I am pleased to advise the hon. member that I consider the suggestion he made to be a good and sensible one and therefore when we come to the appropriate section of the bill I will ask one of my colleagues to move the following amendment:

21B. All orders in council made under sections 21 and 21A while parliament is in session shall be laid before parliament during such session within 30 days of the date of their making and, if made while parliament is not in session, shall be laid before parliament within 30 days after the commencement of the next ensuing session.

The hon. member for Kenora-Rainy River also asked two questions at the resolution stage and I am pleased to reply as follows:

1. The current sale of wheat to Poland represents 7.5 million bushels sold on terms of payment providing for 10 per cent on shipment, 30 per cent payable in 24 months, 30 per cent payable in 30 months, and 30 per cent payable in 36 months.

2. With respect to the sale of wheat to China, the Export Credits Insurance Act is not involved.

Those are the answers to the questions which were asked at that time, Mr. Speaker. As I have some remarks with which I should like to introduce second reading of the bill and since it is very close to 10.30 I wonder whether I could call it 10.30?

Some hon. Members: Agreed.

BUSINESS OF THE HOUSE

Mr. Pickersgill: I wonder whether I might ask the house leader if he could indicate the order of the bills for tomorrow?

Mr. Churchill: Any third readings that are ready tomorrow will be taken first followed by second reading of Bill No. C-108, an act to amend the Export Credits Insurance Act. The next item would be Bill No. C-111, an act to amend the Railway Act, followed by the bill to amend the National Energy Board Act. If time permits we will also take the resolution dealing with the Pine Point railway.

Mr. Pickersgill: Is the minister able to indicate what business will take place on Wednesday?

Mr. Churchill: No. I am waiting to confer with people on the other side of the house with regard to that.

Mr. Pickersgill: I should like to make a suggestion. There are certain Senate amendments that might be very agreeable for Wednesday.

Mr. Speaker: May I remind the house that it is proposed to take a photograph tomorrow evening prior to the commencement of the budget as was forecast the last time when an effort was made to get a picture of the House of Commons in session.

At 10.30 p.m. the house adjourned, without question put, pursuant to special order.

APPENDIX

CORRESPONDENCE WITH PROVINCES RESPECTING FISCAL MATTERS

Ottawa,
June 16, 1961.

The Honourable Leslie M. Frost, Q.C., M.L.A.,
Premier of Ontario,
Toronto, Ontario.

My dear Premier:

At the dominion-provincial conference of February 23 and 24, 1961, I presented certain proposals with respect to the financial arrangements which might exist between Canada and the provinces for the five-year period commencing April 1, 1962. The major aspects of these proposals were that we should discontinue the present system of tax rentals in favour of tax collection arrangements, that the federal government would leave considerably more tax room for the provinces by withdrawing substantially in the personal income tax and that a broader system of equalization should be adopted which would give greater weight to fiscal need particularly when considered in conjunction with the proposal to increase substantially the Atlantic provinces adjustment grants and to continue for a further five years the special payment of $8 million per annum to Newfoundland.

The above proposals were discussed at the dominion-provincial conference of February 23-24. Since that time they have been discussed intensively by officials at two meetings of the continuing committee on fiscal and economic matters. The federal government has given very careful consideration to all the points raised and the purpose of my letter is to acquaint you with the conclusions we have reached.

In changing from a tax rental to a tax collection system of agreements, the first question to settle is the type of tax collection agreements which can be adopted to put the new system into effect. Under the system proposed the provinces will levy their own personal income and corporation income taxes. The Department of Justice has given intensive consideration to the possibility of devising agreements which would enable the Department of National Revenue to provide the tax collection service for those provinces which wished it without having to resort to provincial courts. If this could have been achieved, it would have greatly simplified the task of the Department of National Revenue. However, it is the opinion of the Department of Justice that any arrangement which attempted to provide for the enforcement of the provincial taxes otherwise than through the provincial courts would be of doubtful constitutional validity. This means that the only type of tax collection agreement which can be safely entered into between the provinces and Canada is one in which the federal government will act as the agent of the province for the purpose of collecting the tax imposed by the province. The fact that an agency system of agreements must be entered into will complicate the work of the Department of National Revenue and will make it necessary to exercise extreme care in defining the relationship between the federal and provincial taxes.

A second important question has been raised involving the relationship between the federal and provincial taxes on personal income. Two possibilities have been discussed. The first is that the provincial tax might be a percentage of the federal tax. The second is that the provincial tax might be imposed on the basis of taxable income as defined under the Income Tax Act of Canada with a schedule of rates which followed the rate of progression in the federal income tax. The federal government is not prepared to offer tax collection agreements on both of these bases concurrently, partly because of the administrative complexity which would result for the Department of National Revenue, and partly because of the inconvenience it would cause to taxpayers and to employers who are responsible for tax deductions at source. In order that it will be possible to separate the provincial content of all tax deductions at source without installing a complete system of separate accounting for the provincial and federal levies, it is necessary that the percentage relationship between the provincial tax deductions and the federal tax deductions must be constant throughout the year. Since this is the case, it seems to the federal government that a provincial tax levied as a percentage of the federal tax has very clear advantages. We are prepared, therefore, to offer tax collection agreements to provinces in which the personal income tax is levied as a percentage of the federal tax.

There are no similar complications in the case of the corporation income tax and the federal government is prepared, therefore, to enter into tax collection agreements with the provinces for any corporation income tax which is expressed as a flat percentage of taxable income as defined for federal income tax purposes.

Some provinces have enquired as to the possibility of the federal government collecting for the provinces in addition to the income tax, a further flat rate tax which would apply subject to a stated dollar maximum as is the case with the federal old age security tax. The difficulty with this proposal is that the addition of such a tax to the provincial rate structure would destroy the uniform percentage relationship between the provincial and federal tax in all income ranges. The federal government could not, therefore undertake to collect such a special tax without becoming involved in completely separate accounting on an individual basis for the provincial and federal tax. This is a task which the federal government cannot assume because of the unnecessary additional burden it would place on the Department of National Revenue.

Questions have been raised as to whether natural resource revenue should be included in the formula and particularly whether certain elements of that natural resource revenue which have been referred to as non-recurring should be included. As I stated to the dominion provincial conference of February 23-24 in presenting the federal proposals, the reason for including natural resource revenue was to broaden the equalization formula by taking account of the great variation in provincial revenues due to natural resources. In our view, this addition to the equalization formula has greatly improved it from the standpoint of meeting the fiscal need of the provinces. The decision to include 50 per cent of all natural resource revenue as shown in the dominion bureau of statistics publication, "Financial Statistics of Provincial Governments", was taken to avoid uncertainty in the application of the formula. We believe that a thin line separates recurring from non-recurring revenues in the resource field, if indeed there is any line of separation at all. Consequently, to attempt any such separation would, we believe, lay the whole formula open to doubt and dispute. Since we are including only 50 per cent of natural resource revenue, we are not in any event allowing the full weight of either the recurring or non-recurring natural resource revenue to affect the equalization payments. I conclude, therefore, that the proposal to include 50 per cent of natural resource revenue in the equalization formula should stand as an essential part of the federal offer.

Some provinces have asked whether the federal government would be prepared to extend the guarantees offered under the federal proposals. One suggestion was that there should be an additional guarantee that no province would receive less in equalization under the new proposals than it would have received under a projection of the equalization component of the present arrangements. Another suggestion was that what was referred to in my statement to the conference as the (a) guarantee should be extended to provinces above the national average. Under the proposals as presented by the federal government, the provinces will receive the benefit of substantially increased tax room in addition to equalization and the equalization guarantees. The federal withdrawal from the personal income tax is to be raised to 20 per cent by the end of the period compared with the standard rate of 13 per cent for the present year. Having in mind its heavy responsibilities, the federal government cannot provide additional equalization guarantees of the type mentioned above while at the same time offering substantially increased tax room to the provinces.

A further question was raised with respect to the application of the equalization guarantee to those provinces in receipt of the Atlantic provinces adjustment grants. The Atlantic provinces adjustment grants, which it is proposed to increase by $10 million, will be paid separately under the terms of the new legislation. However, in determining the additional equalization to be paid to a province in the form of a guarantee, it is proposed to take account of the Atlantic provinces adjustment grants. This seems a reasonable procedure in view of the fact that the guaranteed equalization already provides for payments to the provinces in excess of their entitlement under the basic equalization formula.

At the conference I stated that the federal government was prepared to consider certain concessions in connection with the taxation of the forest industry if the provinces were willing also to make some concessions. It has been conceded that because the logging profits tax is levied in addition to the corporation income tax, the forest industry bears a greater tax burden than other industries. The possibilities of lessening the burden of taxation on the forest industry have been discussed at the official level. One of the possibilities discussed was that a tax credit shared between a province and Canada, might be granted to the industry. Before this

can be done some further technical discussions will be required to reach agreement on the definition of logging income which will be subject to tax and accepted for the purpose of this tax credit. Subject to reaching agreement on this matter of the definition of logging income, the federal government is prepared as a means of relieving the tax burden on the forest industry to offer a tax credit equal to two thirds of the logging tax up to a maximum rate of 10 per cent, provided the province gives a tax credit equal to the remaining one third of such logging tax.

Request has been made for the preparation of a list of federal agencies and corporations which might be subject to provincial sales taxes. We are proceeding with the preparation of such a list and this matter will be resolved before the expiry of the present agreements at March 31st next.

I indicated in my statement to the conference of February 23-24, that the federal government was prepared to continue for the fiscal year 1961-62 the arrangements whereby the provinces receive a half share of the income tax collected from certain public utilities. A number of provinces have indicated that they believe there are strong reasons for continuing this sharing beyond the year 1961-62. We now propose as a concession to these representations to give the assurance that this sharing will be continued throughout the period of the next agreements, that is, for the next five years up to and including the fiscal year 1966-67.

With regard to the progress which is being made with the preparation of legislation to implement the proposed financial arrangements for the period after March 31, 1962, it is our intention to introduce at the current session of parliament legislation which will provide the basis for the proposed new arrangements. The Department of Justice is making good progress with the drafting of this legislation. While the legislation will provide authority for the government of Canada to enter into tax collection agreements with the provinces, there will be a great deal of work involved in drafting the agreements themselves. This can come at a later stage. As soon as the draft legislation has been prepared which will provide the basis of the new arrangements, it will be possible for the Department of Justice to turn their attention to the preparation of model provincial legislation which would complement the draft federal legislation. I understand that it was the wish of some of the provinces that the federal government should assist them in this fashion.

I believe that the above comments deal with the major points which have been raised in connection with the federal proposals and I trust that they give you an adequate account of the progress to date.

I am,

Yours sincerely,
John G. Diefenbaker.

HOUSE OF COMMONS

Tuesday, June 20, 1961

The house met at 11 a.m.

PUBLIC ACCOUNTS

Fourth report of standing committee on public accounts—Mr. Macnaughton.

EXTERNAL AFFAIRS

LAOS—SUGGESTED PROVISION OF CANADIAN AIRCRAFT TO INTERNATIONAL COMMISSION

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, I should like to ask the Prime Minister whether the government has given consideration to the supply of Canadian aircraft to the international commission in Laos in view of the difficulties that our Secretary of State for External Affairs seems to be encountering in securing the necessary facilities and equipment from the United Kingdom and the Soviet union.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the Leader of the Opposition did not give me any notice of this question.

Mr. Pearson: I am sorry.

Mr. Diefenbaker: I realize that it was not by intention that course was followed. The house, of course, will know that yesterday the Secretary of State for External Affairs spoke at length at the meeting in Geneva. One of the matters particularly dealt with was this question of supplying the necessary aircraft to ensure that the operations of the commission could be carried out effectively. As yet, however, no consideration has been given to the suggestion made in the question. It is a matter that will be given further consideration when the Secretary of State for External Affairs returns. I expect that will be on Thursday.

HOUSE OF COMMONS

REPORTED FINANCIAL IRREGULARITIES RESPECTING FORMER SECRETARY OF STATE

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the continuing disquieting reports concerning alleged kickbacks of public money—this is the kind of thing one could expect in a situation like this—and in fairness to Mr. Courtemanche, would the Prime Minister say whether he has made an inquiry to assure himself that nothing of this kind has been carried on within the jurisdiction of the federal government?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the first act of the present government when it came into power was to ensure that no minister in the cabinet would hold a portfolio while at the same time having a position as a director of any company, whether public or private. That was to prevent the possibility of there being any connection between the award of contracts and the relationship of a minister to a company which might be in receipt of a contract.

I can only say in answer to the hon. member what I said the other day, that at no time did I ever hear directly or indirectly of anything which would have supported the suggestions that were made the other day during the course of the royal commission hearing. I can only say that we took measures we had advocated through the years, that ministers should not be connected in any way with corporations. That was a course we felt was necessary in order to preserve and maintain the integrity not only of ministers but also the administration.

Mr. Argue: A supplementary question, Mr. Speaker. Do I take it from the Prime Minister's answer that in addition to ensuring that a minister is not associated with any private company that might have received kickbacks, the Prime Minister has made an inquiry to make certain there have been no kickbacks of any kind within the jurisdiction of the federal government?

Mr. Diefenbaker: Mr. Speaker, I have no information whatsoever in that connection that would lead to the inference that is inherent in the question.

Mr. Argue: On a point of order, Mr. Speaker, there is no inference in the question; it was asking for information. I want to make it perfectly clear that there is no accusation; the question was merely asking for information.

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Prime Minister, arising out of a question I asked the other day, whether he has yet received

the transcript of the evidence of the royal commission in Montreal for which he said he had asked?

Mr. Diefenbaker: Mr. Speaker, the transcript has not yet been received.

[*Later:*]

Hon. J. W. Pickersgill (Bonavista-Twillingate): May I address a question to the Acting Minister of National Revenue and ask him if he is yet in a position to report on the question asked by my colleague the hon. member for Laurier on Saturday, as to whether a federal income tax inspector did, in fact, as alleged, visit the Jean Talon Hospital in Montreal?

Hon. J. W. Monteith (Acting Minister of National Revenue): No, I am not. At that time I said it was considered that any personal income tax files were secret and that I would look into the question.

Mr. Pickersgill: Has the minister yet looked into the question, and is he able to satisfy the house as to the factual matter of whether a federal income tax inspector was at that hospital?

Mr. Monteith (Perth): No. I said I would look into the question at that time.

HEALTH AND WELFARE

ROYAL COMMISSION—INQUIRY AS TO PERSONNEL

On the orders of the day:

Mr. Percy Vivian (Durham): Mr. Speaker, I should like to ask the Prime Minister whether he has any information to give the house on the appointment of members of the royal commission on health.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, the appointments to the royal commission have been made by order in council. There will be a press release today setting out the identity of the various members. In view of the question asked, I will give the house that information now.

The commission will be composed of Miss Alice Girard of Montreal, immediate past president of the Canadian nurses' association and chairman of the Canadian section of the international council of nurses; Dr. Arthur Van Wart of Fredericton, past president of the Canadian Medical Association; Dr. David Baltzan of Saskatoon, past president of the Saskatchewan medical association and a member of the central health services committee of Saskatchewan; Dr. C. L. Strachan of London, Ontario, past president of the Canadian section of the international college of dentists; Professor O. J. Firestone of Ottawa, former economic adviser to the Department of Trade and Commerce, and Mr. Wallace McCutcheon of Toronto, who is of course well known both as a businessman and for his work in welfare organizations. I have not the order in council with me at the moment but I will table it tomorrow.

Hon. Paul Martin (Essex East): A supplementary question, Mr. Speaker. Could the Prime Minister indicate whether there will be a representative of the Canadian Medical Association on the commission? Also, in replying to that question will the Prime Minister indicate if he expects and hopes that there will be a report of the commission before the government decides to call the next federal election?

Mr. Diefenbaker: I am sure the hon. gentleman has some interest in the next federal election, and at some time his anxiety will be satisfied; not, however, in answer to a question couched in the manner of the one asked a moment ago. As far as the commission is concerned I have referred to the various members and I now have the order in council, which I ask to be tabled.

IMMIGRATION

DISCUSSIONS WITH ITALIAN UNDER SECRETARY OF STATE

On the orders of the day:

Mr. M. D. Morton (Davenport): I should like to direct a question to the Minister of Citizenship and Immigration. Can the minister give the house any information on the results of the discussions she has been having with representatives of the Italian immigration authorities who have recently been visiting Canada?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): The under secretary of state for immigration in Italy, Hon. Ferdinando Storchi, has been in Canada for some ten days primarily for the purpose of visiting his countrymen who have migrated to this country to see the conditions under which they are living. We have had two very helpful days of discussion, one a week ago Monday and the other yesterday, in the course of which many questions were answered with respect to Canadian laws not only at federal level but at provincial and municipal levels as well. I think the discussions, which took place in a spirit of great friendliness, were helpful. I know they were helpful to our department and I trust they were helpful also to Mr. Storchi and his colleagues.

SHIPPING

HALIFAX-ST. JOHN'S, NFLD.—REPORTED PROPOSAL TO CANCEL AGREEMENT

On the orders of the day:

Hon. Leon Balcer (Minister of Transport): On Wednesday last the hon. member for Trinity-Conception asked if the Canadian National proposes to cancel an agreement among shipping companies chartered during the winter months between Halifax and St. John's, Newfoundland. The management of the Canadian National Railways advise that the railway has no charter agreements with steamship companies for service during the winter months between Halifax and St. John's.

This question may arise from negotiations at present under way between the Canadian National and certain steamship companies concerning year round through rates on rail water routes between the Canadian mainland and Newfoundland. An agreement now exists between the railway and these water carriers, inter alia, as to the division of the through rates between the two parties. The Canadian National is now in negotiation with the steamship companies on the matter.

TRANS-CANADA AIR LINES

NUMBER OF PILOTS USED IN VANGUARD AIRCRAFT

On the orders of the day:

Hon. Leon Balcer (Minister of Transport): Last week the hon. member for Laurier asked about a report that T.C.A. intended to use three pilots on its Vanguard service into Chicago and New York instead of two as originally announced.

I am informed that T.C.A. in commencing Vanguard service to these two cities is, in the first instance, operating with an air crew composed of two supervisory pilots in each case. Department of Transport inspectors will also be carried frequently on these flights in the early stages. At a later date after the operational pattern has been well established, the two supervisory pilots will be gradually replaced by regular T.C.A. line pilots. The process of introduction of these line pilots may mean, upon occasion, that during the transitional stage there will be three pilots in the cockpit rather than two, but the basic concept of operating the aircraft with an aircrew of two pilots has not been changed, and ultimately the aircraft will be operated by two line pilots.

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO APPOINTMENTS TO BOARD OF DIRECTORS

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Minister of Transport whether the government has as yet made the appointments to the board of directors of the Canadian National Railways which were authorized by parliament?

Hon. Leon Balcer (Minister of Transport): No, Mr. Speaker.

NUCLEAR ENERGY

INQUIRY AS TO RESUMPTION OF TESTS

On the orders of the day:

Mr. Hazen Argue (Assiniboia): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the failure of the major powers to reach an agreement banning nuclear tests, and the declaration by the United States that it may resume nuclear testing if an agreement is not obtained, I wonder if the Prime Minister can inform the house whether Canada is opposed to the resumption of nuclear testing even though an agreement is not obtained at an early date.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, as the house knows, Canada has consistently taken the position that nuclear weapon testing should cease. We are, therefore, deeply concerned by the lack of response on the part of the Soviet union to the substantial concessions which the United States and the United Kingdom have made in their latest proposals at the Geneva conference. The western answer to the Soviet aide memoire on nuclear testing and disarmament, which was given to Mr. Kennedy at Vienna, sets out very clearly why the present Soviet proposals are unsatisfactory. The United Kingdom and United States of America reply states that in the absence of progress and an effective controlled nuclear test agreement, governments will be faced with an increasing need to take whatever steps may be necessary to ensure their defence. I think that answers the question of the hon. gentleman.

We have taken a very strong stand in this regard, but the free world will have realized this fact; that however well intentioned people may be toward securing disarmament, our defences must be maintained so long as the Soviet continue their present attitude of refusing a co-operative stand in this regard.

Hon. Paul Martin (Essex East): Mr. Speaker, I should like to ask a supplementary question. In view of what the Prime Minister has just said, does this mean that the government of Canada has changed its position as stated by the Secretary of State for External Affairs, that Canada was in favour of a cessation of nuclear tests with or without controls?

Mr. Diefenbaker: Mr. Speaker, that does not mean that the Canadian government has changed its position.

Mr. Hellyer: Of course it has; read the statements and you can tell that.

CRIMINAL CODE

Hon. E. D. Fulton (Minister of Justice) moved the third reading of Bill No. C-110 to amend the Criminal Code.

Miss Judy V. LaMarsh (Niagara Falls): Mr. Speaker, I have just a few remarks to make at the third reading stage of this bill. I should first like to recommend to the Minister of Justice, as well as other ministers who may be bringing legislation before this house, that an opportunity be given, particularly in regard to such serious matters as these, for more study prior to the introduction and passage of bills.

This bill was only placed before us at 11 o'clock yesterday morning and received second reading early last evening. It contains provisions of great import, and for the first time provides implementation of the McRuer commission's recommendations by the adoption of a definition and provisions dealing with those individuals now to be classed as dangerous sexual offenders. Because this is a matter which has been discussed for some period of time, there has been a body of opinion expressed already in regard to it. However, some of the other provisions which are included in the amendments contained in the bill have not had such careful study by any such persons.

These provisions are most important, although fortunately in Canada the segment of the population to which they apply is very small. The minister gave us the information that fewer than 40 people have been convicted under the prior provision respecting criminal sexual psychopaths. Nevertheless this problem affects 40 people, and for those and the public whom they may have irreparably damaged it is a serious matter and one which requires care and consideration.

The minister indicated that there are other parts of the report which still must necessarily be implemented. In particular he pointed out that research facilities called for by the commission have not yet been established. Unhappily those who will now be classed as dangerous sexual offenders are individuals who respond but little to any sort of training or treatment carried out by psychiatrists and people in the field. I suggest it is therefore necessary, Mr. Speaker, that research facilities be set up at once in order that modern science may have an opportunity to find a way to assist those people who are psychologically ill.

If clinics are to be instituted, then perhaps there should be not just one but a number of small ones. I note that in *Le Devoir* this morning there is a comment from a meeting of mental hygiene specialists in Vancouver with respect to the bill passed previously dealing with drug addicts. They are complaining that the government did not consult them before bringing in its provisions. In fact they suggest that a number of small clinics for the treatment of drug addicts is much preferable to one large one.

I suggest that the government consult those active in the field who have been studying the problem for some time before launching into a program. It is necessary immediately, now that the legislation has been passed, that the government engage personnel consisting of psychiatrists and other people for the training program, and that they commence a building program for research facilities and begin to allocate money and plans in order that those who may be convicted and incarcerated under preventive detention shall receive some assistance. Otherwise it is sterile to say that we will legislate only to segregate them from the population and forget about them after we have them behind bars.

In addition, there was a change in the legislation with respect to habitual criminals. We are fortunate in Canada in that since we have had this legislation only some 54 have been convicted as such and sent to prison. The same provisions are now to apply to those who are convicted on an application as habitual criminals, and they will be incarcerated for preventive detention. It is necessary as well that they receive psychiatric and psychological training and assistance in order that they may be restored to society. As is indicated by the figures, already there have been some habitual criminals restored as decent citizens, and it is apparent that they are good risks when they go back to the community.

The other important group of sections in the bill which has received second reading were those dealing with the small boats regulations. For the benefit of those who were not present may I say there was some discussion and a point was raised about the difficulty of policing. The regulations referred to are those which have already been in force under the responsibility of the Department of Transport. They are now moved into the Criminal Code. Neither the minister nor the members of this house should forget that the mere legislation is not enough. It is necessary to police it.

The hon. member for Kootenay West raised a most interesting point which found favour with the minister, namely that in order to assist provincial authorities in policing the

regulation it may be possible to call upon voluntary associations. The hon. member suggested that perhaps members of boating or yacht clubs would assist. The minister suggested it might be possible to do something along this line with respect to fire wardens or fish and game wardens. I urge upon the minister that this line be followed up because the legislation, without enforcement, is useless.

Briefly then, Mr. Speaker, may I say that the provisions are generally good ones, but they would have benefited from more study. More time should have elapsed between the presentation of the printed bill and the discussion in committee. I hope that before other amendments are brought forward more time will be allowed for study not only by the opposition but by members of the public interested in law enforcement and the code before adoption by this house.

Motion agreed to and bill read the third time and passed.

EXPORT CREDITS INSURANCE ACT

AMENDMENTS RESPECTING LIMITS OF LIABILITY UNDER SECTION 21

The house resumed from Monday, June 19, consideration of the motion of Mr. Hees for the second reading of Bill No. C-108, to amend the Export Credits Insurance Act.

Hon. George H. Hees (Minister of Trade and Commerce): Mr. Speaker, the purpose of this bill is to amend the Export Credits Insurance Act by increasing the resources available for the export financing facilities which I announced in the house last November. This financing makes it possible for Canadian exporters to sell capital equipment on long term credit to foreign buyers.

I should like to describe briefly the operations of the Export Credits Insurance Corporation, which is charged with the responsibility of administering the Export Credits Insurance Act. The corporation was originally established to insure Canadian exporters of goods and services against non-payment by foreign buyers. The corporation's annual report for 1960, which was tabled in the house on March 28, 1961 shows that in the 16 years of its insurance operations it insured for its own account and risk a total of $575 million of export sales. The excess of premiums over net losses and expenses is less than one fifth of 1 per cent of export sales insured. Thus as was intended, it has operated on what is practically a break-even basis.

In its insurance operations the Export Credits Insurance Corporation charges premiums related to the risks involved. Rates of premium are established by taking into account the commodity, the credit term, the buyer's country, the volume of the exporter's business, the spread of risk and any other considerations which in the view of the corporation affect the risks underwritten. The average rate of premium for all the short term business insured by the corporation to date is less than three quarters of 1 per cent. As a general rule the maximum credit term for short term business in 180 days. The insurance premium is a flat charge and not on a per annum basis.

Rates for medium term business, that is up to five years, also vary by country and credit term. While premiums for medium term business are also a flat rate charge they work out to about 1.5 per cent per annum on the amount at risk. It should be emphasized that the corporation is not trying to make a profit. On the other hand, neither does it subsidize export sales. The premiums which it charges will in the long run, it is hoped, result in a break-even operation. The maximum liability the corporation may take on for its own account is $200 million. This is under section 14 of the act.

In cases where the board of directors of the corporation is of the opinion that a proposed contract of insurance would impose upon the corporation a liability for a term or an amount in excess of that which the corporation would normally undertake, and if in the opinion of the Minister of Trade and Commerce it is in the national interest that the proposed contract of insurance be entered into, the governor in council may authorize the corporation to issue the insurance policy. In such cases any loss would be paid out of the consolidated revenue fund. Under this section of the act the corporation has insured a total of $360 million of export sales, and there have been no claims.

With the backing of export credits insurance an exporter has no difficulty in getting short term financing from the chartered banks. Even in times when domestic credit has been tight, the Canadian chartered banks have been willing and able to finance short term export business.

To take care of medium term export financing the nine Canadian chartered banks have together established the Export Finance Corporation of Canada, Limited. The Export Finance Corporation has an authorized capital of $50 million, and with this as a base could borrow up to $500 million to finance exports from Canada on medium term credit. This Export Finance Corporation, which recently commenced operations with Mr. H. Duke Scott as general manager, has announced it will finance capital goods transactions involving credit up to five years where the sales are

backed by export credits insurance. This is a first class example of co-operation between government and business for the benefit of the Canadian economy as a whole.

Under section 21A of the act the corporation may, when authorized by the governor in council, guarantee the obligations of a foreign buyer and may also purchase or sell the guaranteed obligations and lend money upon the security of guaranteed instruments. It is by using this authority that the government has undertaken to finance export sales of capital goods for periods extending beyond five years at rates of interest approximately equal to those being offered by major competitors. Government financing is, however, available only for capital goods having a high Canadian content—80 per cent or better—and which are intended for use in economically sound projects in creditworthy countries where it is reasonable to expect continuing foreign sales.

The normal procedure would be that the Export Credits Insurance Corporation would guarantee, by endorsement or otherwise, the long term obligations given by a foreign buyer to a Canadian exporter. The corporation would then "purchase" the obligations, thus giving the exporter cash. The exporter gets cash on the barrel head and the foreign buyer in effect gets a long term credit. If a particular lender were interested in holding the obligations for the interest return the corporation could then "sell" the guaranteed obligations to that lender.

The present intention is that the interest rate charged for a long term loan for export financing would be about 1 per cent above the cost to the government of borrowing money. Thus the rate quoted today is in the order of 6 per cent. This rate makes us competitive with other long term lenders such as the export-import bank of Washington.

There is no fixed or statutory limitation to the period of credit which might be approved. The factors that would be taken into account would be the size or value of the project involved; the useful life or operating period of the equipment; the ability of the buying country to pay, and the terms of payment that would be granted by international lenders such as the world bank or by the export-import bank.

Mr. McIlraith: Mr. Speaker, I wonder whether we could ask the minister to speak a little more loudly so that we could hear him.

Mr. Speaker: I might also ask hon. members to speak a little more quietly, and the combination of the two might produce the desired result.

[Mr. Hees.]

Mr. Hees: Section 21B of the act provides that the limitation of liability for both insurance under section 21 and financing under section 21A is $200 million. As at May 31, 1961 insurance in force under section 21 totals $138 million and financing commitments under section 21A total $48 million, making $186 million in all. This leaves only $14 million available for both additional insurance under section 21 and any long term financing under section 21A. As stated in the explanatory note to the bill:

> The purpose of this bill is to provide that the two hundred million dollar limit of liability specified in section 21B of the act, now applicable to both contracts of insurance entered into by the corporation under section 21 and instruments guaranteed by the corporation under section 21A, be made applicable solely to contracts of insurance entered into under section 21. The bill would also provide a separate limit, in the amount of two hundred million dollars, on the liability of importers under outstanding instruments guaranteed by the corporation under section 21A.

Since the government announced the availability of financing for sales of capital goods on long term credit, applications totalling about $250 million have been received. This is a good indication of the potential export volume of capital goods business. A number of projects have been approved by the committee on export finance, and commitments totalling $48 million have been given. Of the remainder, those which are considered to be eligible for financing are under active examination at this moment.

As I stated in my remarks when presenting the resolution in connection with this proposed amendment to the Export Credits Insurance Act, I am delighted to have to ask parliament to increase the funds available for long term financing. This is another example of the steps which this government is taking to encourage Canadian manufacturers and exporters to enter into the export markets of the world and increase their export sales. Backed by export credit insurance and export credit financing, it is up to the exporters to get out and seek orders from buyers who will buy if delivery is prompt, quality and design are good, and the price is right.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I want to thank the minister for his statement. I regret the last sentence or two of it because of a slight historical inaccuracy. It is an inaccuracy that is not too important, and it does not in any way detract from the importance of the legislation and the desirability of the bill. The inaccuracy was quite simple and it was this. The necessity for this bill is due to the failure of the government to listen to question raised by hon. members of the opposition in 1959

when section 21A was added to the bill. What we are doing today is correcting that situation.

However, the amendment is none the less desirable. It is better to be late than never to correct these little omissions, and this was an important omission. I merely wish to correct the minister, because I should not like him to be misled as to what this legislation is, and I should not wish his actions as minister heading up this extremely important department to be influenced by a wrong concept on his part as to the legislation.

The minister is quite right in stressing the importance of this legislation and of the new amendment in relation to the possible export of capital goods. I have always regarded this as a particularly fortunate piece of legislation in the Canadian economy. We have the fact that action was taken one year before the end of the war to bring in this legislation in order to meet what then was the problem in the export market, namely making it possible for our former regular customers to buy our goods through the provisions of the act. Amendments to this act year after year through the intervening 17 years since it was first brought into operation have I think kept the act in a healthy condition and rendered it very useful to our export trade.

The first act was passed in 1944 and was dealt with by the then minister of trade and commerce, the late Hon. J. A. MacKinnon. The first act provided for insurance against the risk of loss arising out of non-payment. As hon. members will recall, it was then basically a matter of payment and exchange control and the uncertainty of exchange all over the world. That act performed its functions. Then in 1945 the then minister of finance introduced a bill amending part of the act to provide for the lending to other government's former customers, of certain sums of money which were very large in relation to the finances as viewed in those days, though perhaps not so large in relation to the figures we hear from finance ministers these days in the House of Commons. However, they were very large then.

Although I have not the reference, I recall many times hearing the hon. member for Greenwood speak about this legislation and some of the benefits that flowed from it. It was interesting that in 1945 two hon. members in the house were rather concerned about what was then this very new legislation because is was advancing and increasing foreign trade and we might forget our home market. It was rather interesting to find that view was asserted by the then hon. member for Davenport, the late Mr. MacNicol. It also seemed to be supported by the hon. member for Rosedale of that day; I refer to Mr. Jackman. I am sure that Mr. Jackman would be the first to agree now that the bill has worked well and that his fears were not in any way justified.

Then in 1948 the bill was again amended in order to meet the changing situation, and the area of insurance was enlarged. Provisions were introduced which enabled the corporation to meet the situation where the liability was in an amount in excess of that which the corporation would normally undertake in relation to any one contract, export, commodity or country. I have references to the hon. member for Greenwood who took an interest in that bill at that time; and I must say that, to his credit, he raised the question of why private insurers were not in this field. It was clear that they were not in it, and I think the need for this legislation has been demonstrated since then.

Then in 1954 there were further amendments to the act. The amendments in 1954 were to increase the capital. The amount of insurance permitted under the ordinary insurance provisions is 10 times the amount of subscribed capital and the amount of the reserve. The capital provision was increased, but in effect the amount of insurance permitted was increased from $100 million to $200 million under the ordinary provisions. That is section 13 of the act.

Incidentally, I may say that at the committee stage I wish to raise a very small point having to do with reserves. The act itself refers to reserves in the financial accounts; two items of reserve are used. What is referred to is the one item only of the reserve, or that is what was intended to be referred to in determining the amount of insurance that could be granted. However, that is a small matter of not too great importance and can be referred to at the committee stage.

Then in 1957 the former government again amended the act and enlarged its scope in relation to the type of goods that could be shipped, and the purposes; that is to say goods for consignment, goods for exhibition and so on. Later in the same year, namely in 1957, after the change of government the new minister of trade and commerce again submitted an amendment increasing the amount of insurance that could be undertaken under the contracts of insurance which the corporation was empowered to enter into under section 21 of the act. That was the section having to do with those types of contracts that the corporation normally would not undertake but which could be undertaken with the approval of the governor in council when certain criteria were met. The former

minister of trade and commerce increased the limitation under that section from $100 to $200 million.

Then, again in 1959, the former minister introduced the amendments which provided the right of the corporation to discount paper, to guarantee paper, and it is that 1959 provision that is being amended by the bill before us. That was to meet the new demand in the export markets having to do with financing.

It is interesting to observe the change in the problems of the export trade over the years. Formerly it was a question of the countries to which they were selling being able to obtain exchange with which to pay for the goods. Then it was the other risks related to that point. Then it was the question of enlarging the type of insurance we could grant because of the size of some contracts, notably some of the wheat contracts and related matters. In these cases there were risks that because of their size would be so great that a prudent insurance company would not undertake them in relation to one customer.

Then in the last two years we have had the problem that is relatively new but very, very important. This is the problem of the difficulty of exporters financing their sales contracts and their paper. In any event, as far as I am concerned I hope that whatever governments are in office over the years, particular care will be paid to this legislation to see that it is adapted from year to year to meet the problems of exporters, in the way it has been over the past 17 years. I have no doubt at all in my own mind but that this legislation, in that very difficult conversion period after the war, was of very great assistance in getting our exporters into the markets of the world. I have no doubt at all that this kind of assistance will be required in the trading world of tomorrow to meet the very tough type of competition we will have to meet.

The minister said something this morning with relation to the activities of a privately owned corporation which was incorporated, incidentally, in 1959 if I remember correctly, to enter this field of guaranteeing and discounting export paper. It is somewhat unfortunate that the name of that corporation is remarkably similar to the name of this crown-owned corporation, but since there is a relatively small number of persons dealing with the two corporations perhaps there is not too much difficulty caused by that fact. It would have been a matter of real concern were the corporations of such a nature that a great many persons in the country dealt with them. I hope that the House of Commons will in the future take more care in the granting of names to corporations than it has in the past, because I feel we have been a little careless on this subject over the years, and certainly we have a good example of this in the legislature before us at the moment.

I was not able to hear part of the minister's remarks this morning on the subject of the activities of the private corporation in this field, but I take it I can deal with that subject more closely in the committee stage and perhaps ask the minister to repeat part of his remarks at that time. I take it that the main concern now is for this public corporation to supplement the activities of the private corporation and deal with those types of contracts that cannot receive assistance through the private corporation.

There is one other matter I should like to mention. During the opening part of his remarks on second reading last evening the minister made reference to the contracts of insurance covering the sale of wheat to Poland. Indeed, this legislation has been used as the vehicle for insuring types of sales like the wheat sale to Poland and in former years to Czechoslovakia, I think, and Russia. There may be one or two others. The point I want to make now is this. The very large wheat sale to China apparently does not come under this legislation at all, and the insurance of the payment under those contracts of sale is dealt with separately by the government.

I would hope the government would not develop the practice of only providing part of the insurance and financing provisions that are properly granted to exporters from time to time. I would hope we would not develop a system of having parts of these contracts insured by the government under some other general authority or some other act, and side-tracking this act. As a matter of fact I have always regretted that the sale of wheat was taken away from the Minister of Trade and Commerce and put under the jurisdiction of the Minister of Agriculture. If I recall correctly, I referred to the somewhat truncated functions of the Minister of Trade and Commerce. It seemed to me that so many of the functions that were properly those of the Minister of Trade and Commerce had been taken away from him. In my opinion it was not a satisfactory way in which these matters should be dealt with. In any event, it is not for me to plead the cause of the Minister of Trade and Commerce, but this does pose real problems in the control parliament is to have over expenditures and risks of this sort. It does seem to me to weaken the efficiency of cabinet handling of the responsibilities in this field of export trade. I would hope that the minister responsible for export trade would be left with that responsibility and

fixed with it so that he is answerable for it.

The wheat sale to China is a very important transaction, and in relation to that sale we have no method of obtaining the proper information in the House of Commons. There is no requirement that the related contracts having to do with the insurance and guarantees of payment be tabled, as there is under this legislation. There is no way of getting the information that is ordinarily very important under these types of export contracts for other goods.

For instance, that contract provides for payment in foreign currency. So far as I recall this is the first contract in which we have accepted foreign currency in payment. That is the sort of thing that should be dealt with and examined by the Minister of Trade and Commerce because of the implications that impinge directly on our foreign trade. Whether it is a good thing to do, or is necessary, is another matter. The point is that it is the Minister of Trade and Commerce who should be examining the consequences, in relation to our exports and imports, of taking payments in foreign currency and assessing them.

There is the question of the information which is made available to the house. We have a very elaborate procedure set out in this legislation to guarantee that the house shall have full information; the annual report, the tabling of documents, and so on. If the government takes certain export insurance out of the ambit of this act, as was done in the case of the China wheat agreement, we have no information available to us. I asked a simple question when the minister gave the volume of the Chinese wheat contract sale. I asked him what rate of exchange he had used in computing the figures, because that makes a great difference as all hon. members will realize. I was not given that information, though it is information which is relevant.

Mr. Speaker: I hope the hon. member will not mind my interrupting to point out that he is discussing a matter which comes under another department. Perhaps it is not fair to deal with that question now, particularly as it is not relevant.

Mr. McIlraith: I was not seeking to discuss the merits of the China wheat sale, but rather to discuss this bill which imposes on the Minister of Trade and Commerce, through this corporation, certain responsibilities. I was seeking to illustrate my contention that all government contracts of insurance insuring exporters against loss should be dealt with through this vehicle now before us. That is the point I was seeking to make. I was illustrating the type of information which is obtainable under this legislation but which is not available if the other type of legislation is used. I was not seeking to discuss the China wheat deal on its merits, because to do so would, I agree, be out of order.

There is another point which arises. Under this export credits insurance legislation, orders in council are required to be tabled and as a result we are able to examine the payments made and ascertain any default in payments. Indeed, some orders in council were tabled on June 9 dealing with that very point. There is one in relation to heavy equipment from the Dominion Steel and Coal Corporation. There is another having to do with readjustments which had to be made in the method of payment in a certain area.

All that information had to be provided to the House of Commons. In the China wheat deal a very different procedure was followed. We do not get that type of information, and if the rate of exchange drops, if there is a revaluation of sterling, sharp rearrangements may have to be made. Nevertheless members of the House of Commons cannot avail themselves of the provisions of the Export Credits Insurance Act in order to get information about these things. That is the point I wish to stress.

Perhaps I can leave this matter now and content myself with saying that I hope the amendments we are now dealing with, having to do with the financing of certain types of export sales of capital goods, will be of real assistance to exporters. I must say that in 1959 when the provision was first introduced I expected it would be used to a considerable extent. However, I think I am correct in saying that in the first year after the passing of the section there was no paper guaranteed or discounted under that section and that up to date it has amounted to a very small item. I believe there is now considerable activity, though, and it may become of real significance. As I say, I expected in 1959 that it would have been used a great deal right away. Apparently it was not, and if the minister has any explanation to give I should be interested to hear it.

Incidentally, I noticed that last night in referring to the financing under section 21 the minister gave a figure of $48 million. When the resolution was being discussed he indicated a different figure, if I understood him properly, the figure of $58 million. I shall ask him a further question about that when we reach the committee stage of this bill.

Mr. Erhart Regier (Burnaby-Coquitlam): I believe the government is to be heartily commended for having introduced this amendment to the Export Credits Insurance Act. I believe this is a means by which we have

actively assisted underdeveloped nations to acquire the capital goods they need. I feel the act has also been of benefit to our own national economy in that the production of the goods involved has meant increased employment for the Canadian people.

I should like to hear the minister tell us, either when he closes the debate on second reading or when he opens the discussion at the committee stage, which nations have received these goods and enjoyed the benefit of this legislation, and how much money was involved in the sales to each of the nations concerned. I should also like him to tell us whether importers in all the countries of the world are eligible to obtain the benefits of this legislation and, if not, which countries are deliberately excluded from the list of those importing goods under the terms of this act. I would also appreciate it if the minister could place on the record the main lines of commodities involved, together with the approximate valuation of each of these main lines of commodities and how many companies have taken advantage of this legislation.

It would also be interesting if the minister could give the house some indication of where these companies are located. For example, have any companies in British Columbia taken advantage of this measure? The last question I wish to ask is this. Can the minister tell us whether only capital goods are eligible under the terms of this act, or whether consumer goods can also be exported, payment being insured under this legislation?

We feel that in the main the act has worked to the benefit not only of Canadians but of other people in the world, and again I should like to commend the government for initiating this request for the large increase in the capital needed. The minister has already supplied us with statistics illustrating that the extra money is urgently required.

Hon. J. M. Macdonnell (Greenwood): I rise in order to ask a question. I must admit that the hon. member for Burnaby-Coquitlam has largely covered the ground I had intended to cover. I should like also to say I was much interested in the thorough and knowledgeable manner in which the hon. member for Ottawa West reviewed this legislation.

My question is this. We all know the activity and energy which the minister has shown since taking over this department, and I think we all know he has been very keen in regard to the question of aid to underdeveloped countries. I should like to ask him whether the restrictive tests, inevitable under this act, as to the capacity for repayment of the purchasing countries, will exercise a very restricting influence on the amounts of credit which will be available for the underdeveloped countries.

I do not intend to weary the house with my views regarding this subject, which I have expressed more than once, but I should like to remind hon. members that there are three arguments for aid. The first is humanitarian, the second is political—that is to say whether we want these countries, and let us say India, to slip into the communist field—and third, which is the argument we are now considering, our own economic interest in the matter. I have no doubt as to the desire of the minister, as I know he has done much already, but I should like to hear not only his detailed answer to the questions asked by the hon. member for Burnaby-Coquitlam but perhaps a broad reply to the whole question.

This is not a matter which interests us now; it has more or less been shoved under the rug, but I am just as convinced as I am that I stand here now that the time will come when hon. members of this house will realize that this is one of the most important questions which will face us.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. McGee in the chair.

On clause 1—*Limit of liability under contracts.*

Mr. Regier: Mr. Chairman, I believe the minister is awaiting the arrival of his advisers. Perhaps we could just wait a moment or two, because I understood that the minister intended to reply in detail to the questions which have been asked.

Mr. Hees: Mr. Chairman, the list of the countries to which sales were made and insured during the past year appears in the annual report of the Export Credits Insurance Corporation issued December 31, 1960. The list of the countries and the amounts for which sales were insured appear at pages 12 and 13. I will be glad to send the hon. member this copy if he is not in possession of one, as the list is quite lengthy.

Mr. Regier: Mr. Chairman, because of public interest in this matter I wonder whether the committee might agree that the table be inserted in *Hansard* at this stage? I am sure that *Hansard* readers will be pleased to find it there.

Mr. Hees: Mr. Chairman, I might say that this document was tabled in the house about six weeks ago. However, I shall be pleased to have this included in *Hansard* at this stage if the committee so desires.

The Chairman: Is it agreed that this table shall be printed in *Hansard* at this point?

Some hon. Members: Agreed.

[*Editor's note: The table above referred to is as follows:*]

EXPORT CREDITS INSURANCE CORPORATION

ANALYSIS, BY COUNTRIES, OF ACTUAL RISKS UNDERWRITTEN DURING 1960

Country	Amount at the government's risk under section 21	Amount at the corporation's risk
COMMONWEALTH		
Australia	—	$ 6,041,054
Bermuda	—	231,619
Borneo	—	4,152
British East Africa	—	8,340
British Guiana	—	370,101
British Honduras	—	28,381
British West Africa	—	6,312
British Oceania	—	949
Ceylon	—	12,548
Cyprus	—	35
Fiji	—	3,050
Ghana	—	1,978,506
Hong Kong	—	75,309
India	—	503,708
Malaya	—	237,536
Malta	—	104
New Zealand	—	2,696,050
Nigeria	—	450,073
Pakistan	—	34,536
Rhodesia and Nyasaland	—	248,222
South Africa	—	674,664
United Kingdom	—	9,283,507
West Indies Federation	—	4,039,908
Total commonwealth countries		$26,928,664
FOREIGN		
Arabia	—	2,200
Argentina	—	395,003
Austria	—	123,920
Bahrein Islands	—	777
Belgium	—	1,650,720
Bolivia	—	80,343
Brazil	—	3,061,967
Chile	—	799,002
China (mainland)	—	2,084,700
Colombia	—	1,787,320
Congo	—	386,495
Costa Rica	—	484,081
Cuba	—	2,044,866
Denmark	—	208,996
Dominican Republic	—	553,728
Ecuador	—	294,388
El Salvador	—	95,107
Ethiopia	—	2,195
Finland	—	122,154
France	—	2,035,804
French Africa	—	58,348
French West Indies	—	5,418
Gabon Republic	—	5,284
German Federal Republic	—	3,779,082
Greece	—	896,137
Guatemala	—	424,952
Haiti	—	23,444
Honduras	—	81,677
Iceland	—	2,486
Indonesia	—	249,416
Iran	—	132,584
Iraq	—	29,079
Ireland	—	307,007
Israel	—	10,512

Export Credits Insurance Act

EXPORT CREDITS INSURANCE CORPORATION—*Concluded*

ANALYSIS, BY COUNTRIES, OF ACTUAL RISKS UNDERWRITTEN DURING 1960—*Concluded*

Country	Amount at the government's risk under section 21	Amount at the corporation's risk
FOREIGN—*Concluded*		
Italy	—	$ 2,989,315
Japan	—	17,504
Jordan	—	4,167
Kuwait	—	2,475
Lebanon	—	65,687
Liberia	—	14,713
Libya	—	1,476
Luxembourg	—	266
Malagasy Republic	—	57
Mexico	$15,309,269	1,316,903
Morocco	—	21,576
Netherlands	—	1,460,974
Netherlands Antilles	—	116,590
Nicaragua	—	122,257
Norway	—	207,482
Panama	—	395,336
Paraguay	—	52,550
Peru	—	756,472
Philippines	—	3,057
Poland	11,307,427	384
Portugal	—	33,879
Portuguese Africa	—	5,287
Puerto Rico	—	624,343
St. Pierre and Miquelon	—	103,469
Spain	—	70,542
Sudan	—	6,213
Surinam	—	99,724
Sweden	—	1,090,610
Switzerland	—	1,031,868
Syria	—	33,516
Thailand	—	46,565
United States of America	11,602,693	1,146,141
Uruguay	—	24,788
Venezuela	—	2,443,284
Total foreign countries	$38,219,389	$ 36,528,662
Total all countries	$38,219,389	$ 63,457,326

Mr. Hees: Mr. Chairman, the hon. member also asked how many companies have used the facilities made available by this legislation. I am now in a position to inform him that there were 268 companies. Perhaps I should give the provinces and the number of commitments that were made in each: New Brunswick, 1; Nova Scotia, 1; Quebec, 124; Ontario, 133; Manitoba, 4; Saskatchewan, 1 and British Columbia, 4, making a total of 268.

In regard to the question asked as to whether all countries in the world are eligible for this type of consideration, the answer is yes. That answer will, of course, answer the question asked by the hon. member for Greenwood in respect to whether the provisions of this legislature are available to underdeveloped countries. I also have a list of the commodities and the amounts, cumulative to 1960, and should be very pleased to include this in *Hansard* at this point with the consent of the committee.

Mr. McIlraith: The minister has said cumulative amounts; does he mean the amounts for which insurance is still outstanding?

Mr. Hees: No, the amounts in the past and to date in respect of these types of commodities.

Mr. McIlraith: That is, since the act came into force?

Mr. Hees: Yes.

The Chairman: Is it agreed that this list be printed at this point?

Some hon. Members: Agreed.

[*Editor's note: The list referred to above is as follows:*]

Export Credits Insurance Act

COMMODITY BREAKDOWN

To December 31, 1960

Commodity No.	Commodity	Amount 1960	Per cent to Total	Cumulative Total to Dec. 31, 1960	Per cent to Total
101	Agricultural products (other)	$ 32,258	—	$ 1,909,946	—
102	Flour	11,112,198	17.5	40,252,348	7.0
103	Malt	1,530,474	2.4	3,313,725	—
104	Seeds	—	—	900,899	
105	Tires and rubber products	1,823,458	2.9	15,796,371	2.7
106	Alcoholic beverages	30,529	—	862,386	—
201	Animal products (other)	406,816	—	2,070,112	—
202	Fish	117,843	—	3,537,913	—
203	Hides and skins	182,656	—	5,868,635	—
204	Leather and products	249,279	—	4,181,565	—
205	Milk and products	54,213	—	11,053,021	1.9
206	Tallow	—	—	3,167,665	—
301	Fibres, textiles and products	2,519,265	4.0	10,225,305	1.8
302	Fish nets	689,244	1.1	1,625,774	—
401	Wood and wood products (other)	496,409	—	1,383,789	—
402	Paper and products	113,593	—	3,319,870	—
403	Unmanufactured wood	—	—	21,547,245	3.7
404	Wood pulp	8,575,039	13.5	32,300,748	5.6
405	Newsprint	1,179,969	1.9	3,153,283	—
501	Iron and products (other)	3,665,782	5.8	39,203,075	6.8
502	Auto parts	192,538	—	4,362,314	—
503	Farm machinery	2,387,506	3.8	127,996,250	22.3
504	Needles	1,226,962	1.9	7,223,869	1.3
505	Steel	12,463,712	19.6	106,827,639	18.6
506	Iron ore	—	—	5,611,379	—
601	Non-ferrous metals (other)	213,875	—	4,120,229	—
602	Aluminum and products	45,394	—	6,231,799	—
603	Copper and products	3,221,163	5.1	11,649,981	—
604	Electrical goods	2,724,165	4.3	6,401,390	1.1
605	Meters	522,272	—	6,063,972	1.1
701	Non-metallic minerals (others)	292,260	—	2,910,682	—
702	Asbestos products	118,216	—	2,415,388	—
703	Refractory products	1,179,520	1.9	10,105,392	1.5
801	Chemicals and products (other)	590,559	—	3,597,795	—
802	Chemicals	1,875,058	3.0	11,733,391	2.0
803	Fertilizers	391	—	4,823,970	—
804	Pharmaceuticals	2,067,922	3.3	18,523,403	3.2
901	Miscellaneous commodities	1,556,788	2.5	28,381,064	4.9
		63,457,326		574,653,582	

Mr. Pearson: Mr. Chairman, I should like to ask the minister whether it would be possible under this legislation to insure contracts which may be made under the arrangement with the Chinese government at Peking, providing the government decided to use this act? Is this act available for that purpose?

Mr. Hees: Mr. Chairman, I am advised that there is no reason why this legislation could not be used for that purpose. Of course the reason it was impossible to do so, as I explained in my opening remarks, is that there is available at the present time, until this measure is passed, as I hope it will be, only $14 million for use. The Chinese deal would have required much more than that.

Mr. Pearson: Mr. Chairman, in respect to subsequent contracts which may be signed, based on this agreement with the government in Peking, this legislation, as the minister has said, could be used for insurance purposes. I take it if that were done then any orders in council dealing with the matter of insurance on contracts to the government at Peking would be made public?

Mr. Hees: If this legislation is used for insuring future deals the orders in council will then be made public, yes.

Mr. McIlraith: Mr. Chairman, as I understand the Chinese wheat agreement it includes the requirement of keeping available the amount of wheat required over the term required, and that there are specific contracts dealing with precise numbers of bushels to be shipped within precise periods. As I recall the very limited information given in regard to this matter there is only one of the small contracts signed to date, and it would be the payment under these small contracts that would be insured. If I am correct in that recollection, it is then open to the authorities to have the payments on these small contracts insured under this act. Is it the intention of the government to do that?

Mr. Hees: Mr. Chairman, as the hon. member will realize, sales of wheat to China do not come under my department but under the Department of Agriculture. As to what will be the policy of handling future deals, this is something that the government as a whole will decide.

Mr. McIlraith: There are two answers to that. I must remind the minister that he is still a member of the government, at least that is the last intimation we have had.

Mr. Hees: I said the government as a whole.

Mr. McIlraith: We do have collective responsibility for the ministers, I think. As far as the committee is concerned the minister must answer for the government. But there is also another point. He is the minister responsible for administering this act. In his capacity as the minister responsible for administering this act I would like him to get information for the committee on whether the contracts dealing with specific shipments of wheat to China will be insured or dealt with under this legislation.

Mr. Hees: I must remind the hon. member that the outstanding wheat deals with China were not carried out by my department but by the wheat board, which now comes under the Department of Agriculture. As to how any future deals will be handled, this is something for the government as a whole to decide. I am afraid I cannot advise the committee how such future deals will be handled.

Mr. McIlraith: I must point out to the minister the arrangement for dealing with this sale of wheat to China. There was what was called a contract by the Minister of Agriculture dealing with the requirement to make available a certain number of bushels, and certain general things of that sort. It was alleged by other hon. members in the house that that was not a contract. Whether it was or not I was never able to find out because it just has not been before the house, and there is no way of finding out. In any event, it did become quite clear that whatever the arrangement was, provisions as to the amount to be shipped and the price to be paid for it came under the smaller contracts that were to be dealt with from time to time; I think the time indicated by the minister was every five months.

My question is addressed to those smaller, specific contracts that have to do with the payment and the quantities. Of course it is at that point that the insurance arises, but surely the government must have taken a decision on the methods of insuring or dealing with the risk involved in a sale of this magnitude, and that must be a decision on government records by now. I ask the minister to get this information, because the committee is entitled to it and it is strictly relevant to the item now before us. I do not see any method by which the minister, with all his genial good nature, can escape that responsibility. It is a simple, direct responsibility, and it is a simple direct request from a member of the committee. It is proper information and it will be welcomed.

Mr. Hees: I acknowledge it is a simple, direct question, but I am afraid I am not in a position to answer it because all the details of the China wheat deal were handled by my colleague the Minister of Agriculture under whom the wheat board operates. I suggest to the hon. member that he satisfy his curiosity —a very understandable curiosity—about those deals by asking the Minister of Agriculture under whom they were carried out. They were not carried out by me or by my department, and I am afraid I am not in a position to answer the questions the hon. member has put to me.

Mr. McIlraith: I am very sorry. I can accept the minister's statement that he is not able to give us this information, but the situation is that I want to satisfy my curiosity about how this deal before us is to be administered before I can pass judgment on the propriety of the clause now before the committee. It is that curiosity that must be satisfied, and it must be satisfied by the Minister of Trade and Commerce. Therefore I can only suggest to the Minister of Trade and Commerce that he obtain from the government the decision that is relevant to this particular legislation and advise the committee what it was. The other details of the wheat agreement, of course, I am not able to obtain at this time, or under this legislation, but this information I am entitled to obtain.

Mr. Hees: As far as the operation of this act is concerned, the insurance aspects of it will operate exactly the same as the insurance aspects have operated in the past. As regards these new provisions that we are introducing today, I should like to read from the booklet called "Export Credits Insurance Corporation, what it is and how it operates", put out by the Exports Credits Corporation. At page 15 we find the following:

> Financing for exports of capital goods where terms of payment extend beyond five years may be provided.

Then it goes on to say:

> The guiding rules that determine the eligibility of transactions for financing are:
>
> 1. that the extended credit terms are clearly necessary and justifiable;
>
> 2. that the transaction in question gives promise of continuing export trade;

3. that the Canadian content is of a higher order, in the range of 80 per cent or better;
4. that there are demonstrable employment and industrial benefits for Canada deriving from the transaction;
5. that the particular export transaction to be financed is substantial in value;
6. that the foreign buyer and the country of purchase have a satisfactory credit standing.

The hon. member for Burnaby-Coquitlam asked me a question which I have not yet answered. His question was, are capital goods only eligible under this new legislation. The answer is yes; consumer goods are not covered under this new legislation.

Mr. McIlraith: The excerpt which the minister read from the booklet put out by the Export Credits Insurance Corporation deals with the provisions of section 21A of the act. We are now dealing with clause 1 which amends section 21, which is the insurance provision of the act. This is the clause under which all the wheat sales are insured. I could give the reference to some of the wheat sales, if it is desired, which are insured under section 21, which is the clause now before the committee. I do not think that is necessary. But if the minister will refer to order in council P.C. 1961/311, which was tabled on June 9, 1961, he will find that that insures the sale to Czechoslovakia of 200,000 tons of wheat valued at approximately $17 million. The excerpts the minister read from the booklet of the corporation have reference to the financing operations on capital goods which are governed by clause 2 of the bill before us and which have not yet been reached by the committee.

Mr. Hees: I can give the hon. member for Ottawa West the information he is asking for. Since the act first came into operation there have been total wheat sales of $188,446,819 insured. If he wishes I can give him a breakdown of the countries.

Mr. McIlraith: I do not require that.

Mr. Hees: These are the sales that have been insured since the coming into operation of the act and up to the present day. The sales to China have not yet been insured under this act.

Mr. Pearson: Will this legislation cover insurance of sales contracts for which payment is to be received by the Canadian exporter in a currency other than Canadian dollars?

Mr. Hees: Yes, Mr. Chairman. We will insure in any convertible currency. Usually it is in Canadian dollars, United States dollars or sterling, but we will insure in any convertible currency.

Mr. Regier: What efforts are being made to let exporters in the Atlantic and western provinces know of the availability of the benefits of this legislation? The minister mentioned that 268 companies had taken advantage of the legislation. Almost all of them are located in either Quebec or Ontario. Is a sufficient effort being made to let the exporters in the Atlantic and western provinces, and British Columbia in particular, know of the availability of the benefits?

Mr. Hees: I am very glad to be able to answer that question. In order that businessmen in every part of the country should be made familiar with the services which the Department of Trade and Commerce puts at their disposal, we have already held trade and industrial promotion conferences in four of the provinces, three of them in western Canada—British Columbia, Alberta and Manitoba—and one in eastern Canada, in Ontario.

I have advised all the provincial governments that my department is not only willing but is very anxious to go to any province that requests us to do so and to hold one of these trade promotion conferences. A representative of the Export Credits Insurance Corporation is present at each conference. He outlines specifically to the businessmen what services are available through the Export Credits Insurance Corporation both with regard to insuring the sale of goods and with regard to making long term capital available. The representative is there not only to outline what we can do but to answer all questions.

I might say that at all these conferences a great many questions have been directed to the representative of the corporation, the president or the vice president, and a great deal of interest has been shown by the businessmen who have attended. We hope that every province will invite us to hold a conference in the latter part of the year, because we feel the information we are able to give and the information we are able to gain from the businessmen attending is very considerable. I can assure the hon. member that the conference held in Vancouver, where we met the businessmen of his own province of British Columbia, was very well attended and a great deal of interest was shown in the facilities made available by the Export Credits Insurance Corporation.

Mr. Regier: Have any conferences been held in the Atlantic provinces? Are any planned there? It would seem to me that area would perhaps find this type of assistance more beneficial than any other part of Canada.

Mr. Hees: Yes, I have received a request from the premier of Prince Edward Island and am in the process of discussing with that province a conference to be held there. We are hopeful that conferences will be held

in the other Atlantic provinces as well. I agree with the hon. member that this kind of information would be most useful to businessmen in the Atlantic provinces, and we are very eager to give it.

Mr. Macdonnell: Mr. Chairman, I wonder whether the minister's records would enable him to answer this question, which would throw a great deal of light on the question I asked him earlier. Would the minister's records show how much has been exported to India under this legislation, let us say in the last five years? If it were possible to give it year by year, so much the better. If we could have a significant figure it would be of assistance.

Mr. Hees: My officials believe the figure is approximately $12 million to India to date, but we will check the exact figure and send it to the hon. member for Greenwood as soon as it is available.

Mr. Macdonnell: What period would that figure cover?

Mr. Hees: The period since the act came into force.

Mr. Regier: One last question, Mr. Chairman. Would the minister explain why consumer goods are not eligible under the terms of this legislation? It would appear to me that Canadian employment might be enhanced if consumer goods were also eligible.

Mr. Hees: Consumer goods are sold on short term credits, and these short term credits are handled by the commercial banks.

Mr. McIlraith: Is it not correct to say that consumer goods are eligible under the clause of the bill now before us?

Mr. Regier: Wheat is consumer goods.

Mr. McIlraith: That is the point I was making a moment ago. Consumer goods are insured under clause 1, which is section 21 of the act. The minister's answer had relevance to clause 2 of the bill, which is section 21A of the act and has to do with the discounting of paper. I wish to ask a question to clarify the question asked by the hon. member for Greenwood. In the 1960 annual report of the corporation it is indicated that at the end of the year the total amount of export credits insurance that had been granted in addition to contracts for shipment of goods to India was $503,000, roughly half a million dollars.

Mr. Macdonnell: For what period?

Mr. McIlraith: I take it, as of December 31, 1960.

Mr. Hees: Just for one year.

[Mr. Hees.]

Mr. McIlraith: Yes, for one year. In connection with announcements in relation to Colombo plan shipments to India or Pakistan some reference was made to making credit available. Was that reference to making credit available under this act?

Mr. Hees: Yes, Mr. Chairman. If this legislation is passed it is my understanding that $20 million of capital goods credit will be made available to India.

Mr. McGee: Mr. Chairman, I wonder whether the minister could give me a better idea of what he had in mind when outlining the rules governing the application of this act. He mentioned that one of the qualifications was that the deal involved be of a substantial size. I believe those were the words used. Could the minister give us a clear idea what is meant in practice by the words "substantial size"?

Mr. Hees: In the order of a minimum of $2 million.

Mr. Pearson: Mr. Chairman, in reply to the point raised by the hon. member for Ottawa West the minister made reference to the $20 million additional credit extended to India under the arrangements made through a consortium to increase aid to India and Pakistan. That is all to the good, as far as it goes, but I wonder how far it goes in the light of the information we have just received about the operation of the legislation. If this additional aid is merely to cover ordinary commercial exports to India then it might not be as significant as we would like. Last year we had only half a million dollars worth of commercial exports to India, and I take it they would have been covered under the existing act.

In the light of what I have said is it not fair to say that this additional $20 million credit may not result in any great additional aid to India? I know the dilemma in this matter. Once you get into the position where most of your transactions with an underdeveloped country take the form of aid under an international scheme like the Colombo plan, that has a bearing on the development of commercial trade with that country because naturally the country would like to get the commodities under an assistance scheme if that can be done. Would it not be correct to say, therefore, that unless there is a very great increase in commercial exports to a country like India, then the $20 million capital goods credit may not mean as much in terms of assistance as all of us would like to see it mean?

Mr. Hees: Mr. Chairman, I can assure the Leader of the Opposition that we are very anxious to sell capital goods as well as goods of all other kinds to India and to every other

country. If India wishes to buy capital goods from us in the amount of $20 million, or a larger amount, I can assure the Leader of the Opposition that I will be the happiest person in the world. I will take great pleasure in coming to parliament again as soon as possible and asking for more money to enlarge the scope of this act, which I think is one of the most constructive acts we have on the statute books. It helps not only the countries to whom we export but it helps our manufacturing and producing industries in Canada to sell goods around the world.

We, of course, all agree that we want to expand our exports of every kind. It is now up to India to decide what capital goods she would like to buy in Canada, and we shall be very happy indeed to extend long term credits certainly up to $20 million. If it is more than that, or if any country wishes to buy large quantities of goods and it is considered creditworthy, I will have no hesitation in going to the government and coming to parliament and asking for more money in order to finance such transactions.

Mr. Pearson: I agree entirely with what the minister has said about the value of this act. Of course there is no difference between us on that score. I agree that anything that can be done, as is being done now, to improve this act should receive, as it will, general support. All I am suggesting is that this particular form of asistance to India is an assistance in terms of easier credit so that India can purchase goods in Canada.

Mr. Hees: That is right.

Mr. Pearson: It is not, as it was interpreted in some quarters when the announcement was made, another $20 million worth of aid to India. That is the only point I was trying to make.

Mr. Hees: We consider it in that category. It is in effect aid to India. There may be a difference of opinion there.

Mr. McGee: The $2 million limitation on the size of a proposition which is acceptable under this act leads me to ask this question. In the minister's travels to various trade conferences and groups across the country in recent months has he encountered any requests from the business community that this limit of $2 million be lowered in certain cases? It seems to me that a situation could arise in which, following the minister's enthusiastic urgings, people not previously vitally interested in exporting to certain areas might be interested in a trial proposition which may in the future lead to some very interesting increases in exports. I am wondering whether the application of this $2 million limitation would be so stringent as to restrict a proposition of that kind.

Mr. Hees: We have had no requests, I am advised, for long term financing, which is in access of five years, for amounts less than $2 million, to answer the hon. member's question. Smaller transactions are made but they are handled on a shorter term basis, that is up to five years. We handle a great many of those transactions, of course. Here we are talking about long term transactions for relatively large amounts.

Mr. Speakman: I should like to ask the minister whether other commonwealth countries are contemplated in respect of assistance under this special provision. I am thinking particularly of those nations in Africa which are now commonwealth members or dependencies, which are so dependent upon agriculture and are carrying on this agriculture under very primitive conditions. Their requirement is extremely great, and this would be an excellent way to provide for more modern and up-to-date equipment so they could feed themselves far better with the use of more modern methods and equipment.

Mr. Hees: We are very happy to look at any requests from any country whatsoever in order to ascertain whether they meet the criteria under which we are permitted to make these transactions.

Mr. McIlraith: What is new about it is that the technique of calling insuring under this act "aid" is a new use of the language. That is really what bothers a great many people. We have announcements of aid, and mixed with the aid given to these countries and listed with it is the provision of insurance under this legislation. Formerly these countries were using the legislation but it was not called aid. For instance, if you look at the annual report you will see mentioned such countries as Rhodesia and Nyasaland. I am quite sure that was not called aid in this house. You will also see British East Africa and British West Africa, but it was not called aid. The new technique of referring to the provision of insurance under this act as aid is something that is quite new—I think it was adopted for the first time this year—in terminology, and having the amounts which they in fact pay but which are insured under this act added to the totals of what are really gifts to the countries. That is the new thing that has been done that is apparently causing confusion. I thought all hon. members in the house had spotted that when the announcement was made.

Mr. Hees: I have not at any time referred to insurance as aid or short term financing as aid.

Mr. McIlraith: The minister did not do so.

Mr. Hees: However, I have been referring to long term financing as aid.

Mr. McIlraith: The minister did not do so. I must exempt him from that. However, there still is such a thing as cabinet solidarity. I must say that I find it rather perplexing this morning to see the minister not being answerable for his colleague the Minister of Agriculture and now not being answerable for the one who makes these announcements about the aid we are granting to all these countries and which, when you look at it or read the statement, you find is not really what it appears to be.

Clause agreed to.

On clause 2—*Definitions.*

Mr. McIlraith: On clause 2 there was a question to which I made reference a few minutes ago. Yesterday in moving the motion for second reading the minister said this. I think perhaps I should quote him precisely. In referring to section 21A he made certain references that appear to be in conflict with similar references made at the resolution stage on the same point. Perhaps he could given an explanation.

Mr. Hees: At the time my remarks were written for the resolution stage the $58 million figure was correct. Since that time $10 million have expired, as they were not used.

Clause agreed to.

On clause 3—*Orders to be laid before parliament.*

Mr. McIlraith: In the opening part of his remarks in moving second reading yesterday the minister was good enough to indicate that he proposed withdrawing clause 3 of the bill and substituting another one.

Mr. Hees: It is in there now.

Mr. McIlraith: Oh, the minister says it is in there now?

Mr. Hees: I am as surprised as the hon. member. The change is already incorporated in the bill.

Mr. McIlraith: I see it now.

Mr. Hees: That gives an example of the kind of action you are getting from this government.

Mr. McIlraith: I must apologize to the committee. However, I must explain that last night we were provided with a copy of the bill on first reading and now, since 11 o'clock, we have obtained the copy of the bill for second reading and it contains the clause which I think is wholly desirable. I must say that I find it very difficult being expected to deal with these bills the day after they are first introduced in the house and when they are not printed until the day on which you have to deal with them; it does get a little bit rough. In any event, I commend the minister for putting the changed clause in the bill. I should like an opportunity to read it. I think the committee will see the importance of this clause and will see, when they read it, the desirability of having such contracts as those which are provided under the China wheat agreement brought under this act. The type of order in council that is tabled under section 21 has to do with all these very important transactions relating to major sales of wheat, aircraft, heavy equipment and so on, and they are very important in relation to the members of the House of Commons.

I am still a little confused about this. The copy of the bill with which I was provided after the committee started dealing with it this morning does not contain the new clause 21B.

Mr. Hees: That is right.

Mr. McIlraith: It is therefore not in accordance with the undertaking of the Minister of Trade and Commerce.

Mr. Hees: Mr. Chairman, I will ask my colleague the Minister of Transport to read the amendment to clause 3.

Mr. Balcer: Mr. Chairman, I move that clause 3, which relates to section 21B, be deleted and replaced by a new section 21B which reads as follows:

21B. All orders in council made under sections 21 and 21A while parliament is in session shall be laid before parliament during such session within 30 days of the date of their making and, if made while parliament is not in session, shall be laid before parliament within 30 days after the commencement of the next ensuing session.

Mr. McIlraith: Mr. Chairman, am I correct in understanding that all orders in council which have already been passed under sections 21 and 21A have been tabled?

Mr. Hees: Yes, Mr. Chairman, I am advised that is correct.

The Chairman: Shall clause 3 as amended carry?

Clause as amended agreed to.

Title agreed to.

Bill reported, read the third time and passed.

RAILWAY ACT

AMENDMENT WITH RESPECT TO RATES ON RAPESEED

Hon. Leon Balcer (Minister of Transport) moved the second reading of Bill No. C-111, to amend the Railway Act.

He said: Mr. Speaker, I wonder whether the house would be agreeable to calling it one o'clock.

Mr. Deputy Speaker: Is it agreed that I call it one o'clock?

Some hon. Members: Agreed.

At one o'clock the house took recess.

AFTER RECESS

The house resumed at 2.30 p.m.

Mr. Balcer: The purpose of this bill is to apply to rapeseed the railway freight rates applicable to flaxseed under the Crowsnest pass agreement. At the present time subsections 6 and 7 of section 328 of the Railway Act read as follows:

(6) Notwithstanding anything in subsection (5), rates on grain and flour shall, on and from the twenty-seventh day of June, 1925, be governed by the provisions of the agreement made pursuant to chapter 5 of the statutes of Canada 1897, but such rates shall apply to all such traffic moving from all points on all lines of railway west of Fort William to Fort William or Port Arthur over all lines now or hereafter constructed by any company subject to the jurisdiction of parliament.

(7) The board shall not excuse any charge of unjust discrimination, whether practised against shippers, consignees, or localities or of undue or unreasonable preference respecting rates on grain and flour governed by the provisions of chapter 5 of the statutes of Canada 1897 and by the agreement made or entered into pursuant thereto within the territory referred to in subsection (6) on the ground that such discrimination or preference is justified or required by the said act or by the agreement made or entered into pursuant thereto.

Those two subsections set out the principles of the Crowsnest pass freight rate legislation. As the house knows, these rates have been in existence since 1897. At that time rapeseed was not listed, and it was not considered a grain because it was practically unknown, or at any rate it was not grown on the prairies. However, at the present time rapeseed is an important oilseed grain in western Canada. If hon. members would look at the figures they will see that they are very impressive. In 1960, 550,000 acres were seeded to this crop in Saskatchewan, 170,000 acres in Alberta and 36,000 acres in Manitoba.

Under the provisions of subsections 6 and 7 of section 328 of the Railway Act the rates on grain and flour from points west of Fort William and Port Arthur to those ports and to the Pacific coast are required to be governed by the provisions of the Crowsnest pass agreement.

Rapeseed is recognized as a grain within the accepted definition of that term and is classified as a grain under the Canada Grain Act. It has not, however, been recognized as a grain for the purpose of freight rates pursuant to the Crowsnest pass agreement.

On June 10, 1960 the board of transport commissioners rejected an application to have rapeseed classified as a grain under the Crowsnest pass agreement, but the board did not question that rapeseed was, in fact, a grain. Its ruling was based on the fact that rapeseed was not grown as a grain in western Canada at the time the Crowsnest pass agreement was reached. The purpose of the present bill is not to place rapeseed within the terms of the Crowsnest pass agreement but to apply to rapeseed the same rates as are applicable to flaxseed under the Crownest pass agreement.

The amendment provided by the present bill will add a new subsection 8 to section 328 of the Railway Act to provide that the reference to "grain" in subsections 6 and 7 shall include rapeseed, and that the rates applicable to rapeseed shall not exceed those applicable to flaxseed.

I think the effect of this legislation will be to make the growing of rapeseed more attractive to the farmers of western Canada and provide them with the possibility of an interesting return for the rapeseed grown. The great advantage of this will be that rapeseed will take the place, to a greater extent, of other cereals grown on the prairies, and this will have a tendency to reduce the acreage of cereal grains whose disposal is now presenting a considerable problem. The provision and consumption of domestic oil and meal should also assist the Canadian economy in a general way by reducing the volume of imports from other countries. Another effect of this reduction of freight rates on rapeseed will be, I think, to make it possible for this cereal to be sold as animal feed at a price attractive enough to realize a good market for this product.

As a member coming from the province of Quebec I think I have extended my knowledge of the grain situation on the prairies, and I hope my friends from that region have not detected too many bad errors in what I have said. I know the whole situation will be extremely well explained by the hon. member for Humboldt-Melfort-Tisdale (Mr. Rapp), who has been carrying on a tremendous campaign for the recognition of the importance of this grain ever since he has been in this house. I know this conscientious member will discuss this matter at some length, and

I should like to take the opportunity of congratulating him for his continuous backing of this important legislation. I think the farmers of Canada as a whole should be very proud in knowing that an hon. member who is wholeheartedly in support of a piece of legislation such as this can, by continuous effort, sell his idea to his colleagues in the house and accomplish the passage of that legislation, thereby rendering great service to the country and to his farmer friends on the prairie.

Mr. Speaker, I should also like to point out that later I will have one of my colleagues move an amendment to this bill adding the date upon which this legislation will come into effect. The intention of that amendment is to see that this measure will come into force on the 1st day of August, 1961, which is the beginning of the new crop year. This will give to our farmers in western Canada the opportunity of taking advantage of this piece of legislation.

Mr. Herridge: Mr. Speaker, I should like to ask the minister a question in regard to a remark he made. The minister said rapeseed is used to feed animals, and I should like him to tell me what animals eat rapeseed.

Mr. Balcer: Mr. Speaker, I should like to explain to my hon. friend just what I meant. I received a letter regarding this matter from the edible oil division of the Saskatchewan wheat pool, which, as my hon. friend will know, operates a plant manufacturing products from rapeseed in the form of edible oils. These edible oils are used in the manufacture of animal feed because of the high content of protein which is extremely beneficial to beef cattle. This type of animal feed is manufactured for shipment to eastern Canada and British Columbia. The importance of rapeseed lies in the fact that it contains this extremely beneficial edible oil, and with the increase in consumption and sale of margarine in Canada, the increased production of rapeseed will add to the general economy through the lowering of our imports of this product.

Mr. Lennard: That was not so smart a question to ask after all.

(Translation):

Mr. Samuel Boulanger (Drummond-Arthabaska): Mr. Speaker, after the statement the Minister of Transport (Mr. Balcer) has just made, I only wish to add a few words in support of the bill now before us. In fact, we have always been in favour of a measure such as this, and we are pleased to support the request of the hon. member for Humboldt-Melfort (Mr. Rapp).

[Mr. Balcer.]

Ever since he came to this house, the hon. member has always advocated that freight rates applicable to flaxseed should also apply to rapeseed. We commend him for it and we can say that the tenacity he has shown in introducing this legislation has now produced concrete results.

In rising today to deal with this legislation, I should like to say that we endorse this measure because it will be particularly welcomed by Canadian farmers, and especially western farmers. It will contribute to increase the income of farmers and of rapeseed producers.

I should like to point out to the Minister of Agriculture (Mr. Hamilton) in passing that we never opposed bills introduced in the house for the benefit of western farmers. In fact, I am taking part in this debate today to support the bill and to prove in a special way to the Minister of Agriculture, that we are never against bills which are profitable to the western farmers. Both the eastern and the western farmers are in need of measures which will protect their income and especially the family farm.

Those are the only remarks I wanted to make. I wish to congratulate the Minister of Transport for having introduced this bill which we wholeheartedly support.

(Text):

Mr. Hazen Argue (Assiniboia): Mr. Speaker, we are pleased that the government has seen fit to introduce this bill, but we think it is long overdue. We feel the result it will have will be equality of treatment, as far as freight rates are concerned, to the producers of rapeseed.

This subject is not new in this house but has been discussed by members of parliament on many occasions in recent years. The former member for Humboldt-Melfort, Mr. Alexander Bryson, pioneered in this field, as hon. members who were here at that time I am sure will recall. I remember that very often when Mr. Bryson raised questions in regard to rape in this house many hon. members snickered because they were not certain just what he was referring to. However, the question of rape or rapeseed has been raised in this house on many occasions, along with requests that freight rates be applied to rapeseed in the same manner as applied to other grain under the Crowsnest pass agreement.

The bill now before the house has been brought in following requisitions made by farm organizations of this country which have recognized the present injustice as well as the growing importance of rapeseed within the agriculture industry. I should also like to say that on many occasions the present member for Humboldt-Melfort-Tisdale—perhaps one day this riding will also include the

name of Wadena—has presented a good case for this kind of adjustment in the freight rate regarding rapeseed, and we are pleased at this time that the bill is being given support by all sides of the house. I also want to congratulate the minister on his wide knowledge of this subject and on the informative manner in which he handled the introduction of this bill, and particularly on his comprehensive answer to the question posed by the hon. member for Kootenay West.

During this session the minister has been extending his knowledge into many fields and we appreciate the comprehensiveness of his remarks when he pointed out so well that while this will be of particular benefit to the producers of western Canada, none the less it will be of national benefit as well. It will be a potential benefit to livestock feeders outside the prairie provinces. While it is a small contribution to the over-all problem, it should at least in a minor way reduce our great dependence on imports of commodities from the United States. Therefore on all counts it is a measure which should commend itself to the house at this time.

It is particularly gratifying to me, Mr. Speaker, since it runs against the propaganda directed against the Crowsnest rates in recent years. The enemies of the Crowsnest rates have been attempting to destroy them. Far from being successful, we have an indication today that parliament is going to reaffirm those rates by providing their necessary and justifiable extension to rapeseed. With the passage of this legislation not only the rapeseed producers but western producers generally will take satisfaction from the fact that parliament is reaffirming and strengthening the argument in favour of the Crowsnest rates.

I do not think it would be appropriate for me to have the complete text of my remarks consist of approbation and compliments. I think I should make some constructive suggestions to the minister. The question of rapeseed is very important in many parts of western Canada, including the constituency of the hon. member for Humboldt-Melfort-Tisdale. Maybe he could get those three communities to agree to use just the initials from now on; if we could do so we might shorten the duration of the session. This, of course, could apply to the names of a great many constituencies in the house.

Rapeseed is important in the hon. member's riding and in a great many other constituencies. In the important and well known constituency of Assiniboia, where there are producers as efficient as producers in other ridings, we are getting into the production of another grain that in the days ahead may have a real economic importance. I refer to the production of mustard seed. A great many farmers in that particular part of Saskatchewan sowed mustard this spring on a contract basis. Therefore it would be most appropriate if the minister would give the same kind of sympathetic consideration toward extending the rates to mustard seed that apply to rapeseed. I should think it would get the general approval of the house in the same way this bill is getting the approval of hon. members.

Western farmers have been advised to diversify their crops. They have never been short of advice, and they have never minded taking it so long as they could see some economic advantage in accepting it. The production of rapeseed will undoubtedly have increasing importance in the years ahead. I suggest that to further stimulate the diversification of crops on the prairies and to bring about equality of treatment in the freight rates applying to the various grains the minister should give consideration to the suggestion I make, so that the producers of mustard seed in my part of Canada will have the same well deserved advantages under the Crowsnest pass rates now to be enjoyed by the producers of rapeseed.

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I am delighted, and it gives me a great deal of pleasure, to support the proposed amendment to the Railway Act to apply to rapeseed the rates applicable to flaxseed by virtue of the Crowsnest pass agreement.

My first words should be to congratulate the Minister of Transport on bringing in this timely and very important bill so far as the western grain producers are concerned. I would also be remiss in my duties were I not anxious to give credit to those who have played such an important role in this historic event for our agricultural industry. I know only too well that had it not been for the keen interest of our Prime Minister in the welfare of agriculture and in particular his keen interest in the rapeseed producers, this legislation would never have come in. If it had not been for the hard working Minister of Agriculture, who has done everything possible to put agriculture on a sound economic basis, and if it had not been for the sympathetic understanding of the cabinet, this historic event would never have occurred.

Much credit must also go to my good friend the hon. member for Peace River (Mr. Baldwin). This learned gentleman, together with the hon. member for Bow River (Mr. Woolliams), so ably presented the rapeseed case before the board of transport commissioners it is my belief that this actually laid the foundation for having rapeseed classified by

the board of transport commissioners as a grain. The decision of the board was unanimous. All these contributions were really important and instrumental in bringing in this bill. I would be remiss if I did not mention also the members from the three western provinces who appeared before the board of transport commissioners as witnesses and were anxious to take the witness stand and give evidence to the effect that rapeseed is a grain.

This is the day for which the rapeseed producers have been waiting for 18 years. This is the day when justice has been rendered after a long and relentless struggle by the western farmers to bring rapeseed under the Crowsnest pass agreement. This is the day when the name of John G. Diefenbaker will be inscribed in the hearts of the western farmers. Whatever else will be said, credit must go to the Prime Minister and the members of the treasury benches because they were the ones who brought about this legislation.

Let me also say, Mr. Speaker, that I would be less than fair were I not also to give credit to the opposition. Ever since I have had the opportunity of speaking in this house as a member of parliament on behalf of the rapeseed producers, of whom I have many in my constituency, the opposition have always supported me wholeheartedly in my presentations and have given me much appreciated assistance. They never disappointed me in this respect.

It would appear as though I knew this in advance, because if one refers to my maiden speech in this house on May 26, 1958 one finds that I expressed the following opinion of the opposition. Let me quote what I said at that time. After congratulating the Prime Minister on his overwhelming victory I said as recorded on page 477 of *Hansard*:

> My heartiest congratulations go also to the ministers of the cabinet, to members of our party both senior and junior, and to all hon. members of either parties, too, who are here to serve Canada in whatever capacity they may be called upon to do so. We who are conscious of the merits of our democratic system will appreciate very much their constructive contributions so that we can all serve the Canadian people in this parliament to the best of our ability.

It has been very gratifying to me to find that the opposition has not disappointed me in this respect. I know my rapeseed producers in the west would want me to say these things about our cabinet, our Prime Minister and our opposition.

Before I deal with the bill itself I should like to let you, Mr. Speaker, into a well concealed secret. It concerns a person by the name of Mr. Rapeseed, who is a good friend of mine of long standing. He was born and raised in the west. I could almost say that we grew up together in the prairie provinces. My friendship with Mr. Rapeseed is a long and intimate one. When I was elected to this house in 1958 Mr. Rapeseed told me that he was going to come down to Ottawa and sit beside me in the House of Commons. Of course I told him this was impossible; after all, only elected members are allowed to be in the House of Commons. However, he insisted and he assured me that he would remain invisible, thus doing me no harm.

After following me to Ottawa he followed me in the corridors and every place I went, constantly whispering in my ear "Don't forget to mention Mr. Rapeseed". He would come and sit beside me in the house. Every time I rose to speak he would whisper in my ear "Don't forget to mention Mr. Rapeseed". Being a good friend of mine, I had no alternative but to follow his advice. He even followed me into the caucus. Of course, Mr. Speaker, you do not expect that I would reveal anything that occurred in that holy place, except to say that he was very bold and he was very insistent that I mention his name continually. He was with me when I visited the ministers' offices. He would not miss, for anything, my visits to the Prime Minister. He really enjoyed those. He always sat beside me and said "Don't forget to mention Mr. Rapeseed".

On the last of such visits he insisted that I take a picture of the Prime Minister, myself and Mr. Rapeseed. Again, because he was a good friend of mine, I did take a picture. He was bold enough, too, to insist that I take a picture of the Minister of Agriculture, who he said was a very good friend of his of long standing. This picture turned out not too badly. Once he conceived the idea that a picture would serve him well and help him advertise his name, he became so bold as to suggest that pictures of Mr. Rapeseed and myself should be sent to every member of parliament, every member of the Senate and the members of the press gallery. If anyone wants to see a picture of Mr. Rapeseed, together with his biography, I shall be very pleased to show them. I received many replies to this document from the members of the other place, even from Mr. Speaker, who was very pleased to meet Mr. Rapeseed.

But something happened here today. When I came down to the House of Commons he stopped me again and said, "Mr. Rapp, I am very sorry but this is going to be my last trip to the house. I am a native of the prairie provinces, and I must go back to the place where I belong." Then he said, "Of course, times have changed now; I can travel much cheaper on the Canadian National and Canadian Pacific railways. I shall take advantage of that and go back to my own province."

He asked me what I would like him to say when he gets back to the prairie provinces. I told him that he should help the Canadian grain producers to reduce their acreages of wheat and be a good friend. This is the story of Mr. Rapeseed.

Now, speaking to the bill itself, I find that I have a good deal of material prepared on the subject of rapeseed. In looking over my files and in looking over the many speeches I have made here on the subject, I discovered that there is not one thing I have not said about rapeseed. Since there are so many of my good friends from Alberta, Saskatchewan, Manitoba, and I am sure some members of the opposition, who would like the opportunity to speak on this subject today, I thought it would be a waste of time to give you some of my old, warmed over speeches on rapeseed to which you have listened during the last three and a half years. I thought I should give other hon. members the opportunity to tell you the story of rapeseed. They are just as interested in the subject as I am, although in my constituency, as the hon. member for Assiniboia said, more rapeseed is grown than in any other place in western Canada.

I know that rapeseed has a great future. It will serve our purpose well, that is to take acreage out of wheat production. There is a tremendous export market available for rapeseed, especially if we take into consideration countries like China and India which produce only 15 million to 18 million acres of rapeseed. These countries cannot even begin to grow enough rapeseed to take care of the requirements of their populations for edible oils. We are now on the list as an exporter of wheat to China. I am looking forward to the time when this country will be able to supply China, India and Japan with much needed edible oilseeds so they will have enough edible fats to meet the needs of their populations. This is where the future of rapeseed lies.

We have never exported less than 90 per cent to 95 per cent of our rapeseed production. Since 1943, when I started producing it, I have never seen a time when we had to store on the farm one pound of rapeseed. We could take it away right from the combine to the elevator and sell it. It is all sold on the export market.

I have said, Mr. Speaker, that I do not wish to go into this story of rapeseed now. However, it is my pet subject and if I start talking about rapeseed I might be filibustering the bill. I think I had better leave to other hon. members the story of rapeseed.

Hon. Paul Martin (Essex East): Mr. Speaker, I rise to support this bill along the lines indicated by the hon. member for Drummond-Arthabaska. In doing so, of course, I join with him and others in extending to the hon. gentleman who has just spoken our congratulations on the realization that now confronts the house. I am sure the hon. gentleman will realize the fact that he has not been alone in this effort; he in fact has done so. He has paid tribute, naturally, to his own colleagues who have supported him but, I think quite generously and characteristically of him, he has acknowledged the debt he owes to members of the opposition who have given him support in this matter.

Mr. Ricard: The hon. member for Essex East.

Mr. Martin (Essex East): I should not wish to be accused of being falsely modest if I did not note that I myself, over the course of the last two or three sessions, gave what I would hope was valuable support to the hon. member. I gave that support on the merits of the question and also because, I, like other hon. members in this house, find that the hon. gentleman is a man who deserves support in good causes.

I have told him privately and I repeat publicly that I will never forget his first speech in this house, when he said he stood in front of the monument of Sir Wilfrid Laurier and said to himself that, as an immigrant, he was proud of the fact that he was privileged to live in a free country in which a man born with his antecedents and in his particular circumstances was able to become a representative of the people in this parliament. That speech and the hon. member's conduct since then have won him many friends in this house. They are happy to support him today.

I was about to remark that when he stood in front of Sir Wilfrid Laurier's monument he possibly confessed some matters that he would not find it convenient to pubicly acknowledge in this house at the present time. I have always suspected that the hon. gentleman, while a member of the Conservative party, really was a misfit in that party. He obviously belongs to the Liberal party. No one could have his qualities and belong to any other party. I am glad that the hon. member for St. Hyacinthe-Bagot agrees with what I have said.

Mr. Martineau: Will the hon. member permit a question?

Mr. Martin (Essex East): Certainly, in this very happy mood; in this pre-election, pre-budget mood.

Mr. Martineau: I should just like to know whether the hon. member had ever heard of rapeseed before the advent to this house of the hon. member for Humboldt-Melfort-Tisdale.

Mr. Martin (Essex East): The hon. gentleman asks me an understandable question. However, if he knew the kind of county from which I come, namely the county of Essex where we grow soya beans, and if he understood the relationship between that oil bearing product and rapeseed, he would not have humiliated himself by asking that question.

What I was going on to say was that this bill now before the house, which was given first reading on June 17, followed the introduction of another bill, namely Bill No. C-90, on May 10 by the hon. member for Humboldt-Melfort-Tisdale. I have been looking at that bill as I listened to the Minister of Transport explain the provisions of Bill No. C-111. I cannot understand why the government did not accept the bill of the hon. member for Humboldt-Melfort-Tisdale. In the first place it was the hon. member for Humboldt-Melfort-Tisdale and not the government who took the initiative in this matter. He having taken that initiative, I think he should have been accorded the honour of having his bill accepted and not one put forward in the name of the Minister of Transport.

I am not so sure that Bill No. C-111 is as good a bill as Bill No. C-90, notwithstanding the fact that they both deal with the same principle, namely to apply to rapeseed the freight rates on flaxseed that are applicable under the Crowsnest pass agreement. However, I suppose the government has reasons of its own for wanting to put forward bills which were first of all thought of and thought about by private members. Notwithstanding all of this, the Minister of Transport has recognized the contribution of the hon. member for Humboldt-Melfort-Tisdale.

As this is a day when we are trying, before the introduction of the budget, to treat one another with great fairness, I think we ought to recognize the fact that the hon. member for Assiniboia, who comes from western Canada, has put forward a proposal by way of an amendment to include mustard seed. Mustard seed is grown in very considerable quantities in the riding of Assiniboia as well as in other parts of Canada, and there are about the growing of mustard seed potential features that give it much of the hopefulness that attends the growing of rapeseed. I should like to see mustard seed included so as to assist the constituents of the hon. gentleman and the people of Saskatchewan generally. When the hon. member for Assiniboia returns to his constituency I know he will remind his constituents of the great support received this day by him from members of the Liberal party, who sought to join with him in the amendment which he has put forward on behalf of his constituents.

Mr. Argue: Agreed.

Mr. Martin (Essex East): Having said so much about rapeseed and so much about mustard seed, may I say a word about something which might well have been included in this bill, which is found in very considerable quantity in my own county of Essex and, which means so much to the farmers there. Soya beans, about which I have spoken on many occasions in this house with discernment, appreciation, conviction, and understanding are a matter of considerable importance to rapeseed because, as I say, they are both oil bearing. Whatever happens to rapeseed can have important consequences for the growing of soya beans. This bill undoubtedly is going to give an advantage to the rapeseed growers. It is going to give them an advantage in the freight rate structure that prevails in this country. I am sure we all appreciated the observations of the hon. member for Drummond-Arthabaska who said that those of us who come from eastern Canada are not on that account less appreciative of the problems that attend the western farmer; and perforce I would suggest that we may assume that all hon. members of this house are not less interested in the problems of eastern agriculture.

In my own county we are awaiting with great anxiety the further volumes of the report of the MacPherson royal commission. I do not know whether that commission is going to deal with the freight rate structure that attends the very special situations in Canada, but if there is justification by way of an act of parliament to provide the safeguard properly contained in this Bill No. C-111, one could with justification argue that there should be safeguards and measures to protect farmers in other parts of Canada who find they are discriminated against in the existing freight rate structure.

When you consider, Mr. Speaker, that it is cheaper to ship corn from the city of Chicago to the city of Montreal than it is from Windsor to Montreal, you realize of course that we have a legitimate complaint with regard to the freight rates that prevail in our area in so far as they apply, *inter alia*, to farm products. I would hope that in giving the support we give willingly to the hon. member we can ask him, in the dying days of the life of this government, to persuade the latter to take steps, if they are not provided in the MacPherson report, to deal with the discriminatory freight rate structure that exists in southwestern Ontario, which freight rate structure suffers in comparison with freight rates that prevail in the Toronto area. That great distributing centre has advantages in freight rates that are not available to areas

such as Windsor, Sarnia, Chatham, London and the rural districts in that whole area. If there is justification, as I believe there is, for the step we are taking today, there is likewise justification for the royal commission, and if not the royal commission for parliament, to take steps along the lines taken today by the Minister of Transport to relieve freight rate discrimination in my county.

I say to the hon. member for Humboldt-Melfort-Tisdale that we are glad to help him in this particular. We also express our congratulations to him. We acknowledge his indebtedness, which he has mentioned today, to those of us in the opposition who have assisted him in this battle over the course of the last three years. We now ask him to use his obvious and undoubted influence with the Prime Minister—his idol; the man about whom he spoke so glowingly and so feelingly today—and to urge this further step upon the Prime Minister and the Minister of Agriculture, who sits there so serenely today listening to us. I am sure that if he brings the Prime Minister and the Minister of Agriculture together he will have no difficulty in persuading the Minister of Transport that not only the rapeseed grower in western Canada but the corn grower and the soybean grower in Essex county deserve similar consideration.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I think it is the practice in this house, when an hon. member has been to some extent concerned as counsel in any matter of litigation, to so declare it to the house at the time he speaks in support of a certain measure. As was mentioned by the hon. member for Humboldt-Melfort-Tisdale, I had the privilege of appearing as counsel in the case he mentioned before the board of transport commissioners. Leave to appeal having been granted by the Supreme Court of Canada, the case was subsequently appealed and that is how the matter now rests.

In taking this case, of course, my primary consideration was the farmers of western Canada. If the house will bear with me, it is interesting to notice that on the order paper today as item No. 10 there appears a resolution dealing with the Pine Point railway. It was in my capacity as counsel for the associated boards of trade of the area seeking material to present before the commission inquiring into this route that I first became interested in this subject. This ultimately led to a course of action following which I undertook the presentation of the case before the board of transport commissioners.

I am sorry the hon. member for Essex East has left temporarily. I was going to give him some advice. The hon. member mentioned the problems in his area relative to soybeans. The hon. member for Assiniboia mentioned his difficulty with regard to mustard seed. It seems to me they will never have a better opportunity of obtaining advice on these matters. They have been sitting at the feet of the hon. member for Humboldt-Melfort-Tisdale who has had this happy consummation of his efforts of the last three or four years. Surely they should have learned from him the way and the means by which they can achieve their objectives.

The persuasive and eloquent logic of the hon. member has led to this result, and I hope the hon. member for Assiniboia and the hon. member for Essex East have learned from his example how they can best achieve the results they are seeking, that is a better freight rate arrangement in respect of mustard seed and soybean. I am sure the hon. member for Humboldt-Melfort-Tisdale will be only too glad to give the assistance, information and method of procedure which he has followed so very successfully.

I am going to deal very briefly with certain aspects of this matter in the hope that my remarks may be of interest to the house and will support, if support be necessary—which does not seem likely—the reasons behind this legislation.

The Crowsnest pass rates originally, as the minister said, were introduced under an agreement and enabling legislation in 1897. The word "grain" was used as indicating the object of the benefits of a lower freight rate, but for some reason grain was not defined. The legislation provided that there should be a reduction by a total of three cents in the then existing rate on grain carried to Fort William-Port Arthur. The three cents was to be arrived at by making two yearly successive decreases in the amount of 1½ cents each year.

Immediately after that legislation was enacted the railways applied this decreased freight rate to wheat, oats, barley and rye. A short time later they added flax. However, flax never received the full three cents decrease; it only received a decrease of 1½ cents. I mention this because hon. members will observe that the bill in question refers to rapeseed being carried at the same rate as flaxseed.

That situation persisted for some time. Ultimately, by means of orders of the board of transport commissioners, by virtue of voluntary actions on the part of the board of transport commissioners, by virtue of the passage of the 1925 amendment to the Railway Act which contains the lineal descendant of the original Crowsnest pass statute of agreement, the lower freight rates were made applicable to all railway lines and to the

carriage of this grain both to the western ports and to the eastern ports at the great lakes.

However, the railway companies refused at that time to acknowledge that flax was a grain. Consequently, while flax was carried at the reduced rate to the eastern ports, it was not carried at the reduced rate to the province of British Columbia. In the result, in 1955 the Vancouver board of trade made application to the board of transport commissioners to have flax declared to be a grain within the meaning of the word "grain" in the Railway Act.

This action was ultimately successful and two years later, in 1957, a similar application was made in respect of rapeseed. The application at that time was for a declaration that rapeseed was being carried at a rate which was discriminatory and unfair. In the result the application was dismissed. The proceedings which were undertaken in 1959 stemmed from that. May I say by way of advice to the hon. member for Assiniboia (Mr. Argue) and to the hon. member for Essex East (Mr. Martin) that the co-operation and assistance given to myself and to my colleague from Bow River was tremendous. There were 14 members of parliament sufficiently concerned about this matter to attend the hearing prepared to give evidence as witnesses in this application to have rapeseed declared a grain. They tore themselves away even in the sure knowledge that the hon. member for Essex East was speaking that day. In spite of that they went over to the court room for the hearing. This is an example of what happens when you have a group of determined, informed and vigorous members of parliament who are greatly concerned with the welfare of the people they represent and are prepared to go to considerable lengths to support what they think is proper and logical.

In any event, as the hon. member for Humboldt-Melfort-Tisdale (Mr. Rapp) has said, the application was dismissed by three to two and an appeal was taken. May I say that there is an issue involved here which makes it much better that this matter should be dealt with by legislation rather than by litigation. If the supreme court had made a declaration in respect of this application that the rates at which the railway companies carried rapeseed should have been the Crowsnest pass rates, that would have been tantamount to a declaration that the rates at which they had been carrying it in the past were illegal and in contravention of the terms of the Railway Act. This might well have led to a mass of litigation by growers and shippers directed against the railway companies with respect to the recovery of what might have been contended to be the excess charge over and above the Crowsnest pass rates. Consequently I think it is right and proper that this bill should contain a provision that it has no retroactive effect. I think that is explanatory of the circumstances of the bill.

Before I resume my seat I should like to give, briefly, some statistical information to illustrate the tremendously important place which this commodity now occupies in our agricultural and economic life. I have here a pamphlet put out by the United States department of agriculture, the foreign agriculture circular dated January, 1961. World production of rapeseed in 1960 is estimated as being approximately four million short tons. General world production over the period of four or five years has been of this order. Our own production for 1960 is estimated at 275,000 short tons, approximately 6½ per cent of the total. In the year before, Canada's production was 89,000 short tons, or approximately 2½ per cent. I think it is significant that we have managed to maintain since 1957 a substantial export balance, so far as rapeseed is concerned, in the light of this information. The figures with regard to Asia are astonishing. Mainland China grows approximately 1,100,000 tons; India grows 1,161,000 tons; Japan grows approximately 300,000 tons, and Pakistan 370,000 tons. These are the figures for last year. Canada, which is the fifth largest producer, has exported a quantity which is greater than the amount exported by all the other countries combined. The last year for which I have comparative statistics is 1959. Total world exports amounted to 216,000 tons of which Canada alone exported 112,000 tons. Exports this year will be even greater.

In the light of these figures I want to say that this bill, which I think will have the effect of increasing the return to farmers by approximately half a cent a pound, will greatly influence our farmers in continuing to produce this commodity efficiently. Rapeseed is a cash crop in the sense that it is not subject to a quota. The farmer gets cash for it at harvest time, when he needs it most. There is usually no difficulty in disposing of the crop. It is a crop which does not give a large net return; its value lies in the fact that it brings a cash return, and this half cent a pound more can make all the difference between a small profit and a small loss.

Consequently, having in mind that there is a great future as far as exports are concerned, as hon. members will realize from the figures I have just given, and having in mind also that the officials of the Department of Agriculture together with private entrepreneurs in western Canada have now established a fairly

satisfactory domestic market, I think this bill deserves the support of all members of this house and of all the people of this country.

(Translation):

Mr. J. P. Deschatelets (Maisonneuve-Rosemont): Mr. Speaker, I had no intention to speak on this piece of legislation, but after listening to some of my colleagues, I thought I should put in a few words, first to pay a well deserved tribute to one of those responsible for the production of that fodder seed in Manitoba.

When we discussed the estimates of the Department of Agriculture on March 16, 1961, I mentioned that a businessman from Montreal, Mr. Gattuso, whose industry is dependent on imported products, had thought a few years ago of attempting in western Canada the cultivation of rapeseed. The project proved to be a tremendous success, so much so that, as I said in March, today there are co-operatives producing that seed from which is extracted vegetable oil.

I spoke on that occasion of the importance of research in agriculture and I said that it was an extraordinary feat to have succeeded in growing that seed to such an extent that today the possibility of exporting it was being mentioned.

But I am really amazed that such success did not come about through the efforts of the research council.

It is common knowledge that during and after the war, we had to do without a lot of imports. So, in my opinion, the research division ought to do its utmost so that we may produce in Canada such things as are absolutely necessary to us.

I should have liked, without taking away any of the credit due to the hon. member for Humboldt-Melfort (Mr. Rapp), to hear some members give credit to Mr. Gattuso, who is recognized as one of the promoters of this grain production in the west.

I have a word to say about the suggestions submitted by the hon. member for Essex East (Mr. Martin) asking the same freight advantages for soybean as are provided for flaxseed. The hon. member for Assiniboia (Mr. Argue) claimed the same thing for mustard seed. I see no reason for not extending to those other products the benefits which are provided in this bill for rapeseed.

In my remarks on the Department of Agriculture, I pointed out to the minister to what extent the departments of agriculture and trade and commerce are interdependent and how important it was that the national research council direct its effort towards producing in Canada all those things which we are lacking and which we have to buy abroad.

Rapeseed production has been remarkably successful. We are all very happy about it. I trust that the same methods will be applied in the research branch as were used by private individuals and industrialists, so that, in the west as elsewhere in this country, we may enjoy a variety of crops which would benefit all our producers and farmers.

We should not forget that farming ought to be considered on the national scale. There is no provincial boundary when it is a question of farming. We should have a national policy benefiting all farmers and producers in this country.

(Text):

Mr. H. M. Horner (Jasper-Edson): Mr. Speaker, it gives me a great deal of pride to speak briefly in regard to this bill. I do not think any member of this house would wish to take anything away from the hon. member for Humboldt-Melfort-Tisdale (Mr. Rapp), because he has certainly shown the way in this field, and this bill, which is now before us, is the direct result of his efforts.

I feel also that we should congratulate the Prime Minister (Mr. Diefenbaker) and the Minister of Agriculture (Mr. Hamilton) for their efforts in this regard. By the passage of this present measure the promise made by the Minister of Agriculture in western Canada early this year will be fulfilled, and we congratulate him for that.

I have been particularly interested in the development and the use of oilseeds since I came to this house, and have worked with the hon. member for Humboldt-Melfort-Tisdale toward this end. As a matter of fact, there is an area in my constituency vitally interested in the growing of rapeseed, which we call our French Canadian area. There are quite a number of very fine farmers there now growing rapeseed in substantial quantities, and Alberta is rapidly approaching the time when it will be the major producer of rapeseed in western Canada. For that reason the passage of this bill will be very important to those farmers of western Canada.

We listened this afternoon to the hon. member for Assiniboia (Mr. Argue) refer to what the former member for Humboldt-Melfort had to say about rapeseed. I suggest that points out the disadvantage that the farmers of western Canada have been suffering for 20 years. Those individuals have been represented by splinter parties which could never sell this type of legislation to the government of that time. I suggest this bill now being

before this house is an indication of the existence of competent, hard-working sincere members, such as the hon. member for Humboldt-Melfort-Tisdale, whose efforts are so beneficial to the people of western Canada.

Some hon. Members: Hear, hear.

Mr. Horner (Jasper-Edson): I am sure that hon. members listened to the hon. member for Essex East (Mr. Martin) with a great deal of delight, and I hope that he was speaking on behalf of the Liberal party when he said there would be no opposition to the hon. member for Humboldt-Melfort-Tisdale during the next election. I am sure that hon. member appreciates that statement, although I am convinced that no one could be found to successfully stand against him.

Mr. Speaker, if I may just carry on for a moment or two, I should like to deal with one other important principle involved in this piece of legislation. The right hon. Prime Minister of this country is considered the champion of the rights of the farmers of western Canada. I suggest that the presence of this bill in this house is further evidence of that as well as a further indication that the Crowsnest pass freight rates are and will continue to be considered the magna carta of western agriculture.

The hon. member for Maisonneuve-Rosemont (Mr. Deschatelets) put forward the suggestion that we should have a national policy regarding freight rates, and I agree with that suggestion 100 per cent. Over the past two or three years there has been a concerted attack upon these freight rates by individuals resident in several metropolitan areas of eastern Canada. I point out to that hon. member, and all individuals who entertain that belief, that the loss our railways suffer because of the operation of the commuter services in the city of Montreal is far greater than the unproven loss suggested in regard to the existence of the Crowsnest pass freight rates. Recent examinations of the position of the Canadian National Railways have indicated that the revenue has gone down, and that one of the major factors for this decrease has been the decrease in the amount of grain carried under the Crowsnest pass rates. This decrease has also resulted in a reduction in employment for railway workers in western Canada. I am sure this is evidenced by the minority report of the MacPherson commission of the member from the province of Quebec who, I suggest, had a very astute appreciation of the facts placed before him.

I should like to make a few remarks regarding Canada's position in the world in the production of oilseeds. I suggest that Canada leads the world in scientific knowledge and development of rapeseed plants and other oil bearing plants. The Department of Agriculture and the minister should be congratulated for Canada's leadership in this regard. I should like to place on the record a statement made by the president of the edible oil institute of Canada made in a speech in Rome in May of this year. He suggested that western Canada is known for its ability to grow enormous quantities of wheat, but that it is not known that we are also today a large grower of oilseeds. He said he did not want to sound boastful but that it may be of interest to learn that in 1960 oilseeds were our fourth largest field crop and that we were the largest exporters of rapeseed in the world. That is the situation with regard to our position as an exporter of oil bearing seeds.

The president of the edible oil institute of Canada, Mr. Robert E. Merry, also said that we in Canada were leading the world in our scientific investigation of the various fatty acids which are contained in rapeseed and which are of vital importance in regard to its use as an edible oil and other consumer uses. He suggested that they examine their requirements in regard to the fatty acid composition so as to be able to inform us what composition would best suit their requirements, and that we in Canada could then breed a particular kind of rapeseed plant to meet that export market.

It is now generally known, as the hon. member for Peace River (Mr. Baldwin) has so ably put it, that the demand for oil bearing seed and edible oils in the world is increasing tremendously. There does exist an export market and this bill will allow our farmers to maintain and receive a stable portion of that export market.

Mr. Speaker, I could not resume my seat today without saying that we have seen the results of the efforts of the hon. member for Humboldt-Melfort-Tisdale, who is a leading example of the kind of Diefenbaker Conservative which the people of western Canada have elected to this house. He has given to his constituents that service and devotion which few of us are able to bring to the House of Commons.

Mr. G. R. Muir (Lisgar): Mr. Speaker, as a western farmer and a member representing one of the rapeseed growing areas of Manitoba, it gives me a lot of pleasure to support the action of this government in introducing Bill No. C-111, to amend the Railway Act designating rapeseed as a grain under the terms of the Railway Act. The fact that this important oilseed crop will enjoy the same freight rate as that now prevailing for flax will not only make it a more profitable alternative for wheat but will place farmers in a better competitive position in the export market.

I think this afternoon shows that most all hon. members are aware—and I think the producers of this crop should know—that it was largely through the persistent efforts of one of our western colleagues that the proposed amendment was brought before parliament. The logic of the argument used by the hon. member for Humboldt-Melfort-Tisdale, not only as a witness before the board of transport commissioners but in pleading his case in this house, left no doubt in the mind of anyone that he was seeking for the producers of rapeseed only that consideration to which they were entitled.

The production of rapeseed in the prairie provinces has developed largely because the farmers in that area have found that it is an acceptable alternative to the growing of wheat. With a substantial export market it has become a very important cash crop. In recent years Italy, Japan, the Netherlands, France and West Germany have provided the most important markets, although at least seven other countries have consistently imported this grain from Canada. As a result, exports of rapeseed have risen roughly from 60 million pounds in 1956 to a high of 284 million pounds in 1958, a further 222 million pounds in 1959 and to 259,625,000 pounds in 1960. I have some interesting comparisons in our export business of rapeseed. In 1958, the Netherlands took 123,154,000 pounds but in 1959 Italy led with 100,939,000 pounds. Over those years these two countries have been a very important market for this product.

It is also interesting to note that rapeseed production in pounds has risen from 13,900,000 pounds in 1953 to 551 million pounds. In my own province of Manitoba in the same period the production was as follows: In 1953 we produced 4,300,000 pounds; in 1960-61, 26 million pounds.

Wide variations in the acreage sown to this crop in the past can be attributed to the price received by the producer. The adjustment in the freight rate to that prevailing for flax, while adding only a fraction of a cent a pound, will help to provide a suitable cash crop with approximately the same amount of earnings as from a similar acreage sown to wheat. This incentive to switch from wheat should help reduce our surplus of that grain. It is another step forward in bringing our farm production in line with our market requirements and in our ability to adjust to changing conditions.

Wheat acreage has remained fairly constant in recent years although there was a sharp reduction amounting to some 3 million acres from the period 1948 to 1952. The reduction has been mostly in those areas that have been able to find suitable alternative crops. The reduction of wheat acreage, however, has been more than paralleled by the increases in yield through better farming methods and improved types of seed. There is every reason to believe that the ultimate has not yet been reached in improved wheat yields. It is therefore going to be necessary to continue to encourage the production of other grains. Rapeseed is one of those grains that fit into this production picture exceedingly well.

This grain has a wide variety of uses and continued research in respect of this important product may well add further to its usefulness in the economy of the nation.

Just briefly, some of the uses are its importance in the making of margarine and cooking oil; its use as a marine engine lubricant. It is now being used experimentally as a component of lubricants for engines of cars and trucks.

The processing plants for this seed are located strategically in the production areas. In Manitoba the plant is at Altona. In Alberta it is at Lethbridge and in Saskatchewan at Saskatoon. I believe that the action of the government in introducing this bill and applying the Crowsnest rates to rapeseed should further reassure the farmers of western Canada, as mentioned by the hon. member for Jasper-Edson (Mr. Horner), that those rates will continue to apply to western grains as long as this government remains in office.

If any further reassurance had been needed, this bill placing rapeseed on the same freight rate basis as flax is this government's answer to those critics who have been implying that changes in the Crowsnest rates were under consideration.

I should like to commend the government for taking action at this time, action that will assure the producers the new rates for the coming year, which should add considerably to the income the farmer may expect from that crop in the fall. At the same time I should like to congratulate the hon. member for Humboldt-Melfort-Tisdale on the services he has rendered the western agricultural community. I am sure that not only will all farmers be pleased with his efforts but the farmers of his own riding, where such a large percentage of the rapeseed is grown, will be able to show their support for his action at the proper time.

Mr. H. W. Herridge (Kootenay West): It was not my intention to take part in this debate; I was quite content to leave it to those who have been particularly concerned with the need for this legislation and have a particular knowledge of that need.

First of all, I must say with other members that I heartily support this measure and without any hesitation at all give full credit to the good work done by the hon. member for

his constituency which has a trinity of names. I give him full credit for his efforts in this respect. However, Mr. Speaker, I think the remarks of the hon. member for Jasper-Edson (Mr. Horner) were quite uncalled for and distinctly out of tune with the tenor of the debate up to the time he spoke. This is particularly the case after listening to the fair and generous remarks of the hon. member for Assiniboia (Mr. Argue), and those made by the distingushed member for Essex East (Mr. Martin), who has sponsored this cause quite frequently. I give him credit for that. Although we may differ on occasion, I give him full credit for his work on behalf of the agricultural producers in his constituency and in the rest of Canada. I do feel his remarks were entirely uncalled for, and I presume arose from the youth of the hon. member for Jasper-Edson and his lack of experience and, in my opinion, a certain lack of good taste.

In speaking to this bill, he said, in effect, that in future the people of western Canada should make certain to elect hard-working, competent and sincere members. I rise to take strong exception to a statement like that and to protest what I consider to be a slur on members for western Canada who have been members of various parties. It is a slur on a succession of hard-working, competent and sincere members from the west, whom I have had the pleasure of knowing throughout the years, whether they were Liberals, C.C.F. or of some other stripe.

I suggest that the hon. member for Jasper-Edson has plenty of scope for his talents and his interest in public affairs, and opportunities to serve his constituents by dealing with questions of policy, questions of fact, having some regard for the usual practices and procedures of this house instead of rising and spoiling what otherwise was a very reasonable and fair speech by slurs upon the good names of those who have served western Canada in this parliament in the past but who are not now here to defend themselves.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Flynn in the chair.

On clause 1—*Rapeseed.*

Mr. Argue: Before this clause carries, I should like once again to suggest to the minister that this excellent bill might be further improved by amending it to include mustard seed. As I said earlier, mustard seed is an important crop in western Canada. It is a crop of growing importance. I would suggest that every argument that applies in support of rapeseed being included in this bill also applies to mustard seed. I believe that the producers of western Canada, welcoming this bill as they do, would find it even more acceptable with the inclusion of the very important crop of mustard seed.

I should like, therefore, Mr. Chairman, to move:

That clause 1 be amended by adding in line 8 after the word "rapeseed" the words "mustard seed", and by adding in line 9 after the word "rapeseed" the words "mustard seed".

There have been many times in the past when amendments moved by the opposition have been accepted by the government and incorporated in government bills without any further discussion. There have been other occasions when the minister in charge has said he would accept the principle. Then, he refers it to the drafting officers of the crown to be placed in proper words and the amendment is introduced by his colleague. I am not at all concerned about the details as to whether or not the minister might accept this amendment of mine. I am not concerned about that at all.

I am, however, concerned that this important principle should be embodied in this bill. I would hope that the consultation I have seen going on amongst those young and important occupants of the front benches might lead to a decision that they would be prepared to recommend this measure to the house. I would remind the Minister of Transport that, over the years, he has seen many instances of new ideas being proposed in this house that have finally been accepted. He might find it in order at this time to show that this is a government of action by accepting the amendment without requiring the country to engage in a prolonged campaign or a prolonged debate to bring about an amendment which is fully justified.

The Chairman: Before I put the amendment, I should like to know if any hon. member is willing to argue that this amendment could be accepted, that it is not outside the scope of the bill. It seems quite clear to me, but before making a final decision I shall hear the views of any hon. member who cares to express an opinion.

Mr. Argue: This is a bill to amend the Railway Act and provides an amendment which would include in the interpretation of "grain" the word "rapeseed". I would suggest that this is a comprehensive amendment to the Railway Act which further defines the word "grain", and that the amendment is merely a further refinement of the definition of the word "grain". It is not, as might be suggested, an amendment outside the scope of this bill. After all, I do not believe this is a bill to provide for rapeseed. This is a bill to extend the definition of the word

"grain" to include rapeseed and to extend the definition to include a further seed is merely a further refinement of the definition. I would suggest, with all respect, that this is the kind of amendment that is very much in order.

I would suggest that if the government were thinking of moving such an amendment, no one would rise to a point of order. We would all agree that it was in order. I feel, with deference, that this is the kind of amendment to the bill which is not beyond the scope or principle of this bill, and it should be dealt with in the normal way, namely by putting the question to the committee rather than by suggesting that it is beyond the scope of a member to move.

The Chairman: Is the hon. member going to speak to the amendment?

Mr. Baldwin: To the point of order, Mr. Chairman; may I point out that there is a basis which led to the introduction of the amendment to include rapeseed in the definition of the word "grain". This is not just a question of the government coming along and saying arbitrarily that "grain" shall include rapeseed. It was first essential, as part of the process which led up to this amendment, to establish that rapeseed was now recognized amongst the agricultural community in western Canada as a grain; that it was exported in large quantities and, as such, was acceptable, by logic and by import, to come within the scope and receive the benefit of lower freight rates. It may well be that in the course of time the hon. member for Assiniboia may be able to establish that these qualities are attached to the word "mustard" or to the commodity mustard. However, by seeking to introduce an amendment in order to have mustard added to the interpretation of the word "grain" I submit he is introducing something that is entirely alien to the principle of the bill and that, as such, the amendment would be out of order.

The Chairman: The purpose of the bill is very simple. The purpose of the bill, or of the amendment to the Railway Act is to apply to rapeseed the rates applicable to flaxseed. If we add something other than that to the amendment, I think it is clear that we are not relevant. Of course, the rule in committee is much stricter than it is on second reading. I think citation 203 of Beauchesne's which has been quoted several times, especially paragraph 3, would clearly dispose of the amendment. Paragraph 3 reads as follows:

An amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved.

Otherwise hon. members will realize that they could add to and change the whole structure of freight rates simply by submitting amendments of the same kind as the one which is before the committee. I therefore regret that I am obliged to rule the amendment out of order.

Mr. Argue: With great deference, Mr. Chairman, I appeal your ruling.

Mr. Speaker resumed the chair and the chairman of the committee made the following report:

In committee of the whole, when Bill No. C-111, an act to amend the Railway Act was being considered, the hon. member for Assiniboia moved in amendment to clause 1 thereof as follows:

"That clause 1 be amended by adding in line 8 after the word rapeseed the words mustard seed and by adding in line 9 after the word rapeseed the words mustard seed."

I ruled the proposed amendment out of order in that it was not relevant to the provisions and exceeded the scope of the bill.

Whereupon the hon. member for Assiniboia appealed to the house from the decision of the Chair.

Mr. Speaker put the question as follows:

The question before the house is an appeal from a ruling given by the chairman of the committee of the whole as follows: when Bill No. C-111, an act to amend the Railway Act was being considered the hon. member for Assiniboia moved in amendment to clause 1 thereof as follows:

"That clause 1 be amended by adding in line 8 after the word rapeseed the words mustard seed and by adding in line 9 after the word rapeseed the words mustard seed."

The chairman ruled the proposed amendment out of order on the grounds that it was not relevant to the provisions and exceeded the scope of the bill.

Whereupon the hon. member for Assiniboia appealed to the house from the decision of the Chair.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Aiken	Cathers
Allard	Chambers
Allmark	Charlton
Balcer	Churchill
Baldwin	Clancy
Barrington	Coates
Beech	Comtois
Bell (Carleton)	Cooper
Belzile	Creaghan
Best	Crouse
Bissonnette	Danforth
Bourbonnais	Deschambault
Broome	Dinsdale
Browne (St. John's West)	Dorion
Browne (Vancouver-Kingsway)	Doucett
	Drouin
Cadieu	Drysdale
Campbell (Lambton-Kent)	Dubois
Campbell (Stormont)	English
Cardiff	Fairclough, Mrs.
Casselman, Mrs.	Fairfield

Division

Fane	Mandziuk
Fleming (Okanagan-Revelstoke)	Martineau
Flemming (Royal)	Martini
Forbes	Matthews
Fortin	Monteith (Perth)
Frechette	Monteith (Verdun)
Grafftey	Montgomery
Grills	Morissette
Gundlock	Morton
Hales	Muir (Cape Breton North and Victoria)
Halpenny	Muir (Lisgar)
Hamilton (Notre Dame de Grace)	Murphy
Hamilton (Qu'Appelle)	Nasserden
Hanbidge	Nesbitt
Harkness	Noble
Hees	Nugent
Hicks	O'Hurley
Hodgson	O'Leary
Horner (Acadia)	Ormiston
Horner (Jasper-Edson)	Pallett
Horner (The Battlefords)	Pascoe
Howe	Paul
Jones	Payne
Jorgenson	Phillips
Jung	Pigeon
Keays	Rapp
Kindt	Regnier
Knowles	Ricard
Kucherepa	Robinson
Lahaye	Rogers
Lambert	Rompre
Latour	Rowe
Lennard	Rynard
Macdonald, Mrs.	Sevigny
Macdonnell	Simpson
MacEwan	Skoreyko
MacInnis	Smallwood
MacLean (Queens)	Smith (Lincoln)
MacLean (Winnipeg North Centre)	Smith (Winnipeg North)
MacLellan	Southam
Macquarrie	Speakman
MacRae	Spencer
McBain	Stearns
McCleave	Stefanson
McDonald (Hamilton South)	Stewart
McFarlane	Tassé
McGee	Thrasher
McGrath	Valade
McIntosh	Villeneuve
McLennan	Webb
McPhillips	Weichel
McQuillan	White
	Winkler
	Woolliams—147.

NAYS

Messrs:

Argue	Howard
Batten	LaMarsh, Miss
Boulanger	Leduc
Bourget	Lessard
Bourque	Loiselle
Cardin	Macnaughton
Carter	McIlraith
Clermont	McMillan
Crestohl	Martin (Essex East)
Denis	Martin (Timmins)
Deschatelets	Meunier
Dumas	Mitchell
Eudes	Nixon
Fisher	Pearson
Forgie	Pickersgill
Garland	Pitman
Granger	Richard (Ottawa East)
Habel	Roberge
Hardie	Rouleau
Hellyer	Tardif
Herridge	Tucker—42.

[Mr. Argue.]

Mr. Brunsden: I was paired with the hon. member for Fort William (Mr. Badanai). Had I voted, I would have voted for the chairman's ruling.

And the house having resumed in committee:

Clause agreed to.

Mr. Balcer: Mr. Chairman, as I said earlier, I will ask my colleague the Minister of Agriculture to move an amendment, the purpose of which is to set a date for this bill coming into force.

Mr. Hamilton (Qu'Appelle): Mr. Chairman, in view of the remarks of the Minister of Transport concerning the advantages of having a definite date for the coming into force of this bill I should like to move an amendment. I move:

That Bill No. C-111, an act to amend the Railway Act be amended by adding thereto the following clause:

2. This act shall come into force on the first day of August, 1961.

Amendment agreed to.

Title agreed to.

Bill reported.

Mr. Speaker: When shall the said bill as amended be read the third time? By leave, now?

Some hon. Members: Agreed.

Mr. Balcer moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

NATIONAL ENERGY BOARD ACT

Hon. George H. Hees (Minister of Trade and Commerce) moved the second reading of Bill No. C-113, to amend the National Energy Board Act.

He said: Mr. Speaker, the national energy board has represented to me that as a result of the experience obtained in administering the National Energy Board Act for approximately 18 months, and following the consideration of various informal submissions received from the oil, gas and pipe line industries, it is considered necessary in the public interest to put forward a number of amendments to the act.

I suggest that as each amendment is put forward in committee, I will explain to the committee the need for and the effect of the amendment.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, I take it the minister's statement is an indication that no major question of principle is involved in the amendments, and

that the amendments deal only with different points arising from the experience of the administration of the act. I have no particular quarrel with the method of dealing with this bill suggested by the minister, although I must say that I feel some of the clauses of the bill involve questions of principle. For instance, the changed definition of gas and oil may involve questions of principle embodied in the present act, as well as that portion dealing with the import of oil and the bringing of the import of oil under the control by order in council instead of by act of parliament. However, perhaps it is preferable to deal with the bill on a clause by clause basis.

I should hope that the chairman, if we deal with the bill in this way, will not be too restrictive in interpreting the rules in respect to relevancy on particular clauses at any time. In view of the attitude taken by the minister I feel there can be no useful purpose served by my extending the debate at this stage.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, the creation of the national energy board was an indication of the development and changing circumstances of this country. In my opinion, this was also the beginning of a program of bringing order and regulation into the production and distribution of energy in this country. As I understand the amendments found in this measure they are the result of experience and changing circumstances and, in view of the fact there is no one principle involved, it is satisfactory to hon. members of this group to have the minister explain each amendment to the bill as it is presented to the house.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Flynn in the chair.

On clause 1—*Gas.*

The Chairman: Shall clause 1 carry?

Mr. Hees: Mr. Chairman, this clause substitutes in section 2 of the act new and more practical definitions of gas and oil and deletes the definition of hydrocarbons, gas and oil. Gas and oil are redefined to bring the definition more closely in conformity with the accepted nomenclature used in the oil and gas industry and in existing provincial and other legislation.

Mr. McIlraith: I do hope the minister's explanations will not all be as sketchy as that one.

Mr. Hees: No, much more detailed.

Mr. McIlraith: The matter deserves a little more detail than that. In any event I wish to ask whether the effect of the dropping of the definition of hydrocarbon from the act and the redefining of the definition of gas and of oil will be that of removing any pipe lines that are now under the control of the energy board from that control?

Mr. Hees: That is correct.

Mr. McIlraith: I asked if it had the effect of removing any of the pipe lines from control of the board?

Mr. Hees: No, it has not.

Mr. McIlraith: Would the minister clarify one point? At the time the national energy board legislation was before the house in 1959, in the subclause dealing with the definitions, there was a reference to a pipe line company then being incorporated, namely Foothills Pipe Lines. Some questions were asked as to what type of controls such a pipe line dealing would come under, whether under the gas section or under the provisions dealing with oil. Can the minister clarify that point for us now?

Mr. Hees: I am advised that for the export of propane or butane there would have to be an export licence because they would be defined as gas.

Mr. McIlraith: The point was never fully cleared up at the time the act was dealt with. Can the minister assure us that the dropping of the definition of hydrocarbon from the act does not in any way lessen the control over pipe lines generally?

Mr. Hees: I am glad to be able to assure the hon. member for Ottawa West that this is so.

Clause agreed to.

On clause 2—*Eligibility to be reappointed; retirement.*

Mr. Hees: Mr. Chairman, this amendment makes it clear that the person who has been appointed as a member of the national energy board is eligible to be reappointed as such for a further term of seven years or less, or in other words a mutually acceptable appointment may be made for a term of less than seven years.

Mr. McIlraith: This clause gives me the opportunity to place on record something that I think ought properly to be placed there. I think the present Minister of Veterans Affairs will recall that at the time the original legislation was passed I raised some questions as to the appointments to be made to the national energy board, particularly the chairman of the board, and expressed the hope that the government would select the proper

person for that high and very important position in our economy. I wish to place on record my view, for what it is worth, that the government of the day did make a very competent choice in the particular person it chose for chairman of this board. I think that ought properly to be recorded here because the subject matter over which the board has jurisdiction has such an important effect on the economy that nothing less than a very competent chairman is required in this position. I should like to record my view that the present chairman admirably meets those qualifications and requirements.

Mr. Hees: I appreciate the well justified compliment the hon. member for Ottawa West has paid to the chairman of the national energy board and I feel sure that hon. members, particularly those who have had dealings with the national energy board, will agree, and also members of the oil, gas and power industry of Canada will agree that Mr. McKinnon has done an excellent job in heading up the national energy board. I thank the hon. member for Ottawa West for his kindness in bringing this true matter to the attention of the committee.

Mr. McIlraith: Does clause 2 which is submitted to us provide for reappointment a second time?

Mr. Hees: Yes, it does.

Clause agreed to.

The Chairman: It being five o'clock and in order to permit the house to proceed to the consideration of public and private bills, pursuant to section 3 of standing order 15, it is my duty to rise, report progress and request leave to sit again later this day, or at the next sitting of the house, as the case may be.

Progress reported.

Mr. Speaker: It being five o'clock, the house will now proceed to the consideration of public and private bills, the former having precedence, pursuant to order made on Friday, June 16 last.

CRIMINAL CODE

AMENDMENT RESPECTING USE OF TRADING STAMPS

Mr. Frank Howard moved the second reading of Bill No. C-34, to amend the Criminal Code (trading stamps).

He said: Mr. Speaker, this particular bill was before the house during last session for a rather lengthy debate. Perhaps it would not be well at this time to go into all the arguments pro and con in an attempt to reinforce or refute them. However, let me say that some years ago the Criminal Code was amended to ban in effect the use and distribution of trading stamps. The Criminal Code now contains a definition of trading stamps, even though it is not in the same words as it was when originally enacted. The section contains a number of loopholes which allow the use of trading stamps in those provinces in which they are not banned by the provincial government, and allow trading stamps to be distributed even though the Criminal Code says this practice is illegal. The amending bill proposes to block these particular loopholes.

Since this matter was last debated in the house there have been a number of actions with regard to trading stamps, some in the courts and others by way of briefs presented to the government. A couple of well known and responsible organizations in this nation, notably the retail merchants association and the Canadian Association of Consumers, have made representations to the government calling for a ban on the use of trading stamps at the federal level. The government indicated tacit approval of the request made by these organizations, but as with so many other things, this government took no action but merely expressed sympathy. This bill before us provides an opportunity for something to be done and provides an opportunity for this government to do what it indicated it wanted to do.

The two organizations I have mentioned, as well as many others, consider that trading stamps are an insidious blight on our economy; that they tend to promote a monopoly and a concentration of power over the economy in the particular field in which trading stamps are used; that there is an air of dishonesty attached to them. These organizations feel that the use of stamps results in higher prices to the consumer. For these reasons, I think this house should give speedy passage to this bill, especially in view of the fact an extensive discussion took place on this subject last year.

Mr. Eldon M. Woolliams (Bow River): I am going to be brief in my references to these trading stamps. There has been a great deal of litigation about this type of thing. The use of trading stamps has been tested by the courts.

In dealing with the merits of the bill I would suggest that there is always a tendency—I say this is just a tendency—for some of us to wish to legislate the morality of the people. As a member from Alberta, I feel that I have enough faith in the individuality of the average Canadian to believe that he will take advantage of the freedom that exists in a democracy. If, as the hon.

member suggested, the use of trading stamps is bad, that they are in themselves practically immoral in the sense that they are an insidious thing in the economy, then I have enough faith in the Canadian people to believe that they will choose the right thing for themselves.

In discussing this subject one should keep in mind that the grocery business, in which trading stamps are used to the greatest extent, is a highly competitive business. Some people have suggested a monopoly exists in this field, but it is highly competitive. I recall reading an article recently to the effect that in certain states in the United States groceries are being sold at cost in order to attract people into the stores to buy other commodities. We only have to go into the chain stores in Canada to find that there is practically everything on the shelves from hardware right down to the various kinds of drugs. It seems to me that, because the grocery business is highly competitive, it will not be long before groceries will be sold at cost in Canada in order to attract people into the stores to buy other commodities.

The hon. member for Skeena (Mr. Howard) suggested that the grocery business is a field in which a monopoly exists. I say it is a highly competitive business. We only have to look around in our own province to appreciate the fact that it is a highly competitive business. The old style store we remember as boys, the corner grocery store, has been put out of business. When the corner store was in existence, everybody knew the clerk, and the clerk knew everybody. You went there to buy your groceries, and of course you received service. Today, there are about ten or 15 different chain stores in the city of Calgary. This is true of all cities. As I have said, this is a highly competitive business and it will not be long before the same conditions as prevail in the United States will prevail here and groceries will be sold at cost in order to attract people into the store to buy other commodities.

In so far as this particular amendment is concerned, I may say that the government of Alberta brought together the various companies on a voluntary basis and for a period of time trading stamps were eliminated. Everyone knows when you go to buy a package of cornflakes, you buy something else as well. If you get trading stamps, then indirectly you have to pay for them. If it is wrong to give trading stamps, then I think you have to look at the whole picture. If you buy a package of oatmeal, you find a cup and saucer in the package. What is the difference? In one case you save up the trading stamps and at the end of the month the children stick them in a book, you take them down to the store and get a prize. In the other case, you buy a package of oatmeal and you get a prize. If you are going to introduce a measure to outlaw the one form of attraction to get people into the store, then you have to outlaw the use of prizes in all these fields.

I have never been strongly in favour of legislating in the field of morality. I do not believe you can do that. I believe the people of this country are sufficiently well informed, and have enough individuality, that they will take advantage of the freedom which exists in this country to choose what they want. When you talk about the chain stores having a monopoly, you find that one store offers one kind of stamps and another offers another kind of stamp. In this way you have competition. This is basically my reason for taking a strict view of this legislation. I repeat that if you are going to outlaw the use of premiums in one form, then you have to outlaw them all. As I have said, I have enough confidence in the individuality of the Canadian people to believe that they will choose for themselves. We do not need to legislate to protect the morals of the Canadian people. After all, we are a Christian nation and we live under the free enterprise system. We are not children. We are 21 and we can go into a store and buy where we think we can get the best bargain. I believe the Canadian people will exercise their freedom with the proper discretion.

Mr. G. D. Clancy (Yorkton): The subject matter of this bill has been discussed in the house on several occasions. Arguments have been presented both for and against the use of trading stamps, but in most cases the arguments have been in general terms. It would be interesting to review some of the points that have been made. The opponents of trading stamps make the blanket claim that the principle is basically wrong; that the cost is being passed on directly to the consumer. I think that this charge would be difficult to prove, although we will all admit that the cost will be passed on indirectly to the consumer.

As to the use of trading stamps, the argument used by the firms using them that 2 per cent of their gross revenue will take care of the problem of trading stamps is another point which could be carefully looked into. There is a limit to increased turnover. The discounts on quantity buying reach a definite level. Therefore I think there is no doubt that most consumers realize they are indirectly paying for this form of advertising. However, I think it is also true that they realize they are paying for all forms of advertising that are used. If you take one form of advertising and damn it or pass

legislation to ban that form of advertising, then it should follow logically that all advertising should be banned. Whether you are paying for radio, television or newspaper space, the ultimate purpose is exactly the same as the principle behind trading stamps, namely to increase the amount of business you do.

I feel strongly about trading stamps in certain areas of business. For instance, I think of the use of bonuses or the giving of bonus numbers of trading stamps for certain purchases, particularly on, for example, the Saturday sales. If you take any newspaper and look at their Friday afternoon edition, you will see large firms advertising that if you purchase a jar of so and so you get five extra trading stamps. In that case I think the customer should be very wary. They are trying to use the trading stamps in order to move slow moving produce whereas in the normal procedure it would have meant that the price would have been cut to move it. I am certainly in favour of a price reduction rather than a stamp bonus.

Another sector where the stamps hurt in the retail trade is among the small businessmen. In a good many areas the volume that the smaller retailer can hope to achieve will not allow him to charge off at the rate of 2 per cent on his turnover. His turnover is not large enough. Therefore his cost of using this form of advertising grows progressively larger. Therefore he is in the position that he could not possibly use trading stamps without increasing his prices and therefore lessening his competitive position. It is a form of unfair trade practice. On the other hand, as was stated by the hon. member who spoke previously, we live in a free enterprise economy. He also made the point that if you put controls on one segment of business, it ultimately follows that controls must be extended further and further into the activities of the business field.

From reports I know that there are a great many consumers who believe that the trading stamp is a sound idea. They like it and feel that, if perhaps they are not getting something for nothing, they may be getting something for nearly nothing. I think the correct approach to the problem is not one of legislation. I think the correct approach to the problem is to make public the facts and to leave it to the consumer, when given the facts, to form his own opinion whether it benefits him to pay slightly more and receive trading stamps or whether he would prefer to have his trading stamp value in cash as a price reduction.

Mr. E. A. Winkler (Grey-Bruce): Mr. Speaker, I have not had the privilege of participating in debate on this subject previously. I believe that today the need for this legislation is not as great as it was previously, although I certainly think that it would still serve a purpose and would be an advantage.

We heard the hon. member for Bow River (Mr. Woolliams) speak in the vein of the moral issue and give his views regarding the ability of bodies such as ours in legislating in these cases. However, this is probably a somewhat different matter, to a degree. In my own case, being what I would term a smaller businessman operating a small retail business, I feel that I have been able to see that. Although not in the business in which the practice of trading stamps has been used to a great degree, nevertheless I have watched this practice come into being and have watched it function, and I think I know a few of the matters in relation to it that are of serious consequence to the people who find themselves in this category in the business world.

As had been said previously, I believe that trading stamps when they were first brought into use were discriminatory as far as the smaller independent businessman was concerned in his relationship to the larger corporate chains. This may be a personal thing as far as the consuming public is concerned. Nevertheless, it was very real. The hon. member for Bow River mentioned the fact that there was a day when we could walk into the small corner grocery store and find that the grocer knew everybody and everybody knew the grocer. He thinks this situation has gone by the times, so to speak, but I do not believe this is the case. I believe that today the consuming public has come to the realization that trading stamps were discriminatory. There is no question that if you are in business and have such a plan presented to you, it is a cost, and you have to pay for it. There is no question about that matter. The next thing is this. Where does this cost come from? There is no question about that matter either. Therefore, as I say, I think this bill would have served an excellent purpose some time ago, perhaps more so than today.

I believe that the consuming public have become aware of this through practice and that they realize today that the small independent man who has been able to weather the storm and stay in business can sell his products more cheaply or at a lower cost than can some of the corporate chains. Anyone who does not believe this statement need only come with me to find proof. I can produce evidence that will show this to be so. In some cases, of course, it is not possible owing possibly to the buying policy. However, the argument with regard to stamps is quite clear in my mind. There is no question but

that they add to the cost of the article. The situation cannot be otherwise. Therefore such a measure as this one would eliminate that differential between the small man who feels it would be an impediment to his business and who, as I have said, having weathered some of this storm, finds himself now to be more efficient. They certainly have learned many lessons in efficiency and so on. However, they find themselves in a position to compete in many of the lines in which trading stamps apply.

The hon. member from Bow River also said that in the United States some stores are now selling grocery items at cost in order to bring the consuming public in so they may sell them other commodities upon which they make their profit. I am not taking great issue with the hon. member on this point. This may be so. Perhaps this would act well in reverse; I do not know. I have not yet heard of this particular practice, but I know that the great appeal being made to the consuming public for their dollar has been by big organizations which have had to eliminate a great deal of the personal service hitherto involved in doing business with the general public.

We can go through the discount store organizations, the organizations that use these trading stamps to a great degree, and find that a great many independent merchants are still surviving and doing quite well. I believe the reason for this is that the consuming public is going back slowly but surely to the desire for those services they received in the past. I think the glare and the lights of some of the big corporate outfits may be fading somewhat.

If the thinking of the hon. member for Bow River is correct, some of the arguments we hear in other fields do not apply. For instance, we hear agricultural people saying that if they received the profit on certain food items that the chain stores make, they would have all that was necessary; or even if they received only a percentage of that profit they would have all that was necessary. If the hon. member's thinking is correct, it would certainly eliminate that sort of argument, but I do not believe that is the case.

I certainly believe there is still a substantial margin of profit being made by many of the corporations on the basis of turnover and there is no question in my mind, as I said at the beginning of my remarks, that when these corporations introduce trading stamps to attract business there is only one person who pays, and that is the consumer.

Therefore I agree with the hon. member for Skeena (Mr. Howard)—although he may not have said this today—that there is a degree of deception in the use of trading stamps and I agree that they should be eliminated. As far as I am concerned, the economy of the country and the consuming public would be better served without this type of invitation to the public to spend their money at a given place. I certainly support the elimination of trading stamps.

Mr. Nicholas Mandziuk (Marquette): Mr. Speaker, I have no intention of taking up a great deal of the time of this house. I am against controls as far as it is possible to prevent them. I am also a great believer in the principle that everyone should get value for their money. Hence I should like to take an objective view of this matter.

We have two sides to this question. On the one hand we have certain chain stores which adorn their windows with huge signs saying, "We give gold bond stamps", "green stamps", "blue stamps", "red stamps", and goodness knows what other kinds of stamps which are intended to induce customers to go in and buy the products they sell. On the other side we have from coast to coast about 150,000 retail stores both large and small, consumers organizations, trade unions and farm organizations which take serious objection to this method of enticing customers into stores.

I am not going into the question of whether or not a customer gets value for his money when buying from one of these stores offering trading stamps. I hope he does. It has still to be proved that he does not. I say the real measure of proof would be obtained in having an identical article, by the same manufacturer, of the same weight, the same quality and the same grade on sale in the store that does not give stamps. If it is offered at the same price as it is in the store that does give trading stamps, then I say the customer is not, in plain language, "gypped".

However, that does not bother me as much as the jurisdictional aspect of this matter. I have before me a statement made by the Minister of Justice (Mr. Fulton) dated November 3, 1959. It has relation to this point and perhaps I may be permitted to read a paragraph of the statement:

> We have had the matter of trading stamps under observation continuously since assuming office,—

The statement goes on:

> The result of these studies has been to convince me that an understanding of the nature and effect of trading stamp schemes is necessary to an understanding of where the responsibility and opportunity for controlling them may lie. In the first place,—

Mark this, Mr. Speaker:

> —if a trading stamp scheme in its nature or operation comes within any of the fields which are proper for inclusion in the criminal law, it would be the responsibility of the dominion parliament to enact any necessary legislation to deal with the situation. In so far, however, as such schemes are

merely merchandising devices, and relate exclusively to the terms and conditions upon which a customer buys and a merchant sells his goods, then their regulation or prohibition becomes a matter within the field of contract or detailed regulation of trade, which is within the exclusive jurisdiction of the provincial legislatures.

I think that is a very important point which has to be decided. Until the courts have decided that I think we are treading on dangerous ground when we ourselves try and control—and this is the intention of this bill—a transaction which between the seller and the buyer is within the field of contract and the exclusive jurisdiction of the province.

I am not saying that the thousands and thousands of people who object to trading stamp schemes are wrong. I think they have some merit in their objections. However, this is a serious matter and somebody must decide whether this parliament or each or all of the provincial legislatures of our dominion have the right to enact legislation banning trading stamps.

We do have provincial legislation on that matter. We have just such legislation in the province of British Columbia. Unfortunately I was not able at short notice to procure information as to the success or failure of this legislation, but I am satisfied it has not been challenged. The province of Alberta also has, or had, legislation prohibiting trading stamps. A charge was made under this legislation several years ago and the magistrates held it was ultra vires. Consequently the provincial government hit upon a scheme for the licensing of retail stores. This, I am informed, has put an end to the practice of various stores offering trading stamps as an inducement to customers. I am also advised that the province of Saskatchewan has legislation which prohibits retailers offering trading stamps as an inducement, and that this act is working successfully.

I can see some point in the proposition which the hon. member for Skeena has to amend the Criminal Code. As the law stands, it is not illegal for stores to offer trading stamps. I should like to refer hon. members to two cases which originated in my own province of Manitoba. These cases started out at magistrate's level, went to the court of appeal and ended up in the Supreme Court of Canada where they were decided on December 19, 1960. These two cases were dealt with as one by the supreme court and they are reported in Canadian Criminal Cases (Annotated) Volume 129, Part 2, page 223 under the heading: "Regina *v.* Loblaw Groceterias Co. and Regina *v.* Thomson (Niagara I.G.A. Grocery)". The faces in these two cases were identical. A city police officer by the name of William Hrycyk went into the Loblaw store on Main street, Winnipeg and purchased a tin of sardines for ten cents. He was given a trading stamp. When he took this trading stamp to the manager of the store he was given two cup cakes in return. This same police officer went into the I.G.A. store in the same city and on purchasing a tin of sardines for ten cents he was also given a trading stamp, though of a different colour, and on presenting it at the proper desk he was presented with a safety pin. These two cases were treated as one, and Mr. Justice Kerwin wrote an elaborate judgment which I do not think it will be necessary for me to quote extensively. He held, and the other justices of the supreme court concurred, that under the law as it presently stands the offering of trading stamps by these various stores is not contrary to the provisions of the Criminal Code.

As I said before, Mr. Speaker, thousands of Canadians cannot be wrong. Regardless of my personal opinions as to controls I have very strong opinions about a person or a customer getting value for money. I am also a free enterpriser, but the anxiety of so many of these retail merchants leads me to believe that maybe they are hurt by this inducement. I for one would like to find a way of helping them even if it meant certain controls, but I want this to be put into legislation by a body which has undoubted jurisdiction to legislate. I have shown that several provinces are legislating on the matter. I have mentioned the cases which have been dismissed by the supreme court. I have quoted the opinion of the Minister of Justice (Mr. Fulton) that as we stand in Canada today there is still no definite decision as to whether this is a straight contractual liability or transaction or whether it is an offence against the state.

If this amendment were for the purpose of blocking up that void, if it were intended to bring back the wording of the code as it was before the 1953-54 amendment, I would go along with it but I am still not certain whether we have the jurisdiction to pass an enactment banning trading stamps. Once we ban that we would have to legislate with regard to other schemes which might be devised. Hon. members will have heard of the flower scheme, the scheme by which a customer buys a dozen tins of soup gets an extra tin free; the scheme whereby a pair of nylons is given free with every purchase of ten dollars or more. What about the patronage dividend in certain stores when at the end of the year the total amount spent on purchases is determined and a certain amount of money given back? Until some of these questions have been settled in my mind I should prefer to abstain from supporting this amendment.

Mr. R. A. Webb (Hastings-Frontenac): Mr. Speaker, when speaking in regard to this bill on February 4, 1960 I pointed out that the issuing of trading stamps affected approximately 300,000 small businesses and also, conservatively estimated, one million workers. I believe that the allowing of large companies to give out these trading stamps defeats the very purpose of Bill No. C-40, passed by this house on November 30, 1960, which is an act respecting loans to proprietors of small business enterprises for the improvement and modernization of equipment and premises. I should like to say that exhaustive studies and inquiries have been carried out by the government of Alberta in regard to this question, following which legislation was passed, as published in the Alberta *Gazette* of November 14, 1959. Alberta regulation No. 379/59 appears at page 963 of that issue of the *Gazette* and reads as follows:

The licensing of trades and businesses act, general regulations respecting licences (ministerial order)

The honourable the minister of industry and development, by virtue of the power vested in him by section 5 of the licensing of trades and businesses act, is pleased to make a regulation amending the general regulations respecting licences in accordance with the schedule hereto.

Alberta regulation 239/57 under the licensing of trades and businesses act, being general regulations respecting licences, is hereby amended by the insertion of new sections 15, 16 and 17 as follows:

15. No business licensed under the licensing of trades and businesses act shall secretly or otherwise give or offer to give any premium, free goods, or use coupons, coupon books, stamps, trading stamps or similar plans for the purpose of furthering the sale of any commodity or service.

16. Opening day offers by a new business for a period of not more than seven days, including date business commenced, shall not be considered a violation of section 15 of this regulation.

17. Nothing in this regulation applies to or affects prices or price discounts.

I say in conclusion, Mr. Speaker, that the Alberta government carried out a long investigation into this matter, and the courts there ruled that trading stamps should be disallowed.

Mr. Grant Campbell (Stormont): Mr. Speaker, I think it is significant that the sponsor of this bill is not in his seat at the moment. I think the only observation I can make in this respect can be made by referring to the old Latin adage well known to lawyers, *deminimis non curat lex*. In other words, the law does not take cognizance of trifles. Apparently the sponsor of this bill has adopted the same attitude.

My position in respect to this business of trading stamps is similar to that of the hon. member for Bow River (Mr. Woolliams). I think it is a very salutary position to adopt in this house, that one cannot legislate virtue. We have a legacy of obsolete laws which are the results of misguided but well meaning efforts. I think it is very important to maintain a sense of proportion. The business of trading stamps is obviously a passing fad which will break down through its own asininity and complexity. I think the observation of P. T. Barnum is a source of great solace when considering this type of problem. He observed:

It is true that you may fool all the people some of the time; you can even fool some of the people all the time; but you can't fool all of the people all the time.

That fact will ultimately bring about the demise of these trading stamps.

I think this whole trivial issue in respect to trading stamps brings to the fore a matter of considerable principle and substance. In this house we should of course endeavour to reduce the trivial and tentative to essentials, and to try to get at the principle, if there is any, inherent in our discussions.

How can a small independent grocer or operator exist in an age and time of colossal giants such as the cancerous growth of supermarkets which are exploding in all directions? This is similar to the very pertinent problem today; how can we maintain any individuality or any personality in an urbanized, synthesized, synthetic time and place? I think probably the most obvious and the easiest solution to this problem, but one which is doomed to failure in the end, is the bringing in of this legislation in an attempt to control this trend. However, I again say that you cannot legislate virtue, nor can you make things closer to the heart's desire by law. There is a limit to what the law can do.

I think the answer lies along lines of providing something in the way of a unique service which these great impersonal stores and organizations cannot provide. I know of the existence of several little butcher shops down here in the market at Ottawa which all the suburban and ex-urban housewives patronize largely because they have sawdust on the floors and salamis hanging from the ceiling, and if in addition to that they have a large chopping block with a cleaver stuck in it which is only used once or twice a year, so much the better, because they are able to sell their goods for twice as much. I suggest this is good sound psychology and the only way through this element of personality and individuality, and personal contact that the small individual in business can not only survive, but prosper alongside the giants of our society.

This problem is very relevant to the situation down in my own area of Stormont with the new harbour development that we anticipate in the very near future. In fact, I expect construction to start in a matter of the

next few weeks, thanks to the consideration, perception and good sense of the Minister of Public Works and of this government.

Another reason why this is a topical problem is because of Upper Canada village, which is to be opened on Saturday, June 24, and which I firmly believe will be the greatest single tourist attraction in this whole country within the next three years.

The problem which exists in Cornwall in my own constituency is that of finding ways of intercepting tourists which come in the thousands into our area. We must decide how we can provide them with genuine acceptable services while at the same time benefiting from their custom, particularly because this area is so destitute as a result of the seaway being on the United States side. How can we salvage something from the ruins, using our own customary enterprise, which the people of Stormont have always possessed?

I shall not go into this controversial problem regarding shopping malls, which I think has real relevance to Cornwall, because I think shopping malls have to be analysed on their merits. In some areas, such as Ottawa, their chief function is to attract the natives back from the suburbs to the centre of the city to prevent the centre from becoming atrophied and decayed. Whereas, in my area we must try to intercept the tourists passing through and to stop them over the noon hour or overnight, if at all possible. In order to do this the establishment of a shopping mall in our area might well be the solution. I hopefully anticipate that many tourists will stop because of the new harbour in order to see the tourist ships coming in there, as well as to see the St. Lawrence seaway and dam and the other new amenities that exist there.

In the east end of Cornwall what we have to do is to try to introduce some of the neat little expresso cafes such as they have in Montreal and even in Toronto today. You see there is a new sophistication, a new cosmopolitanism which has come to this country since the war which is probably one of the few things on the credit side that can be said for the terrible catastrophe of the last war. There has been a great influx of people from many countries and they have brought in a new awareness, a new sophistication and cosmopolitanism.

Mr. Speaker: Order. I hope the hon. member can convince me that what he is saying is related to trading stamps.

Mr. Campbell (Stormont): Yes, Mr. Speaker.

[Mr. Campbell (Stormont).]

Mr. Speaker: It seems to be in the general direction of trade and mostly tourist trade but I have not heard anything about stamps yet.

Mr. Campbell (Stormont): I believe the answer to this trading stamp problem is this unique, personalized little establishment. I think the expresso bar is the answer, certainly in Cornwall anyway, particularly in the east end. Furthermore, a cafe is the most practical, the simplest and cheapest sort of store to provide. If you want a genuine, unique atmosphere, all that is necessary to provide is a red checkered tablecloth, a few tables with empty chianti bottles in the centre with candles stuck in them. When the hot weather comes along you move the whole thing out to the sidewalk under a striped awning. You put a few plants in boxes around it and there you have a unique tourist attraction. Another alternative, another variation of the same thing, if you have no sidewalk in front of your store, as many of the storekeepers in Cornwall do not have, particularly in the east end, a congested area—they probably have a parking lot beside them—obviously is an adaptation of a German beer garden. Cover the area with gravel and then put your hedges around about it and your tables, and have your lanterns glowing in the night. Then serve whatever is at hand, gini if you have nothing better. I am sure in many cases this would be the answer, certainly in our own area, to house the small establishments with limited capital if they do not draw on the amenities provided by our government in the way of the industrial development bank and various other pieces of legislation. Obviously this is one way in which they could cope with those great supermarkets with all their complicated machinery of trading stamps and the like.

This is the answer to trading stamps plus the fact that people will become bored with this really silly performance. They will eventually realize that you cannot get anything for nothing and the stamps will disappear of their own inertia.

Mr. J. S. Speakman (Wetaskiwin): Mr. Speaker, this amendment, like so many others introduced by our friends in the corner, is another piecemeal attack on a problem. Of course, the hon. gentlemen would have us believe that this amendment would be the beginning of the destruction of all kinds of advertising, because after all this is what trading stamps are. They are a method used to attract additional trade to a particular business establishment.

As the hon. member for Bow River (Mr. Woolliams) mentioned, if we are going to carry through this amendment we should also ban the putting of cups and saucers in

cereals, towels and dishes in soaps, kitchen utensils in boxes of oatmeal, lapel buttons and cutouts in corn flakes.

The hon. member for Hastings-Frontenac (Mr. Webb) mentioned the order in council which was passed in the province of Alberta. For his information I should like to mention that this was not particularly popular with the buying public for the simple reason that it again was a piecemeal attack on what is after all a larger problem.

When we contemplate this type of legislation, Mr. Speaker, perhaps it might be well to have in mind the feeling and the thinking of the women who do the buying and, I might say, thinking of my own wife, doing it extremely well. They get value for their dollar; otherwise they do not spend it.

In speaking on a similar bill last year the hon. member for York-Humber (Miss Aitken) said, as reported at page 744 of *Hansard* of February 4, 1960:

I can only assume that nobody likes trading and discount stamps except the women who do the buying in this country.

I suggest that he would be a heroic husband who would endeavour to tell his wife that she must not buy at this store or at that establishment because they give trading stamps. He would probably end up by sleeping on the chesterfield or putting himself out at night and keeping the cat in.

Of course, the hon. member who introduced the bill made no mention of the fact that on television last night a gas installation firm in Ottawa offered a free portable 19-inch television set if you let them put a natural gas installation in your house. I presume the hon. member would approve of this because after all it is a rather substantial gimmick to get business. That is what trading stamps are; they are a gimmick to attract business. As has been said by hon. members who preceded me, give these things time and they die a natural death, as have other similar forms of advertisements over many years.

Will you call it six o'clock, Mr. Speaker?

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 7.30 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Donald M. Fleming (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Mr. Speaker, normally 12 months transpire between budgets. Exactly six months ago this evening, I was delivering my last previous budget in this chamber. It was a supplementary to the 1960 budget. Tonight's is the second budget of the present session.

Four years ago tomorrow morning the present government was sworn into office. This is the fifth budget I have had the honour to submit to the house in these four years, not including the financial proposals introduced on December 6, 1957.

The circumstances attending each budget have differed from those associated with the others. Each was aimed to meet the financial and fiscal problems of its time. Tonight's budget is designed to meet Canada's present needs and difficulties. Flexibility has been the keynote of our financial policy in these four years. It will also characterize the approach revealed in tonight's budget.

(Translation):

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(Text):

GOVERNMENT ACCOUNTS 1960-61

In structure my budget speech this evening will depart somewhat from past precedents. I shall begin by placing on the record a brief summary of the government's accounts for the year that ended last March 31. I shall not embark upon any detailed analysis because all the essential facts and figures have been included in the white paper which was tabled and published last Friday.

In my March, 1960 budget statement I recorded my expectation that our revenues for the 1960-61 fiscal year would be $5,892 million, our expenditures $5,880 million, and that the resulting surplus would be $12 million. Last December, in presenting to the house a supplementary budget, I explained

that the rate of economic expansion in Europe had shown some hesitation and that the economic outlook in the United States and Canada, which had been most encouraging at the beginning of 1960, had rather unexpectedly reversed itself, resulting in a disappointing slow down during the last three quarters of 1960. This inevitably affected our budgetary position and my revised estimates, after making provision for certain tax changes, were that revenues would be $5,694 million, expenditures $5,980 million and the deficit $286 million.

Our books of accounts for 1960-61 have not yet been closed, but subject to some minor adjustments our revenues for the past year were $5,616 million, our expenditures $5,961 million and our deficit $345 million. In other words our revenues were $78 million and our expenditures $19 million below my December forecast, and the deficit was therefore $59 million greater. As explained in the white paper, the main factor causing the rather large drop in revenues was the timing of the long Easter week end. This year Good Friday fell on March 31 and a considerable proportion of the tax payments due at the month end were in fact not put in the mail until April 3 or 4 and therefore could not be credited to our 1960-61 fiscal year revenues. Our March tax receipts showed an unexpected short-fall of nearly $40 million.

The government's over-all cash position for 1960-61, that is, including non-budgetary as well as budgetary cash receipts and disbursements, resulted in a total cash deficit of $294 million, since our non-budgetary cash receipts exceeded disbursements by $51 million. Thus our budget deficit of $345 million was financed by a net non-budgetary cash surplus of $51 million, a net increase of $223 million in our outstanding unmatured debt, and a reduction of $71 million in our cash balances.

ECONOMIC REVIEW

The white paper also contains a full account of the economic events of 1960. It includes an analysis of the more significant longer term developments in Canada and in the world as a whole as related to the Canadian situation. I commend this analysis to the careful study of hon. members. Tonight I shall not cover the ground in the same detail as in the white paper, but I should like to refer briefly to some of the principal features.

Last year we experienced a number of adjustments in our economy including some related to normal cyclical movements, and others of a temporary, special nature. These took place at a time when other longer term influences were also compelling the Canadian economy to adapt itself to a new world environment. In these circumstances the year 1960 might have been one of serious economic maladjustment and recession. In the event, however, we achieved increases and reached new records in production, incomes, employment and trade, both domestic and foreign. At the same time price levels were more stable than they have been in the last five years.

By now, in mid-1961, we are coming to the end of those adjustments related to special and cyclical factors which, in 1960, were exercising a restraining influence on expansion. Those areas of the Canadian economy where declines took place last year are today showing signs of improvement. Capital investment, which declined in 1960, is expected to rise this year. Activity in housing, which fell off in the early part of 1960, responded well to government measures and other market forces in the latter half of the year and has been moving ahead this year. We may expect not only the housing industry, but other associated activities as well, to benefit from this improvement. The level of economic activity showed little change in the first quarter of this year, but increasing evidence of expansion is now appearing. Latest figures show that total employment has risen materially and the numbers of unemployed have begun to decline even after allowing for the normal seasonal movement. Other sectors where there was continued growth last year are showing further strength this year. In the United States informed observers consider that the recovery is now well under way. Expansion is expected to continue in western Europe and in our other important overseas markets. These welcome developments will make possible further increases in our exports, production, employment and incomes. Thus, an improvement in our situation could be expected to occur even if no further efforts were taken to stimulate our economy.

But this improvement, which could be expected in the ordinary course of events and without further stimulus, would, I believe, be modest, an increase of about 3 per cent in the G.N.P. It would be unlikely to induce the full utilization of our productive resources or to provide substantial improvement in the standard of living of our growing population. It would be unlikely to reduce the scale of unemployment to a more tolerable level.

What are the reasons for this apparent lack of resilience in our economy? Have there been new and abrupt changes in our environment which would explain our situation, or has there been a slow emergence of underlying forces which had their birth in an earlier period? Can we trace these influences to some indigenous development, or must we

look beyond our own borders? The answers to each of these questions must, I believe, be a qualified affirmative.

The important longer term developments which are at the root of our present day economic difficulties have been taking place slowly since the end of world war II and to some extent were hidden during the extended period of post-war shortages of goods and capital equipment, a period when inflationary forces were constantly in the ascendant. During this period of shortages and rising prices the economies of western Europe and Japan have been rebuilt with the newest plant and equipment and with a highly skilled labour force, and the underdeveloped countries of the world have tried strenuously to achieve self-sustaining economic growth.

Within the past two or three years direct controls on the movement of goods and capital in the free world have, to a large extent, been dismantled. The pace of scientific and technological development has been rapidly accelerated. The western world has grown more interdependent and the policies of governments and business groups have become more closely linked. In the face of all these changes, the competition in world markets has become much more intense and the need for greater efficiency has been forcefully underlined.

These changes have affected all western countries. But Canada has faced additional special problems. Our largest and most important foreign market, the United States, has experienced an inadequate rate of growth in recent years. This has affected not only our exports but also our general business psychology. Meanwhile, the growth of our own labour force has been unusually rapid and much higher than in other western countries. Our growth in employment has been higher—and I wish to stress this—our growth of employment has actually been higher than in other countries, including the United States; nevertheless we have been unable to absorb into employment all the entrants into our labour force. At the same time, many of those seeking employment have not had the benefit of adequate training to meet the needs of our increasingly specialized and technical industries.

Another special feature of the Canadian situation is that many of our industries have surplus capacity. To some degree this reflects the inadequate rate of growth in the United States market to which I have already referred. In part it also reflects the "lumpy" nature of much of our investment, which for physical and economic reasons must be installed in large units, sufficient to meet prospective as well as current needs. A great deal of the investment in the resource industries was of this type. But surplus capacity in our economy also reflects to some extent the unsustainably high levels of investment which were encouraged by the inflationary atmosphere of the mid-1950's. During this period of excessive pressure on our resources it was inevitable that some speculative investment was undertaken, not only in Canada but all over the world, with expectations of continued rising prices. These expectations proved wrong.

The normal growth of real demand can be expected to overtake capacity in the not too distant future. Meanwhile, the existence of surplus capacity acts as a drag on private investment. It necessitates some transfer of resources out of temporarily overexpanded industries; unfortunately, it also contributes to attitudes and conditions which make such transfers more difficult.

In some quarter the conclusion has been drawn that the disappointing levels of production, unemployment, and our balance of payments deficits, are the reflections of major structural maladjustments and inefficiency pervading our whole economy. We are told that Canada has relied too heavily on the development of her natural resources and that she is lagging in the field of industrial development. It is suggested that efforts be made to force our economy into different channels less dependent on world demand. We are urged to balance our external accounts not by expanding exports but by erecting barriers against imports.

The analysis which supports these proposals is in my judgment basically wrong; consequently the conclusions are also erroneous. Canadian economic development since the second world war has on the whole been sound. Investment has flowed into sectors where an abundance of natural resources gave us a decided natural advantage. It also has flowed into a great variety of manufacturing industries, especially into those related to the fast growing resource industries. It is sometimes suggested that the resource industries have been stimulated in Canada to such an extent that they have expanded at the expense of manufacturing. In this connection, the house should remember that employment in manufacturing industries in Canada, while less than we would like, has been better sustained than in the United States over the past seven years.

This is not to say that we would be complacent about the present state of our economy. Far from it. There is more unemployment and unused capacity in our industries

than we can possibly accept. Recent rates of economic growth have been lower than we need to absorb our rapidly growing labour force and the output of our expanding industrial capacity. Some of our industries have been stagnant in the face of strong world competition. Our technological development, the enterprise of our business community, and the skills and training of our people, great as they are, have not kept pace with the needs of a rapidly changing world. The deficit in our balance of payments, while declining, is still too high for our present economic circumstances. These are hard facts which must be faced squarely. This we propose to do.

We do not intend to let events take an unguided course in the hope that these problems will solve themselves. The government has introduced numerous measures during the past four years designed to overcome these and other difficulties. As a consequence our economic situation is very much better than it would otherwise have been. We will pursue this course with energy and determination until these difficulties are fully overcome.

Our objective will be, first and foremost, to provide fuller opportunities for the useful and profitable employment of all Canadians willing and able to work. We shall strive to attain a more rapid rate of stable and balanced growth for all sectors of our economy and all regions of our country. We shall seek to improve the technological efficiency of our industry, to heighten skills and capacities of our workers, and to stimulate the talents and initiative of our entrepreneurs. We shall endeavour to raise the levels of savings and investment by Canadians and reduce the balance of payments deficit. These, sir, are the purposes of this budget.

(Translation):

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[Mr. Fleming (Eglinton).]

(Text):

I need not remind hon. members that there is no royal road, no magic which a minister of finance may invoke to achieve these goals. If there were easy solutions they would have been adopted long ago. Nor can these objectives be attained by federal government measures alone. In our free enterprise system we shall need self-discipline and the full co-operation of business, labour and all levels of government—indeed of all our people—if we are to succeed. I shall have more to say about this subject later.

The budget which I bring down this evening is not an ordinary budget. In more than usual measure it is an economic budget. We shall endeavour, through an appropriate mixture of fiscal, financial and commercial policies to create more jobs, to stimulate production, and to improve the general state of our economy. I should like now to discuss the policies and measures which I propose that this house should endorse.

FISCAL POLICY

While budget policy can play an important role in attaining the objectives that I have set out, it cannot accomplish the whole task. What we need, and what I shall be putting before the house this evening, is a balanced combination of both broad and specific economic and fiscal proposals. The government has already initiated during this session a number of constructive programs to encourage economic expansion; small business loans, housing development, urban renewal and rural development, greatly increased aids to technical education and training, measures to promote the expansion of exports, and in other ways. These are all parts of an integrated economic policy.

When there is a substantial degree of slackness in the economy, in the form of excess productive capacity and idle manpower, budget deficits can provide an important stimulus. By means of such a deficit the government, through its expenditures, places in the hands of the public substantially more purchasing power than it withdraws through taxation. If appropriately planned and timed, a substantial deficit can encourage higher levels of output, employment income and savings, without incurring risks of inflation. When employment and incomes have reached satisfactorily high levels and the rate of economic growth is strong, a sound budget and tax structure should generate sufficient revenues not only to cover current expenditures but also to provide funds for the orderly retirement of debt.

The present general pattern of our tax structure is, in my judgment, sound. While particular rates and particular applications

of tax legislation need to be adjusted from time to time, our present tax structure is such that, provided we do not embark upon large new types of spending, it will provide a balanced budget and some provision for debt repayments as soon as we re-enter the area of high employment and a renewed period of progressive growth.

There is, however, as hon. members know, a time lag of quite a few months between increases in the rate of growth of output and employment and the increased inflow of tax revenues. While I expect to see a significant and accelerating improvement in output, employment and incomes during the balance of this fiscal year, I cannot anticipate an equivalent increase in tax revenues in the same period. Much of the revenue benefits of economic expansion will not reach the treasury until after the end of this fiscal year.

In the circumstances confronting Canada today, it is appropriate, indeed desirable, that the federal government should, by incurring a sizeable deficit, help to stimulate the economy. This we propose to do. Accordingly, I shall not be introducing any increase in our general level of taxation. Indeed, I shall be proposing some significant tax reductions to accomplish certain specific economic objectives. This contribution in the field of fiscal policy taken together with the financial and other policy measures which have already been introduced or which I shall be announcing tonight, will bring about higher levels of production and employment, and a more satisfactory rate of growth.

CAPITAL, SAVINGS, THE BALANCE OF PAYMENTS AND THE EXCHANGE RATE

In addition to this fiscal contribution the government will be implementing other broad financial measures that will encourage general economic growth, as well as specific measures designed to encourage particular sectors or industries. These general measures are in the interrelated fields of capital flows, the deficit on international account, and the external value of the Canadian dollar.

Over the past five years we have experienced net inflows of foreign capital ranging from $1.1 billion up to $1.5 billion annually. These capital inflows have been matched by deficits on current international account, that is to say, by an excess of imports of goods and services over exports. When the economy was fully employed and expanding rapidly, and when inflationary pressures were active, such capital inflows, and the matching import surpluses of goods and services, were appropriate and beneficial. Under today's conditions they are not only unnecessary, but in some forms they can be harmful. Our excess imports of goods and services must be substantially reduced; our exports must be expanded. There are large quantities of goods and services that we are buying abroad that we can and should be producing at home at economic prices.

It was for these reasons that in my budget of March, 1960 I issued a serious warning to those Canadians, including provincial and municipal governments and business, who, it seemed to me, were over-ready to raise funds abroad, apparently regardless of the exchange risks they were running. In the December budget, as the house will recall, I took action in the field of taxation to remove certain special incentives to borrow abroad which had been built into our tax system in earlier years when there was an obvious need for foreign funds.

The public reactions to these warnings and measures have clearly been in the right direction. The capital inflow has been reduced, the exchange rate on our dollar has been reduced, the surplus imports of goods and services has been reduced; but they have not been reduced enough. Further measures must now be taken.

Accordingly, the government has reached certain policy conclusions relating to the flows of capital and terms of lending within Canada, the import of capital from abroad, the level of the Canadian dollar, and the deficit in our current international transactions. These conclusions may be set out as follows:

(a) The current deficit in our balance of payments is in large measure inappropriate; with so much unused capacity in Canada, we should be exporting substantially more goods and services and importing much less.

(b) An expansion in exports and a reduction in imports should not be brought about by export subsidies, or by higher tariff rates, or quotas, or other forms of government intervention or protection, but rather by encouraging our exchange rate to fall into a more appropriate relationship with our economic situation.

(c) The appropriate method for relieving the exchange rate of undue and unwanted upward pressures is to take every practicable step to ensure that Canadians who might otherwise be raising funds abroad are, in future, satisfied from Canadian financial sources.

(d) Since it will take time to divert demands for funds from foreign sources to Canadian sources, and since it is urgent to obtain relief from the resulting excess of imports of goods and services, the government has decided to use the exchange fund to neutralize, at least in some degree, the effects of the continuing capital inflows.

The house will no doubt wish me to elaborate on these far-reaching decisions.

First, and of most immediate interest, is the decision relating to the adverse balance on goods and services account which has been running well in excess of $1 billion annually. It is the government's aim to reduce this deficit substantially in the near future and ultimately to achieve a position much closer to balance. The improvement should be brought about partly by increased exports and partly by diminished imports. Our purpose is to put Canadian producers in a position where, as a result of these policies, they will soon be selling, at home and abroad, many hundreds of millions of dollars worth of additional Canadian goods and services. This will yield substantial benefits, direct and indirect, in the form of more jobs, more production and more business opportunities for our industries.

These results will be achieved by encouraging our exchange rate to find a level in keeping with our economic circumstances. They are not to be achieved by subsidies, by government controls or restrictions. It has been urged on me from some quarters that there is a need for direct government intervention to deal with our economic problems. I reject this argument. The policy which I am placing before the house tonight is, in terms of real economic incentives, more significant, more powerful, and more pervasive than anything that could be implemented in the way of subsidies and controls. Moreover, it is free from the arbitrary decisions and the bureaucratic delays that always attend incursions by the government into the affairs of private industry.

The high level of our exchange rate has been impairing the competitive position of Canadian suppliers of goods and services in the home market and in foreign markets alike. An appropriate downward adjustment in the value of our dollar will bring them immediate relief and encouragement. On the export side one thinks of wheat and livestock, of petroleum, metals and minerals, of pulp and paper and lumber, and of the growing range of manufactures for which, since currency convertibility was restored, we are finding increasing markets abroad. On the import side our thoughts run first to industries whose growth rates have been less than satisfactory because of the imports that have, in effect, been carried into Canada as a result of a tide of unduly large capital inflows and a consequently unduly high value for our currency; household appliances, motor cars, a variety of consumer goods, and many types of industrial machinery. The exchange rate also affects service industries such as the tourist industry where we have been incurring heavy deficits because Canadians, at the current exchange rate, spend far more abroad than foreign visitors spend in Canada.

In all these situations a further reduction in the exchange rate will exercise a positive influence. And, as I have said, it is the government's intention so to redress our balance of payments that many more Canadians will be employed producing substantially more goods and services for the domestic market and to serve our markets abroad.

While decisions regarding the balance of payments and the exchange rate are of importance, there is a further decision which is, in a sense, basic to the others. This decision is a positive one; to encourage the supply of capital from Canadian sources, that is from Canadian savings, to meet Canadian requirements for expansion and modernization. The rate of Canadian savings has not been low. In fact it has been reasonably good. But it could be better. The flow of savings varies in response to other changes in the economic and financial system. And by far the most important influence on the flow of savings is the flow of incomes. Normally the more people earn, the more they save. By increasing the level of employment and the flow of incomes and profits, we shall automatically increase the flow of Canadian savings. The measures which I am proposing tonight will help to achieve these goals.

The objective that Canadian capital requirements be met as far as possible from within Canada, rather than from abroad, is based on economic grounds and with particular concern for our international deficit and the level of the exchange rate. At the same time the government welcomes, as the Canadian people will welcome, the fact that, over a period of time, this decision will result in greater Canadian ownership and control over Canadian industry and Canadian assets. For this purpose, Canadian savings must not only be increased, they must be mobilized and put to work in the most productive directions.

I wish to make it quite clear that we do not intend to penalize or discourage foreign capital that seeks constructive employment in this country. I am not proposing, in respect of capital inflows, any substantive further taxation measures. The interim budget of last December removed the unnecessary tax incentives. Nor am I proposing any restrictions on the movement of capital which have been advocated in certain quarters. Canada, even in present circumstances, derives great benefit from certain kinds of capital from abroad. This government remains firmly committed against direct controls on capital.

CAPITAL INFLOW AND INTEREST RATES

Since our aim is to reduce substantially and fairly quickly our excess of imports, visible and invisible, over our exports, it follows that we must aim at replacing, from Canadian sources, an equivalent amount of funds that would otherwise have been raised abroad. We have been giving most careful thought to ways and means of supplying these funds from Canadian sources. This is a field in which there are no quick or easy answers. The degree of success we can achieve will depend in part on the co-operation of our financial institutions.

Capital is not a homogeneous commodity; each borrower has his own peculiar needs and each lender his own preferences. However, despite the infinite variety of capital transactions, we can see our way toward certain broad measures that must be taken.

To begin with, interest rates in Canada are out of line with those in the United States and some of the European capital-exporting countries. We should like to see these spreads narrowed. When Canada was in need of large and increasing supplies of capital from abroad, and when we could welcome the net inflow of goods and services that these capital imports generated, it was natural that our interest rates should be appreciably higher than those in the main capital markets from which we were attracting funds.

But today the situation is very different. We have no reason, in present circumstances, to be offering high interest rates in order to attract capital from abroad. On the contrary, the capital that is thus attracted simply pushes up our exchange rate and pushes up our trade deficit.

High interest rates are a double drag, at times like these, on our economic activity and expansion. Such rates traditionally are recognized as having some effect in restricting or postponing decisions to borrow and expand industrial operations and also the activities of governments and public bodies. And, much more important, with our floating rate of exchange, relatively high interest rates actually cause us to develop an import surplus of goods and services with adverse effects on employment.

Statistics indicating trends of interest rates in recent years in Canada and abroad are to be found in the white paper. These support the view that Canadian interest rates have grown out of harmony with those abroad and with our changing economic circumstances. An important step in the right direction was taken earlier this month; I refer to the reduction by the chartered banks of their prime rate on commercial loans. Further moves of this sort will be welcomed and encouraged by the government.

I am confident that the spreads between interest rates of various types in Canada and abroad can be reduced and brought into proper relationships, but I would not wish hon. members to expect that this can be accomplished by some simple or quick formula. It would be folly, for example, to attempt drastically and artificially to force interest rates down by irresponsible increases in the money supply. Such a device would be not only unsound but before long would prove to be self-defeating. We attach high importance to a climate of confidence and understanding in our financial markets. What is required is a judicious and well co-ordinated combination of fiscal, monetary and general economic measures, the elements of which vary in accordance with the needs of the times.

While the level and structure of Canadian interest rates is an important influence on our balance of payments and our exchange rate, it is clear that much of the capital that comes in from abroad is not directly responsive to interest rates. For instance, last year more than $600 million of capital flowed in under the broad heading of "direct investment". Part of this inflow can contribute immediately and directly to the Canadian economy; not only does it create new jobs and new industrial opportunities in this country but it often carries with it new industrial technology and assured access to markets abroad. On the other hand, another part of this very large total constitutes the least desirable type of inflow; it involves the purchase by people abroad of established Canadian businesses. Many of these take-overs of Canadian firms do little or nothing for our economy and, at the time of purchase, they involve an upward pressure on the Canadian exchange rate and a consequent drag on Canadian production and employment. I shall have more to say on this subject later in connection with an important expansion in the activities and the role of the industrial development bank.

Some of the capital inflow originates in Canada with borrowers who seek funds abroad, not only in response to lower interest costs but for purely institutional reasons. Access to the New York capital market is almost a matter of habit; it is often simpler to raise money there than to search out equivalent possibilities in Canada. Certain aspects of our capital markets have not been adequately developed in Canada. This does not reflect in any way upon the sound and progressive financial institutions in our country,

which have been rendering an excellent service under present arrangements. But it does suggest that we must improve our institutional framework.

I have already held fruitful discussions with certain Canadian financial institutions looking toward a decline in interest rates and a reduction of the inflow of types of capital that can be met from Canadian sources. I intend to have further discussions along these lines in the near future.

DEBT MANAGEMENT

While the government will be calling for the co-operation of Canadian financial institutions in achieving our objectives regarding the supply and application of Canadian savings, we shall at the same time be taking certain positive steps ourselves. In this connection I have three important announcements to make relating to debt management.

I need not remind the house that the federal government and its agencies are by far the largest factor in the financial markets of this country. Their influence is particularly great in times such as these, when the private sector reduces its demand for capital and the federal government incurs substantial deficits as a measure to stimulate production and employment. The proper management of its financial affairs is therefore one of the most constructive contributions the federal government can make to the smooth functioning of Canadian capital markets.

Accordingly I wish to announce that in order to avoid congestion in the "long end" of the capital market, which is the part of the financial market upon which the provinces, municipalities and private business depend for much of their capital needs, I intend to confine new federal market issues for at least the next several months to the "short end" of the market.

The sale of new issues is not the only channel by which the impact of government financing is transmitted to the market. There are sizeable holdings of outstanding securities in government accounts; sales and purchases by these accounts have the same market effect as the issue of new securities or the redemption of old. One of the most important of these accounts, both in terms of size and in terms of volume of purchases and sales, is the unemployment insurance fund. The holdings of this fund have come to be regarded in some quarters as a threat to stability in the long end of the market. The government has therefore decided to remove any such threat.

The entire portfolio of the unemployment insurance fund will in due course be taken over by the treasury at book values, and in exchange the fund will acquire interest bearing but non-marketable bonds which may be redeemed by the government as required on 30 days' notice. The direct government of Canada bonds presently held by the fund will then be cancelled, and the government guaranteed bonds will in due course be traded to the Bank of Canada in exchange for equivalent government bonds which will thereupon be cancelled. This will remove the overhang of about $245 million mid and long term bonds which, as I have said, has had a psychologically disturbing effect on the market.

The third announcement I wish to make in the field of debt management concerns the establishment of a purchase fund for the orderly retirement of government debt. As hon. members know, there is at present a fund known as the securities investment account, which is used from time to time to purchase government of Canada securities, particularly those close to maturity. This fund has served a useful purpose in our management of the public debt. We have not, however, had at our disposal the regular flow of funds which is necessary for any steady retirement of debt. The experience of other governments and of private corporations suggests that the existence of such a fund through which purchases of securities are made can have a steadying effect on the market. Over a period of time it should contribute to a reduction of interest costs.

It has therefore been decided to establish a purchase fund to assist in the management of the public debt. Its initial size will be $100 million, to be used over the next twelve months for the purchase in the market of government of Canada mid and long term securities. Details, concerning the operation of the fund will be announced later.

The combination of the policies I have just outlined combined with others to be described later this evening and the indications I gave earlier concerning budget balance will have, I am confident, a salutary effect on the financial markets of this country. They represent a determined effort on our part to exert strong pressure on the level of interest rates and the exchange rate, in order to bring them more in line with our own requirements and with conditions prevailing in the world about us. The improvement in our capital markets which will flow from these measures will be of direct benefit to the provinces, municipalities, business and other borrowers.

THE INDUSTRIAL DEVELOPMENT BANK

The next link in the financial chain that the government is forging relates to the industrial development bank. The scale of

the bank's lending to small and medium sized businesses has been expanding rapidly. In its last fiscal year the bank made 740 loans amounting to $38 million, as compared with 221 totalling $17 million five years earlier. In its current fiscal year which began last October loan approvals have been more than 60 per cent greater than the record rate achieved in the same period a year ago.

The number of branch offices has been increased from four to 13 over the past five years, and further branches will be opened in the near future as suitable staff can be recruited and trained. This expansion has been very desirable and has had the full support of the government.

The predominant business of the bank has been, and will continue to be, the making of term loans to small and medium sized enterprises. However, the bank also has authority to purchase a portion of the equity in an enterprise with a view to resale to the owner or to others at a later date, and to enter into underwriting agreements. These powers will be put to increasingly active use.

In order to encourage continuing growth of the bank's operations, the government has decided to provide it with additional financing capacity, and wider responsibilities. For these purposes I shall be placing a bill before the house in the very near future. Without going into detail at this time, I may say that the bill will make provision for important changes. The types of businesses which the bank may assist will be enlarged. At present it is permitted to provide accommodation to certain specified classes of industry. These include manufacturing and processing, logging and construction, air transport and some service activities. In the future it is intended that all business enterprises in Canada shall be eligible. The bank would, of course, not expect to make loans where funds are available on reasonable terms from other sources and, in particular, where special provision has already been made by parliament, as in the Small Businesses Loans Act and the Farm Improvement Loans Act. It is intended that the financial resources available to the bank should be substantially increased. These resources are now $160 million; it is intended that they should be increased to about $400 million.

In facilitating the growth of the industrial development bank, the government has in mind several important objectives. The expanded operations of the bank will provide for greater employment. They will also assist in the development of a stronger, more productive and more flexible economy in the future. The bank was formed in order to meet a special need in the Canadian financial structure. This gap exists because, while smaller and medium sized businesses have usually had access to short term credit from the chartered banks, and to long term mortgage credit from other institutions, their operations have not been of a size to enable them to sell securities in the market. To fill this gap the bank has supplied term loans for plant and equipment and also provides technical engineering, accounting and managerial advice where needed. Financial and other assistance of this kind will now be available for many businesses not previously included under the bank's operations.

While the primary purpose of the I.D.B. is to help in financing the establishment of new and the expansion of existing small and medium sized businesses, it has become increasingly apparent that it can also play a useful part in assisting with the problems arising from financial consolidation and changes in ownership.

In these days there are often pressures on the smaller firms from both domestic and foreign sources. If our economy is to grow and prosper we must help them to withstand these pressures. I have in mind, for example, the problems that face Canadian family firms. Often such a firm plays a central role in one of our smaller Canadian towns. In the life of such a firm, occasions sometimes arise when infusion of new management together with new capital becomes desirable. In the past this infusion has not infrequently come from abroad; and while foreign capital may be both desirable and helpful, I am sure that we would all be happier if such a firm had the opportunity to obtain the necessary capital and management in Canada. The I.D.B. has already assisted in situations of this sort, and it is the government's desire that activity in this field be expanded.

Similarly, problems sometimes arise where the owner of a firm is facing or anticipating difficulties in connection with estate taxes. In such a situation the owner may feel driven to dispose of a firm, or a controlling interest in it, and often the most ready purchaser may be located outside of Canada. On such occasions the I.D.B. may have a constructive role to play. The I.D.B. has the power, as I have explained, not only to make term loans but also to purchase shares with a view to resale and to enter into underwriting agreements.

The existence of these powers, and of the willingness of the bank to use them, should be made more widely known. It must, of course, always operate with good business judgment. But within this framework I am confident that the industrial development bank will make an increasing contribution to

solving problems of the types I have described, to increasing Canadian productivity and improving our competitive position, and to helping retain in Canada the ownership and control of Canadian businesses.

OTHER FINANCIAL MEASURES: A ROYAL COMMISSION

I should like at this point to comment on other important steps in the financial field which the government has announced in the recent past or will take in the near future.

I should like to remind the house of certain recent measures in the financial field that are designedly in harmony with the objectives I have announced tonight and, in particular, the objectives of lowering interest rates and ensuring that, as far as practicable, Canadian demands for capital should be met from Canadian sources.

First, I am glad to say that after a naturally slow beginning, the Small Businesses Loans Act is being put to increasingly good use. The latest figures show that guaranteed bank loans under this legislation are now being made at an annual rate of approximately $100 million to a wide variety of Canadian business enterprises.

Second, I should like to refer briefly to the arrangements which we are making for a secondary market in mortgages. As my colleague the Minister of Public Works has explained, there is no intention of dumping on the market large quantities of mortgages now held by the Central Mortgage and Housing Corporation. If and when the government is in need of funds there are more effective and cheaper means of meeting our requirements. On the contrary, it is our intention to feed out to the market fairly limited quantities, in a manner designed to encourage an active market in insured mortgages. Such a market will give an element of liquidity to these instruments, and as such will harmonize with our general program of broadening and deepening Canadian capital markets and of bringing interest rates in Canada more in line with those abroad.

I now turn to the future. It has become almost trite to say that the economic environment of the sixties will be different from that of the fifties. In no field, as far as Canada is concerned, is this statement more true than in the field of financial relationships, domestic and international. In tonight's budget, as on other occasions, the government has reached decisions on certain reforms and certain improvements that should be introduced. We have, however, become aware of the need for a broader, fuller survey than is possible under the pressures of day to day government decisions.

[Mr. Fleming (Eglinton).]

Major Canadian financial institutions have developed over the years an enviable reputation for soundness, prudence and adaptability. Canada has been well served by them. In recent years there have been important changes in the institutions themselves and in the markets in which they function. Even greater changes may be in store as the Canadian economy matures and becomes more complex. So important are these institutions and markets to the smooth functioning of business and government that a careful review of them is necessary from time to time.

The last major study was made by the MacMillan commission in 1933. The Canada of that day was a much less mature country than the Canada of today, and the world in which she found herself was vastly different. Having in mind the length of time which has elapsed since this last review of our financial framework, and having in mind also the fact that the Bank Act must undergo its regular decennial review in 1964, the government has decided to appoint a royal commission to examine Canada's financial structure and institutions. The terms of reference and membership of the commission will be announced in due course.

Meanwhile, I say that the terms of reference will be broad, covering all aspects of money, banking, credit and finance. The financing of the Canadian economy will be one of the major areas of study. Such broad topics as the pattern and behaviour of interest rates, consumer credit and instalment financing, and the management of the public debt, will be included in the terms of reference. The commission will be asked to study existing financial institutions, such as the chartered banks, the Bank of Canada, and other institutions that perform banking and credit functions, and the various acts of parliament which govern their activities. The commission will also be asked to consider ways and means of encouraging the development of savings institutions. It would be our intention that the report of the commission should be available well in advance of the decennial review of the Bank Act.

EXCHANGE OPERATIONS

I now return to the exchange rate. As I have said it is the government's intention that our import surplus of goods and services, which has been running in recent years well over a billion dollars annually, should be reduced substantially, and that this should be brought about through an appropriate adjustment of the exchange rate rather than by direct government controls or subsidies, quotas or tariffs.

No one can say today what the appropriate level of our exchange rate would be when our balance of payments is in a position better suited to our present economic circumstances. But the rate will certainly be lower than it has been of late, and it may well be appropriate for it to move to a significant discount. It will be government policy to facilitate such a movement.

Accordingly the exchange fund will be prepared, as and when necessary, to add substantial amounts to its holdings of United States dollars through purchases in the exchange market. This would have the effect of increasing the foreign exchange reserves available to Canada to be used in case of need. As many competent observers have pointed out, these reserves have not grown over the past decade in line with Canada's international transactions. Once an exchange rate more closely in line with Canada's economic position is achieved, the government will use the resources of the exchange fund to ensure that the rate is kept within a range appropriate to Canada's changing economic situation. The value of our currency must, of course, ultimately depend upon our pursuit of appropriate economic policies.

It has been suggested in certain quarters in this country that any reduction in our exchange rate is inflationary. I do not think that we are in any serious danger of inflation under present circumstances, with so much unused capacity in our economy. A decline in the exchange rate will mean modest price advances for some of the goods we obtain from abroad as well as some of our export commodities. I am confident, however, that if under present conditions of unused economic capacity there is any effect on consumer prices and the cost of living, these will be minimal.

At this point I should like to issue a word of warning. A downward adjustment in the value of our dollar will open up new opportunities for Canadian industry both in our home market and abroad. The fiscal and financial measures which I have proposed or shall be proposing later in this speech should place Canadian industry in a better position to take advantage of these opportunities. But it would be a sad mistake if Canadians should thereby assume that nothing else needs to be done. Goods and services do not sell themselves. The world has become highly competitive for every type of goods and services which we produce. We must be prepared to intensify our efforts to compete in this new situation. We must work hard; all of us, not only the worker, but the entrepreneur and the business manager as well.

It is well known that adjustments in the exchange rate do not yield advantages that last forever. Recent history is full of examples where such adjustments have proven to be an asset which has been dissipated before the fruits have been harvested. If industry should seek to obtain unwarranted price increases, or labour should seek wage adjustments not justified by improvements in productivity, the opportunity will certainly be lost. It would surely be the height of folly if these new opportunities were to be lost because of lack of self-discipline or failure to achieve effective co-operation between management and labour were to result in higher costs and prices and a deterioration in our competitive position. I have in mind that our competitors abroad, particularly in western Europe, have succeeded in achieving a degree of labour-management co-operation which we in North America have yet to attain. We will need a much fuller measure of such co-operation and self-discipline in respect of profits, prices and wages if we are to take full advantage of the new opportunities which will become available.

International financial policy has been the subject of recent consideration both in the international monetary fund and also in the new balance of payments subcommittee of the organization for economic co-operation and development. I believe I can say that, in both bodies, there is a good degree of understanding of the Canadian situation.

These two groups have been paying close attention to the problems associated with massive short term international capital movements; as the house will recall, both the President of the United States and the Prime Minister of the United Kingdom have recently called public attention to the problems that are involved. Over the years Canada's difficulties in deciding upon and pursuing an effective exchange rate policy have been entirely bound up with the problems of capital movements. If we can achieve a better international understanding of these problems, and devise new international techniques for dealing with them, we shall all benefit.

In summary, therefore, our objective is to achieve an exchange rate for the Canadian dollar which will contribute to a better balance in our current account position and to substantially higher rates of domestic production and employment. We will strive to attain this goal through a combination of financial and general economic policies which will encourage Canadians to meet their capital requirements more fully from domestic sources.

Experience over the past few years suggests that there is sufficient resiliency in Canadian industry, whether producing for export markets or for the domestic market, to bring about the necessary adjustments in our foreign

trade balance. This judgment is, I think, supported by the fact that although we are running a very heavy deficit in invisible transactions, we have been able, with variations from year to year, to move from a peak commodity deficit of $728 million in 1956 to less than $150 million in 1960. For the coming year we can foresee a possible surplus on external commodity account which, we believe, should be substantially enlarged through the policies we are pursuing.

We have the material means—the manpower, the resources and the industrial capacity—to obtain these results within a reasonable period of time. But the responsibility for attaining them does not rest with government alone. Indeed, they can only be reached if there is a maximum effort on the part of every segment of the Canadian community, from business and labour. We will have to produce the right goods at the right prices in competition with energetic and competent suppliers from every continent. I urge Canadian producers, encouraged and assisted by the policy measures which I am proposing in this budget, to respond fully to this compelling challenge. In this way we will attain expanded levels of efficient production and create new opportunities for the profitable employment of our growing labour force.

INTERNATIONAL TRADE AND COMMERCIAL POLICY

I now turn to consider the main developments in our external trade relations. In perhaps no other field of our economic life are events moving more quickly or dramatically. With new regional trade groupings either established or in the process of being created, Canada is confronted with fresh challenges and the need to adjust to them. In the face of these developments, and against the background of the recent slow down in our rate of economic growth, the government has been urged from various quarters to alter radically and immediately our traditional commercial policy. In some quarters it has been advocated that we should move toward economic self-sufficiency supported by a highly restrictive trade policy. Others would have us alter our course sharply in the opposite direction by merging Canadian industry and agriculture in some regional economic grouping. In these circumstances it would seem timely to examine afresh the major tenets of our commercial policy objectives.

Let me say at the outset that I reject categorically these extreme positions which are being urged upon us. These are counsels of fear and even despair. Attempts to isolate ourselves from the trading world through the imposition of trade barriers would do irreparable damage to the Canadian economy.

[Mr. Fleming (Eglinton).]

It would mean a loss of markets and the stagnation of our most efficient export industries. Standards of living of the Canadian people would decline and our economy would atrophy. It would mean running counter to the whole trend of international economic policy in the major trading countries. It would lead to regional disunity at home and a weakened voice at international council tables.

Nor can I see any gain for Canada in abandoning our present broad trade relationships in favour of joining a regional trade grouping. We shall, of course, have to adapt to changes in the world around us and be alert and flexible in meeting new challenges and opportunities as they arise. For the present at least the situation is much too unsettled to consider seriously a sharp reorientation in our policies along these lines.

Today our foreign trade and other economic ties link us to all parts of the world. With the attainment of convertibility and the removal of quota discrimination against our goods, there are increasing opportunities to extend our markets in many directions. I find it hard to see how, in our particular circumstances, a discriminatory alignment with individual countries or regional groups can help us to diversify and expand our foreign commerce, or fail to do damage to our trade relations with countries against whom we would be turning our backs. Nor have I been convinced that a sweeping elimination of our tariffs in relation to any existing trade grouping can be reconciled with a healthy secondary industry or the balanced growth of the Canadian economy.

I do not believe that the economic problems which confront Canada today require a drastic redirection of our trading relationships; or that these problems cannot be overcome by a vigorous pursuit of our present trading policies judiciously adjusted to meet changing world conditions.

What then are the commercial policies we intend to pursue? Our broad objectives in the trade field have been stated in unequivocal terms on earlier occasions. They are clear.

1. To achieve expansion, diversification, better balance and greater stability in our over-all trade and in our trade with commonwealth and other countries.

2. To support and promote a regime of law and order in international trade; to respect our international commitments; and to stand ready to defend our rights and interest.

3. To recognize the legitimate needs of Canadian producers; to safeguard them against unfair trading practices; and to promote the balanced growth of all sectors of Canadian industry and agriculture.

These have been the guiding principles and objectives in our foreign trade relations since this government took office four years ago. I believe that they are the right policies to pursue today.

Looking back I believe that we can derive considerable encouragement from the success we have had in moving toward these aims. Our exports in 1960 were the highest in our history. The deficit in our external commodity trade for the year 1960 was less than one quarter of the peak level of 1956. Imports are no higher than four years ago and, speaking broadly, our domestic industries are supplying a higher proportion of a growing domestic market. Our trade with individual countries is in better balance and we have enjoyed a gratifying measure of diversification in our export trade both in terms of products and destination.

Looking ahead I am confident that a continued and vigorous pursuit of these objectives will lead to further successes despite the difficulties and uncertainties that exist in several important areas of world trade. As the very high levels of business investment of recent years bear increasing fruit in the form of increased export and import-displacing production, we can look to increasing surpluses in our external commodity trade accounts and reduced deficits in our current account balance of payments.

The movement to a better trade and payments balance will be substantially enhanced as we achieve an external value of the Canadian dollar more appropriate to our present economic situation.

We live in a country rich in many resources, natural and industrial, a country capable of producing many products in great quantity and at competitive prices. Our high standard of living has always depended in large measure upon our ability to sell in world markets the products in which we excel in exchange for those in which other nations have special advantages. It is self-evident that a country which depends on foreign trade for one quarter of its national income must seek to maintain the widest possible system of world trade and payments, a code of international practice to govern that system, and a reasonably diverse balance of interest among external markets.

For very good reasons, therefore, we have consistently supported the general agreement on tariffs and trade and the international monetary fund, and we shall continue to do so. This, of course, is not to say that we shall pursue a blind or inflexible adherence to the specific tariff bindings incorporated in the GATT agreements where the circumstances confronting particular Canadian industries require that they should be modified. The GATT makes provision for the renegotiation and modification of bound rates of duty and we have found it convenient from time to time to make use of this flexibility. In most cases these changes to bring our tariff up to date and adjust it to the changing needs of Canadian industry have followed comprehensive investigations and reports by the tariff board.

In the past several years we have introduced modernized tariffs for basic iron and steel, pipes and tubes, fresh fruit and vegetables, a large part of the textile schedule, as well as for other products. This evening I shall be proposing further changes affecting textile products, nails and several other items. We regard this task of modernizing the tariff as a continuing process and we have recently enlarged the tariff board to permit it to undertake more tasks and to handle its work more expeditiously. In every case where the tariff items in question were bound under the GATT agreements we have entered into negotiations with the interested countries and reached agreements satisfactory to both sides. We have endeavoured through this system of selective tariff adjustments to allocate the available protection to those products and industries which would improve the over-all efficiency of the economy and maximize production and employment in Canada. This, of course, has meant tariff decreases for some items to offset increases for others with no over-all increase in the incidence of protection.

We have pursued Canada's trade interests in the commonwealth through the commonwealth trade and economic conference and other commonwealth meetings, as well as through direct discussions with the United Kingdom and other commonwealth countries. We maintained a close contact with the previous United States administration in economic affairs and have already established an intimate and friendly working relationship with the new administration. We had a particularly valuable meeting of the joint ministerial committee on trade and economic affairs in March in Washington followed by visits to Ottawa of the United States secretaries of agriculture and the interior and then the visit of President Kennedy.

An important part of our success in achieving greater diversity and a better geographical distribution of our export trade has been associated with a substantial increase in our exports to the United Kingdom and continental Europe in recent years. Naturally we are intensely interested in the nature and direction of the regional trading arrangements in which these countries are participating.

The six continental countries comprising the European economic community have

agreed upon a common external tariff to be established in stages over the next ten years or so. In accordance with the GATT rules governing customs unions, these countries have had to renegotiate their previously bound tariff rates in order to maintain the balance of their trading arrangements with other members of the GATT. This renegotiation has now been substantially completed in the current tariff conference at Geneva. I can now report that as far as Canada is concerned good progress has been made in these renegotiations although discussions on certain important agricultural and other products are still continuing.

In mid-May the countries participating in the tariff conference decided that the renegotiations with the Six had proceeded far enough that a date could be set for the opening of the fresh round of general tariff negotiations in Geneva which were first proposed by the present secretary of the United States treasury and have thus become known as the Dillon negotiations. The general negotiations began on May 29th. Canada is participating in these negotiations. It is our hope that they will result in the further reduction of tariff barriers against Canadian exports. In particular, one would like to see the reduction of the tariffs of such powerful industrial areas as the United States and the European economic community where present levels of protection on many products are still, in our view, inappropriately high.

In earlier years when the countries of western Europe were reconstructing their war-torn economies, Canada extended to them the full benefits of tariff concessions and generous access to our markets despite the fact that these countries were applying discriminatory trade restrictions against our exports in order to conserve their limited exchange reserve. Restrictions and discriminations have now largely disappeared, at least in the industrial sector. Now that these countries have regained their economic and financial strength we would like to see the remaining restrictions removed, including the restraints in the agricultural sector. We would also regard it as especially appropriate for those countries which are in a strong competitive position to take advantage of their favourable trade and payments position to reduce their tariffs and provide fuller opportunities for an expansion of world trade.

The United Kingdom government is increasingly concerned about the dangers it sees in remaining outside the European economic community of the Six, and is actively engaged in seeking a basis upon which it could join this grouping. The United Kingdom has not yet taken a decision but has indicated that should a decision be taken to negotiate with the Six there would have to be arrangements to take into account the essential trading interests of commonwealth countries. For our part we have made it very clear that vital Canadian trade interests would be affected by such a move. Other commonwealth countries have expressed similar concern.

The Canadian government has kept in continuous contact with these developments in Europe. The time has now come when full consultations on a ministerial level are required. The United Kingdom has proposed that the secretary of state for commonwealth relations should come to Canada for this purpose and arrangements are being made for such a visit in the near future. The effectiveness of this consultation will depend, of course, on the extent to which the United Kingdom is able, in advance, to provide us with specific information. While such consultations on a bilateral basis are clearly essential the Canadian government is urging that there should also be full opportunity for joint consultations among all commonwealth countries.

A very high proportion of Canadian exports to the United Kingdom enters that market free of duty, many with the benefit of tariff preferences, some without. Free entry is accorded not only to industrial materials but to agricultural products and nearly all manufactured goods as well. This is of great importance for the volume, diversity, and geographical distribution of our exports.

Moreover, this historic right of commonwealth free access to the United Kingdom market for agricultural products, industrial material and most manufactured goods is the keystone of the commonwealth trading system. Not only for economic reasons, but for political reasons as well, we would not wish to see this system abandoned.

We shall take every opportunity to ensure that the Canadian position is fully understood and our interests protected. We shall follow vigilantly the course of any discussions between the United Kingdom and the Six. Whatever may be the outcome we shall seek to preserve the most favourable terms of access to both these markets, and will pursue whatever policies may be required to achieve this end.

The new organization for economic co-operation and development may well have an important role to play at an appropriate stage in the further consideration of arrangements between the two trading groups in Europe. The house is well aware that the Canadian government has played a full and constructive part in the creation of the O.E.C.D., and we were pleased that Canada

was the first country to ratify the new convention. We look to it for increasingly close co-operation in all aspects of economic policy.

We do not believe the O.E.C.D. should detract from the strength and importance of the more broadly based organizations in world trade and international finance; the general agreement on tariffs and trade, the international monetary fund and the international bank for reconstruction and development. Moreover we do not forget that many important trading countries are not members of the O.E.C.D., for example Australia, India and Japan.

Canada's trade with Japan last year reached record heights in both directions. Japan is our third largest market, and our second largest for wheat. Japan is a very efficient producer of a wide range of manufactured products and can make these available in our market at very low prices. The Japanese, however, accept the principle that the growth of their exports of products which compete with our own production should be orderly and that they should avoid market disruption. Their method of applying this principle is through the maintenance of voluntary export restraints. We believe that this system is working reasonably well to permit an orderly expansion of two-way trade with Japan, while at the same time avoiding excessive penetration in sensitive sectors of our markets. Hon. members will recall the statement I made to the house on May 19 outlining the Japanese voluntary controls for 1961.

Other low cost producers, notably Hong Kong, have thus far not been willing or able to apply a similar system, and there have been some rapid increases in imports of a number of textile products. As I reported to the house on May 23, we are urgently seeking an equitable solution to this problem in co-operation with the United Kingdom and the United States. Failing this we shall, of course, have to adopt other methods in defence of the legitimate interests of Canadian producers.

The problem of market disruption or fear of market disruption, particularly in the field of textiles, is widespread throughout the industrial countries. The real difficulties for countries such as Canada and the United States which do not impose import restrictions are unduly aggravated by the maintenance of severe restrictions by many other countries, particularly in western Europe. We are now engaged with the United States and other countries in a co-operative international effort to achieve a more equitable sharing of the impact of the international movement of textiles.

TARIFF BOARD REPORTS AND OTHER TARIFF CHANGES

The rates of duty on most items of significance in the Canadian tariff are, as hon. members well know, bound against increase under our GATT agreements, and have been since 1947. This does not remove all possibility of change, but it does make upward adjustments difficult. A necessary preliminary is to renegotiate under GATT any bindings which are affected by the proposed changes. If tariff increases are proposed, it becomes necessary to find acceptable compensation to offer in exchange. This is no longer easy, as the Canadian tariff has been combed repeatedly for concessions to offer during the successive rounds of negotiations in which Canada has participated.

For that reason I am particularly glad to be able to announce tonight that we have substantially concluded renegotiations which will permit us to implement in this budget the recommendations which were made by the tariff board in the three reports on textiles which it submitted last year. These three reports covered hosiery and knitted goods; narrow fabrics and lace; and wool clothing and manufactures. We are also implementing the recommendations made by the board in its earlier report on record changers, and subject to a modification to which I shall refer later, the recommendations contained in the board's most recent report on nails.

The details of all the proposed changes arising from these tariff board reports are set out in the resolutions which I shall table tonight. In regard to them there are only two comments of a general nature which I wish to make at this time. The first is that if parliament approves these resolutions, the government will be in the position of having implemented, without major change, every tariff board report submitted from the day we assumed office right up to date. My second comment is that such departures from the tariff board's recommendations as have been made or are now proposed will provide, on balance, somewhat more protection for struggling sectors of the Canadian textile industry than they would otherwise have had.

When hon. members examine tonight's resolutions in detail, they will discover four departures from the recommendations made by the tariff board in the various reports on textiles to which I have referred. Two of these departures relate to the items covering hosiery and knitted goods. The tariff board recommended that the most favoured nation tariff on the main knitted goods item be reduced from 35 per cent to 32½ per cent ad valorem, and that the specific component of the compound duty on non-woollen hosiery

be reduced from 75 cents per dozen pairs to 60 cents per dozen pairs. However, after reviewing the position of the Canadian hosiery and knit goods industry, the government decided that it would not be desirable to introduce these tariff reductions at this time.

The third departure relates to tapes, ribbons and other narrow fabrics of man-made fibres, which are now classified under several different items at various rates of duty. The board suggested a new item to cover them at rates of B.P. 22½ per cent and M.F.N. 25 per cent. As a concession to the industry, particularly that sector engaged in the production of synthetic tapes and other narrow fabrics now classified under item 562a at higher rates of duty, I propose rates of B.P. 25 per cent and M.F.N. 27½ per cent.

The fourth departure involves a downward modification in a rate recommended by the board. This was introduced in the course of negotiations in order to meet a special problem in our trade with Italy. It involves applying a ceiling of 37½ per cent to the compound duty which the board proposed in respect of travel rugs, so as to avoid an unduly high rate on certain low priced rugs imported from Italy.

The next tariff board report to be considered relates to nails. The board recommended changes in two of the three nail items. These involved a reduction in the ad valorem M.F.N. duty applicable to tacks and small nails, and an increase in the specific M.F.N. duty on large nails, accompanied in the latter case by a smaller increase in the B.P. rate. Thus the board's recommendations, if adopted without change, would result in a small increase in the margin of preference in the one case, and a reduction in the other. The former would constitute a breach of the "no new preference rule" of the GATT. Accordingly we have decided to adopt the board's recommendations regarding the M.F.N. rates of duty, and in each case to introduce a corresponding alteration in the B.P. rate, so as to maintain each of the present margins of preference without change.

Thus far I have referred only to amendments arising from tariff board reports. These comprise the bulk of the tariff changes to be proposed at this time. There are others, and in most cases these too have been the subject of negotiations. They involve negotiated upward adjustments in the rates of duty on eviscerated chicken, paper twine, lawn rollers, hoes, forks and rakes, power lawn mowers, and filmed T.V. commercials. At the same time balance has been maintained in the over-all level of our GATT commitments and in the over-all level of the Canadian tariff by offering equivalent concessions on certain other items. These include pineapple juice, parts and engines for power lawn mowers, parts for cement block-making machinery, and motorcycles. The rate on live poultry is being equalized with that of the United States. It is expected that the effect of the proposed changes, both the increases and the decreases, will be to promote additional production and more jobs in Canada. It is hoped also that the proposed introduction of a minimum duty of five cents per pound on eviscerated chicken will materially assist the Canadian broiler industry, which has long complained of inequities between the Canadian and United States tariffs on its products.

There is also a miscellaneous group of other tariff changes to be found in the resolutions. These involve adjustments and clarifications which are not of general interest but nevertheless are important to those directly concerned. They include cabs on combines. I shall, of course, be glad to provide the house with a full explanation of these changes in the committee of ways and means.

I might add that at the committee stage I hope to be in a position to introduce a supplementary resolution relating to sodium hypochlorite laundry bleach. This product was reclassified in consequence of a recent supreme court decision. However it would seem appropriate to restore and maintain the former rates of duty pending a report by the tariff board on this and other products included in the chemical reference. Accordingly we have initiated negotiations on the matter under the "special circumstances" clause of the GATT, and I expect that these negotiations will be completed in the very near future.

As I mentioned earlier, a general round of tariff negotiations is now in progress in Geneva under the auspices of the general agreements on tariffs and trades and is expected to continue for several months. A number of the requests that I have received for reductions in Canadian tariffs are still under consideration in connection with these negotiations.

FEDERAL-PROVINCIAL RELATIONS

During the past year we have held three dominion-provincial conferences for the purpose of reaching agreement with the provinces on the form of the financial arrangements which should exist after the expiry of the present federal-provincial tax-sharing arrangements on March 31, 1962. At the first of these conferences held July 25-27, 1960, the provincial premiers presented their views. I might add that the financial substance of their proposals could hardly be described as

modest since in aggregate they would have resulted in additional federal costs in excess of $2 billion per annum. Despite their rather startling character, these provincial financial proposals were carefully studied and at the conference held October 26-28, 1960, the Prime Minister made certain suggestions.

It had become evident that the tax rental system had certain major defects. It placed the whole responsibility for levying these taxes on the federal government. The provinces took no responsibility for imposing the taxes upon which they depend for revenues nor had they any freedom whatever to amend tax rates in accordance with their current needs. Defects such as these are undesirable at any time, but in a period of rapidly increasing provincial demands and heavy federal responsibilities their effects have been particularly serious. The federal suggestion made at the October conference was that the provinces might consider again imposing their own taxes in the fields of personal income tax, corporation income tax, and succession duties. To facilitate this, the federal government was prepared to recommend to parliament that federal tax rates in the three shared tax fields be reduced at the termination of the present agreements by the existing standard rates. Under the present arrangements which refer to three standard taxes, the provinces receive 13 per cent of personal income tax collections, 9 per cent of the taxable income of corporations, and 50 per cent of succession duties or estate tax, and these standard rates are referred to in abbreviated form as the 13-9-50 formula. Coupled with this suggestion was provision for the continuation of equalization payments to the provinces.

On the basis of the discussion of these suggestions and further intensive consideration, the federal government advanced certain proposals at the dominion-provincial conference of February 23-24 this year. The Prime Minister's statement to the conference was tabled as an appendix to *Hansard* of February 28. It is not my intention therefore to review these proposals in detail at this time except in so far as they have immediate budgetary implications. The main proposals were that the tax rental system be discontinued, that the provinces should impose their own taxes, and that a fairer and more realistic system of equalization be introduced. At the same time the federal government undertook to reduce its income tax rates to a larger extent than was suggested at the October conference. In addition, the federal government is prepared to collect income taxes for any province which wishes to enter into an agreement to this end. In short, it was proposed that the provinces would reassume their constitutional rights and responsibilities to impose and vary their tax levies as they saw fit.

I have mentioned that the proposal made was that a fairer and more realistic system of equalization be introduced. It has always been the contention of this government that equalization payments to the provinces are absolutely essential. Without such payments it would be quite impossible for some of the less wealthy provinces to provide a reasonable standard of services without resorting to taxation far in excess of the national average. There is no question that to preserve reasonable equality in the provision of services across this country we must provide for some equalization of revenues. The proposed new arrangements have therefore been buttressed by an improved system of equalization and special payments which is more realistic and gives greater weight to fiscal need.

In the first place, the special fiscal circumstances of the Atlantic provinces have been recognized anew by the proposal to increase the Atlantic provinces adjustment grants by 40 per cent or from $25 million to $35 million for each of the five years of the new period. Second, it is proposed that the additional grant of $8 million per annum to Newfoundland be continued for a further five years. Third, it is proposed that the equalization formula be broadened to include, in addition to the yield of the three standard taxes, 50 per cent of the three year average of natural resource revenue and that the basis of equalization be changed from the average yield in the two provinces with the highest per capita yield to the national average. Variations as between provinces in resource revenues are a major factor in the financial position of the provinces and the inclusion of this factor in the equalization formula greatly improves the position of the less wealthy provinces. Equalization based on standard tax yields in the top two provinces led in some instances to larger payments than could be defended on the basis of fiscal need. The use of a national average formula as a basis for equalization payments will give adequate recognition to the principle of fiscal need without placing unnecessary demands on the federal treasury.

One further aspect of the federal proposals merits special reference at this time. From 1947 to 1957 under agreements, and since then from year to year without an agreement, the federal government has paid to the provinces half of the federal income tax collected in respect of income derived form the distribution to or generation for distribution to the public of electrical energy, gas or steam by corporations whose main business

is such distribution or generation. At the conference we proposed to continue these arrangements for another year. In compliance with the representations of the provinces it is now proposed that this sharing be continued throughout the next five years, that is, sir, during the period of the proposed arrangements. From a federal revenue standpoint, this proposal to continue sharing with the provinces on an equal basis the corporation tax from this source is equivalent to a reduction in federal tax. Under the arrangements now proposed, the provinces will be in a position to complement this federal action by policies which could benefit the industry and the consumers.

The government wishes to spare the provinces the expense of setting up separate tax collection machinery and to contribute as much as possible to simplicity, convenience and uniformity in the tax system. It therefore offered to collect on behalf of the provinces the provincially imposed personal income taxes and corporation income taxes free of charge provided the provincial tax base was identical with the federal tax base at all times. This offer could not be extended to the estate tax since the provinces do not have the constitutional power to levy an estate tax on the federal basis. The federal offer in this instance therefore was that any province not levying succession duties would receive half the yield of the federal estate tax while an abatement of 50 per cent of the federal estate tax would be granted as at present to provinces levying their own succession duties.

The federal offer to collect the provincial taxes free of charge obviously leaves the provinces with freedom and flexibility to impose their own rates of tax, a freedom they were denied under the rental system. At the same time it encourages them not to complicate the task of the taxpayer. At a later date, after the necessary legislation has been put before parliament and approved, it will be possible to work out the precise terms of tax collection agreements with those provinces which wish to avail themselves of the federal offer.

The proposal to return to the provinces the responsibility of levying taxes on the income of individuals and corporations was accompanied by a promise that the federal government would ask parliament to provide for reductions in the federal rates of tax. In the case of the corporation tax, the federal reduction is to equal the abatement of 9 per cent of taxable income now granted. In the case of the personal income tax, the reduction is to increase by one percentage point each year from 16 per cent of the level of federal tax which would otherwise prevail in the first year, to 20 per cent in the last year. The provincial share of the yield from the personal income tax will thus rise by the final year of the agreement to exactly double the level of 10 per cent in effect when the present government came into office in 1957. The provinces will of course be quite free under this system to reap higher yields by imposing higher rates of tax if they choose to do so.

I have spoken of the advantages to the provinces of the freedom and flexibility which the new arrangements can bring. From the federal standpoint there are also great advantages. It will mean that the federal government will no longer have to impose rates of tax high enough to meet the demands of provincial expenditure. The federal budget will no longer be inflated by what are essentially taxes for provincial purposes. It will mean very substantial reductions in the rates of federal tax.

I should like at this point, if I have the permission of the house, to insert in *Hansard* a table showing the amount of the federal contributions to or for the benefit of the provinces for the last five years together with the estimated amount for the year 1961-62.

Mr. Speaker: As the minister advised, he has three tables which he wishes to have inserted. Perhaps the house will give its consent to the inclusion of all three without his having to mention the other two.

Some hon. Members: Agreed.

[*Editor's note: The table referred to above, follows:*]

TABLE 1

FEDERAL CONTRIBUTIONS TO OR FOR THE BENEFIT OF THE PROVINCES
(in millions of dollars)

	1956-57	1957-58	1958-59	1959-60	1960-61 (preliminary)	1961-62 (estimated)
A. Unconditional payments—						
1. Statutory subsidies	22.8	22.0	21.6	21.4	21.0	23.1
2. Tax abatements (estimated)	157.3	275.6	275.1	313.8	303.7	323.5
3. Tax rentals	365.9	213.9	249.0	279.7	288.7	298.8
4. Equalization (including stabilization)		139.5	149.1	180.7	191.2	191.6
5. 50 per cent share of income tax on power utilities	6.6	7.4	8.7	4.8	4.2	6.0
6. Atlantic provinces adjustment grants	—	—	25.0	25.0	25.0	25.0
7. Term 29 award (Newfoundland)	—	—	13.6	7.3	7.7	8.0
Sub total	552.6	658.4	742.1	832.7	841.5	876.0
B. Conditional payments—						
8. Agriculture	0.9	1.0	1.9	6.7	3.7	2.0
9. Health	36.4	34.6	45.9	46.0	48.0	45.4
10. Hospital insurance	—	—	54.7	150.6	189.4	274.5
11. Welfare	38.4	48.2	74.1	90.9	103.1	96.0
12. Vocational training, etc.	4.7	4.8	8.1	8.4	8.8	27.3
13. Highways and transportation	26.9	50.9	53.7	56.7	48.7	54.1
14. Resource development	2.7	4.3	8.7	15.3	17.9	21.2
15. Municipal winter works	—	—	0.2	6.6	8.9	26.9
16. Other	1.0	1.0	1.1	1.6	3.0	2.6
Sub total	111.0	144.8	248.4	382.8	431.5	550.0
C. Payments for the benefit of Provincial Institutions—						
17. University grants	16.0	16.6	25.5	26.1	19.0	19.4
18. Grants to municipalities in lieu of taxes on federal government property	9.7	17.5	21.9	22.6	24.5	24.7
Sub total	25.7	34.1	47.4	48.7	43.5	44.1
TOTAL	689.3	837.3	1,037.9	1,264.2	1,316.5	1,470.1

Mr. Fleming (Eglinton): The total of these payments and abatements has risen from $689.3 million in 1956-57 to $1,470.1 million in 1961-62, or more than double. Included in this total is an estimated amount of $298.8 million for tax rentals in 1961-62. This amount includes $13.5 million for rental or succession duties which will not be eliminated under the proposed collection agreements, but even allowing for this and assuming a modest growth in tax yields, the change to a tax collection system will remove more than $300 million from the federal budget next year which will be the first year of the new five year period. I am accordingly submitting proposals tonight to reduce federal taxes effective January 1, 1962, by $300 million per annum.

INCOME TAX

I shall proceed now with tax changes. I have already referred to the principal considerations of policy which motivate this budget. The general levels of taxes are not being altered at this time. I am bringing forward some important amendments, however. Aside from the reductions of income taxes connected with our undertakings to the provinces, with which I have already dealt, I am providing for tax reductions to the extent of about $100 million in a full year. I am also proposing several new measures pertaining to the structure of the tax laws. The various amendments are intended to improve the conditions of industry, to provide additional employment and to contribute to the general welfare. Some of them will further the efficiency and the equity of the tax system.

Reduction of the exchange rate will provide new and significant price advantages to goods made in Canada in comparison with those made in other countries. More than any other policy that could be adopted, a

lower exchange rate will be of signal assistance to all of our producers, both in primary and in secondary industries, to those who export as well as to those who sell at home. It is for Canadian industry now to make the most of the new opportunity which is theirs. As I have already explained, the benefits of a lower exchange rate take the form of price differentials and they tend in time to disappear. Thus these benefits are at a maximum during a limited period of time.

Many of our industries are at present competing in fields in which large portions of domestic needs are being supplied by imported goods. Frequently the Canadian manufacturer is capable of extending his market greatly with improved efficiency, with lower costs of production and with more competitive prices. This is as true of markets abroad as of those at home.

It is of the utmost importance that Canadian manufacturers should extend their markets. More than anything else, the government is concerned about employment. To secure a maximum increase in employment it is desirable, I should say essential, that every industry, every business and every labour organization should give renewed thought to the increase of productivity, the improvement of efficiency and the competitiveness of costs and prices. This is the constructive and effective way to deal with the problem of employment in our free enterprise economy.

Many of our major industries are well equipped, up to date and fully competitive with those of other countries. Huge capital investments have been directed to this end. Other industries are not at present as well able to compete for business at home and abroad. Probably every enterprise in the country is capable of doing more than at present and of doing it better.

Frequently, the most difficult aspect for an individual business to undertake unaided is the financing of expensive new capital installations, including machinery, equipment and buildings. The government has decided to give help at this point by introducing an allowance for re-equipment and modernization.

This special incentive will take the form of a 50 per cent increase in the first year in the rates of capital cost allowance applicable to new assets acquired for use in Canada from tonight until March 31, 1963. This special allowance will be available in respect of all depreciable assets which are eligible for depreciation by the diminishing balance method. A business will be permitted at its own option to take advantage of this substantial tax concession to the extent that its investment during a taxation year on new depreciable assets for use in Canada is in excess of its expenditure on such assets in its last complete fiscal period that ended before tonight, or in excess of the average of its expenditures in that period and its two immediately preceding fiscal periods.

The purpose of this latter limitation is to provide the desirable incentive at a minimum cost. As any businessman would do, I am trying in this case to obtain a maximum result in return for treasury dollars. By applying the re-equipment and modernization allowance only to expenditures in excess of those in a recent base period, I am attempting to establish a rule by which to make this valuable concession available to those who are genuinely increasing the level of their investment in new depreciable assets but not to that large total of depreciable assets most of which would have been acquired in any event.

As far as new companies and new operations are concerned, it has been decided that the same formula should apply as in other cases. A new company, for example, will be able to claim the special allowance with respect to the whole of its investment in new depreciable assets for use in Canada since it has made no comparable investments in former years. On the other hand, the Department of National Revenue will be empowered to withhold the re-equipment and modernization allowance in cases where existing operations are split up into new ones merely for tax-defeating purposes. Capital cost allowances will continue as before to be limited in total by the cost of acquisition. They are not to exceed 100 per cent.

Hon. members are familiar with the new program which was inaugurated in the supplementary budget of December 20, 1960. Double depreciation for the first year or its equivalent in a later year was offered with respect to capital investments for products which are new to Canada as a whole or to designated areas of surplus manpower. As is usual with such matters, interested persons took some time to consider the possibilities in relation to their own affairs and their own plans. Following a time lag that was not unexpected, an increasing display of interest is being shown on the part of potential manufacturers of new products. Since the announcement of the regulations covering the plan, close to 300 inquiries had been received by the Department of Trade and Commerce by the end of May. Furthermore, interest in the program has increased in recent weeks as reflected by the fact that the number of applications received by the Department of

Trade and Commerce doubled in May, compared with March and April combined.

Applications for accelerated depreciation have been made by firms producing a wide variety of products. These include chemicals, steel, textiles, electronics, plastics, foods and other products. Thus, a representative cross section of Canadian secondary industry is seeking to take advantage of accelerated capital cost allowances under the December program. Some firms are establishing new plants, while others are enlarging their present facilities in order to make new products and thus diversify their output. These enquiries and applications have been made by firms located in many regions of Canada. The value of the assets covered by these applications exceeds $27 million. We anticipate that a steady increase will occur in the number of applications as businessmen develop a better understanding of the program.

Considering the fact that this program has been in effect a limited period of time, the government is pleased with its acceptance to date. The new projects resulting from the program will create additional employment in the industries supplying the new plants and facilities. Further, there will also be additional jobs for those working in the new plants. Another benefit is that new products are likely to be introduced which should make a useful contribution to further diversification of our secondary industries.

It is not intended to modify or amend this double depreciation program. Rather it is intended that the new re-equipment and modernization allowance can be claimed in addition by those who qualify for double depreciation in either the new product or the new designated area categories.

In the conditions that exist today, scientific research is to be assigned a top priority of urgency and importance. It must play an increasing and indispensable part in all sections of industry and in many aspects of every day life. Much has been done in the laboratories maintained by the government, both in basic and applied research and in development. In addition, the federal government has given greatly enlarged assistance to universities and private industry to stimulate scientific research and it will be giving more. If Canada is to maintain its due place in the world, advances must be made in these fields of science. I am proposing to extend the deductions now allowed to taxpayers in respect of expenditures on scientific research undertaken in Canada. These are already extensive but it now seems appropriate to take further steps in this direction as part of the government's program to assist Canadian business to be efficient and up to date.

Canadian industries, particularly the subsidiaries of foreign companies, are too dependent on research done abroad. The government believes that more industrial research should be done right here in Canada. The measures being introduced tonight are designed to stimulate industrial research in our own country.

The Income Tax Act now provides that expenditures of a capital nature made on scientific research in Canada may be fully written off in three years. I am proposing that henceforth taxpayers be allowed if they wish to deduct such expenditures in full in the year incurred.

The act now provides that amounts deducted under the provision dealing with scientific research shall be limited to 5 per cent of the taxpayer's previous year's taxable income unless the research program has been approved by the Minister of National Revenue with the advice of the national research council. Although in practice approval is normally given, I believe that a modification of this requirement will give encouragement and certainty to taxpayers who are planning to increase their scientific research programs. I am accordingly recommending removal of this limitation with respect to expenditures so far as it affects current expenditures.

Finally, I am proposing that taxpayers be permitted a deduction from income in respect of expenditures on scientific research made at one stage removed, that is, in respect of amounts paid to a foundation established for the purpose of expending all its resources on scientific research in Canada.

I turn now to some rather different problems that have attracted an increasing amount of interest and concern. It has been concluded that the next major step in the private pension field should be to use the resources of government to encourage and assist the more widespread expansion of private pension plans on a secure basis. It is desirable that those who have been employed throughout their working years should be able to retire without fear of want. Having in mind the extensive provision now available to meet these needs through private pension plans it is important to ensure that such plans are generally available and adequate. To these ends, action is required at the appropriate government levels to fulfil two objectives, namely to protect the solvency of private pension plans and to help promote the portability of pensions. The house will recall that on May 9 and on May 24, 1960, I drew attention to the fact that federal jurisdiction in this field is limited. While there is a confined area within which the federal government has powers there are wider areas of provincial jurisdiction.

By the portability of a pension is meant the ability of a worker to accumulate a pension throughout his working lifetime even though he may change from one pensionable employment to another, perhaps on successive occasions. The government is concerned about persons who have worked with more than one employer but who on retirement can receive pensions based only on their service under the pension plan of their last employer. The income after retirement of those affected is a matter of great importance. In addition, the inability to carry pension rights away from a job, that is to say the absence of portability, may deter workers from transferring to more productive jobs. The portability of pensions may serve in a very constructive way as a stimulus to the productivity of the whole economy, by providing the individual worker with a wider range of free choice in seeking employment. In due course a contribution will be made by this means to increased employment.

In addition to these problems there is another which, fortunately, has seldom confronted us in recent years, namely the solvency of pension funds. The most important single requirement of a private pension plan is quite obviously that the requisite funds should be on hand when needed to pay the pensions. The insolvency of a pension fund could just as well prove to be disastrous to an employee who had spent all his working life with one employer as to another who changed his employment frequently.

The expansion of pension plans in the last 25 years has been phenomenal. In 1959 there were over 10,000 such plans in Canada of which 90 per cent were handled by insurance companies or the annuities branch of the Department of Labour. The remainder were trusteed plans where the contributions are deposited with a selected trustee for investment. Although constituting only 10 per cent of the number of plans, the trusteed plans in 1959 covered almost 1 million employees or 61 per cent of all employees under pension plans and their assets represented 64 per cent of the total.

As hon. members are aware, these pension plans are accorded valuable income tax concessions provided they are registered for this purpose with the Department of National Revenue. In general, tax deferral is granted during the period of accumulation and the pension benefits are taxed as personal income as and when they are received.

I doubt very much whether it is as well known as it should be that the federal government does not supervise or control the solvency of private pension funds; neither do the province, aside from establishing certain statutory responsibilities of trustees which pertain to only a small portion of this problem. These observations do not, of course, apply to pension plans whose detailed benefits are covered by a contract with an insurance company which guarantees the amount of pension to be paid in return for the contributions made by the employer and employees. There is, however, no governmental supervision to ensure that the assets of other plans are being accumulated at an appropriate rate to meet the future liabilities of those plans. Among these other plans I include both trusteed plans and those plans where an insurance company enters into a deposit administration contract and simply receives contributions on deposit without entering into a contract to pay specific amounts of annuity.

I should make clear at once that there is no necessity and no intention to cast doubts upon the vast majority of private pension plans which are efficiently and conscientiously administered by insurance companies and by personal or corporate trustees. What is projected is a degree of supervision of trusteed pension plans, in the public interest, comparable in some respects with the supervision traditionally exercised over insurance companies. Many people may be surprised to learn that no such supervision has existed in the past.

I warmly welcome the growing indications of provincial interest in this field. The governments of both Ontario and Saskatchewan have recently given evidence of their concern. The government of Ontario has indicated its desire to discuss this question with the other provincial governments and the federal government during the coming months. This interest of these provinces is particularly important because of the constitutional aspect of the problems.

This government shares the view that a joint federal-provincial approach should be made. To this end the government intends to arrange consultations with any interested provinces to give further definition to such a program and thus to provide encouragement for the more widespread establishment of pension plans. Accordingly, I am announcing at this time that the federal government has decided to seek the co-operation of the provinces in a program to deal with the solvency and portability of private pension plans.

Mr. Martin (Essex East): Two years too late.

Mr. Fleming (Eglinton): Better two than 22.

In the March, 1960 budget I announced the intention of the government to introduce legislation to incorporate a new approach to the taxation of employees' profit sharing plans. Hon. members will recall that a bill dealing with the taxation of deferred profit

sharing plans was given first reading only. This course was followed in order to give full opportunity to all interested citizens and organizations to study this complex issue.

The interest shown in the proposals introduced for study last year has been most gratifying. The briefs, letters and comments I have received have been of great assistance in preparing the legislation which I am now proposing. The substance of last year's draft bill will be brought forward, with several alterations and improvements, into this year's bill to amend the Income Tax Act. The legislation will provide that an employee will not be subject to income tax on amounts contributed to a profit sharing plan on his behalf by his employer until actually received as proceeds from the plan. As I stated last year, the improved facilities provided for employees' profit sharing plans will constitute an important piece of social legislation and provide fresh opportunities for labour and management to work out new forms of co-operation amongst themselves.

If parliament approves the recommendation for deferred profit sharing plans it will greatly increase the number of cases where an employee may receive a lump sum payment representing accumulated earnings which have not borne tax. If a taxpayer becomes a non-resident before receiving these payments there is at present no provision for levying a tax. This incentive to become a non-resident for a short time in order to gain a tax advantage should be removed. I am proposing that lump sum payments which represent deferred remuneration earned in Canada be regarded as income earned in Canada. This will apply only to lump sum payments. On the other hand, pensions paid to former Canadians who have become residents of other countries will continue to be free of Canadian tax.

There will be several amendments to the personal income tax designed to give relief. Last year this house approved a proposal to increase substantially the maximum amount of medical expenses for which a deduction may be claimed in arriving at taxable income. I believe that the amounts now deductible are sufficiently high to give full relief to most taxpayers who have incurred extraordinary medical expenses, but I am impressed with the intolerably heavy burden being borne by a small number of taxpayers whose expenses are in excess of the present limits. A single motor accident, for example, may cause a taxpayer more extraordinary medical expense in one year than another taxpayer would incur in a lifetime. Since the whole purpose of the deduction for medical expenses is to give relief to those taxpayers whose ability to pay income tax has been reduced by extraordinary expenses, it seems both logical and fair to remove the limits entirely, and I am so recommending. I am also proposing that the cost of an instrument which assists those who have suffered from cancer of the throat, an electronic larynx, be classed as a medical expense.

An intensive review is being made by the United States tax authorities of the treatment for tax purposes of contributions by residents of the United States to charitable institutions in other countries. During the past year there have been expressions of concern by Canadian universities and by their graduates and other supporters in the United States that the existing system might be changed to their detriment as a result of this review. In the past donations made through a United States corporation to a charitable institution in another country have been treated as deductible for purposes of taxes in the United States. There has never been a corresponding privilege in our income tax law, although there are, of course, residents of Canada who make contributions to universities and other charitable organizations in the United States. Because of the particularly close relations between Canada and the United States it is desirable and feasible to permit some exceptions to the general rule which denies a deduction in respect of donations to charitable organizations located outside Canada. Thus our income tax convention with the United States provides some limited exceptions and our estate tax convention with the United States recently approved by the house, contains a more general provision for ignoring the border as far as charitable organizations are concerned. We have accordingly notified the United States authorities that whenever they are ready, Canada is prepared to enter into negotiations to amend the provision of the income tax convention that deals with charitable donations. In the meantime, it is understood that the United States authorities are aware of the close relations between universities in one country and their graduates and friends residing in the other and are anxious to maintain and foster these traditional relationships.

In the 1960 budget speech I drew attention to another matter which was marked for special study during the year. This was the problem of the taxation of corporation surpluses and the designation of surplus under section 28(2) of the act. I appreciate the many carefully considered observations and suggestions that have been submitted in answer to my request. With the assistance of these submissions members of the Department of Finance and the Department of National Revenue have been engaged in a comprehensive study of these provisions of the income tax law. This study has not yet advanced to the stage where

I can place specific proposals before parliament. This subject will continue to receive close attention during the coming year.

I am proposing a comprehensive overhaul of the definition of a personal corporation and the rules for taxing shareholders of such corporations. A personal corporation is one used to hold the investments of the individual and persons related to him. All the income of such a corporation is deemed to be distributed to its shareholders each year. It has become apparent that this legislation contains some anomalies and some provisions which are lacking in clarity. I have reached the conclusion that the time has come for a revision of this complicated piece of legislation. Some of the proposed changes will be relieving. For example, I am proposing amendments concerning the right to carry forward losses and the option to compute tax in a special way on the recapture of capital cost allowances. These are introduced in response to requests that income received through a personal corporation should be granted the same tax treatment as income received directly. Other changes will be designed to prevent personal corporations being used to split income with members of a taxpayer's family and to thwart devices for postponing tax on income from investments.

Hon. members are aware of the many ways in which the income tax law provides incentives to taxpayers to develop our natural resources. At present, in addition to corporations whose principal business is mining or producing petroleum or natural gas, corporations whose principal business is processing mineral ores and metals recovered therefrom are allowed to deduct expenses incurred in exploring and drilling for minerals, oil and gas. I am proposing to extend these incentives by permitting companies whose principal business is fabricating metals to deduct such exploration expenses. In future, therefore, these companies will have a greater incentive to search for their own supplies of raw materials.

Other amendments proposed for natural resource industries will permit a mining, petroleum or natural gas company to deduct preproduction expenses incurred by a former subsidiary.

Our income tax law must be continually reviewed and adjusted not only to provide appropriate encouragement to the legitimate needs of taxpayers but also to achieve equity among them. The government has become increasingly concerned over the evidence of abuse by some taxpayers of the provisions for the deduction of amounts expended for the purpose of gaining income from a business. The question is to what extent amounts spent by a firm for the entertainment of its customers and the travelling expenses of its employees are really required in order to gain income. Since ours is a free enterprise economy, our income tax law assumes that the businessman is the best judge of the extent to which he should incur expenses of this nature, and naturally the government has been reluctant to recommend, and parliament to impose, rules that would restrict him unduly in this respect. However, the government has no intention of allowing so-called "expense account living" to thrive and I am consequently serving notice that in future the allowance of expenses of this nature will be subject to more intensive scrutiny. I am hopeful that more stringent legislation will not prove to be necessary.

One of the most important factors affecting the income tax status of a person, either individual or corporate, is the determination of his country of residence. I am proposing that a corporation incorporated in Canada which is carrying on business in this country be deemed to be resident here. I am also proposing that the provision deeming an individual who is a member of the military or public services on duty outside of Canada to be a resident shall extend to his wife and dependent children so that they will have the same tax status.

Finally, I am proposing that volunteer firemen be relieved of income tax on amounts up to $300 per year paid to them to cover expenses they incur while engaged in fire-fighting duties.

SALES AND EXCISE TAXES

I am proposing a number of changes in commodity taxes. The first of these concerns the structure of the tax on cigarettes imposed under the Excise Act. This tax is levied at the rate of $4 per thousand for cigarettes weighing not more than 2½ pounds per thousand. If cigarettes weigh more than this limit the tax is $5 per thousand. I am recommending that this dividing point where the higher rate of tax commences to apply be raised so that in future cigarettes may be manufactured weighing as much as three pounds per thousand before becoming subject to the higher rate of tax. This will permit manufacturers to increase the amount of tobacco in each cigarette without becoming liable for a higher tax. I am assured that this will lead to a signifiant increase in the amount of tobacco used in the cigarette industry. This will bring substantial benefits to Canadian tobacco growers. In order to give all cigarette manufacturers time to make any necessary modifications in their equipment to take advantage of this change the amendment will not become effective until January 1, 1962.

With the exception of the taxes on tobacco products and wines, most of the taxes imposed under the Excise Tax Act are on an ad valorem basis. A tax in this form at the rate of 10 per cent or 15 per cent amounts to a very small amount per article where the taxable items are manufactured or imported at a very low price per unit. I have reached the conclusion that greater uniformity in the amount of tax on a number of items is desirable, especially as between imported and Canadian manufactured commodities. For this reason I am proposing that the present 15 per cent ad valorem excise tax on electronic tubes for radios, television sets and record playing devices be modified to provide that the tax shall in no case be less than 10 cents per tube. Similarly I am proposing that the 15 per cent ad valorem tax on radios shall bear a minimum of $2 per radio and the 10 per cent ad valorem tax on mechanical lighters shall be not less than 10 cents.

Turning to the sales tax, I am proposing several technical changes for clarification and also a number of exemptions from tax. These new exemptions, which are intended to recognize new products and technological changes, include laminated timber for bridges purchased by municipalities, self-propelled forage wagons for farm use, a new kind of casing used for seismic tests in oil and gas exploration and propane tanks for use with furnaces.

In addition to taxes on commodities, the Excise Tax Act contains a provision for imposing a 10 per cent tax on insurance premiums when insurance is placed with non-authorized insurers. There appears to be an increasing tendency on the part of non-resident corporations carrying on business in Canada, and also Canadian corporations which are controlled outside of Canada, to arrange their fire and casualty insurance in respect of risks in Canada either with insurers which are not authorized to transact the business of insurance in Canada or with insurers that are so authorized but through agents or brokers located outside Canada. Undoubtedly these practices stem from a desire to make all insurance arrangements at the head office of the corporation or at the head office of the parent corporation, as the case may be, rather than from any lack of adequate insurance facilities in Canada.

Since the practices referred to result in loss of insurance business that would otherwise be transacted in Canada and some loss in tax revenue otherwise payable to Canada, it is proposed as a first step to amend the provision of the Excise Tax Act which at present imposes a tax of 10 per cent of premiums paid by Canadian residents to unauthorized insurers in respect of insurance of property in Canada. The amendment will extend the tax to make it apply to all classes of insurance, whether of property or not, subject to certain exceptions. The exceptions proposed will be marine risks, as at present, life insurance, personal accident and sickness insurance and, to the extent that such insurance is not available in Canada, insurance against nuclear risks. The practice of arranging insurance of risks in Canada through non-resident agents and brokers is currently being studied and further steps, if found necessary, may be taken to curb this undesirable practice.

ESTATE TAX

I am not proposing any amendments to the Estate Tax Act this year. This act, originally passed in 1958 and amended last year, appears on the whole to be working satisfactorily. There have been a few representations suggesting changes, and these have been given careful study, but I believe that more experience with the law as it stands would be desirable before further amendments are made.

THE ROYAL COMMISSION ON THE AUTOMOTIVE INDUSTRY

Last August the government appointed Professor V. W. Bladen as a commissioner to inquire into the problems of the Canadian automotive industry. May I now, on behalf of the Prime Minister, and with the consent of the house, table copies of his report in French and English.

The most complex of the recommendations are those relating to the tariff rates on vehicles, and parts and components for assembly into vehicles. Hon. members will recall that the structure of our present automotive tariff schedule, which took shape a quarter of a century ago when Canada was a large exporter of vehicles, presents the following features. The rate against complete vehicles is 17½ per cent when imported from countries eligible for most favoured nation tariff rates, but free when imported from British countries. Most parts may also be imported free from British countries, although little use has been made of this provision. When parts are imported from M.F.N. countries they are subject to duties ranging from 17½ per cent to 25 per cent; but many of these parts may nevertheless be imported duty free, even from M.F.N. countries, if they are not made in Canada and if the Canadian manufacturer uses them in producing vehicles that attain specified levels of commonwealth content.

Professor Bladen proposes that we should build upon, but substantially develop and

modify, this system. The essential features of his proposals in the tariff field are as follows. A tariff of 10 per cent should be imposed against imports of both parts and vehicles from British sources, while present tariff rates against vehicles and parts from M.F.N. countries, ranging from 17½ per cent to 25 per cent, would remain in effect. However, a manufacturer could, under this system, "earn" free entry not only of parts but also of vehicles by achieving or arranging a sufficiently high volume of production in Canada; this production, which could be of completed vehicles or of parts, might be sold in Canada or abroad. For example, exports of particular parts or vehicles from Canada to other countries would earn, for a manufacturer, free entry for other parts or vehicles. Thus, it is argued, the Canadian industry would be more effectively integrated with industry abroad, and the economies of longer runs and greater output would be available here. The objectives would be higher production and more jobs in the Canadian automotive industry, combined with lower prices for Canadian consumers. These goals involve the general expansion, not restriction, of trade in motor vehicles and parts.

The government warmly approves these objectives, and it is grateful to Professor Bladen for the constructive and imaginative suggestions that are embodied in his report. Nevertheless, his recommendations relating to tariffs are complex and sweeping, and would require extensive readjustments in the industry. It is essential that those concerned, both management and unions, should have an opportunity to assess not merely the objectives but the desirability and practicability of the means by which these objectives are to be obtained. Accordingly the government, in releasing this report tonight, urges careful study of the tariff proposals by all those Canadian groups concerned: the vehicle manufacturers, the parts manufacturers, the labour unions, the municipalities, others who gave evidence before the Bladen commission, and the general public.

If, when the views of such groups have been received and analysed, it was decided to take action in the field of tariffs along the lines of the Bladen report, or along some similar lines, the government would fully respect Canada's commercial obligations and would thus protect Canada's trading interests. The government is fully aware of its various obligations under the GATT, including the undertakings most recently given to the United Kingdom at the time of the commonwealth trade and economic conference in 1958 to bind free entry for these items under the GATT. However, as I have already indicated, the consultations or renegotiations with governments abroad would not be undertaken unless and until the government had reached decisions to proceed in the national interest, taking into account the views of interested parties in Canada.

I proceed now to the recommendation that relates to valuation for purposes of the sales tax. According to the present law, sales tax on imported vehicles is levied on the price in the country of export plus Canadian tariff, if any. On the other hand, on vehicles of domestic manufacture it is levied on the price paid by dealers. As a result of his studies Professor Bladen has concluded that this system discriminates in favour of imported vehicles. In effect he recommends that imported vehicles should be valued on the basis of the selling price to the dealer. Along with the tariff recommendations, the government proposes to give careful study to this recommendation which touches upon a basic principle of the Excise Tax Act.

Professor Bladen's report contains a secondary and much less important recommendation which also relates to valuation. It is proposed that a "notional" valuation should be established, for tax purposes, as if there were a wholesale intermediary between the manufacturer and retailer. This recommendation also will be carefully studied.

Finally I come to the recommendation of far-reaching importance relating to the excise tax on passenger cars. This tax, which is now 7½ per cent, constitutes according to Professor Bladen, a serious drag on sales of automobiles in Canada. He anticipates that the abolition of this tax will increase sales of automobiles substantially, and enlarge employment and production in the Canadian industry. Accordingly he recommends that this tax be abolished.

Mr. Martin (Essex East): Hear, hear. We have been pushing this for years.

Mr. Fleming (Eglinton): I am glad to announce that the government has decided to implement this recommendation. This tax will be repealed effective midnight tonight.

Some hon. Members: Hear, hear.

Mr. Pickersgill: At last.

Mr. Fleming (Eglinton): A refund of the 7½ per cent excise tax will be given to authorized dealers and distributors in respect of tax already paid on stocks of new cars on hand.

Mr. Martin (Essex East): A victory for the opposition.

Mr. Fleming (Eglinton): Mr. Speaker, I seem to hear a voice that says, "A victory for the opposition".

Mr. Martin (Essex East): Hear, hear.

Mr. Fleming (Eglinton): I recognize a voice which belonged to a former government that raised this tax, not lowered it.

Mr. Martin (Essex East): The former government cut it 15 per cent.

Mr. Fleming (Eglinton): This will relieve them of any loss resulting from the tax decrease. Dealers will apply for the refund through the automobile manufacturer. I expect, of course, that automobile producers and dealers will pass on to the consumers this tax saving in full.

After taking into account the increase in production which is expected to result, I estimate that the elimination of the 7½ per cent excise tax will result in a net loss in revenue for a full year in the order of $66 million. For the current fiscal year the loss in revenue, including refunds to dealers, will be about $55 million.

THE 1961-62 BALANCE OF WAYS AND MEANS

I return now to a reassessment of our budgetary prospects for the current year in the light of the fiscal proposals and economic policies which I have put before the house.

In the opening sections of my speech this evening I said that in the absence of any changes in the current economic outlook or of any additional stimulus we might anticipate this year an increase of about 3 per cent in our levels of economic activity.

As a result of the policy statements and legislative proposals I have now made I would expect a significant improvement in our economic prospects. It is difficult, however, to be precise in forecasting the exact degree or timing of this acceleration, since it depends to a considerable extent on the co-operation and vigour of business and labour and of the financial markets and investment institutions.

To the extent that our expansion is accelerated there will be an increase in revenues, although, as I said earlier, the time lag in revenue receipts means that a considerable amount of the benefits of economic acceleration will not reach the treasury until after the end of this fiscal year. There will also be some reductions in expenditures as, for example, in unemployment assistance and unemployment insurance expenditures, and perhaps in the deficits of the C.N.R. and other crown companies.

As the expansion of output, employment and incomes accelerates, taxation revenues will in due course increase still more rapidly. On the basis of the present situation and anticipated trends it is not unreasonable to expect that the current flows of revenue and expenditures will be approaching a balance by the end of 1962. Indeed, as our economy reaches high levels of employment, it is essential that the budget should achieve a balance, and that provision should be made for an orderly retirement of debt.

I estimate that the effect of the income tax changes proposed, not including the reduction in personal and corporation income taxes which are part of the proposed fiscal arrangements with the provinces, will be about $35 million in a full year and $10 million in 1961-62. The effect of the proposed changes in sales and excise taxes will be $66 million in a full year and $55 million in 1961-62. The total tax reductions therefore will be about $100 million in a full year and $65 million in this fiscal year. As I have already indicated, the other federal tax reductions effective January 1, 1962 will amount to $300 million per annum.

With the stimulus imparted by these budget proposals to the levels of economic activity I would expect a general rise in our tax revenues between now and next March 31 to offset the particular tax reductions I have proposed. Assuming some consequential reductions in expenditures I would anticipate a budgetary deficit of the order of $650 million. May I remind hon. members that in as large and as complex an operation as our national government any forecast of revenues or expenditures is inevitably subject to variations. One per cent of our revenues or expenditures is approximately $60 million. Hence it would be more realistic to say that our prospective deficit is in the $600 million to $700 million range. I estimate that our non-budgetary cash

requirements, excluding the exchange fund, will be about $330 million. Thus our over-all cash requirements will be of the order of $1,000 million.

For the record, Mr. Speaker, may I have the consent of the house to insert here two tables indicating our revenues, expenditures and cash requirements for the past year and for the current year.

TABLE II

Budgetary Revenues and Expenditures
(in millions of dollars)

	1960-61 (Preliminary)	1961-62 (Estimate)
Revenues		
Income taxes		
Personal	1,711	1,815
Corporate	1,277	1,200
Non-resident	88	115
Estate taxes	85	90
Customs duties	499	500
Sales taxes	721	785
All other taxes	635	645
Total taxes	5,016	5,150
Non-tax revenues	600	615
Total revenues	5,616	5,765
Expenditures	5,961	6,415
Deficit	345	650

TABLE III

Non-Budgetary Transactions and Net Cash Requirements
(in millions of dollars)

	1960-61 (Preliminary)	1961-62 (Estimate)
Net Receipts		
Annuity, insurance and pension accounts	254	275
Other	94	—20
Total	348	255
Net Loans, Investments and Advances		
C.N.R.	—116	110
Housing	192	240
Unemployment insurance	67	170
Farm credit	40	50
Exchange fund	64	—
Other	50	15
Total	297	585
Net non-budgetary transactions	+51	—330
Budgetary deficit	345	650
Net cash requirements	294	980

[Mr. Fleming (Eglinton).]

RELATIONS WITH THE BANK OF CANADA

It is necessary, in the light of recent events, that I say something tonight about relations between the government and the Bank of Canada. What I have to say relates in part to the past and in part to the future.

Let me begin with the past. On June 14, when I explained to the house the reasons why the government had been compelled to ask for the resignation of the governor of the bank, I said that Mr. Coyne's continuation in office "would stand in the way of the implementation of a comprehensive, sound and responsible economic program designed to raise the levels of employment and production in Canada". Such a program is contained in the budget that I have presented tonight.

No doubt there are some proposals in this budget with which Mr. Coyne may find it possible to agree. It is in the basic elements that the differences lie. This budget is built, as hon. members will have observed, on four foundation stones.

Mr. Pickersgill: Rolling stones.

Mr. Fleming (Eglinton): The hon. member for Bonavista-Twillingate had better look out that they do not roll over him.

Each sustains an element of economic policy which is central and indispensable. Yet not one of the four is compatible with statements, many times reiterated in various and sometimes extreme forms, by Mr. Coyne.

First, the government believes that Canada is, and for her prosperity must remain, a law-abiding member of the international financial and commercial community. The financial and commercial proposals that I am laying before the house tonight accord not only with Canadian interests, but also with Canadian international obligations. Mr. Coyne's speeches, on the other hand, exude ultra-protectionism and isolationism. The purposes and policies which they represent could not be carried out within the framework of the international institutions of which Canada is and must be a member. When he speaks of "living within our means" he really invites us to "live unto ourselves", in a private restrictionist world of our own. As a member of the government of one of the great trading nations of the world, I categorically reject any such invitation; the policies involved would be as damaging to our domestic prosperity as they would be to our international influence.

Mr. Pickersgill: Poor old R.B.

Mr. Fleming (Eglinton): Poor old Bonavista-Twillingate.

Second, the government believes that flexibility in our structure of interest rates can often be, and is indeed in times like the present, of importance to the pace of economic expansion, and the level of employment, particularly through its influence on the balance of international payments; and the government also believes that the Bank of Canada has an important role to play in this connection. Mr. Coyne, on the other hand, in his last annual report and in many other statements, argues that interest rates have little influence on economic development and that the central bank has, in any case, little influence on interest rates and the balance of payments.

Third, the government believes that the exchange rate, like rates of interest, should be flexible and should move with the times; while a premium over the U.S. dollar may well have been appropriate and helpful to Canada's economic position some years ago, today a discount will be appropriate and helpful to agriculture and fisheries, to primary and secondary industry, to our exporters, our tourist industry, and to the community at large. Further, the government believes that monetary policy and interest rates in Canada have an important role to play in relation to a flexible exchange rate. Mr. Coyne, on the other hand, in frequent speeches and most recently before the Senate committee on manpower and employment on April 26, reserved his most extreme strictures for proposals for "depreciation of the international exchange value of the Canadian dollar" and for use of monetary policy in this connection.

Fourth, the government believes that, in times like the present, a substantial budget deficit can promote economic expansion, with more jobs and better living standards for many thousands of Canadians; and such a fiscal policy will be the more effective if it is accompanied by appropriate flexibility of interest rates and exchange rates. Mr. Coyne, on the other hand, has been preaching all across the country a far more austere and rigid doctrine. Government fiscal policies in general, and government deficits in particular, have received more of his broadside attacks than any other element in our economy.

Mr. Coyne has publicly and repeatedly rejected all the four foundation stones of this budget. Moreover, at both my meetings with the governor on March 18 and again on May 30, after I had told him of the harm done by his public speeches, he asserted firmly and emphatically that he took back nothing he had said in those speeches, that he had been right in what he had said, and withdrew nothing. How then could the government invite him to consider and support it? How could the government ask him to co-operate in its implementation? I can think of nothing more cynical or more insulting than to approach the governor of the Bank of Canada with a request that he should approve and implement policies with which he is known to be in fundamental disagreement. Accordingly, rather than allow Mr. Coyne to continue to stand in the way of constructive and expansionist measures of a kind which he had publicly opposed, the government asked him to resign. This budget and Mr. Coyne were simply not compatible.

Let it not be thought that this incompatibility was just another instance of the age-old battle which, so the historians tell us, has from time to time been waged between the bankers and the politicians, with the bankers attempting to "crucify mankind upon a cross of gold" and the politicians seeking to remedy every economic malady with a dose of inflation. It is nothing of the kind. Long before the government decided that it would have to ask for Mr. Coyne's resignation, leading Canadian bankers, were criticizing the policies and activities of the governor of the bank. These criticisms by presidents or general managers of the following chartered banks were made in prepared public speeches at their annual meetings last winter or subsequently: the Canadian Bank of Commerce, the Imperial Bank, the Bank of Montreal, the Bank of Nova Scotia, the Royal Bank of Canada, and the Toronto-Dominion Bank. The policies and activities about which the senior officers of these banks expressed their concern related to the level of Canadian interest rates, the level of the Canadian exchange rate, or to the manner in which central banking operations had been carried on. How could the government ask Mr. Coyne to share in the implementation of programs and policies in fields where he had already provoked an unprecedented round of protests from so many of our leading financial institutions?

When speaking in the house on June 14 I indicated that Mr. Coyne did not command the confidence of his board of directors or of the government. It is also clear that he has not been able to enlist the confidence of the financial community. This has emerged from their public statements. It has also emerged from their inability to interpret his activities

in the purely monetary sphere. To my deep regret he has been unable to achieve any real meeting of minds with those with whom he should be in constant and confident contact. In these circumstances it became impossible for the government to rely on him to give the type of leadership which is expected at all times from the governor of a central bank and which will be particularly needed in the months ahead.

I am quite aware that without consulting the governor I am tonight proposing policies, including those affecting interest rates, which extend into the area of influence and authority of the central bank. It was necessary to do so on this occasion only because Mr. Coyne refused to make way for a successor with whom, had he been appointed in time, I could and would have consulted. I make this explanation tonight, not only for the benefit of the many people, at home and abroad, who are naturally and properly concerned about the status and stature of our central bank, but also for the benefit of those who are naturally and properly concerned about the status and stature of the new governor.

It is the intention of the government that the position and prestige of the Bank of Canada should be restored. Let it be recalled that the first governor, who graced that office for 20 years, was appointed by a government headed by the late Right Hon. R. B. Bennett. It is the intention of this government to restore the active and intimate cooperation between the bank and the government, the bank and the public, which was maintained so effectively and continuously in earlier years.

It will remain the duty of successive governments and successive ministers of finance to protect the bank and its governor from the transient and irresponsible pressures to which those who manage our money supply will, in the nature of things, be subjected from time to time. But this does not and cannot mean that any government can continue to stand idly by when a governor is espousing policies which, in its best judgment, are not in conformity with the public interest and when he is also stating opinions that are in fundamental conflict with government policies outside the field of central banking. In such a situation it would always be the duty of the government to ask the governor to resign and, in the almost incredible event that he should refuse, to submit the matter to the ultimate high court of parliament.

CONCLUSION

Mr. Speaker, I said at the outset that in more than usual measure this is an economic budget. In that respect it is a logical sequel to the supplementary budget of last December. It proposes through an appropriate blending of fiscal, financial and commercial policies to impart an impetus to the economy, to enlarge production, to employ unused productive capacity, to stimulate growth, to increase trade, and thus to expand employment opportunities for our people. It seeks to raise the levels of savings and investment by Canadians and to make better use of Canadian capital in the development of our resources. It aims to achieve a more dynamic pace of growth and a balanced development for all regions of our country and all sectors of our economy. It offers credit, incentives and research aid to assist industry to gird itself to meet the challenge of new and vigorous competition. It brings a flexible program of action to bear upon the needs of this time and to serve the nation's long term interest. It challenges all people to hard work and self-discipline. It appeals for co-operation between business and labour.

It contemplates a large deficit and proposes to use that deficit as a means of stimulating the economy. It offers, notwithstanding, a reduction of $100 million in taxation where the reduction is most needed and can be fruitful in stimulating productive effort. It reminds the country that three years ago we faced the prospect of an even larger deficit during a recession when inflation also threatened, and that the country achieved recovery in that year.

(Translation):

Canada becomes an ever more mature nation, both politically and economically. Her growth in this past year has experienced a slackening and a pause, but there has been growth. From that experience she can draw renewed confidence, strength and fitness for the tasks and challenges ahead. These recent toils and trials Canada will transform to new triumphs.

(Text):

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RESOLUTIONS

INCOME TAX ACT

Resolved that it is expedient to introduce a measure to amend the Income Tax Act and to provide among other things:

1. That for the 1961 and subsequent taxation years the maximum annual rate at which a taxpayer carrying on business in Canada may deduct expenditures of a capital nature made by him in Canada in respect of scientific research shall be increased from 33⅓ per cent to 100 per cent.

2. That for the 1961 and subsequent taxation years the requirement that the amount deductible on account of expenditures in respect of scientific research shall not exceed 5 per cent of the taxable income of the taxpayer in the preceding year unless the research program has been approved be removed with respect to expenditures which are not of a capital nature.

3. That for the 1961 and subsequent taxation years a non-profit corporation constituted exclusively for promoting or carrying on scientific research in Canada that expends all amounts received by it on such research shall be exempt from tax and amounts contributed to it shall be deductible as current expenditures in respect of scientific research.

4. That for the 1961 and subsequent taxation years a corporation constituted exclusively for charitable purposes be permitted to include donations to Her Majesty in right of Canada, or a province or a Canadian municipality, in the amount such a corporation must expend each year in order to qualify for exemption from income tax.

5. That for the 1961 and subsequent taxation years the present maximum limits on the amount deductible in computing taxable income on account of medical expenses be repealed.

6. That amounts paid on and after January 1, 1961 for or in respect of a laryngeal speaking aid be included in the medical expenses that are deductible in computing taxable income.

7. That for the 1961 and subsequent taxation years an amount paid by an individual in the year on account of legal expenses incurred to collect salary or wages owing to him by an employer be deductible in computing income.

8. That for the 1958 and subsequent taxation years an amount not exceeding $300 received by an individual in the year from a municipality as an allowance for expenses incurred while carrying out the duties of a volunteer fireman be not included in computing income.

9. That provision be made in respect of a new class of profit sharing plans under which

(a) amounts allocated by the trustee shall not be included in the income of an individual who is a beneficiary under the plan until the year in which they are received,

(b) no tax shall be payable by the trustee under the plan on the taxable income of the trust, and

(c) an employer may deduct in computing income for the year an amount which when added to his contribution, if any, under a registered pension fund or plan does not exceed $1500 per employee.

10. That after June 20, 1961 any payment by a resident of Canada which is

(a) a lump sum payment out of or pursuant to a superannuation or pension fund or plan,

(b) a payment upon retirement of an employee in recognition of long service,

(c) a payment to an employee or former employee in respect of loss of office or employment,

(d) a payment under a profit sharing plan (to the extent that the amount thereof would be included in computing the payee's income for the year if the payee were a resident of Canada),

made to an individual who is a non-resident of Canada and who during the five years preceding the year of payment was a resident of, or employed in Canada, for a period or periods the aggregate of which was 36 months or more, shall be deemed to be income for the year from duties performed by him in Canada but nothing in this paragraph shall apply to a payment which can be established to be one of a series of payments to be continued at regular intervals during the life of the recipient.

11. That for the 1961 and subsequent taxation years where an individual residing outside of Canada is deemed to be resident in Canada because he is an officer or servant of Canada or a province his wife residing with him (if she was previously resident in Canada) or his dependent child shall also be deemed to be resident in Canada.

12. That for the 1962 and subsequent taxation years a corporation incorporated in Canada that is carrying on business in Canada shall be deemed to be resident in Canada.

13. That for the 1961 and subsequent taxation years the deduction from income allowed to a corporation whose principal business is mining or producing petroleum or natural gas or processing mineral ores or metals recovered from mineral ores, in respect of expenses incurred in searching for minerals in Canada or exploring or drilling for

petroleum or natural gas in Canada be extended to a corporation whose principal business is fabricating metals.

14. That with respect to the taxation years of a personal corporation commencing on or after September 1, 1961 the manner of taxing shareholders of a personal corporation and the definition of a personal corporation be revised and in particular

(a) that carrying on active business shall not disqualify a corporation from being a personal corporation unless the income from carrying on a business exceeds 50 per cent of the income of the corporation,

(b) that a personal corporation may include a corporation controlled by any group of individuals resident in Canada all the members of which are related persons,

(c) that a corporation controlled by one or more trusts or estates shall be a personal corporation if it otherwise qualifies,

(d) that the income of a personal corporation for a year shall be deemed to have been distributed to its shareholders in proportion to their shareholdings instead of in proportion to amounts transferred to the corporation,

(e) that where a taxpayer has transferred property to a personal corporation and he does not receive by way of dividends on shares in the corporation, or by way of interest on amounts owing to him by the corporation, an amount at least equal to 5 per cent per annum of the value of the property or unpaid balance, any amount deemed to have been received as a dividend by his spouse or child shall be deemed to have been received as income from property transferred from the taxpayer to the extent of the difference between the said 5 per cent and the amount he actually received.

(f) that losses incurred in the previous five years that were not previously deductible shall be deductible in computing the amount of income of a personal corporation that is deemed to have been distributed to its shareholders in a year, and

(g) that where an amount is included in the income of a personal corporation as a recapture of capital cost allowance by virtue of section 20 of the act a shareholder may elect to pay a special reduced tax on his portion of the recaptured capital cost allowance in the same manner as if he had received the recaptured amount directly.

[Mr. Fleming (Eglinton).]

15. That rates of income tax be reduced and related changes made in order to implement certain fiscal arrangements with the provinces commencing April 1, 1962 and that the act be amended as may be necessary to implement an offer of the government of Canada to enter into agreements for the collection of income taxes imposed by the provinces and in particular

(a) that the income tax otherwise payable by an individual in respect of income earned in a province of Canada be reduced by

(i) 16% for the 1962 taxation year

(ii) 17% for the 1963 taxation year

(iii) 18% for the 1964 taxation year

(iv) 19% for the 1965 taxation year

(v) 20% for the 1966 taxation year,

(b) that the rate of tax on the taxable income earned in a province of Canada by a corporation other than a non-resident-owned investment corporation or a corporation specified in schedule D to the Financial Administration Act that is an agent of Her Majesty be reduced by 9 percentage points in respect of taxable income earned after December 31, 1961 and before January 1, 1967.

EXCISE TAX ACT

Resolved that it is expedient to introduce a measure to amend the Excise Tax Act and to provide among other things:

1. That the excise tax of 7½ per cent on automobiles adapted or adaptable for passenger use be repealed.

2. That the excise tax of 15 per cent on radio broadcasting receiving sets be changed to two dollars or 15 per cent per set, whichever is the greater.

3. That the excise tax of 15 per cent on tubes for phonographs, record-playing devices, radio broadcasting receiving sets, television receiving sets or any combination of the foregoing be changed to ten cents or 15 per cent per tube, whichever is the greater, and restricted to tubes the sale price of which does not exceed five dollars per tube, but without affecting picture tubes for television receiving sets the excise tax on which shall continue to be 15 per cent.

4. That the excise tax of 10 per cent on devices commonly or commercially known as lighters be changed to ten cents or 10 per cent per lighter, whichever is the greater.

5. That laminated timber for bridges and materials used in the manufacture thereof be exempt from sales tax when sold or imported by municipalities for their own use and not for resale.

6. That additives for fuel oil for heating and materials used in the manufacture thereof be exempt from sales tax.

7. That blowers used in warm air systems for heating buildings and materials used in the manufacture thereof be exempt from sales tax.

8. That thermostats for use with permanent heating systems for the heating of buildings and materials used in the manufacture thereof be exempt from sales tax.

9. That propane bulk tanks for use with furnaces for the heating of buildings and directly connected to such furnaces and materials used in the manufacture thereof be exempt from sales tax.

10. That the exemption from sales tax for "Ducts for warm air systems for heating "Building Materials" in schedule III, be comin their manufacture" be changed to read "Ducts for warm air and ventilation systems for buildings, but not including materials used in their manufacture".

11. That precast concrete piles and materials used in the manufacture thereof be exempt from sales tax.

12. That the exemption for "doors" and the exemption for "Door and window screens", now appearing under the heading "Building Materials" in schedule III, be combined and changed to read "Doors for buildings and door and window screens", and the exemption for "Prepared roofings", now appearing under the heading of "Building Materials" in schedule III, be changed to read "Prepared roofings for buildings".

13. That prepared dry concrete mixes and materials used in the manufacture thereof be exempt from sales tax.

14. That the exemption from sales tax for feeds "for fur-bearing animals whose pelts have commercial value" be amended by deleting the words "whose pelts have commercial value".

15. That the exemption from sales tax for "Preparations, chemicals or poisons for pest control purposes in agriculture or horticulture, and materials for use exclusively in the manufacture thereof", be changed to read "Preparations, chemicals or poisons (other than pharmaceuticals) for pest control purposes in agriculture or horticulture, and materials for use exclusively in the manufacture thereof".

16. That self-propelled, self-unloading forage wagons for off-highway use for farm purposes and materials used in the manufacture thereof be exempt from sales tax.

17. That the exemption from sales tax for milk and cream bottles and milk and cream cans be extended to include milk and cream plastic bags.

18. That seismic shot-hole casing and materials used in the manufacture thereof be exempt from sales tax.

19. That the provisions of part II of the said act imposing an export duty on exports of electrical power be amended so that every person who exports electrical power from Canada by a line or wire or other conductor shall pay the duty on all electrical power so exported by him during any period specified pursuant to section 9 of the said act, less any such electrical power re-imported by him, or imported by him as a result of an international equichange transfer of electrical power on the same or connected circuits, during that period.

20. That the tax of 10 per cent on net premiums in respect of insurance on property in Canada paid or payable by Canadian residents to an insurer not authorized under the laws of Canada or any province to transact the business of insurance, be extended to apply to net premiums in respect of all classes of insurance except life insurance, personal accident insurance, sickness insurance, insurance against marine risks and insurance against nuclear risks to the extent that such insurance against nuclear risks is not, in the opinion of the superintendent of insurance, available within Canada.

21. That any enactment founded on paragraphs 1 to 18 of this resolution be deemed to have come into force on June 21, 1961, that any enactment founded on paragraph 19 of this resolution be applicable in respect of electrical power exported after August 31, 1961, and that any enactment founded on paragraph 20 of this resolution be applicable in respect of contracts of insurance effected or renewed after July 15, 1961.

EXCISE ACT

Resolved that it is expedient to introduce a measure to amend the Excise Act to provide:

1. That the maximum weight for cigarettes subject to the excise duty of $4 per thousand cigarettes, be increased from not more than two and one half pounds per thousand cigarettes to not more than three pounds per thousand cigarettes.

2. That any enactment founded upon this resolution shall come into force on the 1st day of January, 1962.

THE CUSTOMS TARIFF

1. Resolved, that it is expedient to introduce a measure to amend the *Customs Tariff* to provide that the provisions of subsection (2) of section 3 and subsections (1) and (2) of section 5 apply to goods entering Canada through a port of any kind rather than being limited to goods entering through a sea, lake or river port.

2. Resolved,

that Schedule A to the *Customs Tariff* be amended by striking out tariff items 521(2), 522(4), 528, 529, 529*a*, 534(*a*), 534(*b*), 538*b*, 538*e*, 538*f*, 538*g*(1), 538*g*2(7) 538*h*, 538*j*, 538*k*, 538*m*, 538*n*, 538*p*, 541*b*, 542*a*, 542*b*, 545, 554*d*, 554*e*, 554*f*, 555, 556, 556*a*, 556*b*, 562*a*, 563*a*, 568, 568*a*(*i*), 568*a*(*ii*), 574, 574*a*, 574*b*, 619, 685 and 810, and the enumerations of goods and the rates of duty set opposite each of these items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
522	Woven fabrics, wholly of cotton:						
	(4) Composed of yarns of counts of one hundred or more, including all such fabrics in which the average of the count of warp and weft yarns is one hundred or more, *not including labels or name-tapes*.....	Free	25 p.c.	35 p.c.	Free	25 p.c.	35 p.c.
528	White cotton *bobbinet*, plain, in the web.....	Free	12½ p.c.	25 p.c.	Free	12½ p.c.	25 p.c.
532f	Woven billiard cloth composed wholly or in part of wool or hair; melton cloth for use in the manufacture of tennis balls.....	Free	20 p.c.	40 p.c.	Free	20 p.c.	40 p.c.
	and, per pound		25 cts.	35 cts.		25 cts.	35 cts.
					Free	27½ p.c. and 20 cts. per pound	40 p.c. and 35 cts. per pound
532g	Fabrics, coated or impregnated, composed wholly or in part of yarns of wool or hair, but not containing silk nor synthetic textile fibres or filaments, n.o.p.....	25 p.c.	27½ p.c.	55 p.c.	25 p.c.	27½ p.c.	40 p.c. and 35 cts. per pound
533a	Clothing, wearing apparel and articles made from woven fabrics, and all textile manufactures, wholly or partially manufactured, composed wholly or in part of wool or hair, *when the textile component thereof is not more than fifty per cent, by weight, of silk*, n.o.p.....	25 p.c.	27½ p.c.	55 p.c.	25 p.c.	27½ p.c.	40 p.c. and 35 cts. per pound
					Various	Various	Various
533b	Felt, pressed, in the web, *wholly or in part of wool*, not consisting of or in combination with any woven, knitted or other fabric or material.....	12½ p.c.	17½ p.c.	25 p.c.	12½ p.c.	17½ p.c.	25 p.c.
	and, per pound		12½ cts.	20 cts.		12½ cts.	20 cts.
					Free	10 p.c.	25 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
534a	(1) *Household blankets of any material except wholly of cotton*	20 p.c.	20 p.c.	40 p.c.	20 p.c.	25 p.c.	35 p.c.
	and, per pound	5 cts.	15 cts.	30 cts.	5 cts.	20 cts.	30 cts.
	(2) *Automobile rugs, steamer rugs, travel rugs and similar articles of any material except wholly of cotton.*	20 p.c.	20 p.c.	40 p.c.	25 p.c.	27½ p.c.	40 p.c.
	and, per pound	5 cts.	15 cts.	30 cts.			35 cts.
	The total duty leviable shall not be in excess of		37½ p.c.				
534b	Press blankets or blanketing for use with printing presses and stereotypers' and typecasters' blankets or blanketing, of a class or kind not made in Canada	Free	5 p.c.	10 p.c.	Free	5 p.c.	10 p.c.
534c	Blankets, blanketing and lapping for use by textile manufacturers *on machines used in the manufacture of textiles*	Free	Free	Free	Free	Free	Free
541b	Woven fabrics, wholly of jute, not exceeding twelve inches in width	15 p.c.	22½ p.c.	30 p.c.	15 p.c.	22½ p.c.	25 p.c.
542a	Woven fabrics not exceeding twelve inches in width, wholly or in part of vegetable fibres, n.o.p., not to contain silk, synthetic textile fibres or filaments, nor wool	20 p.c.	25 p.c.	40 p.c.	20 p.c.	25 p.c.	35 p.c.
562a	Woven fabrics, wholly or in part of man-made fibres or filaments or of glass fibres or filaments, not containing wool or hair, not including fabrics more than fifty per cent, by weight, of silk:						
	(1) *Exceeding twelve inches in width*	22½ p.c.	30 p.c.	45 p.c.	22½ p.c.	30 p.c.	45 p.c.
	and, per pound		20 cts.	40 cts.		20 cts.	40 cts.
	(2) *Not exceeding twelve inches in width*	25 p.c.	27½ p.c.	55 p.c.	22½ p.c.	25 p.c.	35 p.c.
					Various	Various	Various
	Woven fabrics containing five per cent or less, by weight, of man-made fibres or filaments or of glass fibres or filaments shall not be dutiable under this item but shall be dutiable as though composed wholly of the remaining constituents.						
562j	*Bolting cloth for sifting flour in flour mills*	Free	Free	45 p.c.	12½ p.c.	22½ p.c.	45 p.c.
					22½ p.c.	30 p.c. and 20 cts. per pound	45 p.c. and 40 cts. per pound

565a	Wick, braided or not, with or without core, processed or not, for use in the manufacture of wax candles or tapers or for use in oil-burning sanctuary lamps.....	Free	Free	Free	Free	Free	Free
565b	Braids of all kinds, n.o.p.....	20 p.c.	25 p.c.	40 p.c.	20 p.c. 17½ p.c. Various	25 p.c. 22½ p.c. Various	35 p.c. 35 p.c. Various
565c	Linen fire-hose, lined or unlined, *with or without attached couplings*.....	15 p.c.	30 p.c.	35 p.c.	15 p.c.	30 p.c.	35 p.c.
565d	*Seamless woven textile jackets, in tubular form, for use in the manufacture of fire-hose; fire-hose made from such jackets, with or without attached couplings:* *(1) The textile component of which is wholly cotton*.....	20 p.c.	22½ p.c.	40 p.c.	20 p.c. 17½ p.c.	25 p.c. 20 p.c.	35 p.c. 35 p.c.
	(2) The textile component of which is other than wholly cotton.....	22½ p.c.	27½ p.c.	45 p.c.	25 p.c. 20 p.c. 22½ p.c.	25 p.c. 27½ p.c. 30 p.c. and 20 cts. per pound	35 p.c. and 4 cts. per pound 50 p.c. 45 p.c. and 40 cts. per pound
566a	Fabrics, containing figured designs, *woven in widths* not exceeding twelve inches, *lace*, embroideries, emblems and medallions, for use in the manufacture of church vestments.....	10 p.c.	10 p.c.	20 p.c.	10 p.c.	10 p.c.	20 p.c.
566b	Lace and netting, *other than woven, bobbinet, embroideries, n.o.p.:* *(1) Wholly of vegetable fibres*..... *(2) Wholly or in part of other textile fibres or filaments*..	10 p.c. 17½ p.c.	12½ p.c. 22½ p.c.	25 p.c. 35 p.c.	Various 17½ p.c.	Various 22½ p.c.	Various 35 p.c.
568	(*1*) Knitted garments, *knitted fabrics* and knitted goods, n.o.p.....	20 p.c.	35 p.c.	55 p.c.	20 p.c.	35 p.c.	45 p.c. and 30 cts. per pound
	(2) Knitted garments, women's and girls', wholly or in chief part by weight of wool or hair, valued at not less than $9.00 per pound.....	20 p.c.	32½ p.c.	55 p.c.	20 p.c.	35 p.c.	45 p.c. and 30 cts. per pound
568*a*	Socks and stockings: *(1) Wholly or in chief part, by weight, of wool*..... and, per dozen pairs (*2*) N.o.p..... and, per dozen pairs	20 p.c. 30 cts. 17½ p.c.	27½ p.c. $1.20 17½ p.c. 75 cts.	40 p.c. $1.50 35 p.c. $1.50	20 p.c. 30 cts. 17½ p.c.	27½ p.c. $1.20 17½ p.c. 75 cts.	35 p.c. $1.50 35 p.c. $1.50
619	Rubber or gutta percha hose; rubber mats or matting and rubber packing.....	17½ p.c.	20 p.c.	35 p.c.	17½ p.c.	20 p.c.	35 p.c.

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
685	Pantagraphs and parts thereof, including diamond points, and engraving mills, for engraving copper rollers used in printing textiles and wallpapers.....	Free	Free	Free	Free	Free	Free

3. Resolved,

that Schedule A to the *Customs Tariff* be amended by striking out tariff items 9, 9*a*, 9*b*, 9*c*, 9*e*, 152(*e*), 187*c*, 197*a*, 198*a*, 199*m*, 202*a*, 409*c*(3), 425, 425*a*, 425*b*, 427*e*, 431, 438*h*, 445*o*(*i*), 445*o*(*ii*), 445*o*(*iii*) and 658, and the enumerations of goods and the rates of duty set opposite each of these items, and by inserting therein the following items, enumerations of goods and rates of duty:

9a	*Live poultry, n.o.p.....per pound*	2 cts.	2 cts.	5 cts.	12½ p.c.	12½ p.c.	20 p.c.
9b	Quails, partridges, and squabs, *live or dead*, n.o.p.....	10 p.c.	12½ p.c.	30 p.c.	10 p.c.	20 p.c.	30 p.c.
9c	*Turkey poults, baby ducklings and baby goslings*.....	12½ p.c.	12½ p.c.	20 p.c.	12½ p.c.	12½ p.c.	20 p.c.
9e	*Dead poultry, n.o.p.*.....	12½ p.c.	12½ p.c.	20 p.c.	12½ p.c.	12½ p.c.	20 p.c.
9f	*Eviscerated poultry, whether or not divided into portions and whether or not cooked*.....	12½ p.c.	12½ p.c.	35 p.c.	12½ p.c.	12½ p.c.	20 p.c.
	but not less than, per pound	5 cts.	5 cts.		12½ p.c.	12½ p.c.	20 p.c.
	or more than, per pound	10 cts.	10 cts.			not less than 5¢ per lb. or more than 10¢ per lb.	
9g	Game, n.o.p.....	12½ p.c.	12½ p.c.	20 p.c.	12½ p.c.	12½ p.c.	20 p.c.
9h	Horse meat, tripe and other animal offal, ground or unground, unfit for human consumption; whale meat; feeds consisting wholly or in part of cereals but not including baked biscuits; all the foregoing when for use exclusively in the feeding of fur-bearing animals or in the manufacture of feeds for such purposes.....	Free	Free	Free	Free	Free	Free
105k	*Pineapples, mint flavoured, prepared, in air-tight cans or other air-tight containers, the weight of the containers to be included in the weight for duty.....per pound*	1 ct.	2 cts.	5 cts.	20 p.c.	25 p.c.	35 p.c.
152	Fruit juices and fruit syrups, n.o.p., viz.:—						
	(*e*) Pineapple juice.....	7½ p.c.	7½ p.c.	25 p.c.	10 p.c.	10 p.c.	25 p.c.

187*c*	Photographic dry plates	10 p.c.	17½ p.c.	30 p.c.	12½ p.c.	20 p.c.	30 p.c.
197*a*	Super-calendered or machine finish grades of book paper, not coated, when used exclusively in the production of magazines, newspapers and periodicals, printed, published *and* issued *at regular intervals, not less frequently than four times a year, and bearing dates of issue*	Free	Free	25 p.c.	Free	Free	25 p.c.
197*h*	*Filter paper for use in the manufacture of vacuum cleaner bags*	10 p.c.	10 p.c.	25 p.c.	12½ p.c.	20 p.c.	25 p.c.
198*a*	Coated papers, when used exclusively in the production of magazines, newspapers and periodicals, printed, published and issued *at regular intervals, not less frequently than four times a year, and bearing dates of issue.*	Free	Free	35 p.c.	Free	Free	35 p.c.
199*m*	Woven paper fabrics, open mesh, not less than nine feet in width, for use in the manufacture of carpets	15 p.c.	20 p.c.	35 p.c.	15 p.c.	22½ p.c.	35 p.c.
202*a*	Twine or yarn of paper	10 p.c.	10 p.c.	35 p.c.	Free	Free	Free
409*c*	(3) Lawn or garden rollers, *n.o.p.*; parts thereof	Free	Free	Free	Free	Free	Free
	(5) Lawn or garden rollers, *non-mechanical*; parts thereof	15 p.c.	15 p.c.	15 p.c.	Free	Free	Free
425*a*	(1) *Power* lawn mowers, *self-propelled or not*, whether or not containing the power unit	15 p.c.	20 p.c.	32½ p.c.	10 p.c.	15 p.c.	32½ p.c.
	(2) *Gang-type lawn mowers designed to be drawn or pushed mechanically; parts thereof*	10 p.c.	15 p.c.	32½ p.c.	10 p.c.	15 p.c.	32½ p.c.
	(3) Lawn mowers, *n.o.p.*	10 p.c.	22½ p.c.	32½ p.c.	10 p.c.	22½ p.c.	32½ p.c.
425*b*	(1) Air-cooled internal combustion engines of greater than one and one half horespower rating, and parts thereof; parts of power lawn mowers; all the foregoing for use in the manufacture or repair of power lawn mowers	5 p.c.	10 p.c.	32½ p.c.	10 p.c.	15 p.c.	32½ p.c.
	(2) *Air-cooled internal combustion engines of not greater than one and one half horsepower rating, and parts thereof, when for use in the manufacture or repair of power lawn mowers*	Free	10 p.c.	30 p.c.	Free	15 p.c.	30 p.c.
427*e*	Automatic machines for making and packaging cigars and cigarettes, not to include tobacco-preparing machines; *parts thereof*	Free	7½ p.c.	35 p.c.	Free 10 p.c.	10 p.c. 22½ p.c.	35 p.c. 35 p.c.
431	(1) Shovels and spades, of iron or steel, n.o.p., and axes.	10 p.c.	15 p.c.	20 p.c.	10 p.c.	15 p.c.	20 p.c.
	(2) *Hoes, pronged forks, rakes, hand*	15 p.c.	15 p.c.	20 p.c.	Free	Free	Free

90205-6—421

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
438*h*	(*1*) Motor cycles *having an engine capacity of 250 c.c. or less, engines* or side cars therefor; parts of the foregoing.....	Free	17½ p.c.	30 p.c.	Free	17½ p.c.	30 p.c.
	(*2*) Motor cycles *having an engine capacity of more than 250 c.c., engines* or side cars therefor; parts of the foregoing.	Free	12½ p.c.	30 p.c.	Free	17½ p.c.	30 p.c.
445*o*	(*1*) Acid-free capacitor tissue and paper, plain and gummed; Bias cells and holders; Cones, spiders, spider suspensions, voice coils and voice coil dust covers, separate or assembled; Frames, yokes, brackets, pole-pieces, gaskets and field covers, separate or assembled for use in speakers with mounting diameter not exceeding 6 3/8 inches; Glass dial crystals and scales and metal dials or scales made by the silk-screen process; High frequency circuit switches and essential components thereof; High frequency coil forms and tubing having an outside diameter not exceeding one inch; High frequency iron cores with or without inserts moulded therein; Magnetic structures and parts thereof for permanent magnet speakers; Metal cabinet escutcheons without crystals, plain or finished; Metal cans, extruded, plated or unplated; Motors and gears for automatic tuning; Parts for pickups; Radio frequency ceramics; Raw low loss mica; Sheets and punchings of low loss mica; Tube shields and parts thereof; Vibrators; Vulcanized fibre in sheets, rods, strips or tubing; For use in the manufacture or the repair of the goods enumerated in tariff items 445*d*, 597*a*, and other apparatus using radio tubes, or for use in the manufacture of parts therefor.....	Free	Free	30 p.c.	Free	Free	30 p.c.

	(2) *Automatic record changers*	7½ p.c.	7½ p.c.	30 p.c.	Free	Free	30 p.c.
	(3) Alloy resistance wire having a diameter of less than .005 inch; Automatic record-centering mechanisms with tone arm, not including motors or turntables; Etched aluminum foil; Metal cabinet escutcheons with crystals, plain or finished; Metal powders; Spring-drive motors for record turntables; Textile fabrics, coated with aluminum; When of a class or kind not made in Canada and for use in the manufacture or the repair of the goods enumerated in tariff items 445*d*, 597*a*, and other apparatus using radio tubes, or for use in the manufacture of parts therefor	Free	Free	30 p.c.	Free	Free	30 p.c.
	(4) Materials and parts, not including motors, for use by manufacturers of apparatus using radio tubes, or of parts therefor, in the manufacture, in their own factories, of the goods enumerated in tariff items 445*o*(1), 445*o*(2) and 445*o*(3)	Free	Free	30 p.c.	Free	Free	30 p.c.
463d	*Lenses, shutters, and parts thereof, for use in the manufacture of still and motion picture projectors*	Free	10 p.c.	35 p.c.	2½ p.c. Free	15 p.c. 15 p.c.	30 p.c. 35 p.c.
658	Motion picture film, of 16 millimetre width and over, *and video tape, not including filmed or video taped television commercials*, when imported by recognized processors of motion picture film *or video tape* having duly equipped laboratories for processing motion picture film *or video tape* in Canada, for the sole purpose of having reproductions made therefrom, and if the original *film or video tape* is re-exported within six months from the date of importation, under such regulations as the Minister may prescribe.....per linear foot	Free	Free	3 cts.	Free 15 p.c.	Free 20 p.c.	3 cts. 30 p.c.
658a	*Filmed or video taped television commercials*	15 p.c.	20 p.c.	30 p.c.	15 p.c. Free	20 p.c. Free	30 p.c. 3 cts. per linear foot
658b	*Video tape, n.o.p.*	15 p.c.	20 p.c.	30 p.c.	15 p.c.	20 p.c.	30 p.c.

90205-6—42½

4. Resolved,

that Schedule A to the *Customs Tariff* be amended by striking out tariff items, 296*g*, 319, 321, 322, 409*d*, 413*a*, 430*c*, 430*e*, 440*d*, 462*d*, 462*i*, 475*c*, 505*c*, 571*a*(2), 597*d* and 611*a*(4), and the enumerations of goods and the rates of duty set opposite each of these items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
133*a*	*Trout, live, imported by commercial trout farms*.....	Free	Free	25 p.c.	12½ p.c.	17½ p.c.	25 p.c.
296*g*	Sodium calcium borate ore for use as a fire retardant..	Free	Free	25 p.c.	Free	Free	25 p.c.
	On and after July 1, *1962*	15 p.c.	20 p.c.	25 p.c.	15 p.c.	20 p.c. (On and after July 1, 1961)	25 p.c.
319	Plate glass, ground and polished on both surfaces, not further processed than cut into rectangles, and *float glass not further processed than cut into rectangles*.....	Free	5 p.c.	15 p.c.	Free	5 p.c.	15 p.c.
321	Sheet glass, plate glass, cast glass, rolled glass and *float glass*, n.o.p.....	Free	7½ p.c.	17½ p.c.	Free	7½ p.c.	17½ p.c.
322	Laminated glass, of sheet glass, plate glass or *float glass, or combinations thereof*:						
	(*1*) Not further processed than cut into rectangles...	5 p.c.	12½ p.c.	22½ p.c.	5 p.c.	12½ p.c.	22½ p.c.
	(*2*) N.o.p.....	17½ p.c.	25 p.c.	35 p.c.	17½ p.c.	25 p.c.	35 p.c.
409*d*	Mowing machines, harvesters, either self-binding or without binders, binding attachments, reapers, harvesters in combination with threshing machine separators including the motive power incorporated therein; *cabs* and parts *for* the foregoing.....	Free	Free	Free	Free	Free	Free
					10 p.c.	22½ p.c.	35 p.c.
413*a*	Machinery, of a class or kind not manufactured in Canada, and parts thereof, for use in the manufacture of nets or netting for the fisheries, but not for use in making nets or netting commonly used for sportsmen's purposes.....	Free	Free	10 p.c.	Free	5 p.c.	10 p.c.
430*c*	Wire roofing nails of all sizes and wire nails one inch or more in length, of iron or steel, coated or not..... per one hundred pounds	85 cts.	$1.00	$1.50	40 cts.	55 cts.	60 cts.
430*e*	Wire nails less than one inch in length, and nails or tacks of all kinds, n.o.p., of iron or steel, coated or not.....	10 p.c.	22½ p.c.	30 p.c.	15 p.c.	27½ p.c.	30 p.c.

440*d*	Anchors for vessels:						
	(1) *Weighing less than forty pounds*	15 p.c.	15 p.c.	25 p.c.	Free	Free	Free
	(2) *Weighing forty pounds or over*	Free	Free	Free	Free	Free	Free
462*d*	Cinematograph and motion picture cameras for use by professional motion picture producers having studios in Canada equipped for motion picture production; parts of the foregoing	Free	Free	15 p.c.	Free	Free	15 p.c.
	On and after July 1, *1963*	Free	9 p.c.	15 p.c.	Free	9 p.c. (On and after July 1, 1961)	15 p.c.
462*i*	Optical sound equipment: Dollies, or other mobile mounting units for motion picture cameras; Booms, without wiring, for use with microphones; Motion picture editing equipment, namely: film editing machines, film splicers, film synchronizers, film viewers, rewinds; Parts of the foregoing; All the foregoing when for use in the production of motion pictures by professional producers having studios in Canada equipped for motion picture production (Expires 1st July, *1963*)	Free	Free	15 p.c.	Free	Free (Expires 1st July, 1961)	15 p.c.
475*c*	Plates and electrotypes of metal *and positive and negative films*, for printing music	Free	Free	Free	Free 10 p.c.	Free 15 p.c.	Free 20 p.c.
505*c*	Flooring of beech, birch, maple or oak, tongued *or* grooved, or jointed; floor tiles made of individual strips of beech, birch, maple or oak, joined together	12½ p.c.	12½ p.c.	25 p.c.	12½ p.c.	12½ p.c.	25 p.c.
571*a*	(2) Mats, rugs, carpeting and matting of cocoa fibre, *n.o.p.* per square yard	6¼ cts.	7 cts.	10 cts.	6¼ cts.	7 cts.	10 cts.
597*d*	Musical instruments, namely: Autoharps, clavichords, harpsichords, harps; Bass *viols*, violas, violins, violoncellos; Strings for the foregoing; Recorders, xylophones; Bassoons, clarinets, English horns, fifes, flutes, oboes, piccolos, saxophones; Parts of the foregoing	Free	Free	30 p.c.	Free	Free	30 p.c.
611*a*	(4) Conductive shoes for use in hospitals	Free	Free	40 p.c.	Free	Free	40 p.c.
	On and after July 1, *1962*	20 p.c.	27½ p.c.	40 p.c.	20 p.c.	27½ p.c. (On and after July 1, 1961)	40 p.c.

5. Resolved,

that any enactment founded upon the foregoing resolutions shall be deemed to have come into force on the 21st day of June, 1961, and to have applied to all goods mentioned in the said resolutions imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

(See also budget papers, pages 6687 to 6805)

Mr. Speaker: Order. Before the hon. member for Kenora-Rainy River (Mr. Benidickson) begins, may I have, for the record, the consent of the house to table the royal commission's report?

Some hon. Members: Agreed.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, we have always known that the Minister of Finance (Mr. Fleming) abhors brevity but I think he exceeded himself tonight, because this is perhaps the longest budget speech on record. There is very little other than the massive amount of time involved which justifies the massive amount of words contained in this document. I think, after the stirring discussions and speculation concerning the budget during the last ten days there will be many who will wonder what this was all about, particularly when the minister, who has presented himself by his record in a role that he is not accustomed to, in the eyes of most of us, in these new robes described himself as an expansionist.

Mr. Speaker, I wonder whether the Minister of Finance has read, as so many of us have, Mr. J. K. Galbraith's book "The Liberal Hour". In view of the fact that he referred to himself last week as an expansionist, I had the feeling that he had perhaps read it. However, after hearing the phony hesitations in his budget proposals today, at this time of our sick economy, I rather doubt it. I should like to point out to the Minister of Finance that in that book Mr. Galbraith says that unction even buttressed by pomposity is no substitute for good evidence. I think as this debate proceeds we will discover who is an expansionist and who is not.

We end up with a great expansion program which is going to cost this government $100 million in income taxes through income tax reductions. That is the extent of tax reductions which are normally expected in a budget proposal. The minister says that more than anything else the government is concerned with employment. He was in charge of the treasury last year and has been in charge of it for the past four years, yet there was no statement last year that more than anything else the government was concerned about employment and unemployment.

I wish to quote from what the minister said a year ago when he was concentrating with great glee, from the point of view of economic planning most unfortunately, on the target of a balanced budget. In his speeches from January to June, 1960, which I have read, we find the following which is typical of the philosophy of his economic program in so far as the federal government is concerned. The big enemy was inflation. He did not foresee the difficulties that the unemployed were going to be in and have been in to the extent of 700,000 during the past winter. They are still in that difficulty. We received a statement today that there are 38,000 more unemployed than there were a year ago when we had our last budget from the Minister of Finance. This is what he said:

> The lesson we should draw from experience is that in a period of economic expansion—

That is what he was planning for on March 31, and how wrong he was. I continue:

> —such as we are now enjoying in Canada we must all avoid doing those things which are likely to encourage a forced or excessive growth in spending. If we fail to act in this way we will be faced with the distortions and instabilities which cause economic recessions.

At the very time that he made that statement in January there were, according to the bureau of statistics, 504,000 out of work and seeking work. He did not change his views very rapidly with the change of the economic conditions. He held the same views almost six months later. This can be seen by looking at a speech he made in St. John's, Newfoundland, on June 29, 1960. He said:

> The position we have now reached, with its sound prospect of a fully balanced budget—

This is not what he said tonight. He went on:

> —represents the fruits of carefully designed policies; it is not something that just happened.

This is the way he was planning it. I do not know who he was listening to at that time, but I want to say that before he prepared his budget in March of last year the Canadian Press, an independent organization, had this dispatch on March 8 under the byline of Alan Donnelly. He saw the split between the economic views of the opposition, the needs that were felt on the part of the opposition, that should be satisfied at that time through fiscal measures as against the attitude of those on the government benches that all was well. Mr. Donnelly's opening statement in the article was written three weeks before the budget. He stated that a basic split had developed between government and opposition as to whether the Canadian economy is growing fast enough.

But that was not the view of the Minister of Finance. He had concentrated on one thing and one thing alone, namely a balanced budget. When I heard him say in the house the other day that he was now an expansionist, I knew very well that he had not been an expansionist in his four years on the treasury benches. He has not that reputation in the business community. In fact, they almost universally felt that he had—and in their opinion fortunately—taken over some

of the reins in connection with guiding economic policy which in their opinion was unduly led for political purposes by the Prime Minister. There was much rejoicing in the fall of 1959 and much praise was given to the minister and he preened himself on it, that he was now the strong man in connection with financial policy. It was not for expansionist ideas that he was getting the praise at that time. Therefore when I heard the minister last week describe himself as an expansionist tonight I was prepared to say that this budget represents Fleming's flip-flop. I think events prove that he still has to convince the country that he is living up to his word that his chief concern is employment when he is prepared to recommend changes in his financial resolutions which involve a sacrifice for the treasury in tax reductions of only $100 million. Still we are beginning to learn now why we have such a late budget.

We have known we have not been able to get policies advanced, except following unusual delay, because of the naked divisions with respect to economic policies on the part of this cabinet. We have it divided into Jeremiahs and Pollyannas, but unfortunately they do not stay in the same camp. I have great sympathy for the chairman of the cabinet in attempting to achieve government solidarity on those vital decisions which must be made. What we have here tonight is a report of a deficit between $600 million and $700 million. This is another form of insurance. The minister gives himself that leeway. He is getting a little frightened of his own forecasting as is indeed the country, because he gives himself a margin for which he normally does not ask. It is very much like his decision last year when estimating the gross national product to remove the traditional stipulations that the gross national product forecast would be based on stable prices, nothing untoward abroad and reasonable production in agriculture. But the minister has been wrong three years in a succession in estimating the G.N.P., upon which many economic plans are made. He was wrong three years ago to the extent of 50 per cent. He was 50 per cent wrong with respect to the increase. He was wrong two years ago to the same extent and in his white paper which was presented the other day we find the situation is getting worse. He was two thirds wrong. The increase was only one third of what he estimated last year might be the case. So we have an unplanned deficit of this proportion, by accident, by miscalculation or perhaps simply by arithmetical errors which have come from the minister in the past.

The minister had some pious words in connection with what might be done in the bond market for the provinces and municipalities. He will give them a short term chance, he said, to get into the market on long terms. But what does this mean when it is stacked up against cash needs on the part of the federal government of $980 million compared with the $210 million which was in the minister's forecast last year?

The minister never makes any apology with respect to these very widespread miscalculations in his basic estimates. He always has somebody else to blame. It is never himself; it is never the government. I recall that in 1958 it was the Liberals who were to blame. In 1959 his miscalculations and difficulties were due to the United States. In the following year they were due to Europe; and, then of course prior to the presentation of this tremendous miscalculation and budget they are due to Mr. Coyne. Much more will be said about that in the course of this debate.

Again tonight the minister has informed us that we have a massive program to deal with the unemployed. That was his aim, he said, last December. In his baby budget he said that they had also proposed a number of major projects. He then referred to the Columbia power development, which this government has muffed. He referred to the Winnipeg flood control, and what progress has been made there to get jobs in these six or seven months. He referred to the Great Slave railway, and we have only received the resolution on that. It has never been dealt with.

These are some of the massive developments of a dynamic nature that were referred to tonight that we would hope are being pushed for the benefit of the unemployed.

The minister had some words to say very early in respect of housing. Well, the depth of the slough into which this industry got, at a time when we needed the employment in that industry was due, according to the Minister of Public Works (Mr. Walker), to the Minister of Finance (Mr. Fleming). The Minister of Public Works said in connection with mortgage lending that the tap was turned off at the behest of the minister. According to a press release the Minister of Public Works washed his hands of the situation when he said that the direct lending policy was restricted for fiscal reasons. In other words, the reason was the aim for a balanced budget; that was the sole target of the Minister of Finance and not unemployment about which he has spoken tonight.

I wish to deal with this question of just how expansionist the minister has been. I have examined the budget which I call the

Mark I budget. Most of us looked at it yesterday, and compared it with the Mark II budget presented by the Minister of Finance. I find that in almost all items it is not the governor of the bank who seems to be restrictionist but it is the Minister of Finance whose program seems to fall short of the recommendations for expansion contained in the Mark I budget. I can substantiate this position very easily, but will not do so now. To the extent that the recommendations in this Mark I budget have been acted upon, it is certainly very obvious that in these respects the Minister of Finance seems to be reaping what he did not sow.

Last week the Minister of Finance told us that the governor of the Bank of Canada had not seen tonight's budget. It is quite clear when one reads so many of the items contained in this budget that if the governor did not see the minister's budget, then the Minister of Finance did see the proposals made by Mr. Coyne. Time after time, they seemed to be very close to the proposals that were in our hands yesterday. The public will judge who is expansionist and who is restrictionist.

I did notice one particular item in which there was quite a differentiation. I refer to the minister's proposal which he outlined in these words, in effect, that it is desirable to provide income tax law incentives to taxpayers who develop our natural resources. He was prepared to extend benefits under the depletion allowance program to these industries. This, of course, was the most obvious conflict with the proposals of Mr. Coyne because Mr. Coyne said, in connection with his Canadian program, depletion allowances permitted in the field of mining and oil should be re-examined. These allowances are not related to the amount of capital invested and employed in the enterprise. He goes on to say that the granting of depletion allowances to large foreign companies or their subsidiaries enables them to take out of Canada tax free profits many times as large as any capital they put into Canada in the first place, in addition to normal profits subject to normal tax. It is here we perhaps have as radical a clash as any when we find similar proposals in the Mark I and Mark II budgets.

There are many items in the budget which of course will be welcome. I think particularly of the largest item of tax sacrifice, the reduction of the 7½ per cent excise tax on automobiles. Perhaps to that extent, we can call this resolution the Essex East resolution. Here again, the government did not go as far as Mr. Coyne recommended for the automobile industry in what I call the Mark I budget. In addition to that, it now appears clear why we have not received the Bladen report until now. I want to say to all members of the government that, while there was much rejoicing with respect to the reduction of this tax on automobiles, and while the Minister of Finance is taking off the 7½ per cent tax at the federal level, his friend in Queen's Park, the premier of Ontario, is going to impose a tax in August that will take away half of this benefit.

Mr. Martin (Essex East): Because of the policies of this government.

Mr. Grafftey: Do not forget Lesage.

Mr. Benidickson: In the light of the lavish publicity last week it would appear that the government, which has done very little in this field for four years, is trying to show the public, I think unconvincingly, that at long last it is going to start to be a ball of fire in economic matters. Unfortunately, I think most of us are persuaded that it has not been the economic charts that have stirred this government into action but it has been the unfavourable political polls. These have had a greater effect upon something more being done this year than was done last year.

An hon. Member: What about the by-elections?

Mr. Benidickson: The Liberal party got a larger percentage of the votes than did the Conservative party in those by-elections.

In conclusion, I suggest that the minister has not gone very far in this much heralded flip-flop. There has not been much progress revealed in so far as increased production and the provision of jobs is concerned. There was a flip-flop or deathbed repentance on the part of the Bennett leadership, and we found then that this did not get very much accord. The flop is more remembered in so far as that period of five years is concerned, than the flip which was so radical in 1935.

On motion of Mr. Benidickson the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. Churchill: The business of the house for tomorrow will be Bill No. C-113 relating to the national energy board which bill is in committee of the whole house, followed by the estimates of the departments of public works, forestry and transport.

Mr. Pickersgill: Is it the intention to have budget debate on Thursday and Friday and estimates on Saturday?

Mr. Churchill: Certainly on Thursday.

Mr. Pickersgill: Could the minister indicate the business, if possible, for the rest of the week?

Mr. Churchill: I am waiting to consult with the gentlemen on the other side of the house. I have been waiting for two days to do that in order to determine what their wishes are with respect to completing the business of this session.

It being forty three minutes after ten o'clock the house adjourned, without question put, pursuant to special order.

90205-6—422

Question

ANSWER TO QUESTION

The following answer, deposited with the Clerk of the house, is printed in the official report of debates pursuant to standing order 39:

WINTER WORK EMPLOYEES, CAPE BRETON HIGHLANDS NATIONAL PARK

Question No. 252—**Mr. Pickersgill:**

1. How many men were furnished with winter work in the Cape Breton Highlands national park from each of districts 7A, 7B, 15, and 8 respectively of Victoria county?

2. How many men from each district were married at the time they were employed?

Answer by: **Hon. W. G. Dinsdale (Minister of Northern Affairs and National Resources):**

1. District 7A, 36; District 7B, 77; District 15, 17; District 8, 4.

2. District 7A, 34; District 7B, 70; District 15, 16; District 8, 4.

BUDGET PAPERS

presented by

the Honourable Donald M. Fleming, M.P.,

for the information of Parliament

in connection with the Budget of 1961-1962

90205-6—422½

FOREWORD

The purpose of these Papers is twofold:

1. to present a general economic review of 1960, bringing together in one place and in convenient form some of the more comprehensive indicators of economic conditions prepared by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies, together with brief comments;

2. to present a preliminary review of the Government Accounts for the fiscal year ended March 31, 1961.

PART I

ECONOMIC REVIEW OF 1960

PAGE

1. National Accounts—
   - National Income and Product 6690
   - National Expenditure 6697
   - Personal Income and Its Disposition 6701
   - Source and Disposition of Saving 6703
   - Investment and Capital Expenditure 6706
   - Revenue and Expenditure of all Governments 6709

2. Employment and Earnings 6714

3. Price Trends 6718

4. Balance of International Payments 6721

5. Financial Developments 6730

The tables in this Budget Paper are based upon estimates provided by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies. Some of the figures appear for the first time; others have been published elsewhere. All 1960 estimates are preliminary and subject to revision.

ECONOMIC REVIEW OF 1960

The year 1960 was, for the Canadian economy, one of special complexity. A high level of economic activity was continued; on the other hand there was also a high level of unused capacity, human and material. It is already apparent that there was an unusual conjuncture of economic forces, some of a special nature, others recognizably "cyclical", and still others of longer-term character.

It seems desirable that this year's "Economic Review" should be rather more extensive than those of past years. Since a broader perspective on current developments is particularly necessary, this Review pauses at many points to look back over past years and to compare trends in other countries.

Many of the broad developments in the world which affected us in Canada in 1960 have been widely discussed. A brief recital of them is sufficient to recall them and their impact upon the economy: the rebuilding with modern plant and equipment of the industrialized countries of Europe and Japan; the efforts of the underdeveloped countries of Asia, Africa and South America to achieve a sufficient rate of economic growth to support their rapidly expanding populations; the long-awaited dismantling of direct controls on the international movement of goods and capital; the rapid acceleration in the pace of scientific and technological advance, with all that that implies for nations and individuals, for economies and occupations; the emergence of more intense competition for markets and materials; the growing interdependence of the western world, expressing itself in closer integration of the policies of governments and business groups.

It is against such a broad and developing background that the following Review is presented.

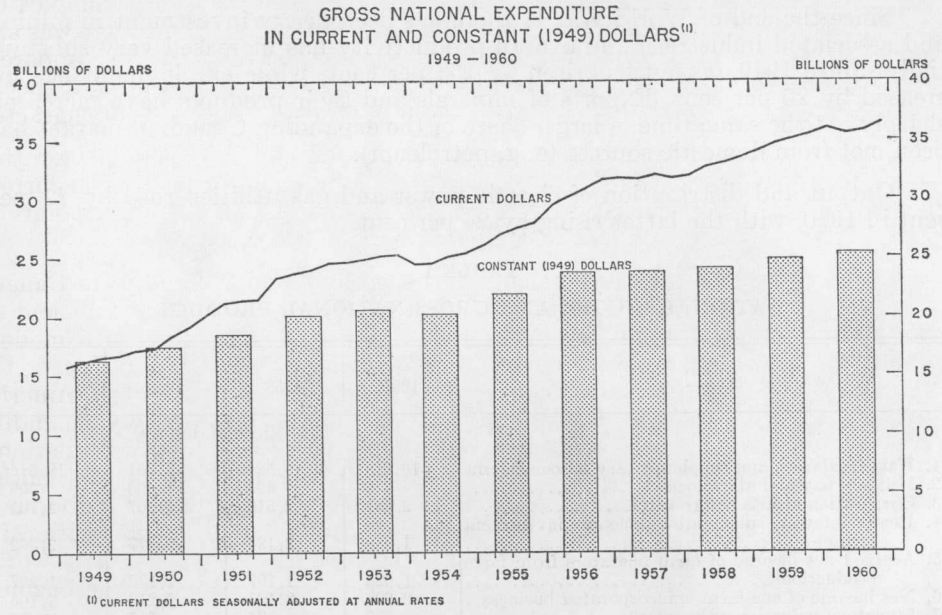
THE NATIONAL ACCOUNTS

National Income and Product

Economic expansion in Canada in 1960 experienced a number of adjustments including: the aftermath of the United States steel strike which led to declines in United States economic activity and in purchases from Canada; an inventory readjustment within Canada (and in the United States); and a lower level of housing starts. At the same time, exports to overseas countries rose sharply in response to strong demand. These developments all affected the rate of production throughout the year, and thus the levels of employment, income, savings and investment, and imports. The adjustments were of a temporary character, but happened to coincide with certain long-run economic developments within the Canadian economy. These were: a rapid growth in the labour force, the appearance of temporary excess capacity in certain raw material producing industries, and the continuation of further changes in industrial technology. These developments occurred at a time when competition, both domestic and foreign, was becoming more intense.

Gross National Product in Canada rose to $36.0 billion in 1960, 3.2 per cent above the level of 1959. Two-thirds of this gain represented an increase in actual production; the increase in prices moderated and was largely confined to certain services and to capital goods.

As between the four quarters of the year, the first quarter showed some improvement; thereafter the economy hesitated until the latter part of the year when elements of increase more than offset those of decline. The rate of Gross National Product at the year-end was $36.4 billion, about 1 per cent above the average for 1960 as a whole.



As between the various sectors of the economy, it is apparent that the output of the service-producing industries rose slightly more than that of the goods-producing industries in 1960. Indeed, all of the major service industries showed some further growth. The volume of trade, both retail and wholesale, continued to expand. The steady growth in the sales volume of food stores, along with a moderate increase in other lines, more than offset a slight decline in the volume of sales of motor vehicles (new and old) and their accessories and supplies, and a substantial reduction in sales by lumber and building material dealers, associated with the fall-off in housing activity. Activity in the transportation industries rose in spite of declines in railways and urban and interurban transit systems. Substantial increases took place in air transport, trucking, shipping and through-put of pipelines. These developments in transportation reflect gradual changes in the structure of the industry. Economic activity in the communication industries continued to expand significantly, along with finance, insurance and real estate. There was some decrease in the volume of personal services. However, all other service groups continued to grow including government service at the provincial and municipal levels, business, recreational and community services.

Economic conditions in the goods-producing sector were more varied, although there was a gain on balance. A larger and higher quality grain crop more than offset the decline in livestock and poultry production and the total volume of agricultural output rose by more than 3 per cent over 1959. The substantial increase in production in forestry largely reflected the recovery which followed the prolonged strike of 1959.

For the year 1960 as a whole, output in mining was 1 per cent higher than 1959, although during the year the trend was slightly downward. The amount of exports, investment and profits attributable to mining all increased. The production of fuels and non-metals rose, while quarrying and metal mining declined. A 10 per cent drop in the output of iron ore, reflecting adjustments in United States demand following the steel strike, was a major contributing factor.

Since the end of World War II there has been heavy investment in mining and associated industries, and overall productivity has increased very substantially. Since 1949, output has risen by 153 per cent, while employment has increased by 20 per cent. Exports of minerals and their products have increased sharply. At the same time, a larger share of the expanding Canadian market has been met from domestic sources (e. g. petroleum).

Output and distribution of electric power and gas utilities rose by 11 per cent in 1960, with the latter rising by 24 per cent.

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

—	1957	1958	1959	Prelim. 1960
	(Millions of dollars)			
1. Wages, salaries, and supplementary labour income	16,018	16,524	17,761	18,514
2. Military pay and allowances	476	491	496	509
3. Corporation profits before taxes	2,581	2,518	2,907	2,735
4. Rent, interest, and miscellaneous investment income	1,980	2,124	2,277	2,362
5. Accrued net income of farm operators from farm production[1]	1,026	1,197	1,132	1,207
6. Net income of non-farm unincorporated business	2,008	2,125	2,218	2,105
7. Inventory valuation adjustment[2]	−78	−35	−115	−57
8. **National Income** (1+2+3+4+5+6+7)	**24,011**	**24,944**	**26,676**	**27,375**
9. Indirect taxes less subsidies	3,861	3,889	4,244	4,389
10. Capital consumption allowances and miscellaneous valuation adjustments	4,009	3,930	4,143	4,291
11. Residual error of estimate	28	104	−206	−96
12. **Gross National Product at Market Prices** (8+9+10+11)	**31,909**	**32,867**	**34,857**	**35,959**
13. Index of G.N.P. in Constant Dollars	100.0	101.1	104.3	106.5

[1] Includes accrued earnings arising out of the operations of the Canadian Wheat Board.
[2] See footnote 2, Table 7.

The movements in manufacturing production were diverse both within various sectors as well as within the year. In total, the volume of manufacturing output declined by 0.3 per cent for the year, with non-durables rising by 1.4 per cent and durables falling by 2.4 per cent. Total manufacturing production reached a peak in January, 1960, and then declined. From this peak, manufacturing production of durable goods fell by about 10 per cent to mid-year and then recovered partially. The decline in non-durables during the same period was more modest, amounting to about 3 per cent. Some renewed strength in the fourth quarter of 1960 brought production of non-durable goods close to the levels of the early part of the year.

In terms of the average for the year, most of the non-durable industrial groups showed an increase in output. Tobacco products, foods and beverages, printing and publishing, paper products and petroleum products recorded small gains. Production of miscellaneous manufactures and chemical products rose

substantially. It is of special interest that the products of these two groups also showed sharp gains in export sales. The production of leather products, rubber products, clothing and textiles declined.

With the exception of non-ferrous metal products, all the durable manufactures group declined in terms of changes in yearly averages. However, there was a 7 per cent increase in production of motor vehicles which eased the decline in the transportation equipment group. Sales of new passenger vehicles rose, both for domestic and foreign-produced automobiles.

Construction activity in total was down 5 per cent for the year, although it was rising in the last half of the year. There was little change in non-residential building, while the volume of residential building fell by 17 per cent. Private investment construction was 9 per cent lower in 1960 and public investment construction was 2 per cent higher.

It is useful to set the movements during the year 1960 against the background of longer-run changes in the structure of the economy, as revealed by changes in the composition of Gross Domestic Product. The following table shows percentage shares by industry for selected years from 1926.

TABLE 2

GROSS DOMESTIC PRODUCT AT FACTOR COST: PERCENTAGE DISTRIBUTION [1]

Industry	1926–1928	1936–1938	1947–1949	1953–1954	1957–1959
Agriculture	17.2	10.5	11.7	8.0	5.6
Forestry	1.3	1.4	2.1	1.8	1.3
Fishing and Trapping	.8	.5	.5	.4	.3
Mining, quarrying, oil wells	3.2	6.6	3.8	3.8	4.2
Manufacturing	22.0	24.2	28.5	28.6	26.8
Construction	4.2	3.1	5.0	6.0	6.8
Transportation, storage, communications, electric power and gas utilities	12.9	12.7	11.3	11.5	12.6
Trade	12.1	13.3	14.1	13.7	14.0
Finance, insurance and real estate	9.8	10.2	7.3	9.0	9.4
Public administration and defence	3.4	5.0	4.8	6.3	7.1
Service	13.1	12.4	10.9	10.9	11.9
Total	100.0	100.0	100.0	100.0	100.0
Total in billions of dollars	5.2	4.6	13.5	22.2	29.7

NOTE: Detail will not necessarily add to 100.0 due to rounding.

[1] It should be remembered that the table depicts percentage shares so that, against a background of rising economic activity, a smaller share may represent increasing production.

Small changes over short periods of time are difficult to interpret, but over longer periods some rather broad movements can be observed. Over the entire period, the relative contribution to total production attributable to agriculture has declined substantially while other industries have generally increased or remained fairly stable. Despite the relative decline in agriculture, its actual volume of output has been rising as a result of substantial capital investment and the application of newer techniques developed through extensive research. At the same time, the agricultural labour force has declined, so that output per farm worker has risen by about 75 per cent from 1947–1949 to 1957–1959.

The shares of manufacturing, mining, construction, trade and public administration and defence rose from 1926–1928 to the immediate postwar period, and have remained relatively stable or increased slightly in the past ten years.

The Budget—Appendix

The shifts in industrial structure and the accompanying changes in investment, output and productivity are reflected in changes in the per capita Gross National Product. In current dollar terms, the per capita G.N.P. in Canada more than trebled from 1929 to 1957–1959, as it did in the United States. It is interesting to note that the increase in Canada since the end of World War II has been considerably more rapid than in the United States, as shown in the following table (Canadian G.N.P. has been expressed in U.S. dollars for purposes of comparison):

TABLE 3

PER CAPITA GROSS NATIONAL PRODUCT

	1929	1936–1938	1947–1949	1953–1955	1957–1959
	(U.S. dollars)				
Canada	607	457	1,134	1,713	2,026
United States	857	669	1,697	2,311	2,611
Ratio Canada/U.S.	70.8	68.3	66.8	74.1	77.6

Turning to developments in the labour force, during 1960 average employment rose by 100,000 persons, or 1.7 per cent. This gain was more than accounted for by an increase of 117,000 in non-agricultural employment. The rise in employment was accompanied by a slightly shorter work week in manufacturing. Total output per man hour probably showed a slight increase for the year. At the same time that employment was rising by 1.7 per cent, the labour force jumped by 2.8 per cent, or 175,000 persons, and the average number of unemployed during the year increased by 75,000 to equal 7 per cent of the labour force. In 1960, women accounted for the major part of the increase in the labour force, as job opportunities in the expanding service industries attracted an increasing percentage of the female population.

The extraordinary gains made in recent years in the civilian labour force call for comment. These gains have been extraordinary, not only in relation to previous periods of Canadian history, but also in contrast to more modest increases in other industrialized countries.

TABLE 4

CIVILIAN LABOUR FORCE 1958

1954=100

Canada	112	United Kingdom	103
Italy	109	Norway	102
United States	106	Belgium	101
Germany	106	France	100
Netherlands	105		

SOURCE: OEEC Statistical Bulletin, May, 1960.

More recent data available only for Canada, United States and the United Kingdom show equally striking comparisons.

TABLE 5

CIVILIAN LABOUR FORCE 1960

1954=100

CANADA	U.S.A.	U.K.
117	109	105

The sharp gains in the Canadian labour force have been brought about by three main factors: the high birthrate since the mid-1940's; large-scale immigration in the postwar period; and rising rates of participation in the labour force by women, especially married women. The last factor is largely a reflection of the ability of married women to carry on their household duties in fewer hours due to major technological advances in the home, and of the increasing opportunities for women in the service industries where demands have been steadily growing. Immigration has not been as important in the past two years as it was earlier in the 1950's. More important to the present growth of the labour force are the large numbers of young Canadians, born in the mid-1940's and now seeking employment.

We turn now to the income flow in 1960. National income increased by 2.6 per cent, slightly less than the growth in Gross National Product. Labour income, investment income and farm income all rose more than national income, while corporation profits and unincorporated business income declined from 1959 levels.

Labour income reached $18.5 billion in 1960, 4.2 per cent higher than the previous year. The number of paid workers was 2.3 per cent higher; average hourly earnings in manufacturing were about 3 per cent higher and the average work week was fractionally shorter. Most of the increase in employment was among females in the relatively lower paid service industries and occupations. The rise in consumer prices was of the order of 1 per cent, and on a per capita basis there was a slight rise in real disposable income.

Preliminary estimates of corporation profits (after dividends paid abroad) amounted to $2,735 million, down by 6 per cent from 1959. During 1960, corporation profits fell from the first to the second quarter and for the remainder of the year were more or less stable. For the year as a whole, profits were lower in manufacturing, trade and in the transportation, communication and storage group. Within manufacturing, profits declined in iron and steel, wood products, electrical apparatus and supplies and the non-metallic minerals industries. There were moderate gains in the paper products and petroleum and coal products groups. Despite an increase in the value of trade, profits declined, as selling prices remained relatively stable while costs edged up. There were substantial gains in profits in the mining, quarrying and oil wells group, as exports increased and the exchange value of the U.S. dollar rose. There were also gains in the profits of financial services and of public utilities.

Rent, interest and miscellaneous investment income was 4 per cent higher than in 1959. Net rental income showed some decline as increased expenses more than offset some gain in gross rents.

Accrued net income of farm operators rose to $1,207 million, 7 per cent above 1959, while the numbers engaged in farming declined by 2 per cent. The number of people engaged in farming in 1960 was 37 per cent below the level of 1949 and the volume of farm output was 21 per cent higher.

Farm production increased in the year, the value of the grain crop rising by 11 per cent, more than offsetting some decline in the value of animal production. Farm cash income (excluding supplementary payments totalling $77 million) was about the same as in 1959. In contrast to 1959 when farm inventories were drawn down, there was a modest gain in holdings.

Net income of "other unincorporated business" declined by 5 per cent, with small increases in a number of industries failing to offset significant drops in construction and trade profits.

The Budget—Appendix

National Expenditure

For 1960 as a whole and despite the adverse pressures referred to earlier, the economy was sustained by increases in demand by consumers, government and purchasers abroad. New investment in business fell slightly, outlays for new housing declined more, and the level of total inventories, including farm stocks, was almost unchanged. These rather broad movements obscure important developments within the year, which will be discussed presently.

The flow of incomes to individuals was increased during the year as a result of increases in wages, farm incomes, investment incomes and transfer payments from government, all of which provided support for higher consumer spending. Government spending on current goods and services and on capital investments also rose, while Canada's exports of goods and services once more rose to record levels. The value of housebuilding activity fell sharply during the first half of the year, although this trend was reversed by year-end when housing starts began to rise sharply in response to various governmental measures introduced in the latter part of the year. There was a slight decline in business investment in plant and equipment. All told, the combination of domestic and foreign demands for Canadian goods rose by $1.2 billion, which was met, on balance, from Canadian production. This is indicated by the fact that total imports of goods and services were almost unchanged from 1959. As a result, the proportion of total demand filled by imports was at about the lowest level of the past decade.

TABLE 6

CHANGES IN COMPONENTS OF GROSS NATIONAL EXPENDITURE
(Millions of dollars)

—	1960 — 1959
Consumers	+927
Government	+300
Exports	+281
Sub-total	*+1,508*
Business Investment	
Housing	−258
Plant and Equipment	−24
Inventories	+19
Sub-total	*−263*
Total Purchases	+1,245
Imports	−(+33)
Residual Error	−110
Gross National Expenditure	**+1,102**

During 1960, the increases and decreases in total production were reflected by changes in purchases for final use and in the levels of inventory holdings. In the early part of the year, final purchases slowed down but inventory stocks were being built up rapidly so that G.N.P. rose. During the second quarter, final purchases declined, particularly for export and housing, and the inventory buildup was smaller so that total economic activity declined. By the third quarter of the year, final purchases were rising again, but part of this increased demand was met by drawing down inventories so that the rise in current economic activity was not as great as it might otherwise have been. By the final quarter of

the year, both final purchases and inventory holdings were rising and Gross National Product rose by 1.7 per cent. Erratic patterns of purchasing throughout 1960 took place in all major sectors except government which rose steadily throughout the year and provided consistent additional strength to the economy.

Turning to particular sectors, consumer spending rose by 4.1 per cent for 1960 as a whole, the real increase being about 3 per cent. The gain in population was 2.1 per cent in 1960 so that the "average" consumer increased his real spending on goods and services by nearly 1 per cent. Spending on goods rose by 3.4 per cent, with most of the gain taking place in non-durables. The major gains in non-durable spending were in food, tobacco and alcoholic beverages, clothing, electricity and gas. In the durable goods sector there were declines in net purchases of second-hand cars and in purchases of furniture, household appliances and radios, the changes in the latter groups being related in part to lower levels of housing completions. On the other hand, as a result of a year-end spurt, purchases of new cars rose by 7 per cent. In 1960, the sales of British and European cars increased by 20 per cent and sales of North American models rose by 5 per cent, so that the overseas share of the Canadian car market continued to increase. However, in the last months of 1960, the increasing overseas share of total Canadian car sales appears to have slowed down, and in December, 1960, was below the proportion achieved one year earlier.

Spending on services continued its long-term rise, gaining 5.3 per cent over 1959. The largest gain was in hospital and medical care, which rose by 9 per cent. There were also substantial increases in payments for shelter, household operation (e.g. electricity, gas, repairs), recreation and personal care and service. Payments for user-operated transportation were almost unchanged.

TABLE 7

GROSS NATIONAL EXPENDITURE

—	1957	1958	1959	Prelim. 1960
	(Millions of dollars)			
1. Personal expenditure on consumer goods and services	20,072	21,240	22,482	23,409
2. Government expenditure on goods and services	5,722	6,173	6,416	6,716
current expenditure	4,340	4,784	4,893	5,128
gross fixed capital formation	1,382	1,389	1,523	1,588
3. Business gross fixed capital formation[1]	7,335	6,975	6,894	6,612
new residential construction	1,409	1,763	1,734	1,476
new non-residential construction	3,103	2,811	2,589	2,567
new machinery and equipment	2,823	2,401	2,571	2,569
4. Value of physical change in inventories—total[2]	231	−333	297	316
non-farm business inventories	305	−207	351	229
farm inventories	−125	−93	−65	17
grain in commercial channels	51	−33	11	70
5. Exports of goods and services[3]	6,391	6,340	6,676	6,957
6. Imports of goods and services[3]	−7,813	−7,423	−8,115	−8,148
7. Residual error of estimate	−29	−105	207	97
8. **Gross National Expenditure at Market Prices** (1+2+3+4+5+6+7)	**31,909**	**32,867**	**34,857**	**35,959**
9. Index of G.N.E. in Constant Dollars	100.0	101.1	104.3	106.5

[1] Includes private businesses and institutions, and publicly owned Business Enterprises.

[2] The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment (see line 7, Table 1).

[3] Minor adjustments have been made to the figures of current receipts and payments shown in Table 35 and in "The Canadian Balance of International Payments, 1957 to 1960", Dominion Bureau of Statistics, to achieve consistency with the other component series.

In this connection, purchases of gas, oil, grease, and automobile parts were also unchanged, so that total operating costs of private automobiles did not rise in 1960, despite a larger number of vehicles on the road. This may be attributable in part to the increasing use of smaller cars.

Prices of consumer goods increased by 0.6 per cent in 1960, with non-durable items (mainly food) rising by 0.8 per cent and durable goods prices declining by 0.4 per cent. Thus, the volume of durable goods purchases was slightly higher than the fractional gain shown by the value figures. Prices of services, especially medical costs, rose, the average increase being 2.2 per cent, thereby continuing a long-term trend. From 1949 to 1960 prices of services rose by 53 per cent while prices of goods rose 19 per cent.

Expenditure on goods and services by all levels of government rose in 1960 by $300 million, or 4.7 per cent above 1959 to a level of $6,716 million. Of this total, capital expenditures amounted to $1,588 million, increasing by $65 million over the previous year. The gain in total expenditures on goods and services by governments was more than accounted for by provincial and municipal governments, which increased their purchases by $393 million. There was a decline in spending on goods and services by the federal government of some $93 million, all of it occurring in the non-defence area. Defence expenditures were virtually unchanged from the year before.

As previously noted, business fixed capital formation declined for the year 1960 as a whole by 4.1 per cent or $282 million and about 6 per cent in volume.

The value of new housing activity declined in 1960 to $1,476 million from $1,734 million in 1959. Housing starts fell by 23 per cent to 109,000 units in 1960 from 141,000 units in 1959. There was a good deal of evidence to indicate that the decline reflected, in part, a less pressing demand for accommodation resulting from the very large increase in the supply of housing achieved in previous years. The declines took place during the early part of the year, since by April housing starts had begun to improve moderately. In the fourth quarter of the year, starts were back to a seasonally adjusted annual rate of 131,000 units, and this improvement has carried forward into 1961. The improvement in housing in the last half of 1960 was associated with a greater availability of mortgage credit, as N.H.A. rates became more attractive to the lending institutions (other than the chartered banks which are not authorized to lend at rates in excess of 6 per cent) and as C.M.H.C. increased its direct lending. At the same time, a further liberalization of the N.H.A. regulations made it

TABLE 8

TOTAL MORTGAGE LOANS APPROVED

(Dwelling Units)

—	1959	1960
NATIONAL HOUSING ACT MORTGAGE LOANS—		
Life, Trust, Loan, etc.	11,841	21,724
Chartered Banks	14,844	89
C.M.H.C. Loans	34,241	15,932
Sub-total	*60,926*	*37,745*
CONVENTIONAL MORTGAGE LOANS—		
All Lending Institutions	46,882	42,164
Total	**107,808**	**79,909**

possible to acquire houses with smaller down payments and to obtain mortgage money for longer maturity periods.

The number of housing units actually completed declined less than the number of new starts, the comparative statistics are: 124,000 units in 1960 and 146,000 units in 1959. Completions in 1960 were below the level of the two previous record years but above the level of 1957.

Outlays for private non-residential construction amounted to $2,567 million, fractionally below the level of 1959. The price "deflator" rose by more than 2 per cent so that the implied decline in volume was about 3 per cent. There were some offsetting increases and declines. Construction outlays were slightly lower in manufacturing, trade and some business services and higher in mining, quarrying and oil wells.

Investment in new machinery and equipment was unchanged from 1960, amounting to $2,569 million. Actually, this figure has only been exceeded in the extraordinary years of 1956 and 1957. The 1960 level was 9 per cent below such levels. The absence of any change in the total level of new investment in machinery and equipment concealed a significant increase in investment in manufacturing and an offsetting decline in investment in utilities. Those affected were mainly electric power and railways, the latter reflecting the near-completion of the dieselization programme.

The accumulation of inventories in the economy in 1960 totalled $316 million, or very close to the 1959 total of $297 million.

TABLE 9

ANNUAL CHANGE IN INVENTORIES

—	1959	1960
	(Millions of dollars)	
Non-Farm Business Inventories	351	229
Farm Inventories:		
Farm Stocks of Grain	−85	3
Livestock Inventories	20	14
Grain in Commercial Channels	11	70
Total Change in Inventories	**297**	**316**

However, changes during the course of the year were substantial, with large accumulations in the first half of the year being followed by a liquidation in the third quarter and a modest increase in the last quarter of the year. While the annual figures show virtually no net effect on production, the movements described were very large; from plus $752 million in the first quarter, adding to current production, to minus $132 million in the third quarter, depressing current production. The "swing" in inventories thus totalled $884 million, or equivalent to about 2½ per cent of the Gross National Product.

The buildup of manufacturing inventories in the first half of the year took place while shipments were declining and stock-sales ratios rising. The most significant increases took place in holdings of finished goods. This acted as a dampener on manufacturing production later in the year when increasing demands were met out of inventories rather than by means of new production. The liquidation of inventories in the last half of 1960 began with raw materials and goods in process, but in the final months of the year stocks of finished goods were also worked down. Although total liquidation of manufacturing stocks

TABLE 10

CHANGES IN INVENTORIES

—	1959 annual	1960 annual	1960 quarterly at annual rates			
			1Q	2Q	3Q	4Q
	(Millions of dollars)					
Manufacturing	118	66	304	216	−188	−68
Wholesale trade	85	15	88	36	−100	36
Retail trade	125	174	248	112	220	116
Other	23	−26	8	−28	−108	24
Total Non-Farm Business Inventories	*351*	*229*	*648*	*336*	*−176*	*108*
Farm Inventories and grain in commercial channels	−54	87	104	88	44	112
Total Inventory Change	**297**	**316**	**752**	**424**	**−132**	**220**

lessened in the final quarter of 1960, there was actually a heavier drawing down of durable goods inventories, particularly in the iron and steel industry, and an accumulation of some non-durable goods.

The shifts in inventories in 1960, while of major significance to the pace of total economic activity, were far less than in previous postwar periods. The shifts from the high point of accumulation to the low point of liquidation for non-farm business inventories are shown below, in relation to the level of Gross National Product.

TABLE 11

LIQUIDATIONS OF NON-FARM BUSINESS INVENTORIES

Period of Peak: Accumulation: Liquidation	(1) Peak Rate of Accumulation	(2) Peak Rate of Liquidation	(3) = Change Col. (1) to Col. (2)	(4) Gross National Product at Peak Liquidation	(5) = (3) ÷ (4) Change in Inventories as a % of G.N.P.
	(Millions of dollars)				
2Q 1951 to 4Q 1951	1,220	−372	−1,592	21,624	7.4
3Q 1953 to 2Q 1954	516	−184	−700	24,588	2.8
1Q 1956 to 1Q 1958	1,124	−656	−1,780	32,000	5.6
1Q 1960 to 3Q 1960	648	−176	−824	35,840	2.3

The more moderate shift in inventories in 1960 reflects, in the main, changes in the basic economic environment. As compared with earlier periods, supplies were ample in 1960 and deliveries were quick. Businessmen did not expect significant price changes and were not tempted to speculate against price increases. There has been a greater concern for costs, and high inventory holdings impose additional interest costs and other costs on business. Finally, newer techniques of inventory control have made it easier to operate with lower levels of inventory stocks.

Exports of goods and services reached $6,957 million in 1960, setting a new record, about 4 per cent above 1959. Imports of goods and services were little changed from 1959, and totalled $8,148 million. The balance of payments deficit amounted to $1,191 million (on a national accounts basis), $248 million or 17 per cent below the 1959 deficit of $1,439 million.

Looking at Canada's foreign trade over a longer period, from 1950 to 1960 when world trade was expanding rapidly, Canadian exports and imports of goods each increased by about three-fourths. From 1953 to 1960, Canadian

exports and imports of goods each rose by nearly one-third. From 1956 to 1960 a different picture emerges: exports of goods continued to rise by 12 per cent while imports of goods were almost unchanged. Thus, the import of goods by Canada in relation to the Gross National Product was 17.4 per cent in 1950, 16.8 per cent in 1953, 18.2 per cent in 1956 and only 15.4 per cent in 1960.

TABLE 12

INDEX OF CANADA'S TRADE
1960

—	Exports of Goods	Imports of Goods
1950=100	172	177
1953=100	130	132
1956=100	112	100

Likewise, the proportion of the total supply of Canadian goods and services (including imports), met by imported goods and services, was lower in 1960 than in earlier periods. For the four years 1950, 1953, 1956 and 1960 the percentages were respectively: 20.0; 18.9; 20.1; and 18.5.

Personal Income* and Its Disposition

Personal income rose to $27,442 million in 1960. All components, with the exception of non-farm unincorporated business income, showed increases, with the largest percentage increase coming from government transfer payments. The gain in personal income, 4.3 per cent above 1959, was greater than that of national income, which increased 2.6 per cent. One reason for this was the 13 per cent rise in government transfer payments to persons which do not appear in national income. Another reason was the enhanced flow of interest and dividend payments to persons which, along with net rental incomes, rose 5 per cent. Total corporation profits, which appear in national income and not in personal income, declined by 6 per cent. The increase in transfer payments consisted of a number of items including: higher family allowances and old age security payments resulting from a larger population; higher payments to farmers including the special payment to western grain producers; a larger flow of unemployment insurance benefits; increased provincial payments to hospitals under the Dominion-Provincial Hospitalization Scheme and in the form of grants; and higher provincial grants to universities and other non-profit organizations.

Personal direct tax yields increased by 13.2 per cent over 1959 to a total of $2,358 million. Personal income tax payments at the federal and provincial levels rose by 13.4 per cent, reflecting higher levels of personal income and a higher average rate of tax in 1960. In 1959, the new rates of federal taxation were applicable only to the latter half of the year, while in 1960 the new rates applied to the full year. Succession duty payments increased by 21.5 per cent, while miscellaneous taxes, including premiums under the hospital insurance scheme and licence fees for private automobiles, rose by 6.7 per cent.

After deducting direct taxes from personal income, the residual, personal disposable income, amounted to $25,084 million, 3.5 per cent above 1959.

* It should be noted that incomes of "persons" in the personal account include those of non-profit organizations and unincorporated businesses as well as of individuals.

TABLE 13

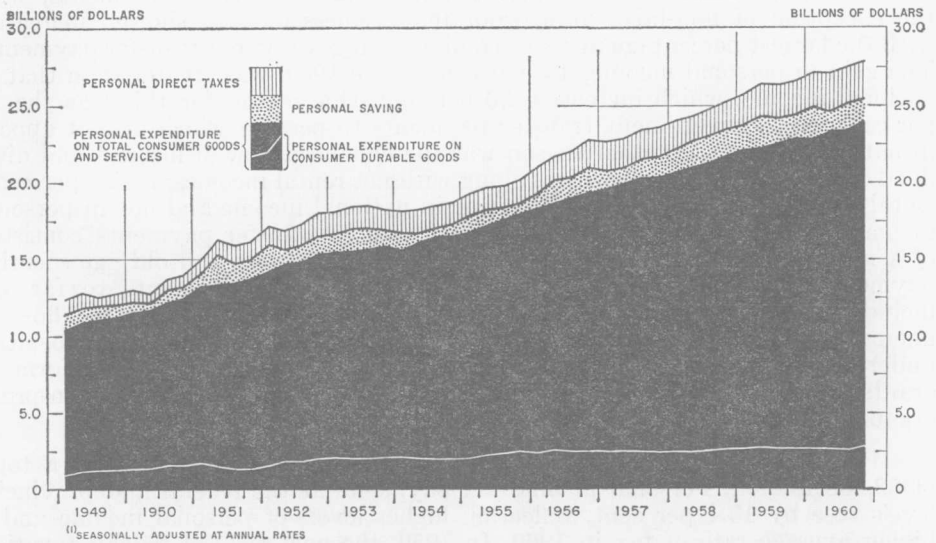
SOURCES OF PERSONAL INCOME

—	1957	1958	1959	Prelim. 1960
	(Millions of dollars)			
1. Wages, salaries and supplementary labour income..	16,018	16,524	17,761	18,514
Deduct: Employer and employee contributions to social insurance and government pension funds	−590	−615	−649	−739
2. Military pay and allowances	476	491	496	509
3. Net income received by farm operators from farm production[1]	1,026	1,198	1,136	1,201
4. Net income of non-farm unincorporated business...	2,008	2,125	2,218	2,105
5. Interest, dividends and net rental income of persons[2]	2,141	2,288	2,559	2,696
6. Transfer payments to persons—				
(a) from government (excluding interest)	2,076	2,653	2,758	3,116
(b) charitable contributions made by corporations	36	38	40	40
7. **Personal Income** (1+2+3+4+5+6)	**23,191**	**24,702**	**26,319**	**27,442**

[1] Excludes undistributed profits of the Wheat Board and an inventory valuation adjustment on a calendar year basis for grain held by the Wheat Board.

[2] Includes all government debt interest paid to persons.

DISPOSITION OF PERSONAL INCOME[(1)]



Personal saving*, or disposable income less consumer spending, totalled $1,675 million in 1960 compared with $1,754 million in 1959. Personal saving as a percentage of disposable income was 6.7 per cent in 1960 and 7.2 per cent in 1959.

The ratio of personal saving to disposable income in Canada over the period 1949 to 1960 averaged 6.7 per cent. Over the same period in the United States

* Personal saving is represented by changes in assets and liabilities of persons and includes, for example, changes in liquid assets (cash, bonds and stocks), life insurance, consumer and mortgage debt and the value of inventory changes of unincorporated business and farmers.

the ratio was 7.2 per cent. This is of considerable interest, since over these twelve years the average per capita personal disposable income in the United States was $1,642 U.S., while in Canada it was $1,172 Canadian. That is to say, on an average income almost 30 per cent below his United States counterpart, the "average" Canadian saved nearly the same proportion of his income.

TABLE 14

DISPOSITION OF PERSONAL INCOME

—	1957	1958	1959	Prelim. 1960
	(Millions of dollars)			
1. Personal direct taxes—				
(a) income taxes	1,693	1,554	1,744	1,977
(b) succession duties	126	126	130	158
(c) miscellaneous taxes	98	108	209	223
Total direct taxes	1,917	1,788	2,083	2,358
2. Personal expenditure on consumer goods and services—				
Goods—				
(a) non-durable	10,402	10,878	11,315	11,783
(b) durable	2,430	2,499	2,680	2,687
Services	7,240	7,863	8,487	8,939
Total consumer expenditure	20,072	21,240	22,482	23,409
3. Personal saving—				
(a) personal saving excluding farm inventories	1,327	1,767	1,819	1,658
(b) change in farm inventories	−125	−93	−65	17
Total personal saving	1,202	1,674	1,754	1,675
4. Personal Income (1+2+3)	**23,191**	**24,702**	**26,319**	**27,442**

Source and Disposition of Saving

Total saving in 1960 amounted to $5,834 million, about 2 per cent below the level of 1959. Business saving rose about 1 per cent offsetting for the most part the small decline in net personal saving to which reference was made above. On a national accounts basis, the combined deficit (i.e., negative saving) of all levels of government increased from $536 million in 1959 to $809 million in 1960. Almost five-sixths of the increase in the deficit was accounted for by provincial and municipal governments, their combined deficit rising from $174 million in 1959 to $398 million in 1960. The federal government deficit (on a national accounts basis) increased from $362 million to $411 million.

The accompanying tables on source and disposition of saving outline the major sources of saving in the economy, although the tables are not designed to show the flows of saving between sectors. For example, while the largest element in total saving in 1960 was accounted for by business saving, this was less than business investment, so that business as a whole would have been a net borrower. The government surplus or deficit is measured on a national accounts basis which is described in a subsequent section. It should be noted that government expenditure includes outlays of a capital nature. In terms of the sector accounts, a government surplus represents national saving and a government deficit represents dissaving.

The table dealing with the disposition of national saving shows the use of these savings both in terms of business capital investment (including inventories) and in net foreign investment.

TABLE 15

SOURCES OF SAVING

—	1957	1958	1959	Prelim. 1960
	(Millions of dollars)			
Personal saving[1]	1,202	1,674	1,754	1,675
Business gross saving—total	4,863	4,741	5,062	5,121
(a) Undistributed corporation profits[2]	854	812	923	824
(b) Capital consumption allowances and miscellaneous valuation adjustments	4,009	3,930	4,143	4,291
(c) Adjustment on grain transactions[3]	.....	−1	−4	6
Inventory valuation adjustment	−78	−35	−115	−57
Adjusted government surplus (+) or deficit (−)[4]	100	−1,030	−536	−809
Residual error of estimate[5]	28	104	−206	−96
Total	6,115	5,454	5,959	5,834

[1] See Table 14.
[2] See Table 17.
[3] Accrued earnings arising out of operations of the Canadian Wheat Board.
[4] See Table 26.
[5] See Tables 1 and 7.

TABLE 16

DISPOSITION OF SAVING

—	1957	1958	1959	Prelim. 1960
	(Millions of dollars)			
Business gross fixed capital formation	7,335	6,975	6,894	6,612
Value of physical change in inventories	231	−333	297	316
Surplus (+) or deficit (−) on current account with non-residents[1]	−1,422	−1,083	−1,439	−1,191
Residual error[2]	−29	−105	207	97
Total	6,115	5,454	5,959	5,834

[1] Minor adjustments have been made to the figures appearing in Table 35.
[2] See Tables 1 and 7.

Business saving rose from $5,062 million to $5,121 million from 1959 to 1960 despite a 6 per cent decline in corporation profits. The decline in profits was partially offset by a decline in income tax liabilities, whereas dividend payments remained stable. Undistributed corporation profits were about $100 million lower in 1960 than in the preceding year, but depreciation and similar allowances of the entire business sector grew by $148 million, so that business gross saving increased.

Changes in total saving are naturally and closely related to changes in total income, which in its turn is a reflection of the total value of production. Table 18 lists year-to-year changes in the Gross National Product and in total savings. The accompanying chart traces quarterly movements of total national saving from 1950.

TABLE 17

CORPORATION PROFITS, TAXES AND DIVIDENDS

—	1957	1958	1959	Prelim. 1960
	(Millions of dollars)			
Corporation profits before taxes including dividends paid to non-residents[1]	3,056	2,988	3,401	3,200
Deduct: corporation income tax liabilities	1,337	1,300	1,541	1,449
Excess of tax liabilities over collections	−213	−36	101	−223
Tax collections	1,550	1,336	1,440	1,672
Corporation profits after taxes	1,719	1,688	1,860	1,751
Deduct dividends paid out[2]	865	876	937	927
Undistributed corporation profits[3]	854	812	923	824

[1] Includes depletion charges and is adjusted for losses, and for conversion to a calendar year basis.
[2] Includes charitable contributions made by corporations (See Table 13).
[3] See Table 15.

TABLE 18

YEAR-TO-YEAR PERCENTAGE CHANGES IN GROSS NATIONAL PRODUCT AND NATIONAL SAVING

Year	% Change in Gross National Product	% Change in National Saving
1951/1950	+17.6	+22.1
1952/1951	+13.3	+11.2
1953/1952	+ 4.3	+ 1.2
1954/1953	− 0.6	−15.2
1955/1954	+ 9.1	+16.9
1956/1955	+12.7	+28.6
1957/1956	+ 4.3	− 3.9
1958/1957	+ 3.0	−10.8
1959/1958	+ 6.1	+ 9.3
1960/1959	+ 3.2	− 2.1



Investment and Capital Expenditure

Private and public capital expenditure totalled $8,200 million in 1960, 2.6 per cent below the level of 1959. The decline was more than accounted for by reduced activity in housing which was lower by $263 million or 15 per cent. On balance, all other investment increased by $46 million. Capital expenditure was 22.8 per cent of the Gross National Product, below the levels of the period of extraordinary resource development in 1956 and 1957, but about the same as earlier years in the decade.

During the past decade, capital investment in Canada both public and private has continued at high levels. Indeed, the ratio of investment to Gross National Product has remained well over 20 per cent, one of the highest rates in the western world. This investment includes a wide variety of projects: resource development, manufacturing plant, transportation and communication facilities, fuel and power projects, trade, finance and commercial services, housing, hospitals, schools and government departmental expenditures.

TABLE 19

CAPITAL EXPENDITURES AS PERCENTAGE OF GROSS NATIONAL PRODUCT

1947	18.5	1954	23.0
1948	20.4	1955	23.0
1949	21.6	1956	26.3
1950	21.9	1957	27.3
1951	22.4	1958	25.4
1952	22.9	1959	24.1
1953	23.9	1960	22.8

The lower level of capital investment and smaller share of the G. N. P. in 1960 compared with 1956 and 1957 reflect, in the main, the completion of major resource developments. By nature, much of this type of investment requires a "bunching" of investment outlays. It is not physically possible, or economically feasible, to install small yearly increments in a project such as, for example, a hydro-electric power development. Once completed, these investments serve major needs for a number of years until the accumulation of gradually rising demands, both at home and abroad, impels a further expansion of facilities. Since the completion of the latest round of expansion in some major basic industries, there has been a shift to other types of capital including housing, social capital (e. g., schools, hospitals), government outlays (e. g., roads, highways, sewers, airports, docks and other engineering works) and service industries. These outlays have offset to a considerable extent the declines in investment which have taken place in industries such as mining and power. The following percentage distribution of capital investment shows the picture over the past five years.

Turning to 1960, new investment in agriculture, fishing and forestry rose modestly over 1959. In mining, quarrying and oil wells there was a sharp 12 per cent gain over the preceding year although both the level of new investment and its share of total investment were well below 1957.

Manufacturing investment in 1960 rose by 4 per cent over 1959; new construction declined by $24 million but investment in new machinery and equipment rose sharply by $72 million, or nearly 10 per cent. There were significant increases in iron and steel products, paper products and chemical products, where export sales grew rapidly in 1960, and smaller increases in food and beverages, rubber products, textile products, and non-ferrous metal products. There were declines in investment in a number of manufacturing industries including

TABLE 20

PERCENTAGE DISTRIBUTION OF PRIVATE AND PUBLIC CAPITAL OUTLAYS

Sector	1956	1957	1958	1959	1960
Business Capital					
Forest and Mineral Products	14.8	14.2	8.5	8.6	10.0
Fuel and Power	15.3	17.9	15.9	12.4	12.7
Sub-total	*30.1*	*32.1*	*24.4*	*21.0*	*22.7*
Trade, Finance and Commercial Services	7.6	7.9	8.4	9.9	9.6
Transportation, Storage and Communication	10.2	12.1	12.8	12.2	11.7
Other	14.4	12.7	12.6	13.9	14.2
Sub-total	**62.3**	**64.8**	**58.2**	**57.0**	**58.2**
Housing and Social Capital					
Housing	19.3	16.4	21.3	20.8	18.2
Institutional Services	5.0	5.2	6.1	6.4	7.0
Government Departments and Waterworks	13.4	13.6	14.4	15.8	16.6
Sub-total	**37.7**	**35.2**	**41.8**	**43.0**	**41.8**
Total Capital Expenditures	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

wood products, printing and publishing, transportation equipment, non-metallic mineral products and products of petroleum and coal.

New investment in utilities declined about 5 per cent in 1960. This group is defined as electric power, gas and waterworks, and transportation, storage and communication. Investments in this area are often huge and show sharper changes over the years compared with many other industries. There were declines in investment in electric power, gas distribution, railway transport (reflecting the near-completion of the dieselization programme and of rail lines to certain mining areas) and telegraphs, water and motor transport, and grain elevators. On the other hand, there were increases in urban transit, telephones, broadcasting, and in the group comprising air transport, warehousing, oil and gas pipelines and toll highways and bridges. The latter group showed a substantial increase of $42 million, and reflects the changing forms of transportation in Canada.

New investment in trade declined by $15 million, about 4 per cent. In the finance field, there was a decline of $18 million, more than accounted for by smaller outlays of real estate companies engaged in developing, owning and leasing properties.

In the service field, investment in commercial services declined by $13 million, but institutional services increased their outlays by $40 million, most of it in schools. Outlays for hospitals totalled $153 million, about $1 million higher than in 1959*. Almost all capital outlays for schools and a substantial share of outlays on hospitals are included under government expenditure on goods and services. Capital outlays by government departments rose to $1,277 million, 3 per cent above 1959. All of the gain took place at the provincial and municipal level; federal department outlays declined by $26 million.

* According to the Outlook for Private and Public Investment, 1961, capital outlays for hospitals are to rise by $112 million this year.

TABLE 21

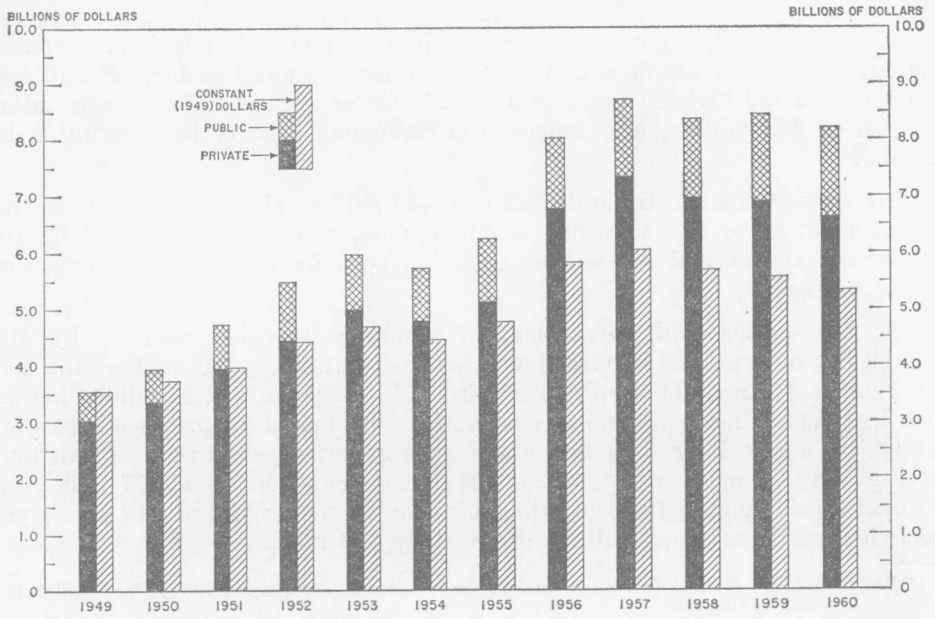
PRIVATE AND PUBLIC CAPITAL EXPENDITURE

—	1957	1958	1959	Prelim. 1960
	(Millions of dollars)			
Agriculture and fishing	434	465	539	548
Forestry	48	33	48	52
Mining, quarrying and oil wells	606	342	342	382
Manufacturing	1,479	1,095	1,144	1,192
Electric power, gas and water works	949	845	766	701
Transportation, storage and communications	1,359	1,308	1,076	1,058
Construction industry	158	157	145	137
Trade, finance and commercial services	690	705	833	788
Institutions	454	514	536	576
Housing	1,430	1,782	1,752	1,489
Government departments	1,110	1,118	1,236	1,277
Total Capital Expenditure[1]	**8,717**	**8,364**	**8,417**	**8,200**
Total Capital Expenditure as a percentage of Gross National Expenditure	27.3	25.4	24.1	22.8
Index of total Capital Expenditure in Constant Dollars	100.0	94.0	92.3	88.0

[1] For reconciliation with Business Gross Fixed Capital Formation in housing, plant and equipment in Table 7, see below.

	1957	1958	1959	Prelim. 1960
PRIVATE AND PUBLIC CAPITAL EXPENDITURE—Table 21	8,717	8,364	8,417	8,200
DEDUCT:				
Provincial hospitals and schools, and municipal schools	−246	−247	−264	−291
Government housing excl. C.M.H.C. rental housing	−21	−19	−18	−13
Direct government department outlays	−1,110	−1,118	−1,236	−1,277
Other	−5	−5	−5	−7
BUSINESS GROSS FIXED CAPITAL FORMATION IN HOUSING, PLANT AND EQUIPMENT—Table 7	7,335	6,975	6,894	6,612

PUBLIC AND PRIVATE CAPITAL EXPENDITURE



Revenue and Expenditure of all Governments

On the National Accounts basis, the combined deficit of all levels of government in 1960 was $809 million,* compared with $536 million in 1959. An increase in revenue during 1960 was more than offset by a larger increase in expenditures at all levels of government. The major portion of the increase in the deficit for 1960 occurred at the provincial and municipal levels since the deficit of the federal government was only moderately higher in 1960 than in 1959.

TABLE 22

REVENUE AND EXPENDITURE OF ALL GOVERNMENTS
(National Accounts Basis)

—	1959			1960		
	Revenue	Expenditure	Deficit	Revenue	Expenditure	Deficit
	(Millions of dollars)					
Federal	6,005	6,367	362	6,280	6,691	411
Provincial-Municipal	4,648	4,822	174	5,017	5,415	398
Total	**10,653**	**11,189**	**536**	**11,297**	**12,106**	**809**

To obtain a comparison, on a National Accounts basis, between government expenditures and the Gross National Expenditure, it is necessary to limit the comparison to government expenditures on goods and services (as distinct from transfer payments), since these are the only government outlays included in the Gross National Expenditure account. In 1960, expenditures on goods and services by the combined levels of government represented 18.7 per cent of Gross National Expenditure compared with a proportion of 18.4 per cent in 1959. In 1949, before the Korean war and the related rearmament programme, this proportion was 13 per cent. Largely as a result of the buildup in defence expenditures the proportion rose to approximately 18 per cent in 1952. In the years from 1952 to 1960, the rise in government expenditures on goods and services has been very slightly in excess of the growth in Gross National Expenditure.

Within the total, however, there have been considerable changes as between the shares attributable to different levels of government. As is evident from the table below, provincial and municipal government expenditures on goods and services have increased as a proportion of Gross National Expenditure, while the share of federal government expenditures is now lower than in 1952.

TABLE 23

GOVERNMENT OUTLAYS ON GOODS AND SERVICES AS A PROPORTION OF G.N.E.

—	1949	1952	1960
Expenditures by:			
Federal—Defence	2.2	7.5	4.3
Non-defence	3.1	2.9	3.3
Total Federal	*5.3*	*10.4*	*7.6*
Provincial and Municipal	7.7	7.4	11.1
All levels of Government	**13.0**	**17.8**	**18.7**

* The following section discusses only those government transactions relevant to the National Accounts. As a result, the figures used may not agree with those shown in other Public Accounts. Table 26 indicates the reconciliation between federal deficit or surplus for purposes of the National Accounts and the comparable figures appearing in the Public Accounts. In particular, federal corporate income taxes have been adjusted to an accrual basis. In 1959 this adjustment increased revenues by $101 million and in 1960 decreased revenues by $223 million.

Government expenditures on goods and services as recorded in the Gross National Expenditure account include expenditures not only on current administrative costs but also on construction and on machinery and equipment. These items are in the nature of capital investment, but are not treated as investment expenditures. Expenditures of this type made by all levels of government during the period from 1958 to 1960 are set out in the following table.

TABLE 24

OUTLAYS ON NEW CAPITAL GOODS BY ALL LEVELS OF GOVERNMENT

—	Housing	Other Construction	Machinery and Equipment	Total[1]	% of Capital Outlays to Total Government Expenditures on Goods and Services
	(Millions of dollars)				
1958	19	1,237	133	1,389	22
1959	18	1,368	137	1,523	23
1960[2]	13	1,431	144	1,588	24

[1] These figures exclude investment expenditure by government business enterprises which is included in the national accounts item for business capital formation.

[2] Preliminary.

The expenditures on other construction cited in this table cover a great variety of projects. Final data are not yet available giving a detailed analysis of government outlays on new construction for either 1959 or 1960. While total expenditures for this purpose in 1960 were somewhat higher than in 1958, the general pattern of expenditure on various categories of construction can be illustrated by means of detailed data for 1958 in the table below.

TABLE 25

EXPENDITURES ON NEW CONSTRUCTION BY GOVERNMENTS
1958

Category	Federal	Provincial	Municipal	Total
	(Millions of dollars)			
Office buildings	68	14	10	92
Schools and educational buildings	13	21	175	209
Hospitals, clinics, etc	8	27	—	35
Other building construction	69	20	28	117
Total Building Construction	158	82	213	453
Marine engineering works	36	1	1	38
Roads, roadwork and aerodromes	57	308	131	496
Water, sanitation and utilities	13	14	82	109
Other engineering construction	25	81	35	141
Total Engineering Construction	131	404	249	784
Total New Construction	**289**	**486**	**462**	**1,237**

As has already been indicated, government expenditures on goods and services are the only government expenditures which form part of the Gross National Expenditure. However, to arrive at the figure for the combined government deficit which is cited above and which appears in the savings and investment

TABLE 26

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	Prelim. 1959	Prelim. 1960	Change
	(Millions of dollars)		
GOVERNMENT REVENUE—			
Direct Taxes—Persons	**2,083**	**2,358**	**+275**
Income—			
Federal	1,692	1,917	+225
Provincial and Municipal	52	60	+8
Succession Duties—			
Federal	76	97	+21
Provincial	54	61	+7
Miscellaneous—			
Federal	2	2	.....
Provincial and Municipal	207	221	+14
Direct Taxes—Corporations	**1,541**	**1,449**	**−92**
Income—			
Federal	1,280	1,160	−120
Provincial	261	289	+28
Other Direct Taxes—			
Withholding taxes—Federal	**72**	**77**	**+5**
Indirect Taxes	**4,442**	**4,623**	**+181**
Federal	2,131	2,181	+50
Provincial and Municipal	2,311	2,442	+131
Investment Income	**993**	**1,060**	**+67**
Federal	339	354	+15
Provincial and Municipal	654	706	+52
Employer and Employee Contributions to Social Insurance and Government Pension Funds	**649**	**739**	**+90**
Federal	413	492	+79
Provincial and Municipal	236	247	+11
Transfers from Other Governments—			
Provincial and Municipal	**873**	**991**	**+118**
Total Revenue	**10,653**	**11,297**	**+644**
Federal	6,005	6,280	+275
Provincial and Municipal	4,648	5,017	+369

TABLE 26—Concluded

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	Prelim. 1959	Prelim. 1960	Change
	(Millions of dollars)		
GOVERNMENT EXPENDITURE—			
Goods and Services	**6,416**	**6,716**	**+300**
Federal—			
Defence	1,560	1,561	+1
Non-defence	1,272	1,178	−94
Provincial and Municipal	3,584	3,977	+393
Transfer Payments to Persons	**2,758**	**3,116**	**+358**
Federal	1,795	1,983	+188
Provincial and Municipal	963	1,133	+170
Interest on Public Debt	**944**	**1,049**	**+105**
Federal	678	756	+78
Provincial and Municipal	266	293	+27
Subsidies	**198**	**234**	**+36**
Federal	189	222	+33
Provincial and Municipal	9	12	+3
Transfers to Other Governments—			
Federal	**873**	**991**	**+118**
Total Expenditure	**11,189**	**12,106**	**+917**
Federal	6,367	6,691	+324
Provincial and Municipal	4,822	5,415	+593
Deficit (−) or Surplus (+)	**−536**	**−809**	**+273**
Federal[1]	−362	−411	+49
Provincial and Municipal	−174	−398	+224
Total Expenditure minus deficit (or plus surplus)	**10,653**	**11,297**	**+644**
Federal	6,005	6,280	+275
Provincial and Municipal	4,648	5,017	+369

[1] Reconciliation with Public Accounts Surplus or Deficit shown below.

	Prelim. 1959	Prelim. 1960
	(Millions of dollars)	
Federal Government calendar year surplus for national accounts purposes	−362	−411
Adjustments:		
Difference between calendar and fiscal year	−34	−75
Difference between corporation tax accruals and government receipts	−101	+223
Revenue items omitted	+23	+17
Reserves, write-offs and similar items omitted from expenditure	−253	−62
Shipment of military equipment to NATO countries less replacement	+36	.....
Extra-budgetary funds for pensions and social insurance (net)	+37	−60
Adjustment to place debt interest on a "due date" basis	−55	+3
Other adjustments	+100	−48
Federal surplus for fiscal year as per public accounts	−609	−413

account, it is necessary to take into account certain other government outlays. After making this adjustment to the statistics, it appears that in 1960 the total of all government expenditures increased by $917 million, or 8 per cent, to an amount of $12,106 million. It should be noted that in terms of the impact of the government sector on the economy, this figure constitutes gross government expenditures since, in addition to direct expenditures on goods and services, it includes government outlays on transfers to persons, interest on the public debt, subsidies and transfers to other levels of government. These payments may in turn be used by the recipients for expenditures on goods and services. The table below indicates the percentage distribution of total government expenditures among these items in 1959 and 1960.

TABLE 27

PERCENTAGE DISTRIBUTION OF TOTAL EXPENDITURES
ALL LEVELS OF GOVERNMENT

—	1959	1960
Goods and services	57.3	55.5
Transfers to persons	24.6	25.7
Interest on public debt	8.4	8.7
Subsidies	1.8	1.9
Transfers to other Governments	7.8	8.2
	100.0	100.0

One of the outstanding features in the government sector over the past decade has been the very large growth in transfer payments to persons. These expenditures have not only increased in absolute terms but also as a proportion of total government outlays. While in 1953 transfer payments represented 22 per cent of all government expenditures, by 1960 the proportion had risen to almost 26 per cent. The sharpest growth in transfer payments has taken place in the years since 1956. This has been the result, at the federal level, of the increase in benefits payable such as family allowances, old age security and unemployment insurance and, at the combined provincial and municipal levels, of the growth of payments by the provinces under federal-provincial hospital insurance arrangements. In relative terms, the growth at the provincial-municipal level has been, as the following table indicates, rather larger than that at the federal level.

TABLE 28

INDEX OF TRANSFER PAYMENTS TO PERSONS
(Excluding interest on the public debt)
1953=100

—	Federal[1]	Provincial-Municipal	Total
1956	117	131	121
1957	140	148	142
1958	182	181	182
1959	172	232	189
1960	190	273	213

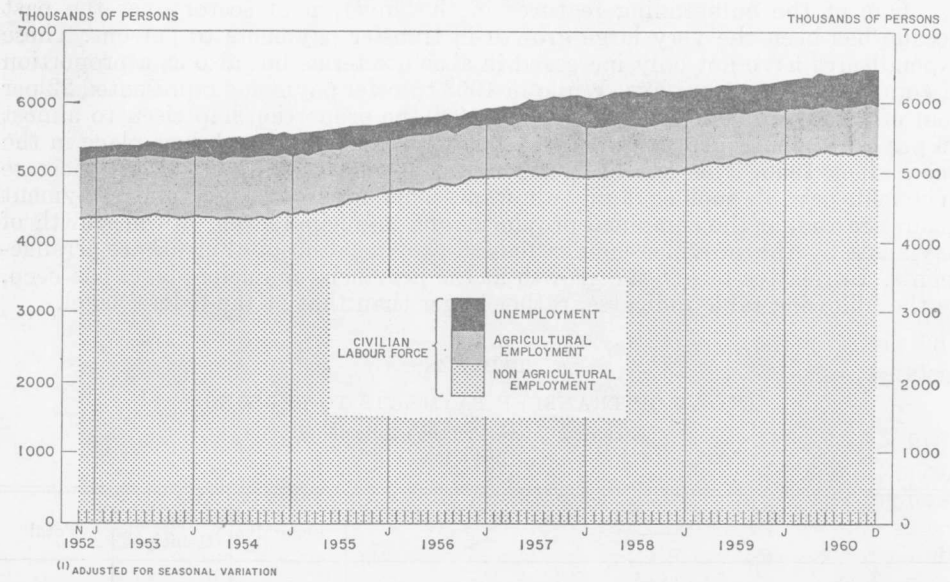
[1] The federal portion of shared-cost programmes with provinces and municipalities is excluded from federal transfer payments to persons but is included in transfer payments to other governments. See Table 26.

EMPLOYMENT AND EARNINGS

Before examining the changes in employment in 1960 it may be helpful to review some of the trends in the labour market which have been observable in recent years. In the past decade a significant change has been taking place in the demand for labour in the Canadian economy, reflecting the various changes in the demand for products and services that have characterized the economy. In particular, the demand for services has steadily increased to the point where the service sector has become the largest employer in the country. In 1949, the goods-producing industries provided employment for 59 per cent of the employed population. By 1960 this proportion had declined to 48 per cent. A similar trend has been taking place in the United States.

Considering these changes in more detail, total employment in the goods-producing sector of the Canadian economy fell by 3 per cent during the period 1949 to 1960. This was the result of a 37 per cent decline in agricultural employment and, to a lesser extent, to a decrease in the number of persons engaged in fishing. In both these primary industries, as a result of increased investment in capital equipment, the decline in employment has been accompanied by increased output. Excluding these two primary industries, the number of people in the goods-producing sector rose by about 18 per cent between 1949 and 1960. In 1949, the goods-producing sector employed two-thirds of all working males and about one-third of all employed females. In 1960, the comparable proportions were 57 per cent and 24 per cent.

THE LABOUR FORCE[1]



[1] ADJUSTED FOR SEASONAL VARIATION

These trends in employment in goods-producing industries have been significant and therefore a comparison of trends in employment in manufacturing industries in both Canada and the United States which appeared in a presentation to the Senate Committee on Manpower and Employment is of considerable interest. The comparison was made between the first half of 1953 and the first half of 1960. Over this period there were small declines in the indexes of manufacturing employment in both countries but the decline in the United States was

about double that in Canada.* In durable goods manufacturing there was a slightly larger decline in employment in Canada than in the United States. This difference arose from a much greater decline in employment in the aircraft, shipbuilding and railroad equipment industries in Canada and was probably related to defence procurement patterns and to timing differences in railroad dieselization programmes in the two countries. In other areas of decline, such as motor vehicles and parts, saw and planing mills and agricultural implements, the fall in employment was much more pronounced in the United States. In the primary iron and steel industry, employment increased in Canada compared with a decline in the United States, and in fabricated and structural steel there was a greater increase in Canada than in the United States.

On the other hand, employment in non-durable goods increased in Canada in contrast to a decline in the United States. This pattern appeared in the manufacture of meat products, beverages, tobacco, and in the petroleum refining industry. Employment in pulp and paper mills increased in both countries, but more rapidly in Canada. There were declines in employment in the manufacture of textile mill products in both countries, the decline in the United States being very much greater.

Turning to longer term developments in the service sector in Canada, all sections of the service industry have become increasingly important as a source of job opportunities as demands for services have increased. In 1960, employment in the service sector was 56 per cent higher than in 1949 and accounted for 52 per cent of total employment. It should be noted that services include business (e. g., accountancy), community (e. g., teaching), personal (e. g., hairdressing), and government service, as well as trade, financial and similar services, and transportation, communication and storage.

Accompanying this trend, there has been a greater participation by women in the labour market since the greater growth in the service sector has, in the main, provided job opportunities particularly suited to women. In 1949, the participation rate (that is, the proportion of any group who work or seek work) of women in the labour force was 24 per cent and in 1953 was still unchanged. By 1960, however, the rate had risen to 28 per cent, and the rise was most notable for married women in the 25-64 age group. In the 45-64 age group, the female participation rate rose remarkably from 17 per cent to 28 per cent from 1953 to 1960. By contrast, the participation rate for men in 1949 was 85 per cent while in 1960 the rate had fallen to 81 per cent. The decline in the male participation rate was concentrated among the very young and the very old, probably reflecting in the first instance greater school attendance and in the second instance, earlier retirements.

In 1960, the total number of men with jobs was 13 per cent higher than in 1949 while total employment for women increased by 49 per cent. In more detail, there was a decline of 3 per cent in male employment in the goods-producing sector (including agriculture) and no change in the number of females. On the other hand, employment in the service industries was 45 per cent higher for men and 76 per cent higher for women.

The continuation of this trend is evident when averages for the year 1960 are compared with those of 1959. The average number of persons with jobs in 1960 rose by 100,000 or 1.7 per cent. The increase in employment in 1960 was entirely due to increased opportunities for work in the service sector. The

* In Canada the index of manufacturing employment measures employment in establishments having fifteen or more employees. Estimates of employment in all manufacturing establishments in Canada, including those employing less than fifteen workers, suggest that, over the period, total employment in manufacturing may have increased.

TABLE 29

THE CIVILIAN LABOUR FORCE

ANNUAL AVERAGES

(Thousands of Persons)

—	1957	1958	1959	Prelim. 1960
Civilian Labour Force	6,003	6,127	6,228	6,403
Male	4,570	4,634	4,679	4,750
Female	1,433	1,493	1,549	1,653
Non-Agricultural	5,252	5,402	5,525	5,714
Agricultural	751	725	703	689
Unemployed	278	432	373	448
Persons with jobs	5,725	5,695	5,856	5,955
In Non-Agricultural Industries	4,981	4,983	5,163	5,280
Paid Workers	4,460	4,481	4,637	4,747
Employers, own account workers and unpaid family workers	521	502	526	533
In Agriculture	744	712	692	675
Paid Workers	96	97	109	110
Employers, own account workers and unpaid family workers	648	615	583	565

service sector provided an additional 157,000 jobs in 1960 which more than offset a decline in goods-producing employment of 57,000 persons.

In the goods-producing sector in 1960, employment declined in agriculture, manufacturing, construction and public utilities, these reductions being only partially offset by small gains in the numbers employed in forestry, fishing and mining. It should be noted that even though employment declined in agriculture, manufacturing and public utilities, output increased. In the service sector, all groups except transportation, communication and storage added to the number of their employees. The greatest increase occurred in the sections of the service industry comprising business, community, personal and government services, where employment rose by 115,000 persons or 8.5 per cent.

Although employment in 1960 increased by 100,000, there was an even larger increase in the labour force. The increase was 175,000 or 2.8 per cent. This compares with increases of 1.6 per cent in 1959 and of 2.1 per cent in 1958. This more rapid increase in the labour force in 1960 was largely a matter of an increase in the participation rate of women. In 1960, it is estimated that the number of women in the labour market rose by 6.7 per cent while the increase in the number of men was only 1.5 per cent. In earlier years of the decade, immigration had been an important element in the growth of the labour force. In 1960, net immigration fell to about 30,000 persons, compared with an annual average of just over 100,000 for the decade.

The larger growth in the labour force as compared with the growth in employment was reflected in an increase in unemployment. For 1960 as a whole, an average of 448,000 persons were out of work, as compared with 373,000 in 1959 and 432,000 in 1958. Considering the sexes separately, there were 388,000 men without work in 1960 compared with 326,000 in 1959. At the same time, there were some 60,000 women unemployed as compared with 47,000 in the preceding year. The total unemployment ratio rose to an average of 7.0 per cent in 1960

compared with 6.0 per cent in 1959 and 7.1 per cent in 1958. The unemployment ratio for men rose from 7.0 per cent in 1959 to 8.2 per cent in 1960, while that for women rose to 3.6 per cent as compared with 3.0 per cent in the previous year.

A survey of registered applicants for employment with the National Employment Service carried out for the Senate Committee on Manpower and Employment revealed some significant characteristics of this group. It showed that there was a concentration of men seeking work in manufacturing and construction activity. The majority of women on the other hand sought employment in offices, stores and restaurants, though a sizeable number of women registered for jobs had been employed in manufacturing. The survey further revealed that 40 per cent of the total number of persons registered for employment possessed no specialized training or qualifications. That is to say, a substantial proportion of Canada's unemployed at the present time are unskilled or only semi-skilled. Employment opportunities for such people are necessarily limited in an economy increasingly calling for skilled workers. In this connection, it is apparent that in the decade of the 1950's Canada relied to a considerable degree on immigrants to meet her growing needs for skilled manpower. Over the period 1953–1959, net immigration accounted for 110,000 craft and technical workers. By comparison, the number of graduates from publicly-operated high school and post-high school technical courses in Canada accounted for only 21,000 technical workers. Of course, in addition to those graduates from Canadian technical schools, a considerable amount of technical training was received "on the job".

The same survey also pointed to the special problems of the 14 to 19 year-olds in the labour market. Such young people represented about 10 per cent of the total numbers registered for employment. Although the participation rate in the labour force for this group has declined during the past ten years, the ratio of unemployment of this group has been double the ratio for all age groups. For example, the participation rate for young people of both sexes between the ages of 14 and 19 fell from 47 per cent in 1949 to 38 per cent in 1960 while the unemployment ratio rose from 5.9 per cent in 1949 to 13.0 per cent in 1960. The unemployment ratio in 1960 was 16.3 per cent for males and 8.6 per cent for females.

It is apparent that the lack of adequate education or training among the unemployed in this lower age group provides an explanation of their difficulty in obtaining employment. Only 18.5 per cent of the total had completed high school or better, 47.2 per cent had had some high school education while as many as 34.3 per cent had finished only their primary school education, or even less. Similarly, only 11.5 per cent of the group were fully trained or qualified occupationally, 33.7 per cent were partially trained or qualified while 54.8 per cent had no technical training or qualifications whatsoever. Both academically and technically the girls in the group had higher educational levels than the boys.

Total labour income in 1960 increased by 4.2 per cent, compared with an increase of 7.5 per cent in 1959. Higher rates of pay and higher average levels of employment in 1960 contributed to the rise in total payments for salaries and wages. The number of paid workers in 1960 was 2.3 per cent higher than in 1959. The comparable increase in 1959 was 3.7 per cent. In manufacturing, average hourly earnings rose by 3.5 per cent, about the same as in 1959, while the average number of hours worked per week declined by nearly one per cent as compared with a rise of slightly more than one per cent in 1959. Per capita annual earnings in 1960 showed an increase of $70.00 or 1.9 per cent, compared with an increase of $133.00 or 3.7 per cent in 1959. After allowing for a small increase in the cost of living in 1960, there was a slight gain in real earnings per capita.

All regions and all major industrial groups, except mining and construction, shared in the increase in total salary and wage payments. In the service sector, in line with improved employment opportunities, the growth in labour income as a whole was greater than in the goods-producing industries. Wages and salaries paid out in trade, transportation, storage and communication, government, finance and related groups rose by 5.7 per cent in 1960 compared with a gain of 8.1 per cent in 1959, and accounted for about three-quarters of the increase in total wage and salary payments. Earnings in the goods-producing industries rose by 1.9 per cent compared with 6.5 per cent in the previous year. Wages and salaries in the primary industries rose by 3.8 per cent, in manufacturing by 1.9 per cent and in public utilities by 3.4 per cent. Total wages and salaries in construction were at the same level as in 1959.

PRICE TRENDS

Prices of goods and services produced in Canada rose in the aggregate about 1½ per cent in 1960, compared with 1959. This was the smallest year-to-year increase in prices since 1955 and compares with an average annual price rise of nearly 2½ per cent from the years 1954 to 1960. The increase, 1959 to 1960, was mild for consumer goods and for exports and imports. The gains were somewhat larger for services, capital goods and government expenditure.

The following table shows changes in price for the components of Gross National Expenditure:

TABLE 30

PERCENTAGE PRICE CHANGES

—	1959/1958	1960/1959
Consumer expenditure	+1.3	+1.2
Goods	*+0.5*	*+0.6*
Non-durable	*+0.3*	*+0.8*
Durable	*+1.7*	*−0.4*
Services	*+2.8*	*+2.3*
Government expenditure[1]	+3.0	+3.5
Business gross fixed capital formation[1]	+2.9	+2.2
Exports of goods and services	+1.8	+0.7
Imports of goods and services	−0.2	+1.7
Gross National Expenditure	**+2.4**	**+1.7**

[1] Price indexes of these sectors are measured mainly by elements entering into costs (materials and labour purchased) rather than final selling prices, and generally it has not been possible to allow for changes in productivity. Over short periods of time, these cost indexes are not likely to vary to any extent from indexes of actual selling prices. Over longer periods, it may be that these cost deflators overstate price increases.

The consumer price index for 1960 averaged 128.0 compared with 126.5 in 1959, an increase of 1.2 per cent. The increase in consumer prices in 1960 compares with increases of 1.1 per cent in 1959 and 2.6 per cent in 1958.

The consumer price index fell in the first quarter of 1960 from 127.5 in January to 126.9 in March. In April the index came back to the January level where it remained, with minor fluctuations, until August when it rose to 127.9. Thereafter, successive monthly increases associated mainly with seasonal movements in food prices raised the index to 129.6 for November and December.

The moderate increase in the consumer price index for 1960 was mainly due to an increase in the services component. The index for total services rose 2.2 per cent while the index for total goods increased less than one per cent. An important element in the rise in the service index was a 2.5 per cent increase in

health care and a 1.9 per cent increase in shelter costs. Prices of durable goods declined slightly, and all other components of the commodities index showed only minor increases.

In recent years, consumer prices in Canada have risen less than in most industrialized countries of the world.

TABLE 31

COST OF LIVING 1960

—	1953=100
Switzerland	108
Belgium—Luxembourg	110
Canada	111
United States	111
Germany	114
Japan	114
Italy	115
Austria	117
Australia	120
United Kingdom	121
Netherlands	121
Norway	121
Denmark	122
New Zealand	124
Sweden	124
France	134

SOURCE: UN Monthly Bulletin of Statistics, March 1961.

In Canada, most of the increase in consumer prices which occurred since the war took place in the early post-war period when removal of wartime controls and subsidies and the special situation of the Korean war caused prices to rise rapidly. Since that time, the period of the most rapid increases occurred about the time of the inflationary resource boom of the mid 1950's.

TABLE 32

PERCENTAGE CHANGES IN CONSUMER PRICES

PERIOD	Total Percentage Change over the Period
1946—1948	+25.1
1948—1950	+ 6.1
1950—1952	+13.2
1952—1954	−0.3
1954—1956	+2.5
1956—1958	+5.9
1958—1960	+2.3

The trend of consumer prices in 1960 with its greater increases for services than for commodities is typical of developments over the past ten years. The recently revised consumer price index, which provides additional information on the various classifications, shows that between 1949 and 1960 the cost of living increased by 28 per cent. The index for commodities, however, was up only 19 per cent with most component groups showing about the same rate of increase. The index for services, on the other hand, showed an increase of 53 per cent. Excluding shelter, the cost of other services rose by 59 per cent over the ten-year period.

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The changes in prices over the last decade can be seen in the following table.

TABLE 33

PERCENTAGE CHANGES IN CONSUMER PRICES

—	1960/1949
Total goods and services	+28.4
Commodities	+19.4
Commodities excluding food	+17.7
Food	+22.6
Durable goods	+18.2
Household equipment	+16.0
Transportation equipment	+25.2
Non-durable goods	+19.5
Non-durable goods excluding food	+17.6
Textiles	+6.0
Other non-durable goods	+20.9
Services	+53.4
Services excluding shelter	+59.4

Although services represent only about one-quarter of total consumer spending, the much more rapid increase in service prices has accounted for nearly one-half of the total rise in consumer prices since 1949.

Since 1949, the greatest increases in Canadian prices have taken place in services and in capital outlays. The increase in service costs is due in part to the increasing demand for services and in part to the difficulties involved in raising technological productivity in many service industries. The increase in the prices of capital goods has also reflected conditions of strong demand. To a lesser degree, as has been noted, the price statistics probably overstate the extent of price increase for capital goods.

By contrast, there have been lesser increases in wholesale prices since 1949, and an actual decline in the total index from the peak in 1951. In contrast to retail prices, the wholesale price index is influenced much more by the movements in world commodity prices and much less by elements of service. Movements in wholesale prices over the past decade have reflected the greater availability of raw materials and industrial commodities. The general index of wholesale prices has been unchanged since the beginning of 1959.

TABLE 34

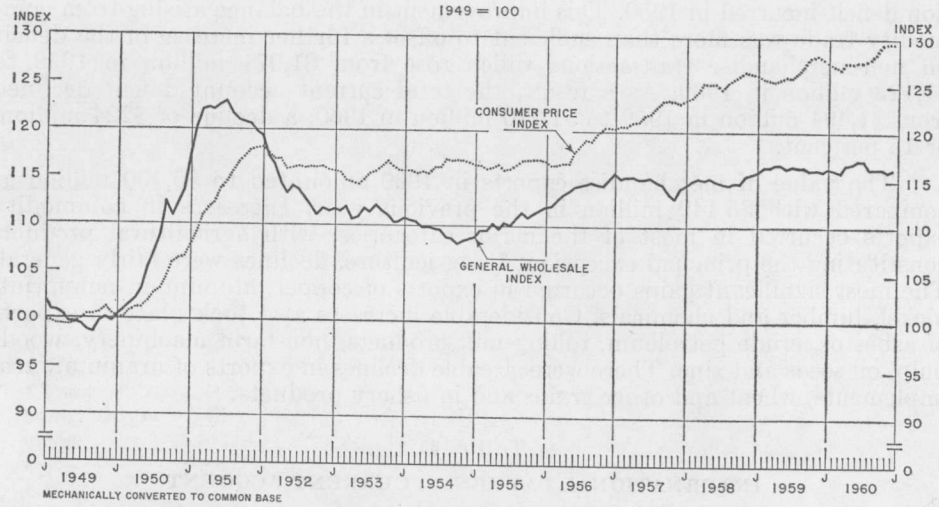
INDEXES OF SELECTED WHOLESALE PRICES

1949=100

—	1949	1951	1959	1960
Raw and partly manufactured goods	100.0	120.7	107.0	106.2
Fully and chiefly manufactured goods	100.0	121.7	121.3	121.5
Industrial materials	100.0	135.8	110.2	110.3
Iron and non-ferrous metals and products	100.0	125.4	140.0	141.2
Total index of General Wholesale Prices	**100.0**	**121.1**	**116.3**	**116.3**

NOTE: Indexes have been mechanically converted from a 1935–1939 base.

CANADIAN WHOLESALE AND CONSUMER PRICE INDEXES

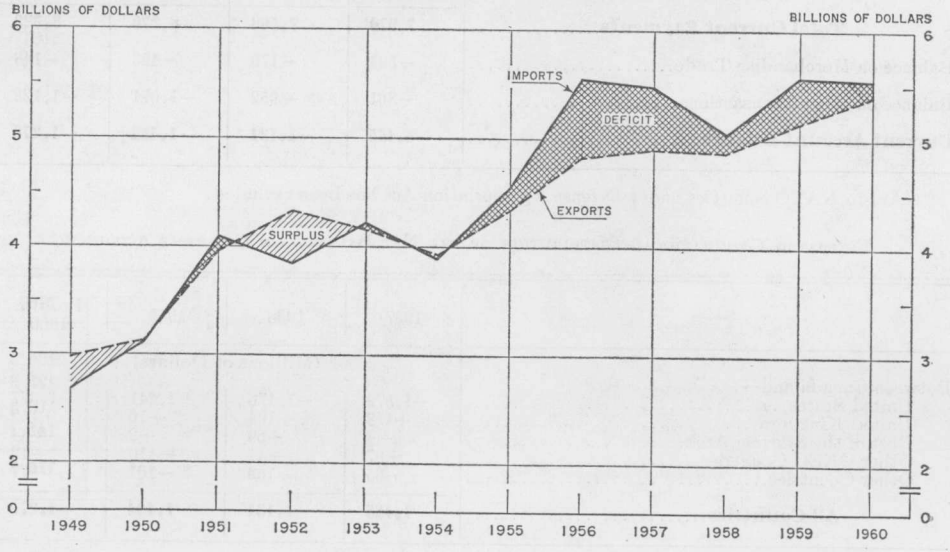


BALANCE OF INTERNATIONAL PAYMENTS

Canada's international trade in 1960 reflected the divergent trends in economic activity in North America and other parts of the world. The industrial countries outside North America enjoyed a vigorous rate of economic growth in 1960 and Canadian exports to the United Kingdom, western Europe, Japan and some other overseas countries increased sharply. Exports to the United States declined.

Total Canadian merchandise exports rose by nearly 5 per cent in 1960. On the other hand, merchandise imports declined fractionally compared with an increase of about 10 per cent in the preceding year. Consequently, the trade

IMPORTS AND EXPORTS OF MERCHANDISE



deficit in 1960 of $148 million was scarcely one-third as large as the $423 million deficit incurred in 1959. This improvement in the balance arising from commodity trade was more than sufficient to offset a further increase in the deficit on non-merchandise transactions which rose from $1,071 million in 1959 to $1,122 million in 1960. As a result, the total current account deficit declined from $1,494 million in 1959 to $1,270 million in 1960, a decline of $224 million, or 15 per cent.

The value of merchandise exports in 1960 amounted to $5,400 million as compared with $5,149 million in the previous year. Increases in commodity exports occurred in most of the major categories, with agricultural products constituting the principal exception. In agriculture, declines were fairly general. The most significant gains occurred in exports of copper, aluminum, newsprint, nickel, lumber and chemicals. Considerable increases also took place in exports of asbestos, crude petroleum, rolling mill products, non-farm machinery, woodpulp, oil seeds and zinc. There were sizeable declines in exports of uranium, farm implements, wheat and other grains and in fishery products.

TABLE 35

INTERNATIONAL PAYMENTS: CURRENT ACCOUNT

—	1957	1958	1959	1960
	(Millions of dollars)			
CURRENT RECEIPTS—				
Merchandise exports (adjusted)[1]	4,894	4,887	5,149	5,400
Gold available for export	147	160	148	161
Travel expenditures	363	349	391	417
Interest and dividends	154	168	183	175
Freight and shipping	445	401	420	415
Inheritances and immigrants' funds	124	97	109	102
Other current receipts	388	375	385	389
Total Current Receipts	**6,515**	**6,437**	**6,785**	**7,059**
CURRENT PAYMENTS—				
Merchandise imports (adjusted)	5,488	5,066	5,572	5,548
Travel expenditures	525	542	598	632
Interest and dividends	589	612	657	655
Freight and shipping	515	460	525	526
Inheritances and emigrants' funds	157	145	164	181
Other current payments	696	743	763	787
Total Current Payments	**7,970**	**7,568**	**8,279**	**8,329**
Balance on Merchandise Trade	−594	−179	−423	−148
Balance on other Transactions	−861	−952	−1,071	−1,122
Current Account Balance	**−1,455**	**−1,131**	**−1,494**	**−1,270**

[1] Aid to NATO countries under Defense Appropriation Act has been excluded.

ESTIMATED GEOGRAPHICAL DISTRIBUTION OF THE NET BALANCE ON CURRENT ACCOUNT

—	1957	1958	1959	Prelim. 1960
	(Millions of Dollars)			
Between Canada and—				
United States	−1,579	−1,176	−1,241	−1,377
United Kingdom	+118	+104	+16	+152
Rest of the Sterling Area	+4	+69	+2	+44
Other OEEC Countries	+67	+41	−110	−12
Other Countries	−65	−169	−161	−77
All Countries	**−1,455**	**−1,131**	**−1,494**	**−1,270**

Turning to consider a rather longer period of recent history, it is clear that considerable changes in Canada's export trade have occurred over the last seven years. Since 1953, exports from Canada's resource industries have increased substantially and the capacity of these industries to meet the growing world demand has greatly expanded. The expansion of exports of the other fabricated products industries was on a somewhat smaller scale, though the expansion in chemical exports was impressive. Exports of farm products were unusually high during the period 1951–53. Since then they have been somewhat lower (but higher than in the immediate postwar period). The value of total domestic exports rose by 28 per cent during this period. Considerable diversification in export trade has taken place and is illustrated by the rising importance of a number of export commodities. The table which follows shows the changes among the important commodities.

TABLE 36

EXPORTS OF SELECTED ITEMS
1953 and 1960

—	1953	1960	Actual Change in $ millions 1960/1953	% 1960/1953
	(Millions of dollars)			
Farm Products—Total	**1,135.7**	**880.7**	**−255.0**	**−22.5**
Wheat	567.9	410.5	−157.4	−27.7
Wheat flour	102.2	62.2	−40.0	−39.1
Barley	136.7	51.4	−85.3	−62.4
Oats	60.4	5.8	−54.6	−90.4
Oilseeds	15.0	68.3	+53.3	+355.3
Animal products	137.1	182.5	+45.4	+33.1
Other	116.4	100.0	−16.4	−14.1
Fishery Products—Total	**113.8**	**137.4**	**+23.6**	**+20.7**
Forest Products—Total	**1,292.2**	**1,579.6**	**+287.4**	**+22.2**
Lumber	283.2	346.3	+63.1	+22.3
Wood pulp	248.7	325.1	+76.4	+30.7
Newsprint	619.0	757.9	+138.9	+22.4
Other	141.3	150.3	+9.0	+6.4
Primary and Semi-Processed Metals and Minerals—Total	**905.7**	**1,825.1**	**+919.4**	**+101.5**
Iron ore	30.8	155.5	+124.7	+404.9
Primary and semi-finished steel	70.4	156.8	+86.4	+122.7
Aluminum	177.9	269.4	+91.5	+51.4
Copper	124.7	223.9	+99.2	+79.6
Nickel	162.5	258.3	+95.8	+59.0
Zinc	57.7	63.7	+6.0	+10.4
Asbestos	84.6	121.1	+36.5	+43.1
Uranium ores and concentrates	n.a.	263.5	indeterminate	
Crude petroleum	6.2	94.5	+88.3	+1,424.2
Natural gas	.....	18.1	+18.1	indeterminate
Other	190.9	200.3	+9.4	+4.9
Chemicals—Total	**137.9**	**237.8**	**+99.9**	**+72.4**
Other Manufactured and Miscellaneous Goods—Total	**532.2**	**605.8**	**+73.6**	**+13.8**
Whiskey, spirits and beer	66.2	83.7	+17.5	+26.4
Farm machinery and parts	74.3	85.4	+11.1	+14.9
Other machinery and parts	37.3	67.1	+29.8	+79.9
Trucks and automobiles	58.4	28.1	−30.3	−51.9
Truck and automobile parts	17.0	23.8	+6.8	+40.0
Electrical apparatus	37.7	47.3	+9.6	+25.5
Other	241.3	270.4	+29.1	+12.1
Total Domestic Exports	**4,117.5**	**5,266.4**	**+1,148.9**	**+27.9**

n.a.=not available.

The value of merchandise imports in 1960 was $5,548 million, fractionally below the $5,572 million value in 1959. This is in sharp contrast with the strong growth in imports which has been characteristic of the past decade as a whole. The relative stability in total merchandise imports between 1959 and 1960 also contrasts with the increase in the Gross National Product; the ratio of imports of goods to G.N.P. was among the lowest in the postwar period. In general, increases and decreases in all categories of imports were small. The largest declines occurred in imports of petroleum products, machinery and rolling-mill products. The greatest increases took place in aircraft and automobile and parts.

As indicated above, there were some significant changes in Canada's pattern of trade in 1960. Exports to the United States declined by $150 million, nearly 5 per cent, while sales to all other countries grew by $401 million, or 20 per cent. On the other hand, imports were slightly lower, both from the United States and from all other countries taken as a group.

Canada's trade with countries other than the United States also displayed a changing pattern. Sales to the United Kingdom rose by $143 million while imports from that country were $9 million lower. Exports to other Commonwealth countries grew by $53 million, and imports by $20 million.

A major increase occurred in exports to western Europe where shipments increased by $144 million, or by one-third. Exports to "All Other Countries" rose by $57 million of which $38 million was to Japan. Imports from "All Other Countries" declined by $41 million.

TABLE 37

PERCENTAGE CHANGE IN MERCHANDISE TRADE
1960/1959

—	Exports	Imports
Between Canada and—		
United States	−4.7	−0.2
United Kingdom	+18.3	−1.5
Rest of the Sterling Area	+18.3	+7.6
Other O.E.E.C. Countries	+33.0	+4.1
All Other Countries	+12.9	−6.8
All Countries	**+4.9**	**−0.4**

As a result of these developments, there was an increase in the trade deficit with the United States, an increase in the trade surplus with the Commonwealth, including the United Kingdom, and the re-emergence of a substantial trade surplus with all other countries.

The proportion of total Canadian exports going to the United States declined in 1960 while all other areas increased their share. The proportions of total imports coming from the United States and the United Kingdom were almost unchanged from 1959. The rest of the sterling area and other O.E.E.C. countries increased their share of the Canadian market while the share of "All Other Countries" declined.

As mentioned earlier, the deficit on non-merchandise transactions totalled $1,122 million in 1960. This was an increase of $51 million, or 4.8 per cent, and was the smallest relative increase recorded since 1952. Over the last eight years, the average annual increase has been about 20 per cent.

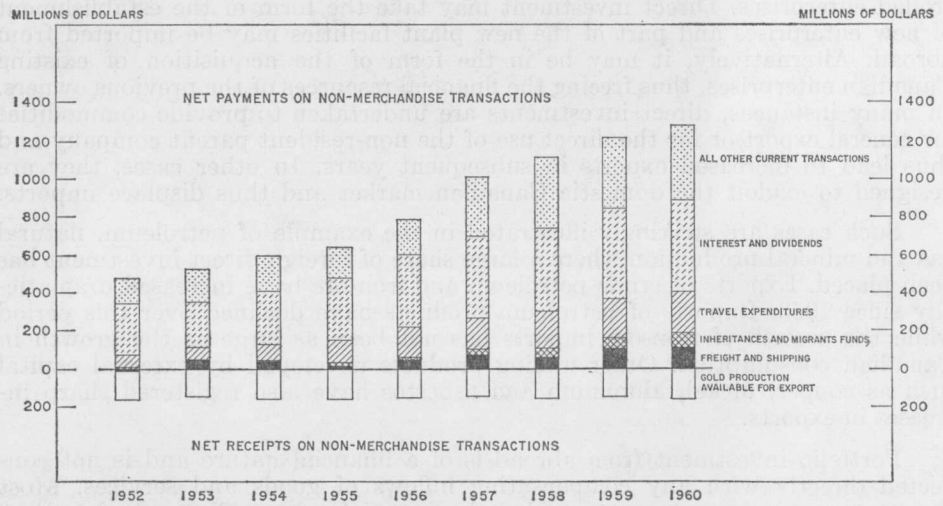
TABLE 38

MERCHANDISE TRADE: PERCENTAGE DISTRIBUTION

—	Exports		Imports	
	1959	1960	1959	1960
United States	61.9	56.3	66.9	67.0
United Kingdom	15.2	17.1	11.1	11.0
Rest of the Sterling Area	5.6	6.3	4.7	5.1
Other O.E.E.C. Countries	8.7	11.1	6.5	6.8
All Other Countries	8.6	9.2	10.8	10.1
Total	**100.0**	**100.0**	**100.0**	**100.0**

All major components of the non-merchandise account, except gold production available for export, shared in the growth of the deficit on non-merchandise trade. Larger deficits occurred in freight and shipping services and migrants' funds and inheritances resulting from a decline in receipts combined with an increase in payments on such accounts. There was a greater growth in payments than in receipts for foreign travel and in the "miscellaneous" account (which includes payments for a variety of business services). There was also a greater reduction in receipts than in payments on income account arising out of the remittance of interest and dividends. All of these changes contributed to the further growth in the deficit on non-merchandise trade.

BALANCE ON NON-MERCHANDISE TRANSACTIONS



Examining the non-merchandise items in more detail, the deficit on income account in 1960 amounted to $480 million, or 43 per cent of the total deficit on non-merchandise transactions. Interest receipts from abroad rose, but dividend receipts declined. Payments of interest abroad were higher due mainly to sizeable net sales of provincial, municipal and corporate bonds in the United States in 1959 and the first half of 1960. On the other hand, dividend payments abroad declined.

The deficit arising from government transactions other than official contributions rose by a substantial amount. This was the result of a decline in external receipts, due partly to a lower level of United States government defence expenditures in Canada, and to an increase in external payments, mainly attributable to larger Canadian defence expenditures abroad. Official contributions declined, due mainly to the absence in 1960 of relief wheat shipments to countries in South-East Asia which were sizeable in the two previous years.

Canada's international balance of payments includes very substantial capital transfers of many kinds and moving in both directions. Net capital transfers, including changes in private and official holdings of foreign exchange, are necessarily equal to the balance on current account. In recent years, the net capital movement has been strongly inward. Such balance has been achieved in recent years with relatively little change in official holdings of foreign exchange, largely through the fluctuations in the exchange value of the Canadian dollar in response to changes in the supply of and demand for currencies entering into Canada's external transactions.

The large net inflows of capital from abroad have been associated with the high rate of capital investment in Canada and reflect the favourable investment opportunities in this country, certain relative tax advantages, as well as comparative interest rates prevailing in Canada and abroad.

During the past five years, these inflows have varied between $1.1 billion and $1.5 billion annually. Although there have at times been large inflows of short-term capital, the major inflow has been of a long-term nature. Some of the long-term capital represents portfolio investment by foreigners, in the form of stocks and bonds and presumably reflects favourable rates of return, current and prospective, on this type of investment. The other important form of long-term capital inflow has been represented by direct investment in foreign-controlled enterprises. Direct investment may take the form of the establishment of new enterprises and part of the new plant facilities may be imported from abroad. Alternatively, it may be in the form of the acquisition of existing Canadian enterprises, thus freeing the financial resources of the previous owners. In many instances, direct investments are undertaken to provide commodities for general export or for the direct use of the non-resident parent company and thus lead to increased exports in subsequent years. In other cases, they are designed to exploit the domestic Canadian market and thus displace imports.

Such cases are strikingly illustrated in the example of petroleum, natural gas and mineral production where a large share of foreign direct investment has been placed. Exports of crude petroleum and iron-ore have increased dramatically since 1953. Imports of petroleum products have declined over this period while the growth of iron-ore imports has not been as large as the growth in Canadian consumption. Other mining products developed by external capital such as copper, nickel, aluminum and asbestos have also registered sharp increases in exports.

Portfolio investment from abroad is of a financial nature and is not connected directly with any compensating inflows of goods and services. Most short-term capital movements are also of a financial nature. The normal method by which the net inflow of financial capital is translated into a real movement of goods and services is through the operation of the exchange rate. Movements in the exchange rate may, under certain circumstances, induce changes in the flows of capital. Considered by themselves, however, inflows of financial capital tend to raise or maintain the exchange value of the Canadian currency. The high level of the Canadian dollar tends, in turn, to reduce the export and to increase the import of goods and services by an amount equivalent to the net inflow of capital.

Inflows of direct investment funds, on the other hand, sometimes take the form of the direct provision of goods and services. For example, a direct foreign investment in a mining property may involve the importation of machinery and technical services. To the extent that this occurs, the additional imports matching the capital imports come in without involving the exchange market or the exchange rate. But more frequently, the inflow of direct investment is not directly tied to the importation of goods and services, and the importation of a corresponding amount of goods and services takes place indirectly, as in the case of the inflow of other financial capital, through the mechanism of the exchange rate.

The net inflow of long-term capital, in the form of direct investment, portfolio stocks and bonds and official loans and other long-term investments, amounted to about $875 million in 1960, compared with $1,088 million in 1959.

Within the total of long-term capital, there was a change in composition in 1960. For the first time since 1956, when Canadian provincial, municipal and corporate new security issues sold abroad reached very large proportions, direct investment re-emerged as the principal source of long-term capital inflows. Net inflows for direct investment showed a substantial increase while net inflows from security transactions were less than one-third the average inflow for the preceding four years. Consequently, direct investment in 1960 accounted for about 69 per cent of the total long-term movement compared with 43 per cent in 1959 and about 37 per cent in the preceding three years.

About 85 per cent of the net long-term capital inflow during 1960 came from the United States compared with 79 per cent in 1959. The United Kingdom's share fell from 9 per cent to 7 per cent; withdrawals of portfolio capital more

TABLE 39

INTERNATIONAL PAYMENTS: CAPITAL MOVEMENTS

—	1957	1958	1959	Prelim. 1960
	(Millions of dollars)			
Direct investment in Canada	+514	+420	+550	+690
Direct investment abroad	−68	−48	−80	−85
Canadian securities—				
Trade in outstanding bonds and debentures	−45	.....	+91	+7
Trade in outstanding common and preference stocks	+137	+88	+110	+48
New issues	+798	+677	+707	+397
Retirements	−133	−158	−258	−225
Foreign securities	+6	+3	−33	−9
Loans by Gov't of Canada—Drawings	.....	−34	−1	.....
Repayments	+50	+64	+34	+32
Subscriptions to IMF, IFC and IBRD in gold and US dollars	.....	.....	−59	−3
Change in Canadian dollar holdings of foreigners	−35	+106	+13	+115
Change in official holdings of gold and foreign exchange (increase, −)	+105	−109	+70	+39
Other capital movements	+126	+122	+350	+264
Net capital movement	**+1,455**	**+1,131**	**+1,494**	**+1,270**

than offset an increase in direct investment inflows. The share originating in other overseas countries also fell, from 12 per cent to 8 per cent, with direct investment being higher and inflows from security transactions lower.

The movement of foreign capital into Canada for direct investment in foreign-controlled enterprises during 1960 totalled $690 million, $140 million higher than in 1959 and $100 million above the largest figure recorded previously. The petroleum and natural gas industry attracted the largest part of the net inflow for direct investment, probably more than one-third. Direct investment in mining concerns, especially iron-ore projects and ancillary facilities, showed an even greater growth, and also accounted for nearly one-third of total direct investment inflows. The largest part of the movement occurred in the early part of the year.

The net capital import through security transactions amounted to $218 million in 1960. This movement was much smaller than in the years 1956 to 1959 (when it ranged between $610 million and $763 million) but was larger than in all but two of the ten preceding years. As between the various types of security transactions, there were substantial reductions both in the sale of new Canadian issues to non-residents and in the net sale abroad of outstanding Canadian stocks and bonds. At the same time, the redemptions of foreign-held Canadian securities were somewhat below the level in 1959. As with direct investment, the largest part of the net inward movement in security transactions occurred early in the year. In the final quarter of the year, the movement was outward.

A large part of the smaller increase in portfolio investment was accounted for by a sharp drop in net sales to non-residents of new provincial government issues, which fell from $293 million in 1959 to $55 million in 1960. Total funds raised by provincial governments in both years, including bank loans, were almost unchanged, but in 1960 a far greater proportion was raised in Canada. This development may be attributable in part to the ability of the provinces to borrow at declining rates of interest in Canada during the first three quarters of 1960, at a time when United States interest rates were comparatively stable. In part, the heavier borrowing in Canada may have reflected a greater concern on the part of borrowers as to the exchange risks on foreign borrowings. The budget speeches of the Minister of Finance in March and December, 1960, stressed to borrowers the risks involved in undertaking commitments expressed in foreign currencies.

The inflow of long-term capital into Canada for 1960 was less than it had been in 1959, and fell during the course of the year. This decline in capital inflow relaxed the upward pressure on the exchange value of the Canadian dollar. The general downward movement in the exchange rate was to some extent offset by shorter-term capital movements particularly in the fourth quarter.

A sharp rise in holdings by foreigners of Canadian dollar balances and short-term paper occurred in the latter half of the year with increases of $45 million and $75 million in the third and fourth quarters respectively; the inflow for the year as a whole was $115 million. Larger holdings by residents of the United States and overseas countries other than the United Kingdom accounted for most of the increase. In 1960, non-resident holdings of Canadian treasury bills rose by $56 million. In explanation, it may be noted that in the latter half of 1960 treasury bill yields in Canada were considerably above those of the United States even after providing for the cost of exchange "hedging". Incidentally, the holdings of Canadian dollars and short-term paper by foreigners have risen in each of the past three years and now total over $600 million, including $120 million of treasury bills.

TABLE 40

INTERNATIONAL CAPITAL MOVEMENTS, BY QUARTERS

—	1960				
	I	II	III	IV	Total
	(Millions of dollars)				
Net inflow for direct investment	+195	+150	+145	+115	+605
Net inflow for portfolio investment	+206	+91	+6	−85	+218
Sub-total	*+401*	*+241*	*+151*	*+30*	*+823*
Official holdings of gold and foreign exchange (increase−)	+11	+82	−40	−14	+39
Government loans and subscriptions	.....	+7	−1	+23	+29
Other capital movements (including changes in Canadian dollar holdings of foreigners)	−84	+156	+28	+279	+379
Total	**+328**	**+486**	**+138**	**+318**	**+1,270**

The inflow of "all other" capital movements in 1960 totalled $264 million, an amount considerably smaller than in 1959. However, $204 million of this inflow occurred in the fourth quarter, representing a movement of almost record proportions.

It may be assumed that the sharp inflow of short-term capital in the fourth quarter of 1960 was associated with the existence of more attractive short-term interest rates in Canada relative to the United States, and with relatively less attractive rates in London. Some short-term capital may have entered Canada from countries suffering political disturbances. The role of expectations is difficult to gauge, but shifts in expectations about movements in the rate were probably a factor in the fourth quarter.

To complete the description of capital movements in 1960, there was a capital outflow of $3 million representing Canada's foreign exchange subscription to international financial organizations and capital inflows of $32 million resulting from repayments on intergovernmental loans. There was also a slight reduction in official holdings of gold and foreign exchange of $39 million. At December 31, 1960, Canada's official exchange reserves amounted to U.S. $1,829 million compared with U.S. $1,869 million at the end of 1959.

TABLE 41

CANADA'S OFFICIAL HOLDINGS OF GOLD AND U.S. DOLLARS
AS AT DECEMBER 31

—	1957	1958	1959	1960
	(Millions of U.S. Dollars)			
Exchange Fund Account and Bank of Canada—				
Gold	1,100.3	1,078.1	959.6	885.3
U.S. Dollars	697.5	800.0	879.4	914.9
Other Government of Canada Accounts	30.5	61.0	30.2	29.0
Total Gold and U.S. Dollars	**1,828.3**	**1,939.1**	**1,869.2**	**1,829.2**

The exchange value of the Canadian dollar declined generally throughout 1960 apart from an increase at mid-year. In December it reached its lowest point since March, 1956. The average rate of exchange for the United States dollar, in terms of the Canadian dollar, at its low point in March, 1960 was

94.94. In December, 1960 it rose to a high of 99.81 and closed the year at 99.66. For 1960 as a whole, the average noon rate was 96.97 compared with 95.90 in 1959.

FINANCIAL DEVELOPMENTS

The financial environment in the western world is considerably different now from what it was a decade ago. To begin with, there has been a gradual reduction in the degree of financial liquidity accumulated during and just after World War II. At the same time, demands for capital by the underdeveloped countries of the world have continued to grow. The heavy capital requirements involved in replacing the social and industrial structure of western Europe had scarcely begun to diminish when the impetus of European integration took its place. A somewhat tardy recognition of the dangers of inflation related to the period of post-war material shortages invoked a rediscovery of monetary policy as an effective economic weapon. More recently, the removal of some of the barriers to the international movement of capital among the more industrialized countries of the western world has encouraged an increasing flow of funds across political boundaries to take advantage of investment opportunities wherever they might be found.

For a variety of reasons, these among them, interest rates in western countries have tended to rise: the spread between rates in different countries has narrowed, through a process of "evening up" rather than "evening down". The following table illustrates this development:

TABLE 42

YIELDS ON LONG-TERM GOVERNMENT BONDS

—	1950	1953	1954	1955	1956	1957	1958	1959	1960
Canada	2.78	3.68	3.14	3.23	3.58	4.10	4.22	4.86	5.05
U.S.A.	2.32	2.92	2.52	2.80	3.06	3.47	3.43	4.07	4.02
U.K.	3.54	4.08	3.75	4.17	4.73	4.98	4.98	4.82	5.43
Germany	..	..	..	..	6.2	6.6	6.3	5.9	6.5
France	6.52	5.41	5.38	5.21	5.28	5.92	5.68	5.27	5.16
Netherlands	3.28	3.43	3.31	3.26	3.84	4.58	4.32	4.12	4.21
Belgium	4.42	4.40	4.27	4.16	4.21	4.69	4.57	4.27	4.30
Italy	5.73	6.06	6.06	6.20	6.74	6.81	6.61	5.43	5.24
Sweden	3.11	3.27	3.24	3.70	3.75	4.33	4.33	4.28	4.56
Australia	3.14	4.48	4.46	4.52	5.03	5.02	4.97	4.91	5.00

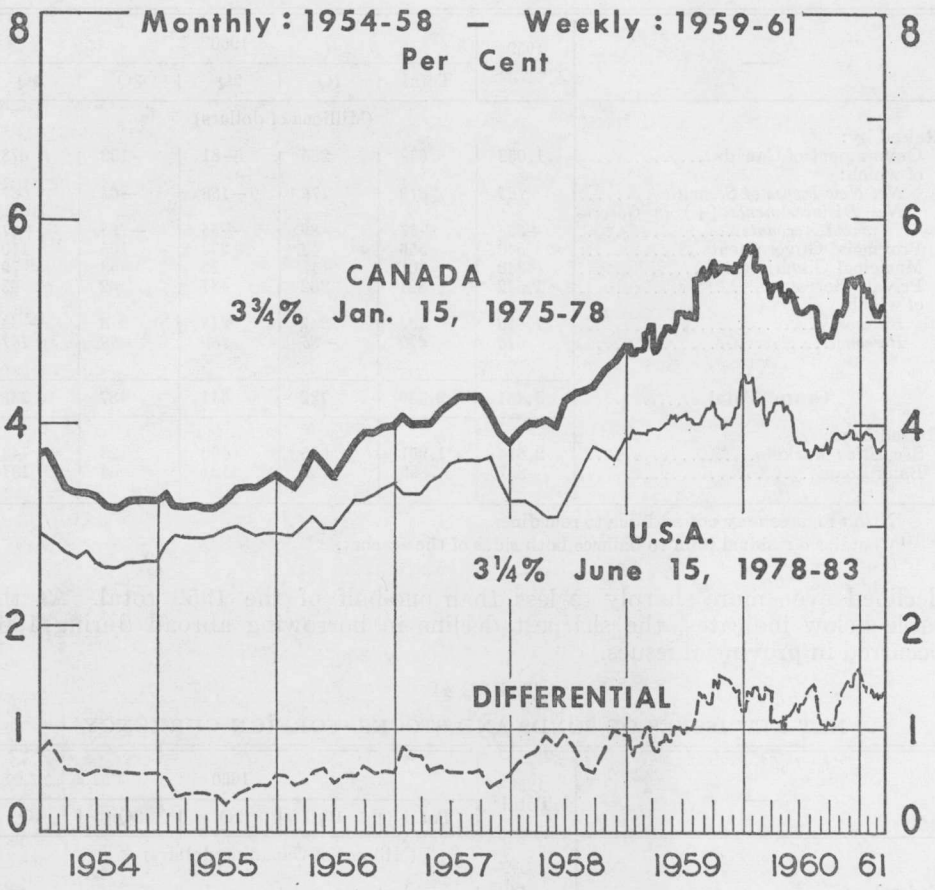
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SOURCE: International Financial Statistics, February, 1961.

The growing interdependence of world capital markets has made it increasingly difficult for individual countries to pursue completely independent fiscal and monetary policies, devised to suit purely internal domestic situations. For countries with fixed exchange rates the decline (as in the case of the U.S.) or accretion (as in the case of Germany) of exchange reserves requires the adaptation of national policies to the international environment.

In the case of Canada, our floating exchange rate cushions the pressure of external forces, but does not permit us to avoid adjusting our economy to the rest of the world. Movements in capital still take place in response to investment opportunities revealed in part in interest rate differentials, although they may display their force more through movements in the exchange rate than through changes in the level of exchange reserves.

LONG-TERM GOVERNMENT BOND YIELDS



Turning now to developments in Canada in 1960, the total effective demand for new capital by all categories of borrowers, measured by the amounts they were able to raise through the banking system and on the capital markets, was down sharply from the level of 1959. The one important exception to this generalization concerned the provincial governments, which in total raised slightly more capital in 1960 than in 1959. The following table, while not complete in its coverage of all borrowing and lending of Canadians, does give a general outline of the activity which took place in the capital markets in 1960 as compared with 1959. It should be noted that the "sources of funds" include all net new issues of securities both in Canadian and foreign currencies, as well as the net change in bank loans to provincial and municipal governments, instalment finance companies, grain dealers, and in general loans and insured mortgage loans.

Funds raised by private borrowers in 1960, particularly those of business and industry, registered the greatest proportionate decreases from 1959. The slowing down of the rate of economic activity caused corporations to revise their investment plans downward and, after mid-year, to reduce inventories, while the total amount of business savings was somewhat higher in 1960 than in 1959.

While the total funds raised in 1960 from all sources declined from the level of the previous year, the volume of securities denominated in foreign currency

TABLE 43

NET FUNDS RAISED BY CANADIAN BORROWERS

—	1959 Total	1960				
		Total	1Q	2Q	3Q	4Q
	(Millions of dollars)					
Raised by:						
Government of Canada	1,058	669	265	−81	−192	678
of which:						
Net New Issues of Securities	*723*	*612*	*176*	*−136*	*−64*	*637*
Net Disinvestments (+) in Government Accounts	*+335*	*+57*	*+89*	*+55*	*−128*	*+41*
Provincial Governments	540	556	48	233	165	110
Municipal Governments	340	301	147	22	53	79
Private Borrowers	1,542	824	262	437	62	63
of which:						
Business[1]	*1,026*	*554*	*347*	*248*	*3*	*−44*
Personal	*516*	*270*	*−85*	*189*	*59*	*107*
Grand Total	**3,481**	**2,350**	**722**	**611**	**87**	**930**
Raised from:						
Securities Markets	2,614	1,951	695	490	23	743
Bank Loans	867	399	27	121	64	187

NOTE: Figures may not add due to rounding.

[1] Contains a residual item to balance both sides of the account.

declined even more sharply to less than one-half of the 1959 total. As the table below indicates, the sharpest decline in borrowing abroad during 1960 occurred in provincial issues.

TABLE 44

NET NEW ISSUES OF BONDS AND STOCKS—FOREIGN CURRENCY

—	1959 Total	1960				
		Total	1Q	2Q	3Q	4Q
	(Millions of Canadian dollars)					
Federal	−149	−1	—	−1	—	—
Provincial	239	20	21	30	9	−39
Municipal	115	84	70	21	−2	−6
Corporate (including corporate stocks)	16	−1	20	7	−22	−6
Total	**221**	**103**	**112**	**58**	**−15**	**−51**

NOTE: Figures may not add due to rounding.

Considering net new issues of securities in Canadian currency, it is evident from the table below that the net amount of new issues of bonds sold by the federal government, including the net disinvestment in government securities by various government accounts, was considerably lower in 1960 than in 1959. Securities issued in Canada by provincial and, to a lesser extent, municipal governments were, however, at a markedly higher level in 1960 than they were in 1959.

The increases in net new issues in Canada by provincial and municipal governments were offset by the decreases already noted in net foreign issues, so that the total of new security issues by these levels of government was considerably lower in 1960 than in 1959. Similarly, the increase in domestic corporate issues was offset by a slight decrease in the issue of corporate bonds denominated in foreign currency. More significant, however, was the sharp drop in new corporate stock offerings in 1960. The net amount of $222 million issued during the year was just over one-half the 1959 figure of $404 million. Consequently,

TABLE 45

NET NEW ISSUES OF SECURITIES (INCLUDING NET DISINVESTMENT OF GOVERNMENT ACCOUNTS)—CANADIAN CURRENCY

—	1959 Total	1960				
		Total	1Q	2Q	3Q	4Q
	(Millions of dollars)					
Market Issues—						
Government of Canada (Direct and Guaranteed):						
Net Disinvestment (+) in Government Accounts	335	57	89	55	−128	41
Treasury Bills	582	−92	48	−160	—	20
Other Market Issues	−28	323	197	108	−7	25
Sub-total	*889*	*288*	*334*	*3*	*−135*	*86*
Provincial Governments	331	446	48	201	147	50
Municipal Governments	211	232	22	82	42	86
Corporations and "Other"	105	269	153	121	45	−50
Sub-total	*647*	*947*	*223*	*404*	*234*	*86*
Finance Co. Short Paper	135	10	52	1	−44	1
Corporate Stocks	404	222	43	107	41	30
Total Market Issues	**2,075**	**1,467**	**652**	**515**	**96**	**203**
Non-Market Issues—						
Canada Savings Bonds	317	382	−69	−84	−57	592
Grand Total	**2,392**	**1,849**	**583**	**431**	**39**	**795**

total funds raised in the Canadian securities market by corporations decreased from $493 million in 1959 to $471 million in 1960. Moreover, almost all of these funds were obtained in the first half of 1960. Since there was a net redemption of corporate bonds in the latter half of the year, the net funds raised in the market by corporations between July and December amounted to only $62 million.

Excluding the net disinvestment in government securities by government accounts, the federal government made net new issues of direct and guaranteed securities (including C.N.R.'s) in the Canadian market in the amount of $613 million, as compared with net issues of $817 million in 1959. Taking into account the net redemption of federal securities denominated in foreign currency, the net amount of new issues in 1960 increased the total of government direct and guaranteed securities outstanding to $17,747 million at December 31, 1961. Of this total, an amount of $16,881 million was held outside government accounts.

The total of federal government securities held outside government accounts increased from December 31, 1957 to December 31, 1960 by $3,083 million. Of this amount, somewhat more than one-half represents debt assumed by the federal government as the counterpart of loans, investments and debt guarantees made to various Crown corporations for commercial and quasi-commercial operations, particularly in the fields of transportation and housing. Reflecting this increase in assets, the net debt of the federal government (i.e., the difference between total liabilities and total assets) increased from March 31, 1957 to March 31, 1961 by only $1,434 million, to a level of $12,442 million.

To supplement the analysis of the demands on the Canadian capital market in 1960, the following table indicates changes in the volume of financing by various categories of borrowers through the medium of bank loans, excluding

TABLE 46

NET CHANGE IN CHARTERED BANK LOANS OUTSTANDING[1]

—	1959 Total	1960				
		Total	1Q	2Q	3Q	4Q
	(Millions of dollars)					
Business:						
Under $1,000,000	200	136	121	113	−8	−90
$1,000,000—$4,999,999	114	39	20	30	−2	−9
$5,000,000 and over	38	−39	−75	−27	−11	74
Sub-total	*351*	*136*	*66*	*116*	*−21*	*−25*
Personal and Mortgage	341	141	1	89	25	26
Provincial	−30	89	−22	2	10	99
Municipal	14	−14	54	−81	13	—
Other	191	46	−72	−5	37	87
Total	**867**	**398**	**27**	**121**	**64**	**187**

[1] Includes insured residential mortgage loans and excludes day-to-day loans, call and short loans, and loans for the purchase of Canada Savings Bonds.

call and day loans and loans for the purchase of Canada Savings Bonds. The figures in this table are not exactly comparable with those in Table 43, due to the inclusion, as already noted, of a residual adjustment in that table. It will be noted that the increase in bank loans during 1960 was less than half that in 1959. However, the provincial governments, which had on balance repaid loans in 1959, borrowed $89 million net in 1960 from the banking system.

From the above table it is apparent that, of the increase in bank loans during 1960, about one-third occurred in the business category, with increases in loans under $5 million being partially offset by decreases in loans in excess of this figure. Loans to public utilities and transportation increased, but much of this increase represented loans at the end of 1960 to major provincial utilities commissions in anticipation of the issue of bonds after the beginning of 1961. While loans to merchants and other businesses continued to increase during 1960, the net new demand for funds by these borrowers was less than in 1959. Loans to most categories of industry decreased during the year. The increase in personal loans and insured residential mortgage loans which occurred in 1960 was almost wholly the result of a rise in personal unsecured loans, since there were equal offsetting movements in personal secured loans and home improvement loans. The chartered banks made only a negligible contribution to the funds supplied for residential mortgages in 1960. Loans to provincial governments were considerably greater in 1960 than in 1959, particularly in the latter half of the year, when demands on the long-term Canadian capital market by provincial governments as a group were smaller than normal, and when there was a net redemption of foreign-pay provincial securities. The increase shown under "other" loans was made up of increases in loans to farmers, grain dealers and institutions, partially offset by decreases in loans to instalment finance and small loan companies.

National income increased less in 1960 than in 1959. The rate of total saving declined, and the general public* increased its holdings of financial assets in 1960 by only $2,304 million as compared with $3,270 million in 1959. During 1960, there was a marked change in the relative liquidity of the financial assets acquired by the public. The following table indicates the net changes in public holdings of financial assets, segregated by the relative liquidity of these assets.

* General public is defined to include all holders other than Bank of Canada, chartered banks and government accounts. It includes, for example, corporations, financial institutions other than chartered banks, provincial and municipal government accounts and non-residents, as well as resident persons.

TABLE 47

NET CHANGE IN HOLDINGS OF CERTAIN FINANCIAL ASSETS BY THE GENERAL PUBLIC

(Differentiated as to Degree of Liquidity)

—	1959 Total	1960				
		Total	1Q	2Q	3Q	4Q
	(Millions of dollars)					
More Liquid Assets:						
Treasury Bills	341	−207	−21	−143	−104	61
Canada Savings Bonds	317	382	−69	−84	−57	592
Finance Co. Short Paper	135	10	52	1	−44	1
Currency and Bank Deposits	−138	615	−105	244	394	82
Total	**655**	**800**	**−143**	**18**	**189**	**736**
Less Liquid Assets:						
Other Gov't. of Canada Market Issues	1,100	178	336	55	−173	−40
Provincial Bonds	640	489	65	232	179	13
Municipal Bonds	316	313	96	106	37	74
Corporate and Other Bonds	155	297	178	129	37	−47
Corporate Stocks	406	227	44	109	43	31
Total	**2,617**	**1,504**	**719**	**631**	**123**	**31**
Grand Total	**3,270**	**2,304**	**576**	**649**	**311**	**768**

NOTE: Figures may not add due to rounding.

During the first half of 1960, the increase in financial assets was more than accounted for by increases in public holdings of federal government and other bonds and of corporate stocks, since there was a net decrease during this period in more liquid holdings. This situation was reversed in the latter half of the year, mainly as a result of the usual heavy purchases of Canada Savings Bonds in the fourth quarter, but also due to an increase in holdings of currency and bank deposits.

Broadly corresponding to the increases in deposits with chartered banks during 1960, there was an increase in total bank assets. Assets at December 31, 1960, totalled $12,800 million as compared with $12,047 million at the end of 1959, an increase of $753 million. Of this increase, $582 million occurred in the final quarter of 1960. As will be seen from Table 48, a rise in bank holdings of Government of Canada bonds and of general loans accounted for most of the total increase in assets. A comparison of year-end totals of liquid assets conceals a sharp movement during the year: there was a large increase in bank liquidity in the early part of the fourth quarter of 1960 partially offset by a decline during November and December as the banks transformed liquid assets into assets of higher yields.

TABLE 48

CHARTERED BANK ASSETS—GROUPED BY MAJOR CATEGORIES

—	Dec. 31, 1959	Dec. 31, 1960	Change
	(Millions of dollars)		
Liquid assets[1]	2,028	2,131	+103
Government bonds	1,827	2,088	+261
Canadian loans (ex. day-to-day and call)	6,003	6,396	+393
Insured mortgages	968	971	+3
Other assets	1,221	1,214	−7
Total	**12,047**	**12,800**	**+753**

[1] Comprising Bank of Canada notes and deposits, day-to-day loans and treasury bills.

During the first three quarters of 1960, interest rates declined reflecting the generally lower demands on the capital market, and a parallel movement in interest rates in the U.S. After reaching a low point towards the end of the third quarter, rates rose fairly rapidly during the final quarter. The level at the end of 1960 was, however, below that a year earlier.

As usual, movements in the yields of three-month treasury bills during 1960 were considerably sharper than those of other interest rates. From a high of 5.14 per cent early in January, 1960, the three-month yield declined to 1.68 per cent late in September. In the subsequent nine-week period it increased rapidly, reaching a level of 3.95 per cent by the end of November, after which the rate dropped to 3.25 per cent by the end of December. The level has been generally maintained into 1961, and at March 30, 1961, the yield was 3.21 per cent. In addition to these major movements, however, there were during 1960 considerably more short-term swings in the three-month yield than in 1959.

While following the same general pattern, the changes in medium and long-term yields were more moderate. Medium-term yields decreased steadily until the end of September. During the final quarter of the year, this decline was reversed, but the yields at the end of the year were lower than in December, 1959. The yields on Government of Canada 2-3/4 per cent bonds due June 15, 1967-68, declined from 5.37 per cent at the end of 1959 to 4.09 per cent in September, then rose to 4.74 per cent in December. The yield on long-term maturities followed a similar but less pronounced movement. Government of Canada 3-3/4 per cent bonds of January 15, 1975-78, yielded 5.60 per cent at the end of 1959, 4.84 per cent in September, 1960 and 5.41 per cent at year-end.

Provincial, municipal and industrial bond yields followed a pattern during 1960 similar to that of other interest rates. The prime commercial lending rate of the chartered banks, which rose from 5-1/2 per cent to 5-3/4 per cent in April, 1959, remained at this level throughout the whole of 1960. Similarly, the interest rate on savings deposits in the chartered banks remained at 2-3/4 per cent throughout the year.

TABLE 49

COMPARISON OF YIELDS ON FEDERAL GOVERNMENT BONDS IN CANADA AND THE UNITED STATES

End of[1]	Medium Bonds[2]			Long Bonds[3]			91-Day Treas. Bills		
	Canada	U.S.	Spread	Canada	U.S.	Spread	Canada	U.S.	Spread
1959—									
March	4.75	3.92	.83	4.88	3.95	.93	4.30	2.77	1.53
June	4.83	4.33	.50	5.08	4.09	.99	5.11	3.16	1.95
September	5.30	4.65	.65	5.61	4.12	1.49	5.50	4.19	1.31
December	5.37	4.90	.47	5.60	4.41	1.19	5.12	4.52	.60
1960—									
March	5.17	4.22	.95	5.32	4.13	1.19	3.01	2.79	.22
June	4.50	4.03	.47	5.08	3.83	1.25	3.07	2.40	.67
September	4.09	3.55	.54	4.84	3.76	1.08	1.70	2.29	−.59
December	4.74	3.72	1.02	5.41	3.80	1.61	3.25	2.15	1.10
1961—									
March	4.68	3.72	.96	5.18	3.80	1.38	3.21	2.39	.82

[1] Last Wednesday of the month.

[2] For Canada, Government of Canada 2¾% bonds due June 15, 1967–68; for U.S., United States Government 2½% bonds due December 15, 1963–68.

[3] For Canada, Government of Canada 3¾% bonds due January 15, 1975–78; for U.S., United States Government 3¼% bonds due June 15, 1978–83.

During the first half of 1960, interest rates in the United States declined, responding to factors similar to those in Canada. However, rates did not rise as much in the United States during the latter part of 1960. Consequently, the spread between Canadian and United States interest rates, which had narrowed slightly in the early part of 1960, widened considerably during the remainder of the year. For medium and long-term yields, the spread at the end of 1960 was almost half again as great as it was at the end of 1959. In the case of treasury bills, while the sharper fluctuations in Canadian rates brought them below comparable yields in the United States at several points during 1960, the spread at the end of the year had again widened until it was greater than that on medium-term yields, although less than the differential on long yields.

PART II

REVIEW OF GOVERNMENT ACCOUNTS 1960-61

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PART II

REVIEW OF GOVERNMENT ACCOUNTS

1960–61

1. INTRODUCTION

A preliminary review of the accounts of the Government of Canada for the fiscal year 1960–61 is presented in this Part. The Government's fiscal year ended on March 31, but the books must remain open for some time after that date to take into account all payments up to and including April 30, originating in and properly chargeable to, the fiscal year 1960–61 and to record various adjusting and closing entries. Consequently the figures in this Part are preliminary and subject to revision, and the final figures when they become available next July or August may differ to some extent from those given in the following pages.

2. HIGHLIGHTS OF GOVERNMENTAL FINANCIAL OPERATIONS DURING 1960–61

The financial operations of the Government for the fiscal year 1960–61 are summarized in the following table which indicates how the budgetary and non-budgetary transactions, including changes in unmatured debt, affected the Government's cash balances. More detailed explanations of these transactions are given in subsequent sections of this Part.

TABLE 1

(in millions of dollars)

Summary of Budgetary and Non-Budgetary Transactions and Changes in Cash Position	Fiscal year ended March 31			
	1961 (preliminary)		1960	
Budgetary transactions—				
Revenues—				
Tax	5,016		4,752	
Non-tax	600		538	
	5,616		*5,290*	
Expenditures—				
Defence	−1,539		−1,533	
Non-defence	−4,422		−4,170	
	−5,961		*−5,703*	
Deficit (−)		**−345**		**−413**
Non-budgetary transactions—				
Receipts and credits (excluding unmatured debt transactions)—				
Repayment of temporary loan to old age security fund	11		.....	
Repayments of other loans, investments and working capital advances	193		358	
Net government annuities account receipts	42		51	
Net insurance and pension accounts receipts	349		211	
Other non-budgetary receipts	95		211	
	690		*831*	
Disbursements and charges (excluding unmatured debt transactions)—				
Temporary loan to old age security fund	.....		−28	
Other loans, investments and working capital advances	−483		−730	
Other non-budgetary disbursements	−156		−35	
	−639		*−793*	
Net amount received from non-budgetary transactions		**51**		**38**
Overall cash requirements (−) to be financed by increase in debt or decrease in cash balances		**−294**		**−375**
Net increase in unmatured debt outstanding in the hands of the public		**223**		**334**
Net decrease (−) in Receiver General bank balances		**−71**		**−41**

Budgetary transactions

The revenues and expenditures as forecast in the budget speech of March 31, 1960 and revised on December 20, 1960 and the actual figures as now estimated are shown in the following table:

TABLE 2

(in millions of dollars)

Fiscal Year 1960–61	Budget forecast March 31, 1960	Revised forecast December 20, 1960	Actual (preliminary)	Increase or decrease (−) compared with December 20, 1960 forecast	
				Amount	Per cent
Revenues	5,892.0	5,694.0	5,615.6	−78.4	−1.4
Expenditures	−5,880.0	−5,980.0	−5,961.1	−18.9	−0.3
Surplus or deficit (−)	12.0	−286.0	−345.5	59.5	

Revenues

The revenues of the government for the fiscal year ended March 31, 1961, amounted to $5,616 million. This is $78 million or about one and two-fifths per cent less than the total of $5,694 million forecast in the supplementary budget of December 20, 1960, and $326 million or 6 per cent more than the total of $5,290 million collected in 1959–60.

The sharp drop in revenues from the December forecast was due largely to an unexpected drop in March receipts. This was caused chiefly by the incidence of the Easter week-end. This year March 31 was Good Friday, and a considerable proportion of tax payments that are usually received on or before the last day of the month were in fact not mailed until April 3 or 4 and therefore could not be credited to the 1960–61 fiscal year receipts. As a result, the March revenues were about $40 million below normal and the 1960–61 budgetary deficit was increased by the same amount.

Of the increase of $326 million over 1959-60 revenues, $264 million was due to tax revenue and $62 million to non-tax revenue. Higher income tax collections accounted for nearly all of the increase in tax revenue. Personal income tax receipts were $145 million more than in the preceding year, reflecting the higher level of incomes during the year and the yield for a full year of the increase in tax rates that became effective July 1, 1959. Corporation income tax collections were $134 million higher, notwithstanding the fact that 1960 profits were lower than in 1959, reflecting the collection in the fiscal year of substantial amounts for taxes on 1959 profits and also the effect for a full year of the rate increase effective January 1, 1959.

The increase of $62 million in non-tax revenue was due principally to an increase of $44 million in return on investments.

Expenditures

Government expenditures amounted to $5,961 million and were three-tenths of one per cent less than forecast on December 20, 1960, and $258 million or about 5 per cent more than total expenditures in 1959–60.

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Expenditures for defence again constituted the largest item, amounting to $1,539 million or 26 per cent of the total expenditures, compared with $1,532 million or 27 per cent in 1959-60.

Civil or non-defence expenditures amounted to $4,422 million, an increase of $251 million over the corresponding total for the previous fiscal year. There were increases of $69 million in expenditures of the Department of National Health and Welfare (including an increase of $39 million in the government's contribution under the Hospital Insurance and Diagnostic Services Act), $38 million in expenditures of the Department of Agriculture (due to $41 million for payments to western grain producers), $41 million in expenditures of the Department of Transport (including $24 million for the increase in the deficit of the Canadian National Railways), and $39 million in the expenditures of the Department of Finance (including $19 million for increased payments to the provinces and $14 million for higher public debt charges).

More detailed explanations of budgetary revenues by source and expenditures by classification and department are given in Section 3 of this Part.

Deficit

On the basis of these preliminary figures the deficit for the fiscal year was $345 million compared with the deficit of $286 million as forecast on December 20, 1960, and the deficit of $413 million in 1959-60.

Non-budgetary transactions

A net amount of $51 million was available during the fiscal year from non-budgetary transactions. Non-budgetary disbursements and charges totalled $639 million. Sums totalling $483 million were required for loans, investments and working capital advances, and $156 million for other non-budgetary purposes. On the other hand, a total of $690 million was available from various non-budgetary receipts and credits. Of this amount, $204 million was available from the repayment of loans, investments and working capital advances, $391 million from the net receipts from various government annuity, insurance and pension accounts, and $95 million from other non-budgetary sources.

Old age security fund

During 1960-61 pension payments from the old age security fund totalled $592 million and tax receipts credited to the fund amounted to $603 million. The excess of $11 million of receipts over payments was applied to reduce the temporary loans made by the Minister of Finance to the fund. These loans amounted to $28 million as at March 31, 1960, and to $17 million as at March 31, 1961.

The transactions in the account during 1960–61 compared with those for the previous fiscal year were as follows:

	Fiscal year ended March 31	
	1961 (preliminary)	1960
	(in millions of dollars)	
Pension payments	592	575
Tax receipts	603	547
Excess of receipts over payments applied to the repayment of temporary loans from the Minister of Finance, or excess of payments over receipts (−) covered by temporary loans from the Minister of Finance	11	−28
Temporary loans outstanding at the fiscal year-end	17	28

Debt transactions

During 1960-61 the government issued securities amounting to $2,531 million (excluding the refunding of treasury bills which mature weekly) and redeemed or converted issues in the amount of $2,353 million, resulting in an increase of $178 million in unmatured debt. As other liabilities increased by $437 million the government's gross public debt increased by $615 million to $21,601 million at March 31, 1961. During the same period the government's net assets increased by $262 million to $9,159 million. As a result, the government's net debt at March 31, 1961, was $12,442 million compared with $12,089 million at March 31, 1960. The increase of $353 million reflected the budgetary deficit of $345 million plus an adjustment of $8 million in respect of prior years' transactions.

Cash position

Receiver General balances were $71 million less at the end of the fiscal year than they were at the beginning. The budgetary deficit of $345 million was financed by the net amount of $51 million available from non-budgetary transactions, the increase of $223 million in unmatured debt outstanding in the hands of the public (after taking into account transactions in the securities investment account and the sinking fund account) and the decrease of $71 million in cash balances.

3. THE BUDGETARY ACCOUNTS

Total revenues amounting to $5,616 million for 1960-61 were $326 million more than the total for the previous year. Total expenditures were $5,961 million, an increase of $258 million over the total for 1959-60. The deficit for the fiscal year was $345 million compared with $413 million for the previous year.

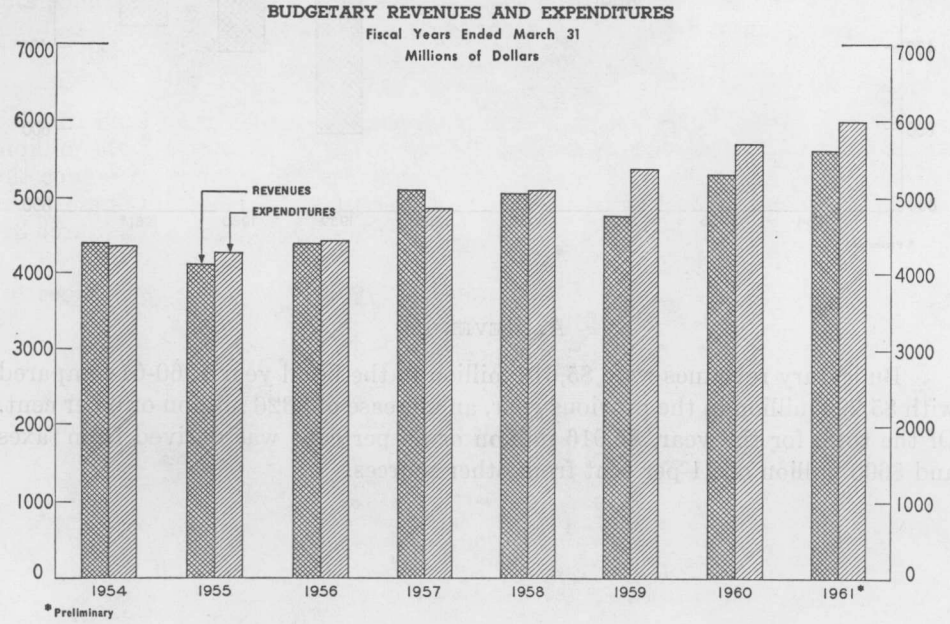
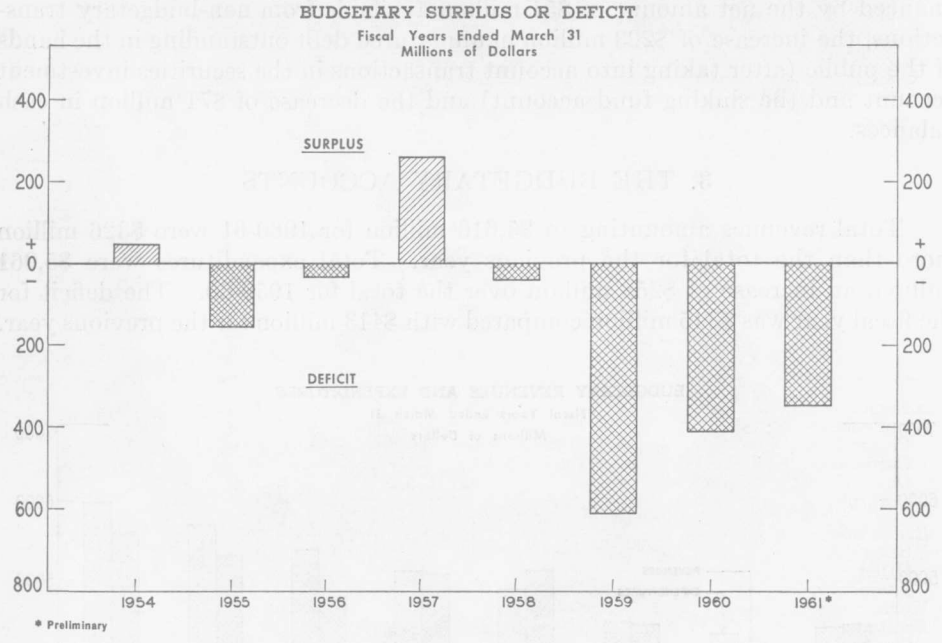


TABLE 3

BUDGETARY REVENUES, EXPENDITURES AND SURPLUS OR DEFICIT

(in millions of dollars)

Fiscal year ended March 31	Budgetary revenues	Budgetary expenditures	Surplus or deficit (−)
1957	5,106.5	4,849.0	257.5
1958	5,048.8	5,087.4	−38.6
1959	4,754.7	5,364.0	−609.3
1960	5,289.8	5,702.9	−413.1
1961 (preliminary)	5,615.6	5,961.1	−345.5



A. REVENUES

Budgetary revenues were $5,616 million in the fiscal year 1960-61 compared with $5,290 million in the previous year, an increase of $326 million or 6 per cent. Of the total for the year, $5,016 million or 89 per cent was derived from taxes and $600 million or 11 per cent from other sources.

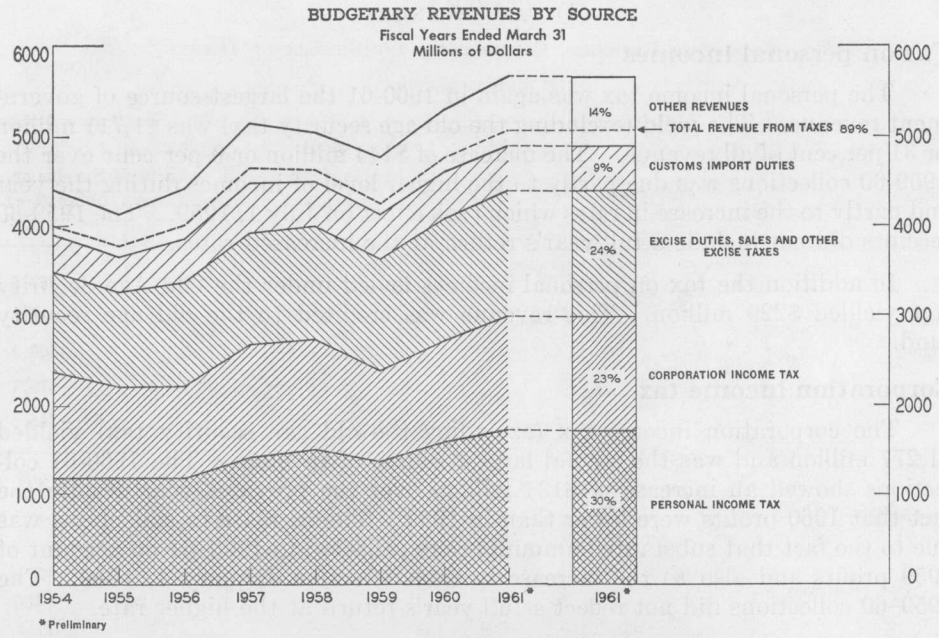


TABLE 4

BUDGETARY REVENUES BY MAJOR SOURCES
(in millions of dollars)

SOURCE	Fiscal year ended March 31				Increase or decrease (−)	
	1961 (preliminary)		1960			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Tax revenues—						
Income tax—						
Personal[1]	1,711.2	30.5	1,566.6	29.6	144.6	9.2
Corporation[1]	1,276.6	22.7	1,142.9	21.6	133.7	11.7
On dividends, interest, etc. going abroad	88.2	1.6	73.3	1.4	14.9	20.3
Excise taxes—						
Sales[1]	720.6	12.8	732.7	13.9	−12.1	−1.7
Other	290.7	5.2	287.5	5.4	3.2	1.1
Customs import duties	498.7	8.9	525.7	9.9	−27.0	−5.1
Excise duties	344.9	6.1	335.2	6.3	9.7	2.9
Estate tax[2]	84.9	1.5	88.4	1.7	−3.5	−4.0
Other taxes	(3)	.....	(3)	.....	(3)	.....
	5,015.8	*89.3*	*4,752.3*	*89.8*	*263.5*	*5.5*
Non-tax revenues—						
Return on investments	284.0	5.1	239.7	4.5	44.3	18.5
Post office	173.6	3.1	167.6	3.2	6.0	3.6
Other non-tax revenues	142.2	2.5	130.2	2.5	12.0	9.2
	599.8	*10.7*	*537.5*	*10.2*	*62.3*	*11.6*
Total revenues	5,615.6	100.0	5,289.8	100.0	325.8	6.2

	1960–61 (preliminary)	1959–60
[1] Excluding tax credited to the old age security fund—		
Personal income tax	229.4	185.6
Corporation income tax	103.5	91.3
Sales tax	270.2	270.0
	603.1	546.9

[2] Includes duties levied under the Succession Duty Act.

[3] Less than $50,000.

(1) TAX REVENUES

Tax on personal incomes

The personal income tax was again in 1960-61 the largest source of government revenue. The yield (excluding the old age security tax) was $1,711 million or 31 per cent of all revenue. The increase of $144 million or 9 per cent over the 1959-60 collections was due partly to the higher level of incomes during the year and partly to the increase in rates which took effect on July 1, 1959. The 1959-60 receipts did not include a full year's return at the increased rates.

In addition the tax on personal incomes levied under the Old Age Security Act yielded $229 million. This revenue was credited to the old age security fund.

Corporation income tax

The corporation income tax (excluding the old age security tax) yielded $1,277 million and was the second largest source of revenue. The 1960-61 collections showed an increase of $134 million over the previous year despite the fact that 1960 profits were lower than in 1959. The increase in collections was due to the fact that substantial amounts were collected in 1960–61 on account of 1959 profits and also to the increase in rates effective January 1, 1959. The 1959–60 collections did not reflect a full year's return at the higher rate.

In addition the tax on the income of corporations levied under the Old Age Security Act yielded $104 million and was credited to the old age security fund.

Taxes on dividends, interest, etc. going abroad

Revenue included in this category is derived from taxes withheld on payments of interest, dividends, rents, royalties, alimony and income from estates and trusts made to non-residents. The 1960–61 collections were $88 million, an increase of $15 million over the previous year's total.

Excise taxes

Included under this heading are the revenues from the general sales tax and other special excise taxes.

From a revenue standpoint the most important tax levied under the Excise Tax Act is the sales tax. Receipts from this tax (excluding the old age security tax) were $12 million or 2 per cent lower than the previous year. This decline is believed to be due to the fact that some remittances of tax, which would normally have been received on March 31, were delayed until April because March 31 fell in the Easter holiday week-end.

The tax on sales, levied under the Old Age Security Act, yielded $270 million, approximately the same as in 1959-60. This revenue was credited to the old age security fund.

Other excise taxes yielded a total of $291 million, compared with $288 million in 1959-60. The increase of $3 million was due mainly to an increase of $8 million in receipts from the tax on tobacco products offset partly by decreases in other categories.

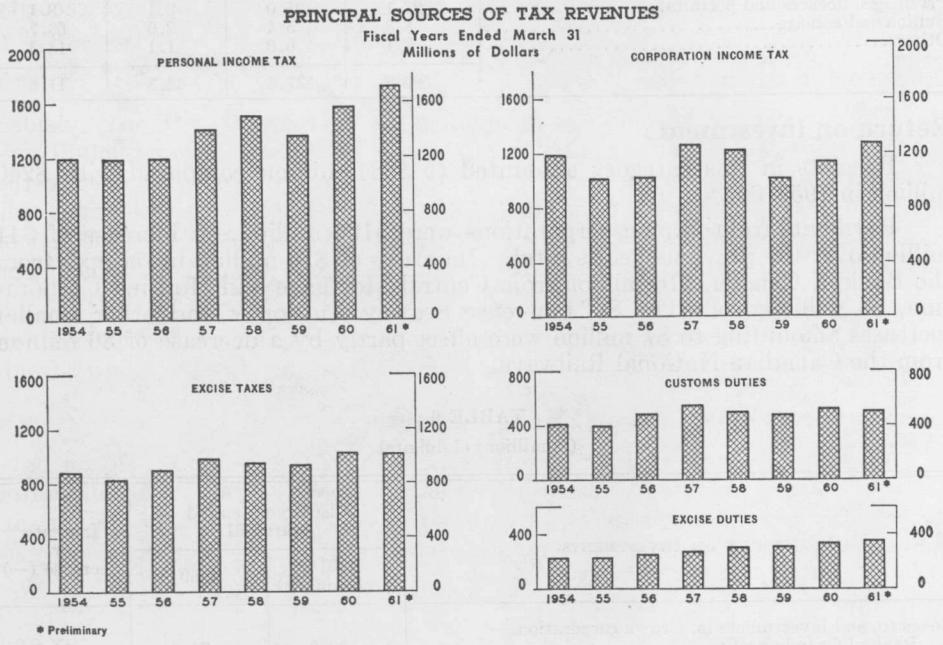
Customs import duties

Customs import duties yielded $499 million in 1960–61 compared with $526 million in 1959–60, a decrease of $27 million.

Excise duties

Excise duties are levied only on alcoholic beverages and tobacco products. (Additional taxes on tobacco products are levied under the Excise Tax Act referred to above.)

Collections in 1960–61 were $345 million, an increase of $10 million over the 1959–60 total. Gross receipts in 1960–61 from the taxes on alcoholic beverages were $200 million and from the taxes on tobacco products were $150 million, compared with $193 million and $146 million respectively in the previous year.



Estate tax

The revenue from this source amounted to $85 million, a decrease of $3 million from the 1959–60 total.

Other taxes

Revenue under this heading amounted to less than $50 thousand in 1960–61, approximately the same as in 1959–60.

(2) NON-TAX REVENUES

Non-tax revenues for 1960–61 were $600 million, $62 million or 12 per cent more than the 1959–60 total of $538 million.

TABLE 5

(in millions of dollars)

Non-Tax Revenues	Fiscal year ended March 31		Increase or decrease (−)	
	1961 (preliminary)	1960	Amount	Per cent
Return on investments	284.0	239.7	44.3	18.5
Post office	173.6	167.6	6.0	3.6
Refunds of previous years' expenditures	40.3	40.6	−0.3	−0.7
Services and service fees	35.4	31.3	4.1	13.1
Proceeds from sales	24.0	21.9	2.1	9.6
Privileges, licences and permits	27.1	25.0	2.1	8.4
Bullion and coinage	8.3	5.4	2.9	53.7
Other	7.1	6.0	1.1	18.3
	599.8	537.5	62.3	11.6

Return on investments

Receipts in this category amounted to $284 million compared with $240 million in 1959–60.

Payments from Crown corporations were $194 million, an increase of $41 million over the previous year's total. Increases of $16 million in receipts from the Bank of Canada, $16 million from Central Mortgage and Housing Corporation, $8 million from The St. Lawrence Seaway Authority and other smaller increases amounting to $7 million were offset partly by a decrease of $6 million from the Canadian National Railways.

TABLE 6

(in millions of dollars)

Return on Investments	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Loans to, and investments in, Crown corporations—			
Bank of Canada profits	90.2	74.0	16.2
Canadian National Railways	5.0	11.1	−6.1
Canadian National (West Indies) Steamships Limited	2.8	(1)	2.8
Central Mortgage and Housing Corporation	59.5	43.8	15.7
Eldorado Mining and Refining Limited	5.0	4.2	0.8
Farm Credit Corporation	4.2	2.8	1.4
National Harbours Board	3.9	3.3	0.6
Northern Ontario Pipe Line Crown Corporation	4.3	4.1	0.2
Polymer Corporation Limited	3.0	3.0	.....
The St. Lawrence Seaway Authority	13.1	5.0	8.1
Miscellaneous	3.2	1.5	1.7
	194.2	*152.8*	*41.4*
Other loans and investments—			
United Kingdom	22.2	22.5	−0.3
Other national governments	9.7	10.2	−0.5
Provincial governments	1.9	2.0	−0.1
Soldier and general land settlement loans and veterans land act advances	5.3	5.0	0.3
Exchange fund account	32.5	25.5	7.0
Securities investment account	4.4	3.5	0.9
Sinking fund and other investments held for retirement of unmatured debt	2.5	2.5	.....
Interest-bearing deposits with chartered banks	6.5	10.5	−4.0
Unemployment Insurance Commission	0.2	1.5	−1.3
Miscellaneous	4.6	3.7	0.9
	89.8	*86.9*	*2.9*
	284.0	239.7	44.3

(1) Less than $50,000.

Other loans and investments yielded $90 million compared with $87 million in 1959–60. The main items of note were an increase of $7 million in the profits of the exchange fund account and a decrease of $4 million in interest on Receiver General deposits with the chartered banks.

Post office

Gross post office receipts totalled $202 million in 1960-61 but authorized disbursements from revenue for salaries and rent allowances at semi-staff and revenue offices, commissions at sub-offices, transit charges on Canadian mail forwarded through or delivered in foreign countries, etc., amounting to $28 million brought net revenue to $174 million. Last year gross receipts were $194 million and authorized disbursements totalled $26 million.

As costs of operating the Post Office Department during 1960–61 (excluding the $28 million charged to revenue) were $178 million, net expenditure exceeded net revenue by $4 million. However, in making the comparison, it is to be noted that the total shown for post office revenue does not reflect any payment for the franking privileges covering parliamentary and departmental mail or for certain miscellaneous services provided for other government departments and agencies, nor does the total shown for operating expenses reflect any charges for premises occupied by the Post Office Department or for certain accounting and miscellaneous services provided by other departments.

Refunds of previous years' expenditures

Refunds in 1960-61 of expenditures made in prior years totalled $40 million compared with the 1959–60 total of $41 million. These refunds included $22 million received by the Department of National Defence of which $9 million was in respect of contracts with the United States Government for the supply of engines, aircraft and other defence equipment under an arrangement that when Canada places contracts with the Government of the United States, payments of the estimated costs are made to the United States Treasury and if these estimated costs are revised, or if there are reductions in the contracts, the United States Government refunds the overpayments. Also included were $5 million received by the Department of Transport, mainly in respect of the Canso Causeway and $4 million received by the Department of Finance, of which $3 million was a repayment by the Province of Ontario in connection with succession duty payments under the tax-rental agreements. In addition, the unexpended balance of parliamentary grants as at March 31, 1960, amounting to $4 million, was refunded by the Canadian Broadcasting Corporation.

Services and service fees

Collections for services and service fees by various government departments were $35 million, $4 million more than was collected in 1959–60.

Revenue in this category included $10 million received by the Royal Canadian Mounted Police, mainly for police services to provinces and municipalities; $10 million received by the Department of Transport, mainly for wharfage and other canal and marine service fees, steamship inspection, air-ground radio at

airports, and government telegraph and telephone services; and $6 million received by the Department of Trade and Commerce, mainly for services in connection with the inspection, weighing, storage and elevation of grain and for electricity, gas and weights and measures inspection services.

Proceeds from sales

Receipts from this source were $24 million compared with $22 million in the previous year.

These receipts included $9 million from Crown Assets Disposal Corporation representing amounts realized from the disposal of surplus Crown assets (after deducting certain agency fees and transfers), $4 million under agreements of sale of Crown assets and $5 million from Central Mortgage and Housing Corporation representing the proceeds from the sale of wartime housing properties and including amounts available as the result of the reversal of the provision for depreciation set aside by the corporation in previous years on properties that have now been sold.

Privileges, licences and permits

Revenue of $27 million was received during the fiscal year on account of privileges, licences and permits, $2 million more than was received in 1959–60.

Included in this revenue was $13 million collected by the Department of Transport, mainly on account of aircraft landing fees, rentals of hangar accommodation and other miscellaneous rental charges, and $4 million collected by the Department of Northern Affairs and National Resources, mainly in connection with oil leases in the Northwest Territories.

Bullion and coinage

Revenues of $8 million under this heading were derived from the operations of the Royal Canadian Mint and included a net gain of $7 million on coinage. Gold refining, storage and handling charges and gain in gold refining amounted to $1 million (of which half was in respect of handling charges).

Other non-tax revenues

Revenue in this category amounted to $7 million in 1960–61, $1 million more than the 1959–60 total.

B. Expenditures

Budgetary expenditures for 1960–61 amounted to $5,961 million, an increase of $258 million over the 1959–60 total of $5,703 million.

TABLE 7

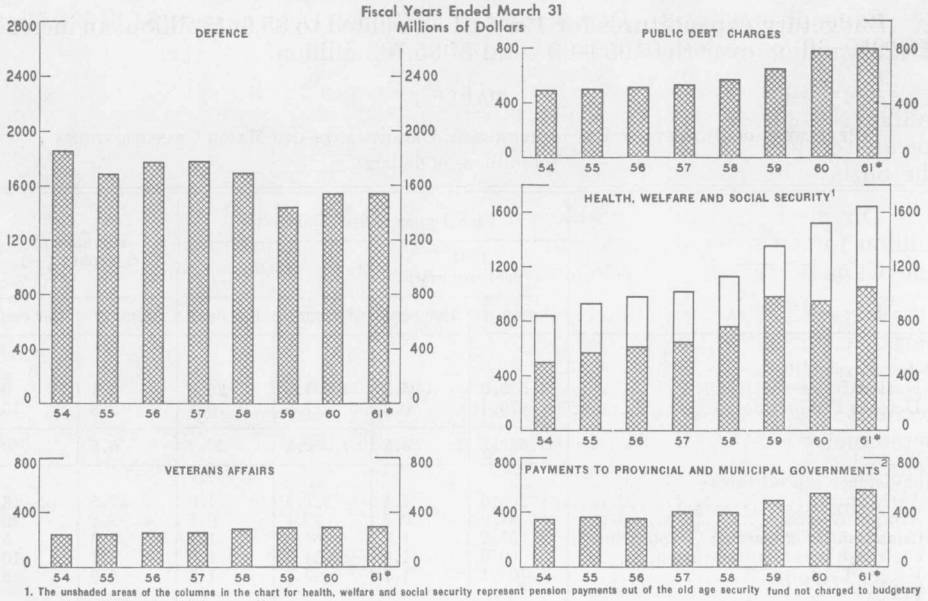
Statement of Budgetary Expenditures by Departments and Major Classifications
(in millions of dollars)

—	Fiscal year ended March 31				Increase or decrease (—)	
	1961 (preliminary)		1960			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Defence expenditures—						
National Defence	1,519.0	25.5	1,514.9	26.6	4.1	0.3
Defence Production	20.4	0.3	17.6	0.3	2.8	15.9
	1,539.4	*25.8*	*1,532.5*	*26.9*	*6.9*	*0.5*
Non-defence expenditures—						
Agriculture	265.0	4.4	227.5	4.0	37.5	16.5
Atomic Energy	38.9	0.7	30.1	0.5	8.8	29.2
Canadian Broadcasting Corporation	67.2	1.1	64.0	1.1	3.2	5.0
Citizenship and Immigration	60.6	1.0	54.9	1.0	5.7	10.4
External Affairs	103.1	1.7	97.2	1.7	5.9	6.1
Finance—						
Public debt charges	797.2	13.4	783.5	13.7	13.7	1.7
Tax-sharing, subsidy and other payments to provinces	537.8	9.0	518.9	9.1	18.9	3.6
Government's contribution to the public service superannuation account	41.4	0.7	40.0	0.7	1.4	3.5
Other	83.2	1.4	77.8	1.4	5.4	6.9
	1,459.6	*24.5*	*1,420.2*	*24.9*	*39.4*	*2.8*
Fisheries	19.3	0.3	19.9	0.3	−0.6	−3.0
Forestry	10.1	0.2	(1)9.9	0.2	0.2	2.0
Justice	8.6	0.2	8.1	0.1	0.5	6.2
Office of the Commissioner of Penitentiaries	19.1	0.3	19.7	0.4	−0.6	−3.0
	27.7	*0.5*	*27.8*	*0.5*	*−0.1*	*−0.4*
Labour	24.3	0.4	21.3	0.4	3.0	14.1
Unemployment Insurance Act administration and government's contribution	97.2	1.6	81.6	1.4	15.6	19.1
	121.5	*2.0*	*102.9*	*1.8*	*18.6*	*18.1*
Mines and Technical Surveys	59.0	1.0	54.4	1.0	4.6	8.5
National Health and Welfare—						
Family allowances	506.2	8.5	491.2	8.6	15.0	3.1
Government's contributions under the Hospital and Diagnostic Services Act	189.4	3.2	150.6	2.7	38.8	25.8
Other	191.6	3.2	176.6	3.0	15.0	8.5
	887.2	*14.9*	*818.4*	*14.3*	*68.8*	*8.4*
National Research Council	34.5	0.6	31.5	0.6	3.0	9.5
National Revenue	73.3	1.2	68.7	1.2	4.6	6.7
Northern Affairs and National Resources	74.5	1.2	74.3	1.3	0.2	0.3
Post Office	178.4	3.0	165.8	2.9	12.6	7.6
Public Works	200.9	3.4	217.9	3.8	−17.0	−7.8
Royal Canadian Mounted Police	56.0	0.9	52.4	0.9	3.6	6.9
Trade and Commerce	21.7	0.4	17.9	0.3	3.8	21.2
Transport	337.7	5.7	296.5	5.2	41.2	13.9
Veterans Affairs	292.3	4.9	288.3	5.1	4.0	1.4
Other Departments	33.2	0.6	29.9	0.5	3.3	11.0
	4,421.7	*74.2*	*4,170.4*	*73.1*	*251.3*	*6.0*
Total budgetary expenditures	5,961.1	100.0	5,702.9	100.0	258.2	4.5

(1) Expenditures for divisions which are now included in the Department of Forestry and which were previously reported under the Department of Agriculture and the Department of Northern Affairs and National Resources.

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PRINCIPAL CLASSES OF BUDGETARY EXPENDITURES



1. The unshaded areas of the columns in the chart for health, welfare and social security represent pension payments out of the old age security fund not charged to budgetary expenditures in the year in which they were paid.
2. Does not include those payments made to provincial and municipal governments for specific purposes.
* Preliminary

Defence expenditures

Defence expenditures which consist of expenditures of the Departments of National Defence and Defence Production were again the largest category of government budgetary expenditures. The total of $1,539 million for 1960–61 was approximately 26 per cent of the aggregate budgetary expenditures of the government for that year and was $7 million more than the total of $1,532 million for 1959–60. In 1959–60 civil defence expenditures were shown as a separate classification under defence expenditures whereas in 1960–61 they have been included in relevant departmental expenditures. For purposes of comparison the 1959–60 amounts have been adjusted accordingly.

TABLE 8
(in millions of dollars)

Defence Expenditures	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Department of National Defence—			
Army services	400.1	400.8	−0.7
Naval services	248.6	255.8	−7.2
Air services	749.6	728.4	21.2
	1,398.3	*1,385.0*	*13.3*
Defence research and development	44.2	39.2	5.0
Mutual aid to NATO countries including contributions towards military costs of NATO	15.5	18.4	−2.9
Government's contribution to the Canadian forces superannuation account	40.6	51.8	−11.2
Administration and general	20.4	20.5	−0.1
	1,519.0	1,514.9	4.1
Department of Defence Production—			
Production capacity and capital assistance	1.8	2.6	−0.8
Technological capability	2.9	1.9	1.0
Administration and general	15.7	13.1	2.6
	20.4	*17.6*	*2.8*
	1,539.4	1,532.5	6.9

National Defence

Expenditures of the Department of National Defence were $1,519 million. In 1959–60 expenditures were $1,515 million.

Expenditures for army, naval and air services totalled $1,398 million, $13 million more than the 1959–60 total. The increase of $21 million in the outlay for air services was offset in part by decreases of $7 million and $1 million in the outlays for naval services and army services respectively.

Direct charges to mutual aid in 1960–61 of $15 million compared with $18 million for 1959–60 and consisted of procurement of equipment for mutual aid and Canada's share of NATO military budgets and infra-structure costs.

Expenditures for defence research and development were $44 million compared with $39 million in 1959–60.

The government's contribution to the Canadian forces superannuation account of an amount equal to $1\frac{2}{3}$ times the contributions by permanent services personnel was $41 million, a decrease of $11 million from the total for the previous year.

Administration and general costs were $20 million in 1960–61, approximately the same as the 1959–60 total.

Defence Production

The total expenditure of $20 million for the Department of Defence Production was $3 million more than in 1959–60, due mainly to increased administration and general costs. Outlays of $3 million in connection with the government program instituted in 1959–60 of supporting selected defence development programs in order to sustain technological capability in Canadian industry were $1 million more than in 1959–60. Expenditures of $2 million for the programs under which assistance for the establishment of production capacity and capital assistance is given to private contractors, Crown plants operated on a management-fee basis and Crown corporations undertaking contracts essential to the defence program were approximately $1 million less than expenditures in the previous fiscal year.

Cash outlays

Section 11 of the National Defence Act provides that materiel, not immediately required for the use of the Canadian defence forces or the Defence Research Board, may be sold to such countries and upon such terms as the Governor in Council may determine. The proceeds of such sales in 1960–61 amounting to $6 million were credited to a special account to be used for the procurement of materiel. Cash outlays from this account during 1960–61 were $3 million leaving a balance of $7 million at March 31, 1961.

The Department of Defence Production also makes cash disbursements for the procurement of materials for use in the manufacture of defence equipment which are not recorded as budgetary expenditures. For purposes of accounting and control, these amounts are charged to the defence production revolving fund and are treated as assets on the books of the government until they are billed to the Department of National Defence or sold to defence contractors for use in the manufacture of defence equipment. As a result of the transactions during 1960–61 proceeds from sales exceeded purchases by $5 million and the assets of the fund were reduced by an equivalent amount leaving a balance of $16 million in the account at March 31, 1961.

The Budget—Appendix

The following table summarizes the cash outlays for defence for the past two fiscal years:

TABLE 9

(in millions of dollars)

Cash Outlays for Defence	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Budgetary expenditures—			
Department of National Defence	1,519.0	1,514.9	4.1
Department of Defence Production	20.4	17.6	2.8
	1,539.4	*1,532.5*	*6.9*
Receipts from (−) or disbursements for—			
Replacement of materiel account—sec. 11, National Defence Act (net)	−3.0	10.2	−13.2
Defence production revolving fund (net)	−5.0	−9.5	4.5
	−8.0	*0.7*	*−8.7*
Net cash outlay for defence	1,531.4	1,533.2	−1.8

Agriculture

Expenditures of the Department of Agriculture totalled $265 million for 1960–61 compared with $228 million for 1959–60.

TABLE 10

(in millions of dollars)

Agriculture	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Agricultural stabilization board—net operating loss	53.4	57.7	−4.3
Assistance re storage costs of grain	48.2	42.3	5.9
Board of Grain Commissioners (Canada Grain Act)	6.3	6.1	0.2
Prairie farm emergency fund—deficit	9.2	12.5	−3.3
Production and marketing branch—			
Contributions to Alberta, Saskatchewan and Manitoba—unharvested crops	1.4	4.7	−3.3
Freight assistance on western feed grains	19.2	23.8	−4.6
Health of animals division	13.4	10.9	2.5
Payments to western grain producers	40.5	.....	40.5
Premium on hog carcasses including administrative costs	6.6	8.2	−1.6
Other	15.9	14.5	1.4
	97.0	*62.1*	*34.9*
Rehabilitation and reclamation projects	20.3	17.6	2.7
Research branch	26.2	25.6	0.6
Administration and general	4.4	3.6	0.8
	265.0	227.5	37.5

Payments of $41 million to western grain producers for which there was no comparable charge in 1959–60, and increases of $6 million for assistance re storage costs of grain and $3 million in outlays for rehabilitation and reclamation projects were offset partly by decreases of $3 million in contributions in respect of unharvested crops, $5 million in freight assistance on western feed grains, $3 million in the deficit of the prairie farm emergency fund and $4 million in the net operating loss of the agricultural stabilization board.

In 1960–61 expenditures in respect of the assistance re storage costs of grain and the Board of Grain Commissioners and payments in connection with the Prairie Grain Advance Payments Act were transferred to this department from the Department of Trade and Commerce under the authority of the Transfer of Duties Act. On August 1, 1960 Royal Assent was given to an act creating the Department of Forestry, comprising former divisions of the Department of Agriculture and the Department of Northern Affairs and National Resources relating to forestry. For purposes of comparison adjustments have been made for these items in the preceding table.

The 1960–61 net operating loss of the agricultural stabilization board was $53 million compared with $57 million in 1959–60.

Under the authority of Vote 576 of Appropriation Act No. 6, 1960, amounts totalling $41 million were paid to western grain producers as a higher return for wheat used for human consumption in Canada, and distributed on the basis of $1.00 per cultivated acre up to a maximum of 200 acres per farm in accordance with regulations of the Governor in Council. There was no expenditure for this purpose in 1959–60.

Advances of $9 million made by the Minister of Finance to the prairie farm emergency fund to cover the year's deficit were charged to budgetary expenditures. The comparable amount in 1959–60 was $13 million.

Atomic Energy

Expenditures of the Atomic Energy Control Board and payments to Atomic Energy of Canada Limited totalled $39 million compared with $30 million in 1959–60, an increase of $9 million.

Administration expenses of the Atomic Energy Control Board and grants for research and investigations with respect to atomic energy totalled $1 million, approximately the same as for the previous fiscal year.

During the year under review $38 million was paid to Atomic Energy of Canada Limited for its research program, $9 million more than in the previous year. Of the total, $23 million was for current operations and maintenance and $15 million for the construction and acquisition of buildings, land, works and equipment including $11 million for the construction of the nuclear power demonstration reactor.

TABLE 11
(in millions of dollars)

Atomic Energy	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Atomic Energy Control Board—			
Grants for research	0.6	0.6	.....
Administration	0.1	0.1	.....
	0.7	*0.7*	.....
Atomic Energy of Canada Limited—			
Research program—			
Current operations and maintenance	23.1	18.6	4.5
Construction and acquisition of buildings, works, land and equipment	15.1	10.8	4.3
	38.2	*29.4*	*8.8*
	38.9	30.1	8.8

In addition, loans in the amount of $2 million were made to Atomic Energy of Canada Limited during the year. This brought the total of advances covered, or to be covered, by obligations or shares of the company to $61 million at March 31, 1961.

Canadian Broadcasting Corporation

Payments of $67 million were made by the government to the Canadian Broadcasting Corporation during 1960–61, an increase of $3 million over the total for 1959–60. However, it must be noted, that, of the $64 million paid to the corporation in 1959–60, $4 million was refunded to the government in 1960–61.

Grants for radio broadcasting and television services increased by $3 million over the corresponding total for 1959–60, while expenditures for the international shortwave broadcasting service remained at approximately $2 million.

TABLE 12
(in millions of dollars)

Canadian Broadcasting Corporation	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Grants to the Canadian Broadcasting Corporation by the Government of Canada—			
Radio and television services—			
Net operating requirements	60.0	54.8	5.2
Capital requirements	5.3	7.2	−1.9
	65.3	*62.0*	*3.3*
International shortwave broadcasting service	1.9	2.0	−0.1
	67.2	64.0	3.2

In addition, during the fiscal year 1960–61 loans totalling $3 million were made to the Canadian Broadcasting Corporation for working capital requirements.

Citizenship and Immigration

Expenditures of the Department of Citizenship and Immigration were $61 million in 1960–61, an increase of $6 million over the total for 1959–60.

Outlays for the Indian affairs branch increased by $5 million during 1960–61, due principally to increases of $3 million in expenditures for Indian education and $1 million for Indian welfare. Expenditures of the immigration branch were approximately $1 million more than the comparable figure for the previous fiscal year.

TABLE 13
(in millions of dollars)

Citizenship and Immigration	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Citizenship and citizenship registration	1.5	1.4	0.1
Immigration	12.2	11.7	0.5
Indian affairs	46.0	41.1	4.9
Administration and general	0.9	0.7	0.2
	60.6	54.9	5.7

External Affairs

Expenditures of the Department of External Affairs totalled $103 million in 1960–61, an increase of $6 million over the previous year.

The principal changes in expenditure were increases of $10 million in contributions to international organizations, $2 million in costs of representation abroad and $1 million in administration and general, offset partly by a decrease of $7 million in assistance to other countries.

Contributions to international organizations increased by $10 million during the year due mainly to outlays of $6 million for the purchase and transfer of wheat flour to assist in the establishment of strategic stock piles of food supplies in member states of NATO, $2 million representing Canada's contribution to the United Nations Fund for the Congo and Canada's assessment for the United Nations Congo Ad Hoc Account, 1960, and $1 million for Canada's assessment towards the financing of the United Nations emergency force. There were no expenditures for these items in 1959–60.

In 1960–61 expenditures of the International Economic and Technical Co-operation Branch were transferred to this department from the Department of Trade and Commerce under authority of the Transfer of Duties Act. The expenditures for 1960–61 and 1959–60 fiscal years are included in administration and general costs in the following table.

TABLE 14
(in millions of dollars)

External Affairs	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Assistance to other countries	6.7	13.8	−7.1
Canada's assessment for membership in international (including commonwealth) organizations	4.6	4.1	0.5
Contributions to international organizations	22.1	12.2	9.9
Grant to Colombo plan fund	50.0	50.0	.....
Representation abroad	11.6	10.1	1.5
Administration and general	8.1	7.0	1.1
	103.1	97.2	5.9

Finance

Expenditures of the Department of Finance amounted to $1,460 million in 1960–61 an increase of $40 million over the corresponding total of $1,420 million in 1959–60.

Increases of $19 million in tax-sharing, subsidy and other payments to provinces, $14 million in public debt charges, $6 million in the government's share of medical-surgical insurance premiums for its own employees (there was no comparable amount in 1959–60), $3 million in administration and general costs, $2 million in grants to municipalities in lieu of taxes on federal property and $2 million in the administrative costs of the Office of the Comptroller of the Treasury were offset partly by the decrease of $7 million in payments to the Canadian Universities Foundation, for the purpose of making grants to institutions of higher learning, due to the Province of Quebec levying a special tax instead of accepting a grant through the Foundation.

TABLE 15
(in millions of dollars)

Finance	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Public debt charges	797.2	783.5	13.7
Tax-sharing, subsidy and other payments to provinces	537.8	518.9	18.9
Government's contribution to the public service superannuation account	41.4	40.0	1.4
Grants to municipalities in lieu of taxes on federal property	24.5	22.5	2.0
Grants to universities—			
Payments to the Canadian Universities Foundation	19.0	26.1	−7.1
Government's contribution as an employer to the unemployment insurance fund	1.0	0.8	0.2
Government's share of medical-surgical insurance premiums	6.0	.....	6.0
Office of the Comptroller of the Treasury—administration expenses	19.9	18.2	1.7
Administration and general	12.8	10.2	2.6
	1,459.6	1,420.2	39.4

Public debt charges

In 1960–61 public debt charges were again the second largest item of budgetary expenditure. These charges, which consist of interest on public debt, the annual amortization of bond discounts and commissions, the cost of issuing new loans and other costs incurred in servicing the public debt, amounted to $797 million in 1960–61 or 13 percent of all budgetary expenditure compared with $783 million or 14 per cent in 1959–60.

TABLE 16
(in millions of dollars)

Interest and Other Public Debt Charges	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Interest on public debt—			
Unmatured debt including treasury bills—			
Payable in Canada	606.0	595.3	10.7
Payable in London	1.4	1.5	−0.1
Payable in New York	4.0	4.1	−0.1
	611.4	*600.9*	*10.5*
Other liabilities—			
Deposit and trust accounts	3.6	3.6	.....
Annuity, insurance and pension accounts	141.3	131.1	10.2
	144.9	*134.7*	*10.2*
Total interest on public debt	756.3	735.6	20.7
Other public debt charges—			
Annual amortization of bond discounts and commissions	38.9	45.4	−6.5
Cost of issuing new loans	1.3	1.9	−0.6
Servicing of public debt	0.7	0.6	0.1
	40.9	*47.9*	*−7.0*
	797.2	783.5	13.7

Interest on public debt was $756 million in 1960–61, an increase of $21 million over the 1959–60 total of $735 million. Interest of $611 million on unmatured debt was $11 million higher due mainly to an increase in unmatured

debt; interest of $145 million on other liabilities was $10 million higher due mainly to increases of $5 million in respect of the Canadian forces superannuation account, $4 million in respect of the public service superannuation account and $1 million in respect of the government annuities account.

Other public debt charges amounted to $41 million compared with $48 million in 1959–60. The decrease of $7 million was due mainly to reductions of $6 million in the costs of annual amortization of bond discounts and commissions and $1 million in the cost of issuing new loans.

When considering the magnitude of these public debt charges and the burden they place upon the public treasury, it must be borne in mind that a substantial portion of the debt is attributable to, or is invested in, productive or earning assets. Therefore, in calculating the *net* burden of the government's annual interest charges, the income derived from loans, investments and other productive assets must be taken into account. For 1960–61 this income was $284 million as shown in the non-tax revenue section under the heading "Return on investments". This amount deducted from the gross total of $756 million for interest as shown in the above table leaves a net amount of $472 million compared with a net of $496 million in 1959–60. Measured as a percentage of the net debt the burden of the net annual interest charges was 3.79 per cent in 1960–61 compared with 4.10 per cent in 1959–60.

Tax-sharing, subsidy and other payments to provinces

Payments to the provinces during 1960–61 for statutory subsidies, payments under the Federal-Provincial Tax-Sharing Arrangements Act, the transitional and additional grants to Newfoundland, and the transfer of a portion of income tax receipts from certain public utility companies amounted to $538 million compared with $519 million in 1959–60.

Charges to budgetary expenditures in 1960–61 under the federal-provincial tax-sharing arrangements, including adjustments made on account of previous years, were $19 million more than in 1959–60. The increase was due to higher personal income tax collections for the 1960 taxation year and to adjustments necessitated in the final calculation of the tax-sharing arrangements payments for 1959–60 which were required to be made by December 31, 1960.

TABLE 17

(in millions of dollars)

Tax-Sharing, Subsidy and Other Payments to Provinces	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Payments under Federal-Provincial Tax-Sharing Arrangements Act, c. 29, Statutes of 1956, as amended	504.9	485.4	19.5
Statutory subsidies	20.7	20.7	.....
Transitional grant to Newfoundland	0.3	0.7	−0.4
Additional grants to Newfoundland	7.7	7.3	0.4
Transfer of certain public utility tax receipts	4.2	4.8	−0.6
	537.8	518.9	18.9

Payments of $505 million to the provinces under the federal-provincial tax-sharing arrangements in 1960–61 were adjusted by deducting a total of $1 million from the tax-sharing entitlements of Newfoundland, Prince Edward Island, New Brunswick, Manitoba and Saskatchewan, making a net disbursement to the provinces of $504 million. These deductions represented recovery

of one-fifth of the overpayments made to those provinces under the 1952 tax-rental agreements on account of an over-estimation of their population as revealed by the 1956 census. By Memoranda of Agreement with the provinces concerned, the 1952 tax-rental agreements were amended to authorize the recovery of the overpayments in equal monthly deductions from the tax-sharing payments to those provinces over the five-year life of the new arrangements.

Statutory subsidies at $21 million in 1960–61 were unchanged from the previous year.

A summary of payments, by provinces, during 1960–61 is given in the following table:

TABLE 18

(in millions of dollars)

Tax-sharing, Subsidy and Other Payments to Provinces	Fiscal year ended March 31, 1961 (preliminary)				
	Statutory subsidies	Payments under tax-sharing arrangements	Transitional and additional grants	Transfer of certain public utility tax receipts	Total
Newfoundland	1.5	28.0	8.0	0.1	37.6
Nova Scotia	2.1	39.7	.....	0.3	42.1
Prince Edward Island	0.6	7.3	.....	(1)	7.9
New Brunswick	1.7	34.2	.....	0.1	36.0
Quebec	3.3	70.4	.....	1.2	74.9
Ontario	3.6	113.8	.....	0.6	118.0
Manitoba	2.1	40.1	.....	(1)	42.2
Saskatchewan	2.1	40.6	.....	0.1	42.8
Alberta	2.4	57.1	.....	1.5	61.0
British Columbia	1.3	73.7	.....	0.3	75.3
	20.7	504.9	8.0	4.2	537.8

(1) Less than $50,000.

The amount of public utility tax receipts transferred to the Provinces in 1960–61 was $4 million, representing a decrease of $1 million from the 1959–60 total. The 1960–61 payment represents the transferable portion of the income tax received from corporations whose main business was the distribution to, or the generation for distribution to, the public of electrical energy, gas or steam for the taxation year 1958. The payment was authorized by Vote 115 of Appropriation Act No. 6, 1960.

Fisheries

Expenditures of the Department of Fisheries amounted to $19 million in 1960–61, $1 million less than in 1959–60.

TABLE 19

(in millions of dollars)

Fisheries	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Field services	9.9	10.1	−0.2
Canada's share of the costs of international commissions	0.9	0.8	0.1
Fisheries Research Board of Canada	4.8	4.8	.....
Administration and general	3.7	4.2	−0.5
	19.3	19.9	−0.6

Forestry

On August 1, 1960 Royal Assent was given to an act creating the Department of Forestry, comprising former divisions of the Department of Agriculture and the Department of Northern Affairs and National Resources relating to forestry. Expenditures were $10 million for 1960–61. The following table shows the total expenditures for 1960–61 with the corresponding expenditures of the Department of Agriculture and the Department of Northern Affairs and National Resources for 1959–60.

TABLE 20

(in millions of dollars)

Forestry	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Forest research	5.2	4.7	0.5
Contributions to the provinces for assistance in forest inventory, reforestation and forest fire protection	2.3	2.2	0.1
Forest access roads and trails	0.6	1.6	−1.0
Administration and general	2.0	1.4	0.6
	10.1	9.9	0.2

Justice

Expenditures of the Department of Justice amounted to $28 million for 1960–61, approximately the same as for the previous fiscal year.

TABLE 21

(in millions of dollars)

Justice	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Judges' salaries and travelling allowances	5.0	4.9	0.1
Administration and general	3.6	3.2	0.4
	8.6	*8.1*	*0.5*
Office of the Commissioner of Penitentiaries—			
Operation and maintenance of penitentiaries	15.3	13.2	2.1
Construction, improvements and equipment	3.1	5.9	−2.8
Administration	0.7	0.6	0.1
	19.1	*19.7*	*−0.6*
	27.7	27.8	−0.1

Labour

Expenditures of the Department of Labour amounted to $122 million during 1960–61, an increase of $19 million over the 1959–60 total of $103 million. Increases of $9 million in the government's contribution to the unemployment insurance fund, $6 million in administration and general expenditures of the Unemployment Insurance Commission and $2 million in payments to provinces for assistance to municipalities for winter work projects were the main factors contributing to this increase.

Payments to provinces and in respect of Indian bands by the Government of Canada during 1960–61 of amounts not exceeding one-half of the cost of labour incurred on winter work projects were $9 million compared with $7 million in 1959–60.

TABLE 22

(in millions of dollars)

Labour	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Payments to provinces authorized by Vocational Training Co-ordination Act	8.5	8.2	0.3
Municipal winter works program	8.9	6.6	2.3
Administration and general	6.9	6.5	0.4
	24.3	*21.3*	*3.0*
Unemployment Insurance Commission—			
Administration and general	42.2	35.9	6.3
Government's contribution to the fund	55.0	45.7	9.3
	97.2	*81.6*	*15.6*
	121.5	102.9	18.6

Unemployment Insurance Act administration and government's contribution

Expenditures in 1960–61 relating to the Act (excluding the government's payment as an employer which is included in the expenditures of the Department of Finance) amounted to $97 million compared with $82 million in 1959–60.

Unemployment insurance benefit payments are not charged to budgetary expenditures but are paid from the unemployment insurance fund which is financed by equal contributions from employees and employers, by interest earned on investments, and by the government's contribution of an amount equal to one-fifth of the combined employee-employer contributions. Further information in regard to the Unemployment Insurance Commission is given in section 4 under the liability category "Annuity, insurance and pension accounts".

The government's contribution to the fund for 1960–61 was $55 million and administrative costs were $42 million; the corresponding amounts for 1959–60 were $46 million and $36 million respectively. The increase in the government's contribution was due partly to a full year's effect of the increase in rates of employee-employer contributions effective September 27, 1959.

Mines and Technical Surveys

Expenditures of the Department of Mines and Technical Surveys totalled $59 million for 1960–61, an increase of $5 million over the total for 1959–60.

TABLE 23

(in millions of dollars)

Mines and Technical Surveys	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Emergency gold mining assistance	12.1	13.1	−1.0
Dominion Coal Board	19.1	17.6	1.5
Surveys and mapping	15.0	13.0	2.0
Mines branch	4.5	3.9	0.6
Geological survey of Canada	4.3	3.6	0.7
Administration and general	4.0	3.2	0.8
	59.0	54.4	4.6

Increases of $2 million in expenditures for surveys and mapping, $2 million in expenditures of the Dominion Coal Board, $1 million in expenses of the geological survey of Canada and $1 million in administrative and general costs were offset partly by a decrease of $1 million in payments under the Emergency Gold Mining Assistance Act.

National Health and Welfare

Expenditures for the Department of National Health and Welfare during 1960–61 amounted to $887 million, an increase of $69 million over the total for the previous fiscal year.

Outlays for the national health branch totalled $270 million in 1960–61, reflecting an increase of $43 million over the previous year's total due mainly to increases of $39 million in government contributions under the Hospital Insurance and Diagnostic Services Act, $2 million in general health grants to provinces and $2 million in expenditures for Indian and northern health services.

During 1960–61 expenditures of the welfare branch increased by $27 million over the comparable figure for 1959–60, due mainly to increases of $15 million in payments for family allowances and $11 million for unemployment assistance.

TABLE 24

(in millions of dollars)

National Health and Welfare	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
National health branch—			
Government's contributions under the Hospital Insurance and Diagnostic Services Act	189.4	150.6	38.8
General health grants to provinces	48.0	46.0	2.0
Indian and northern health services	23.0	21.5	1.5
Other	9.4	9.1	0.3
	269.8	*227.2*	*42.6*
Welfare branch—			
Family allowances	506.2	491.2	15.0
Unemployment assistance	51.6	40.2	11.4
Old age assistance	30.7	30.3	0.4
Disabled persons allowances	16.4	16.1	0.3
Blind persons allowances	4.2	4.2	.....
Other	3.3	3.0	0.3
	612.4	*585.0*	*27.4*
Administration and general	5.0	6.2	−1.2
	887.2	818.4	68.8

Hospital insurance and diagnostic services

The Hospital Insurance and Diagnostic Services Act, Statutes of 1957, authorized contributions by Canada in respect of programs administered by the provinces, providing hospital insurance and laboratory and other services in aid of diagnosis. Payments for 1960–61 amounted to $189 million compared with $150 million in 1959–60. The increase of $39 million was due partly to the fact that during the previous fiscal year seven provinces had participated in the plan for a full fiscal year and two provinces for a partial year, whereas in the current fiscal year all provinces and territories participated under the agreements for a full year with the exception of the Yukon Territory and the Province of Quebec whose dates of entry under the plan were July 1, 1960 and January 1, 1961 respectively.

The effective date of each agreement is as follows:—July 1, 1958 for Newfoundland, Manitoba, Saskatchewan, Alberta and British Columbia; January 1, 1959 for Nova Scotia and Ontario; July 1, 1959 for New Brunswick; October 1, 1959 for Prince Edward Island; April 1, 1960 for the Northwest Territories; July 1, 1960 for the Yukon Territory; and January 1, 1961 for Quebec.

TABLE 25

(in millions of dollars)

Hospital Insurance and Diagnostic Services	Fiscal year ended March 31		Increase
	1961 (preliminary)	1960	
Newfoundland	5.1	4.7	0.4
Nova Scotia	9.6	8.2	1.4
Prince Edward Island	1.0	0.4	0.6
New Brunswick	7.9	4.6	3.3
Quebec	13.9	.....	13.9
Ontario	84.5	71.9	12.6
Manitoba	13.1	11.3	1.8
Saskatchewan	14.5	13.4	1.1
Alberta	16.9	15.7	1.2
British Columbia	22.5	20.4	2.1
Northwest and Yukon Territories	0.4	.....	0.4
	189.4	150.6	38.8

General health grants to provinces

General health grants to provinces for assistance in hospital construction, general health services and the control of diseases amounted to $48 million in 1960–61, an increase of $2 million over the 1959–60 total of $46 million.

TABLE 26

(in millions of dollars)

General Health Grants	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Newfoundland	0.9	1.1	−0.2
Nova Scotia	2.9	1.5	1.4
Prince Edward Island	0.3	0.4	−0.1
New Brunswick	1.8	1.3	0.5
Quebec	13.9	15.1	−1.2
Ontario	15.9	15.1	0.8
Manitoba	2.6	2.3	0.3
Saskatchewan	2.4	2.2	0.2
Alberta	3.0	2.9	0.1
British Columbia	4.2	4.0	0.2
Northwest and Yukon Territories	0.1	0.1	.....
	48.0	46.0	2.0

Family allowances

Family allowances are payable in respect of all children under sixteen years of age, resident in Canada, with minor exceptions such as in the case of children of immigrants who must reside in Canada a year before an allowance is payable. The monthly allowance is $6 if the child is under 10 years and $8

in the age group 10 to 15. Children of immigrants receive family assistance of $5 per month during their first year of residence in Canada from the Department of Citizenship and Immigration if during that period they are under sixteen years of age.

Family allowance payments in 1960–61 amounted to $506 million and represented 8 per cent of total expenditures. The increase of $15 million over the previous year reflected the increase in the number of children in the eligible age groups.

TABLE 27

(in millions of dollars)

Family Allowance Payments	Fiscal year ended March 31		Increase
	1961 (preliminary)	1960	
Newfoundland	16.0	15.6	0.4
Nova Scotia	21.2	20.9	0.3
Prince Edward Island	3.1	3.1	.....
New Brunswick	18.9	18.6	0.3
Quebec	154.2	150.5	3.7
Ontario	162.6	156.7	5.9
Manitoba	24.4	23.7	0.7
Saskatchewan	25.8	25.3	0.5
Alberta	37.4	35.7	1.7
British Columbia	41.4	40.0	1.4
Northwest and Yukon Territories	1.2	1.1	0.1
	506.2	491.2	15.0

Old age assistance, disabled persons allowances, blind persons allowances and unemployment assistance

Under the Old Age Assistance Act, the federal government reimburses the provinces by paying 50 per cent of the lesser of $55 monthly or the amount of assistance given by the provinces in the form of monthly pensions to eligible persons in need who are in the age group 65 to 69. (Under the Old Age Security Act, all persons 70 years and over who satisfy the residence requirements of the Act may receive a pension of $55 per month from the federal government out of the old age security fund.) Similarly, the federal government reimburses the provinces under the Blind Persons Act for allowances of not more than $55 per month to blind persons in need 18 years of age or over by paying 75 per cent of the total payments, and under the Disabled Persons Act by paying 50 per cent of not more than $55 per month for allowances to disabled persons in need 18 years of age or over. In 1960–61 payments of $16 million in respect of disabled persons allowances, $4 million for blind persons allowances and $31 million for old age assistance were approximately the same as in 1959–60.

Under the Unemployment Assistance Act the federal government contributes up to 50 per cent of the cost of unemployment assistance paid by the provinces, subject to certain deductions as set out in the Act. All provinces have signed agreements with the federal government. There was an increase of $11 million in these contributions over those for the previous year.

TABLE 28
(in millions of dollars)

Federal Share of Old Age Assistance, Disabled Persons Allowances, Blind Persons Allowances and Unemployment Assistance	Fiscal year ended March 31, 1961 (preliminary)			
	Old age assistance	Disabled persons allowances	Blind persons allowances	Unemployment assistance
Newfoundland	1.7	0.4	0.2	2.8
Nova Scotia	1.6	0.8	0.4	1.6
Prince Edward Island	0.2	0.2	(1)	0.1
New Brunswick	1.8	0.6	0.4	1.4
Quebec	10.8	8.5	1.5	14.2
Ontario	6.7	3.9	0.8	13.3
Manitoba	1.6	0.4	0.2	3.0
Saskatchewan	1.8	0.4	0.2	2.2
Alberta	2.0	0.6	0.2	2.6
British Columbia	2.4	0.6	0.3	10.3
Northwest and Yukon Territories	0.1	(1)	(1)	0.1
	30.7	16.4	4.2	51.6

(1) Less than $50,000.

National Research Council

Expenditures of the National Research Council amounted to $35 million in 1960–61, $3 million higher than for 1959–60. Increases of $1 million in scholarships and grants in aid of research, $1 million in construction or acquisition of buildings, works, land and equipment, and $1 million in administration and general expenses were the main factors contributing to this increase.

TABLE 29
(in millions of dollars)

National Research Council	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Construction or acquisition of buildings, works, land and equipment	5.3	4.3	1.0
Scholarships and grants in aid of research	10.4	9.4	1.0
Administration and general	18.8	17.8	1.0
	34.5	31.5	3.0

National Revenue

Expenditures of the Department of National Revenue totalled $73 million in 1960–61, $5 million more than in 1959–60.

Increases of $3 million in expenditures of the taxation division and $2 million in outlays of the customs and excise divisions were responsible for the increase.

TABLE 30
(in millions of dollars)

National Revenue	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Customs and excise divisions	39.0	36.9	2.1
Taxation division	34.1	31.6	2.5
Income tax appeal board	0.2	0.2	.....
	73.3	68.7	4.6

Northern Affairs and National Resources

Expenditures of the Department of Northern Affairs and National Resources in the fiscal year 1960–61 were $74 million, approximately the same as the total for 1959–60.

Decreases of $1 million in expenditures of the northern administration branch and $2 million in outlays of the national parks branch were offset by the increase of $3 million in contributions to the provinces to assist in the development of roads leading to resources.

On August 1, 1960 Royal Assent was given to an act creating the Department of Forestry, comprising former divisions of the Department of Agriculture and the Department of Northern Affairs and National Resources relating to forestry. For purposes of comparison adjustments have been made for these items in the following table.

TABLE 31
(in millions of dollars)

Northern Affairs and National Resources	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Canadian government travel bureau	2.7	2.3	0.4
Contributions to the provinces to assist in the development of roads leading to resources	12.0	9.0	3.0
National parks branch	24.0	26.0	−2.0
Northern administration branch	29.3	30.7	−1.4
Water resources branch	2.0	2.2	−0.2
Administration and general	4.5	4.1	0.4
	74.5	74.3	0.2

Post Office

Gross expenditures of the Post Office Department for 1960–61 were $207 million, an increase of $15 million over the 1959–60 outlay of $192 million.

Remuneration of postmasters and staffs at revenue and semi-staff offices, commissions at sub-offices and certain other authorized disbursements are paid from revenue. These payments, included in the total of $207 million, amounted to $28 million in 1960–61, an increase of $2 million over the comparable total for 1959–60.

TABLE 32

(in millions of dollars)

Post Office	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Charged to budgetary expenditure—			
Operations—salaries and other expenses of staff post offices, district offices and railway mail services; and supplies and equipment and other items for revenue post offices	111.0	101.3	9.7
Transportation—movement of mail by land, air and water	62.2	59.8	2.4
Financial services	3.1	2.9	0.2
Administration and general	2.1	1.8	0.3
	178.4	*165.8*	*12.6*
Charged to revenue—			
Operations—salaries of postmasters and staffs at revenue and semi-staff offices, commissions paid at sub-offices and other disbursements	28.4	26.0	2.4
	206.8	191.8	15.0

Public Works

Expenditures of the Department of Public Works for 1960–61 amounted to $201 million compared with $218 million in 1959–60, a decrease of $17 million.

TABLE 33

(in millions of dollars)

Public Works	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Public buildings—construction and services—			
Acquisition, construction and improvements of public buildings—			
Ottawa	8.4	16.3	−7.9
Other centres in Canada	18.3	27.8	−9.5
Outside Canada	4.3	0.5	3.8
Maintenance and operation	43.4	41.5	1.9
Furniture and furnishings	2.6	2.5	0.1
Fire prevention	0.2	0.2	.....
	77.2	*88.8*	*−11.6*
Harbours and rivers engineering services—			
Acquisition, construction and improvements of harbour and river works	29.9	31.6	−1.7
Dredging	6.1	4.8	1.3
General	0.9	0.8	0.1
	36.9	*37.2*	*−0.3*
Development engineering services—			
Trans-Canada highway division—			
Contributions to the provinces under the terms of the Trans-Canada Highway Act	48.7	53.2	−4.5
Contribution to the Province of New Brunswick—dam on Tantramar River	.....	0.1	−0.1
Construction through national parks	9.2	12.0	−2.8
General	4.5	4.1	0.4
	62.4	*69.4*	*−7.0*
Housing	3.7	2.4	1.3
National Capital Commission	6.3	6.2	0.1
Administration and general	14.4	13.9	0.5
	200.9	217.9	−17.0

Decreases of $12 million in public buildings—construction and services, and $7 million in development engineering services were offset partly by the increase of $1 million in payments to Central Mortgage and Housing Corporation in respect of defence housing administration, housing research and the clearance, replanning, rehabilitation and modernization of blighted or substandard areas and reimbursement of losses sustained as a result of the operation of federal-provincial housing projects.

The decline of $12 million in outlays for public buildings—construction and services during 1960–61 was due mainly to a reduction of $8 million in expenditures for the acquisition, construction and improvement of public buildings in Ottawa and $9 million in other centres in Canada offset partly by an increase of $4 million for similar expenditures in localities outside of Canada.

The decrease of $7 million in the expenditures of the development engineering services was due mainly to decreases of $4 million in contributions to provinces under the terms of the Trans-Canada Highway Act and $3 million in costs of construction of the Trans-Canada highway through national parks.

Royal Canadian Mounted Police

Expenditures for the Royal Canadian Mounted Police amounted to $56 million for 1960–61, $4 million more than the total spent in 1959–60.

Payments as shown in the table represent gross expenditures; payments received from the provinces for police services amounting to $10 million were credited to revenue.

Increased expenditures of $1 million for the land, air and training divisions, $1 million for higher costs of headquarters administration and national police services and the increase of $1 million in the government's contribution to the Royal Canadian Mounted Police superannuation account, were the main factors contributing to the overall increase of $4 million in departmental expenditures.

Effective April 1, 1960, by an Act of Parliament, the Royal Canadian Mounted Police pension account was renamed the Royal Canadian Mounted Police superannuation account. Under the new Act the government's contribution is based on the total amount paid into the account by contributors during the preceding quarter while under the old Act the government's contribution was based on the total amount paid into the account by contributors during the previous fiscal year. Consequently, the government contributed to the fund in 1960–61 an amount based on payments by contributors during 1959–60 and an amount based on payments by contributors for the period April to December, 1960, inclusive.

TABLE 34

(in millions of dollars)

Royal Canadian Mounted Police	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Land, air and training divisions	41.4	40.1	1.3
Marine services	1.7	1.9	−0.2
Government's contributions to Royal Canadian Mounted Police superannuation account	2.9	1.5	1.4
Pensions and other benefits	3.2	2.9	0.3
Headquarters administration and national police services	6.8	6.0	0.8
	56.0	52.4	3.6

Trade and Commerce

Expenditures of the Department of Trade and Commerce totalled $22 million for 1960–61, an increase of $4 million over the previous year.

The more significant factors responsible for this increase were increases of $2 million in expenditures of the Dominion Bureau of Statistics, $1 million in outlays for the trade commissioner service and $1 million for administration and general.

In 1960–61 under the authority of the Transfer of Duties Act, expenditures in respect of assistance re storage costs of grain, Board of Grain Commissioners and Prairie Grain Advance Payments Act were transferred to the Department of Agriculture and expenditures of the international economic and technical co-operation branch were transferred to the Department of External Affairs. For purposes of comparison the 1959-60 amounts covering these items have been reported under the respective departments.

TABLE 35
(in millions of dollars)

Trade and Commerce	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Dominion Bureau of Statistics	10.4	8.4	2.0
National Energy Board	0.4	0.2	0.2
Standards branch	2.5	2.4	0.1
Trade commissioner service	4.5	3.7	0.8
Administration and general	3.9	3.2	0.7
	21.7	17.9	3.8

Transport

Expenditures of the Department of Transport amounted to $338 million in 1960–61, an increase of $41 million over the total of $297 million in 1959–60.

The increase of $11 million in outlays for air services was attributable primarily to expanded services for aviation and consisted for the most part of increases of $6 million in outlays of the civil aviation branch and $3 million in costs of the meteorological branch.

Canal services expenditures increased by $1 million in 1960–61 while outlays for marine services declined by $10 million due to a decrease in expenditures for construction or acquisition of marine service steamers.

Expenditures for railway and steamship services increased by $15 million due to an increase of $13 million in payments under the Freight Rates Reduction Act and the increase of nearly $3 million in construction and acquisition of auto-ferries.

The payment in respect of the Canadian National Railway deficit for the calendar year 1960 was $67 million, $24 million more than for 1959 and the payment in respect of the Trans-Canada Air Lines deficit for the calendar year 1960 was $3 million. In 1959 the air lines had a small surplus. Non-active advances to the National Harbours Board were $1 million less than in the previous fiscal year.

TABLE 36

(in millions of dollars)

Transport	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Air services—			
Civil aviation branch	83.5	77.4	6.1
Meteorological branch	16.6	13.3	3.3
Telecommunications branch	30.0	29.3	0.7
Administration	4.8	4.2	0.6
	134.9	*124.2*	*10.7*
Canal services	6.4	5.8	0.6
Marine services	42.8	53.3	−10.5
Railway and steamship services—			
Maritime Freight Rates Act—			
Difference between tariff and normal tolls	14.1	14.3	−0.2
Freight Rates Reduction Act	20.4	7.8	12.6
Construction and acquisition of auto-ferries	5.3	2.4	2.9
Other	1.0	1.3	−0.3
	40.8	*25.8*	*15.0*
Board of Transport Commissioners—			
Maintenance of trackage	7.0	7.0	.....
Railway grade crossing fund	15.0	15.0	.....
Administration and general	1.2	1.2	.....
	23.2	*23.2*	.....
Canadian Maritime Commission	6.9	6.7	0.2
Crown corporations—			
Deficits—			
Canadian National Railways	67.5	43.6	23.9
Trans-Canada Air Lines	2.6	.....	2.6
Other	8.2	8.6	−0.4
Non-active advances—National Harbours Board	0.6	1.9	−1.3
	78.9	*54.1*	*24.8*
Administration and general	3.8	3.4	0.4
	337.7	296.5	41.2

Veterans Affairs

Expenditures of the Department of Veterans Affairs amounted to $292 million in 1960–61, an increase of $4 million over the 1959–60 total.

Increases of $2 million in outlays for treatment and welfare services, $2 million in war veterans allowances and other benefits and $1 million in pensions for disability or death were the main factors responsible for the increase.

TABLE 37

(in millions of dollars)

Veterans Affairs	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Pensions for disability or death	150.7	149.7	1.0
Treatment and welfare services	58.7	57.1	1.6
War veterans allowances and other benefits	64.7	63.2	1.5
War service gratuities and re-establishment credits	2.9	2.9	.....
Soldier Settlement and Veterans Land Acts—			
Administration and general	5.1	5.2	−0.1
Provision for reserve for conditional benefits, Veterans Land Act	3.5	3.8	−0.3
Departmental administration and miscellaneous payments	6.7	6.4	0.3
	292.3	288.3	4.0

All Other Departments

Expenditures of the departments not dealt with in preceding sections amounted to $33 million, an increase of $3 million over the total for 1959–60.

TABLE 38

(in millions of dollars)

All Other Departments	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Auditor General	0.9	0.9	.....
Board of Broadcast Governors	0.3	0.2	0.1
Chief Electoral Officer	0.6	0.3	0.3
Civil Service Commission	4.2	3.6	0.6
Governor General and Lieutenant-Governors	0.4	0.4	.....
Insurance	1.3	1.2	0.1
Legislation	8.5	7.7	0.8
National Film Board	4.9	4.6	0.3
National Gallery of Canada	1.0	0.7	0.3
Privy Council	1.9	1.4	0.5
Public Archives and National Library	0.8	0.7	0.1
Public Printing and Stationery	3.5	3.5	.....
Secretary of State	4.9	4.7	0.2
	33.2	29.9	3.3

4. SUMMARY OF ASSETS AND LIABILITIES OF CANADA AS AT MARCH 31, 1961

A condensed statement of the assets and liabilities of the Government of Canada at March 31, 1961, the comparable balances at March 31, 1960, and the changes in each category during 1960–61, is shown in the following table.

TABLE 39

SUMMARY OF ASSETS AND LIABILITIES OF CANADA
(in millions of dollars)

	Balance at March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
LIABILITIES			
Current and demand liabilities	1,148.7	1,099.1	49.6
Deposit and trust accounts	236.3	242.7	−6.4
Annuity, insurance and pension accounts	3,953.8	3,565.4	388.4
Undisbursed balances of appropriations to special accounts	104.6	96.6	8.0
Deferred credits	79.3	84.0	−4.7
Suspense accounts	10.6	8.5	2.1
Unmatured debt	16,067.9	15,890.1	177.8
Total liabilities	21,601.2	20,986.4	614.8
ASSETS			
Current assets	771.2	862.2	−91.0
Advances to the exchange fund account	2,024.0	1,960.0	64.0
Sinking fund and other investments held for retirement of unmatured debt	16.7	85.3	−68.6
Loans to, and investments in, Crown corporations	3,629.5	3,446.7	182.8
Loans to national governments	1,378.4	1,414.5	−36.1
Other loans and investments	1,022.6	934.5	88.1
Securities held in trust	34.4	30.6	3.8
Deferred charges	130.8	151.0	−20.2
Unamortized portion of actuarial deficiencies—			
Canadian forces superannuation account	326.3	326.3	.....
Public service superannuation account	276.7	139.0	137.7
Suspense accounts	(1)	(1)	.....
Capital assets	(2)	(2)	.....
Inactive loans and investments	94.8	93.5	1.3
Total assets	9,705.4	9,443.6	261.8
Less: reserve for losses on realization of assets	−546.4	−546.4	.....
Net assets	9,159.0	8,897.2	261.8
Net debt represented by excess of liabilities over assets	12,442.2	12,089.2	(3)353.0

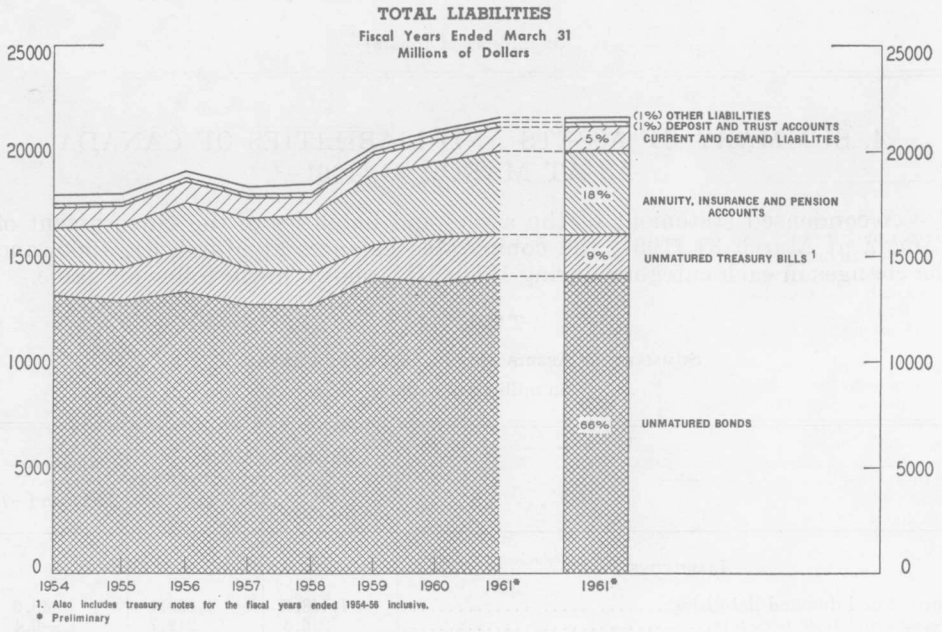
(1) Less than $50,000.

(2) Shown at nominal value of $1.

(3) Reflecting the budgetary deficit of $345.5 million plus an adjustment of $7.5 million in respect of prior years' transactions.

A. CHANGES IN PRINCIPAL LIABILITY CLASSIFICATIONS DURING 1960–61

The gross liabilities of the government increased by $615 million during the fiscal year. The main changes were increases of $388 million in annuity, insurance and pension account balances, $178 million in unmatured debt and $50 million in current and demand liabilities.



Current and demand liabilities

This category consists of obligations of the government payable currently or on demand. The principal changes were increases of $16 million in accrued interest, $13 million in interest due and outstanding, $12 million in matured debt, $10 million in the revaluation adjustment of the Canadian dollar balance in the international monetary fund and $6 million in outstanding treasury cheques and a decrease of $9 million in accounts payable.

TABLE 40
(in millions of dollars)

Current and Demand Liabilities	Balance at March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Outstanding treasury cheques	235.1	228.8	6.3
Accounts payable(1)	235.8	245.1	−9.3
Non-interest bearing notes payable to the international monetary fund and the international bank for reconstruction and development	383.7	381.8	1.9
Matured debt outstanding	32.3	20.1	12.2
Interest due and outstanding	70.4	57.7	12.7
Interest accrued	154.0	137.6	16.4
Post office—outstanding money orders	22.6	22.5	0.1
Outstanding letter of credit cheques	4.5	5.4	−0.9
International monetary fund—revaluation adjustment of Canadian dollar balance	10.1	.....	10.1
Other current liabilities	0.2	0.1	0.1
	1,148.7	1,099.1	49.6

(1) Payments made in April in accordance with section 35 of the Financial Administration Act but which are applicable to the previous fiscal year.

Deposit and trust accounts

In these accounts are recorded sundry funds deposited with, or held in trust by, the Receiver General of Canada for various purposes.

The principal changes during the year were an increase of $7 million in Crown corporation deposits and a decrease of $5 million in contractors securities.

TABLE 41
(in millions of dollars)

Deposit and Trust Accounts	Balance at March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Army benevolent fund	6.5	6.9	−0.4
Canadian Pension Commission—administration trust fund	11.1	10.3	0.8
Contractors holdbacks	16.8	17.4	−0.6
Contractors securities—sundry departments—			
Cash	9.4	14.1	−4.7
Bonds	11.8	11.9	−0.1
Certified cheques	1.3	1.7	−0.4
	22.5	*27.7*	*−5.2*
Crown corporation deposits	19.4	12.6	6.8
Emergency gold mining assistance—holdbacks	1.4	2.3	−0.9
Guarantee deposits—			
Customs and excise	4.4	6.1	−1.7
Northern Affairs and National Resources	9.0	8.3	0.7
Indian trust funds	28.5	29.2	−0.7
Korean operations pool	16.1	16.1	.....
National Harbours Board—special accounts	5.1	6.6	−1.5
Post office savings bank	28.8	29.4	−0.6
Soldier settlement and veterans land acts trust account—general	2.5	3.2	−0.7
United States of America	32.9	33.9	−1.0
War claims fund—world war 2	1.1	3.0	−1.9
Instalment purchase of bonds, public service	11.3	10.3	1.0
Other	18.9	19.4	−0.5
	236.3	242.7	−6.4

Annuity, insurance and pension accounts

In this category are recorded the amounts to the credit of the various annuity, insurance and pension accounts.

TABLE 42
(in millions of dollars)

Annuity, Insurance and Pension Accounts	Balance at March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Unemployment insurance fund	(1) 267.6	377.3	−109.7
Less investment in bonds and accrued interest	−247.6	−354.5	106.9
Uninvested funds on deposit with the government	20.0	22.8	−2.8
Government annuities	1,198.7	1,156.9	41.8
Public service superannuation account	1,467.7	1,229.6	238.1
Canadian forces superannuation account	1,155.4	1,053.0	102.4
Other	112.0	103.1	8.9
	3,953.8	3,565.4	388.4

(1) Includes loan of $67 million from the Minister of Finance.

Unemployment insurance fund

There was a decrease of $3 million in the uninvested funds of the Unemployment Insurance Commission on deposit with the government. During the year there was a decrease of $110 million in the unemployment insurance fund. The balance at March 31, 1961, including loans from the Minister of Finance amounting to $67 million was $267 million compared with $377 million at

March 31, 1960. Expenditures from the fund were $518 million consisting mainly of benefit payments of $510 million, losses of $7 million on sales of investments and a small amount of interest on loans from the Minister of Finance. Receipts were $408 million, consisting of contributions by employers and employees of $276 million, government contributions of $55 million, income of $10 million from investments, and loans from the Minister of Finance of $67 million. Benefit payments were $95 million higher than the $415 million paid out in 1959–60.

Government annuities account

The government annuities account increased by $42 million during the year reflecting the amount by which premium receipts of $48 million and interest of $44 million credited to the account by the government exceeded payments of $50 million to annuitants and beneficiaries.

Public service superannuation account

The increase of $238 million in the public service superannuation account was due mainly to a credit of $138 million (to bring the balance in the account into line with an actuarial evaluation as at December 31, 1957 as calculated by the Department of Insurance), the government's contribution of $41 million (equal to the estimated current and prior service payments of individuals in 1959–60), and interest of $51 million credited to the account. The remainder of the increase was due to the excess of employees' current and prior service contributions of $48 million and miscellaneous receipts of $2 million over benefit payments of $42 million.

Canadian forces superannuation account

The Canadian forces superannuation account increased by $102 million. The increase reflected the government's contribution of $41 million which is made at the rate of one and two-thirds times the current and prior service contributions, interest of $43 million credited to the account, and contributions of $32 million by permanent services personnel for current and prior years' service less benefit payments of $14 million from the account.

Old age security fund

Under the Old Age Security Act pensions of $55 per month are paid, without a means test, from the old age security fund to all eligible persons seventy years of age or over. Payments from the fund during 1960–61, were $592 million while credits to the fund from the 3 per cent tax on personal incomes (maximum tax $90), the 3 per cent tax on corporation profits and the 3 per cent sales tax totalled $603 million leaving a net credit of $11 million. In 1959–60 payments were $575 million, receipts were $547 million and the deficit in the fund covered by temporary loans from the Minister of Finance was $28 million.

In the Budget Speech of April 9, 1959, the Minister stated that, since provision was being made for the necessary revenues (by increases in the old age security tax rates) to bring the fund into balance over the next two or three years, he did not propose to treat the 1959–60 deficit as a budgetary charge in that year but to carry it forward to 1960–61.

In accordance therewith the $11 million excess of receipts over payments in 1960–61 was applied to reduce the temporary loans made in 1959–60 leaving a balance of $17 million in the temporary loan account as at March 31, 1961.

TABLE 43
(in millions of dollars)

Old Age Security Fund	Fiscal year ended March 31				
	1957	1958	1959	1960	1961 (preliminary)
Tax receipts—					
Sales tax	179.3	175.8	173.6	270.0	270.2
Personal income tax	125.0	135.0	146.4	185.6	229.4
Corporation income tax	67.3	60.7	55.3	91.3	103.5
Total tax receipts	371.6	371.5	375.3	546.9	603.1
Pension payments	−379.1	−473.9	−559.3	−574.9	−592.4
Excess of receipts over payments	−7.5	−102.4	−184.0	−28.0	10.7
Previous deficit brought forward	−50.0	−1.5	.....	.....	−28.0
Appropriation by Parliament—					
Charged to budgetary expenditures	56.0	103.9	184.0	.....	.....
Temporary loan from the Minister of Finance to cover deficit in fund	1.5	.....	.....	28.0	17.3

A distribution by provinces of pension payments from the old age security fund for the last two years is shown in the following table:

TABLE 44
(in millions of dollars)

Old Age Security Payments	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Newfoundland	11.4	11.1	0.3
Nova Scotia	27.6	27.0	0.6
Prince Edward Island	4.9	4.8	0.1
New Brunswick	20.4	19.9	0.5
Quebec	124.3	120.3	4.0
Ontario	214.6	208.6	6.0
Manitoba	36.1	35.1	1.0
Saskatchewan	37.5	36.3	1.2
Alberta	39.7	38.2	1.5
British Columbia	75.5	73.2	2.3
Northwest and Yukon Territories	0.4	0.4	.....
	592.4	574.9	17.5

Undisbursed balances of appropriations to special accounts

This category records the undisbursed balances of appropriations to special accounts for which moneys have been appropriated by Parliament and from which disbursements may be made for authorized purposes in periods subsequent to that in which the appropriation was made. There was a net increase of $8 million in this category during the year bringing the balance at March 31, 1961 to $105 million.

In 1960–61 an amount of $50 million was credited to the Colombo plan fund and charged to budgetary expenditure and disbursements charged to the account were $45 million. The balance at March 31, 1961 was $68 million.

The increase of $1 million in the national capital fund represented the amount by which the $3 million credited to the fund and charged to budgetary expenditure exceeded disbursements from the fund.

The increase of $3 million in the railway grade crossing fund represented the amount by which the credit of $15 million to the fund and charged to budgetary expenditure exceeded disbursements from the fund.

TABLE 45

(in millions of dollars)

Undisbursed Balances of Appropriations to Special Accounts	Balance at March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Colombo plan fund	67.5	63.0	4.5
National capital fund	2.8	2.3	0.5
Railway grade crossing fund	34.2	31.2	3.0
Other	0.1	0.1	.....
	104.6	96.6	8.0

Deferred credits

Recorded in this category are the amounts of deferred interest on loans and advances to certain Crown corporations and national governments and other deferred payments due the government. These are contra accounts to corresponding items under "Cash in blocked currencies", "Loans to, and investments in, Crown corporations", "Loans to national governments", and "Other loans and investments".

TABLE 46

(in millions of dollars)

Deferred Credits	Balance at March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Agreements of sale of Crown assets	10.0	13.6	−3.6
Crown Assets Disposal Corporation	5.1	5.6	−0.5
Deferred interest—			
The St. Lawrence Seaway Authority	19.4	19.4	.....
United Kingdom Financial Agreement Act, 1946	44.2	44.2	.....
Other	0.6	1.2	−0.6
	79.3	84.0	−4.7

Balances receivable under agreements of sale of Crown assets are set up as contra accounts to corresponding items under "Other loans and investments". The net decrease of $4 million during the year was due to payments received on outstanding agreements.

The government's equity in the agency account of Crown Assets Disposal Corporation is a contra account to a corresponding item under "Other loans and investments". The balance at March 31, 1961 was $5 million, approximately the same as at March 31, 1960.

There was no change during the year in deferred interest of $44 million on loans made under the United Kingdom Financial Agreement Act, 1946, and of $19 million on loans made to The St. Lawrence Seaway Authority. These are contra accounts to corresponding items under "Loans to national governments" and "Loans to, and investments in, Crown corporations" respectively.

Suspense accounts

These consist of balances where some uncertainty as to disposition exists.

TABLE 47
(in millions of dollars)

Suspense Accounts	Balance at March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Replacement of materiel, sec. 11, National Defence Act	6.6	3.6	3.0
Unclaimed cheques	1.4	1.4	.....
Other	2.6	3.5	−0.9
	10.6	8.5	2.1

The replacement of materiel account, established by section 11 of the National Defence Act, is credited with amounts realized from the sale of materiel that has not been declared surplus to requirements but has been authorized by the Governor in Council to be sold to other countries. The account is debited with disbursements representing amounts paid for the procurement of replacement materiel. During 1960–61 credits exceeded disbursements by $3 million.

The unclaimed cheques account is credited with the amount of treasury cheques (except those drawn on open accounts) which remain undelivered for certain specified periods subsequent to date of issue, pending claims therefor.

Unmatured debt

The unmatured debt of Canada at the close of the 1960–61 fiscal year amounted to $16,068 million, an increase of $178 million over the previous fiscal year total of $15,890 million. Debt payable in Canada increased by $250 million offset in part by decreases of debt payable in London of $20 million and in New York of $52 million. The decrease in debt payable in London and New York was due to the cancellation under authority of Order in Council P.C. 1961–460 dated March 30, 1961 of a portion of the loans that were being held for the retirement of unmatured debt.

TABLE 48
(in millions of dollars)

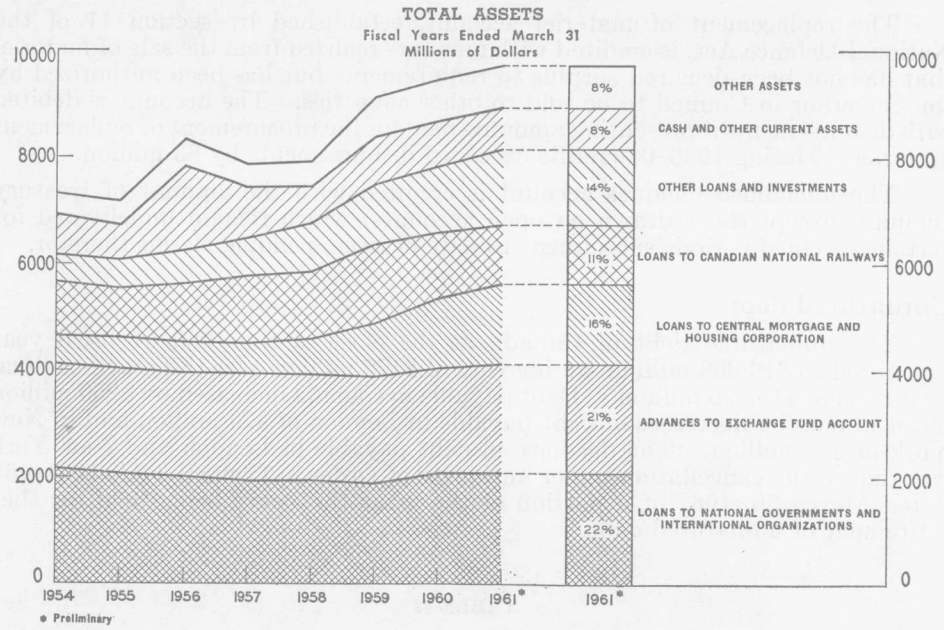
Unmatured Debt	Balance at March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Payable in Canada—			
Canada savings bonds	3,555.5	3,136.5	419.0
Marketable bonds	10,447.2	10,426.8	20.4
	14,002.7	*13,563.3*	*439.4*
Treasury bills	1,935.0	2,125.0	−190.0
	15,937.7	15,688.3	249.4
Payable in London	32.0	51.8	−19.8
Payable in New York	98.2	150.0	−51.8
	16,067.9	15,890.1	177.8

The details of the various loan issues, redemptions and conversions resulting in the net increase are described more fully in section 6, "The Public Debt".

In the year under review, unmatured debt obligations payable in London have been stated in Canadian dollars converted at the rate of $2.80 for the pound sterling and that payable in New York at par for the U.S. dollar.

B. Changes in Principal Asset Classifications during 1960–61

The total assets increased during 1960–61 by $262 million. The principal changes were increases of $183 million in loans to, and investments in, Crown corporations, $138 million in the unamortized portion of the actuarial deficiency in the public service superannuation account, $88 million in other loans and investments, $64 million in advances to the exchange fund account and decreases of $91 million in current assets, $69 million in sinking fund and other investments, $36 million in loans to national governments and $20 million in deferred charges.



Current assets

The total of this category at March 31, 1961 was $771 million compared with $862 million at March 31, 1960. The main items of note were decreases of $71 million in cash in current and special deposits, $25 million in departmental working capital advances and revolving funds and an increase of $24 million in the securities investment account.

The decrease of $25 million in departmental working capital advances and revolving funds was due to decreases of $31 million in the agricultural commodities stabilization account and $5 million in the defence production revolving fund offset partly by increases of $3 million in miscellaneous departmental imprest and advance accounts and $8 million in other accounts.

TABLE 49
(in millions of dollars)

Current Assets	Balance at March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Cash in current and special deposits	360.8	432.0	−71.2
Cash in hands of collectors and in transit	126.0	133.4	−7.4
Departmental working capital advances and revolving funds—			
Agricultural commodities stabilization account	90.2	120.7	−30.5
Defence production revolving fund	15.7	20.7	−5.0
Miscellaneous departmental imprest and advance accounts	25.0	22.4	2.6
Other	40.0	32.2	7.8
	170.9	*196.0*	*−25.1*
Securities investment account	101.5	77.9	23.6
Moneys received after March 31 but applicable to the current year	10.0	18.0	−8.0
International monetary fund—revaluation adjustment of Canadian dollar balance	.....	3.1	−3.1
Post office—cash on hand and in transit	2.0	1.8	0.2
	771.2	862.2	−91.0

Advances to the exchange fund account

Advances during the year to the exchange fund account to finance the purchase of gold and foreign exchange amounted to $388 million and repayments were $324 million, increasing outstanding advances to $2,024 million at March 31, 1961.

Sinking fund and other investments held for retirement of unmatured debt

There was a decrease of $69 million in this category during the year bringing the balance to $17 million at March 31, 1961. The decrease was due to the cancellation under authority of Order in Council P.C. 1961–460 dated March 30, 1961, of a portion of the bonds held for the retirement of unmatured debt.

TABLE 50
(in millions of dollars)

Sinking Fund and Other Investments Held for Retirement of Unmatured Debt	Balance at March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Sinking fund invested in—			
Newfoundland guaranteed stock, 1933/34-43/63, 3 per cent	12.7	12.7	.....
United Kingdom conversion stock, 1963, 4¾ per cent	4.0	3.3	0.7
	16.7	*16.0*	*0.7*
Account N funds invested in[1]—			
Newfoundland guaranteed stock, 1933/34-43/63, 3 per cent	.....	18.8	−18.8
Other investments[1]—			
Newfoundland guaranteed stock, 1933/34-43/63, 3 per cent	.....	1.0	−1.0
New York loan, 1949-74, 2¾ per cent	.....	38.5	−38.5
Accrued interest	.....	0.1	−0.1
New York loan, 1950-75, 2¾ per cent	.....	10.9	−10.9
Accrued interest	.....	[2]	[2]
	.....	*50.5*	*−50.5*
	16.7	85.3	−68.6

[1] Cancelled under authority of Order in Council P.C. 1961—460 dated March 30, 1961.
[2] Less than $50,000.

Loans to, and investments, in Crown corporations

These loans and investments increased by $183 million during 1960–61. The balance at March 31, 1961 was $3,630 million.

TABLE 51
(in millions of dollars)

Loans to, and Investments in, Crown Corporations	Balance at March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Atomic Energy of Canada Limited	60.9	59.4	1.5
Bank of Canada	5.9	5.9	.....
Canadian Arsenals Limited	7.5	7.5	.....
Canadian Broadcasting Corporation	3.0	.....	3.0
Canadian Commercial Corporation	7.0	6.0	1.0
Canadian National Railways	1,087.8	1,204.3	−116.5
Canadian National (West Indies) Steamships Limited	1.6	2.6	−1.0
Canadian Overseas Telecommunication Corporation	31.9	22.6	9.3
Central Mortgage and Housing Corporation	1,510.5	1,318.7	191.8
Eldorado Mining and Refining Limited	8.2	8.2	.....
Export Credits Insurance Corporation	10.0	10.0	.....
Farm Credit Corporation	155.7	115.7	40.0
National Capital Commission	26.0	17.8	8.2
National Harbours Board	172.8	161.4	11.4
Northern Canada Power Commission	39.7	34.6	5.1
Northern Ontario Pipe Line Crown Corporation	125.0	121.5	3.5
Polymer Corporation Limited	30.0	30.0	.....
The St. Lawrence Seaway Authority—			
Loans	320.5	296.5	24.0
Deferred interest	19.4	19.4	.....
Trans-Canada Air Lines	4.8	3.5	1.3
Other Crown Corporations	1.3	1.1	0.2
	3,629.5	3,446.7	182.8

Advances to Atomic Energy of Canada Limited, to be covered by obligations or shares of the company, were $61 million at March 31, 1961, an increase of $2 million during the year.

Loans during the year to Central Mortgage and Housing Corporation amounted to $235 million, of which $222 million was for direct loans by the corporation and $13 million in respect of loans for federal-provincial housing projects. Repayments totalled $43 million, of which $38 million was in respect of direct loans, $2 million in respect of loans for federal-provincial housing projects and $3 million in respect of loans for housing projects. The net increase of $192 million for the year brought the total loans to $1,511 million at March 31, 1961.

Loans to the Farm Credit Corporation amounted to $40 million and investment in the capital of the corporation amounted to $1 million during the year. Repayments by the corporation of $1 million, brought the outstanding advances to $156 million at March 31, 1961.

Advances to The St. Lawrence Seaway Authority during the year were $24 million bringing the total loans to $321 million. In addition, deferred interest on these loans was $19 million at the year-end, unchanged from the total at March 31, 1960. A contra item for this deferred interest is included in the liability category "Deferred credits".

In the fiscal year ended March 31, 1961, the government advanced to the Canadian National Railway Company $108 million for capital purposes and retirement of debt in the hands of the public. Of this amount $4 million was

advanced for the company's purchase fund which is operated under the terms of Canadian National Railway Company bonds, guaranteed by the Government of Canada, issued on May 15, 1959, December 15, 1959, January 1, 1960 and October 1, 1960 and $1 million was advanced to the company under the Refunding Act, 1955 for the refunding of various trust certificates. During the fiscal year ended March 31, 1961, repayment of current and prior years' advances totalled $225 million, of which $221 million was from the proceeds of the sale of Canadian National Railway Company bonds dated October 1, 1960.

In addition, to assist the company to finance further capital expenditure during the fiscal year, the government purchased $21 million of four per cent preferred stock of the Canadian National Railway Company. This stock is issued under the authority of the Canadian National Railways Capital Revision Act, 1952, in an amount equal to three per cent of the gross revenue of the company.

Further, in the year ended March 31, 1961, the government provided the company with temporary loans of $56 million in respect of its 1960 income deficit. This amount plus temporary loans of $14 million made on the same account in the previous fiscal year, less a repayment of $3 million representing advances not required by the company brought the total loans on account of the 1960 deficit to $67 million which was charged to budgetary expenditure in 1960–61. Also, in 1960–61, an accounting adjustment was made transferring to net debt $8 million in respect of the company's 1958 income deficit, under authority of Vote 565 of Appropriation Act No. 6, 1960.

In addition, temporary loans of $2 million were made in February 1961 to the company in respect of its 1961 income deficit.

In summary, the total amount made available to the company during the year was $184 million and repayments amounted to $300 million. The amount of advances to the company outstanding at March 31, 1961 was thus reduced by $116 million.

TABLE 52

(in millions of dollars)

Advances to, and Repayments by, the Canadian National Railways During the Fiscal Year 1960–61	Fiscal year ended March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Advances—			
For the refunding of debt	1.0	5.3	−4.3
For capital expenditures	102.6	149.2	−46.6
For purchase fund	4.0	7.5	−3.5
For interim financing of income deficits	55.5	41.0	14.5
	163.1	*203.0*	*−39.9*
Repayments—			
Advances for capital and refunding purposes	−225.1	−445.7	220.6
Advances for interim financing of income deficits	−75.0	−41.0	−34.0
	−300.1	*−486.7*	*186.6*
Excess of advances over repayments or repayments over advances (−)	−137.0	−283.7	146.7
Purchase of 4 per cent preferred stock (C.N.R. Capital Revision Act, 1952)	20.5	22.3	−1.8
Net increase or decrease (−) during the fiscal year in the government's advances to, and investments in, the Canadian National Railways	−116.5	−261.4	144.9

At March 31, 1960, temporary loans of $4 million were outstanding to the Trans-Canada Air Lines in respect of its 1960 income deficit. During 1960–61

further advances totalling $2 million were made for this purpose. The total amount of $6 million was repaid or credited during the year. However, the government made advances of $5 million on account of the air line's 1961 income deficit and this amount was outstanding at March 31, 1961.

Other changes in this category included increases of $9 million in advances to the Canadian Overseas Telecommunication Corporation, $11 million in loans to the National Harbours Board, $8 million in loans to the National Capital Commission and $5 million in advances to the Northern Canada Power Commission.

Loans to national governments

These loans totalled $1,378 million at March 31, 1961, a decrease of $36 million during the fiscal year.

TABLE 53
(in millions of dollars)

Loans to National Governments	Balance at March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Loans to United Kingdom—			
The United Kingdom Financial Agreement Act, 1946	1,047.3	1,064.1	−16.8
Deferred interest	44.2	44.2	.....
	1,091.5	*1,108.3*	*−16.8*
Loans under the Export Credits Insurance Act, Part II—			
Belgium	36.9	39.2	−2.3
France	142.3	150.6	−8.3
Netherlands	73.4	78.0	−4.6
	252.6	*267.8*	*−15.2*
Special loans to Colombo Plan countries to finance the purchase of wheat and flour from Canada—			
Ceylon	2.0	2.0	.....
India	29.5	33.0	−3.5
	31.5	*35.0*	*−3.5*
Miscellaneous loans and advances—			
France—interim credit—consolidated interest	1.4	1.5	−0.1
Netherlands—military relief and currency credits settlement	0.6	1.1	−0.5
Other	0.8	0.8	.....
	2.8	*3.4*	−0.6
	1,378.4	1,414.5	−36.1

The United Kingdom government repaid $17 million on the $1,185 million loan made under the $1,250 million credit authorized by the United Kingdom Financial Agreement Act, 1946, reducing the principal outstanding at March 31, 1961 to $1,047 million.

Repayments of advances under Part II of the Export Credits Insurance Act to certain foreign countries to assist them in purchasing goods and services in Canada amounted to $15 million during 1960–61 reducing the balance at March 31, 1961 to $253 million.

Special loans to Colombo Plan countries to finance the purchase of wheat and flour from Canada were $32 million at March 31, 1961, $3 million less than the balance at March 31, 1960.

Miscellaneous loans and advances to foreign governments totalled $3 million at March 31, 1961, about $1 million less than the previous year-end balance.

Other loans and investments

There was an increase of $88 million in this category during the year bringing the balance at March 31, 1961 to $1,023 million.

TABLE 54
(in millions of dollars)

Other Loans and Investments	Balance at March 31		Increase or decrease (−)
	1961 (preliminary)	1960	
Subscriptions to capital of, working capital advances and loans to, international organizations—			
Canada's subscription to capital of—			
International monetary fund	543.7	528.7	15.0
International bank for reconstruction and development	73.7	70.9	2.8
International finance corporation	3.5	3.5	.....
International development association	8.5	.....	8.5
Working capital advances and loans to international organizations	1.8	2.1	−0.3
	631.2	*605.2*	*26.0*
Loans to provincial governments—			
Alberta	8.0	8.4	−0.4
British Columbia	15.5	16.3	−0.8
Manitoba	13.2	13.8	−0.6
New Brunswick	22.9	26.3	−3.4
Nova Scotia	.....	0.1	−0.1
Prince Edward Island	.....	0.1	−0.1
Saskatchewan	24.6	23.3	1.3
	84.2	*88.3*	*−4.1*
Overpayments to provinces arising out of 1952 tax-rental agreements—			
Manitoba	0.2	0.4	−0.2
New Brunswick	0.2	0.4	−0.2
Newfoundland	0.1	0.2	−0.1
Prince Edward Island	0.2	0.5	−0.3
Saskatchewan	0.3	0.6	−0.3
	1.0	*2.1*	*−1.1*
Veterans Land Act advances	199.6	188.9	10.7
Less reserve for conditional benefits—			
Veterans Land Act, 1942	−33.7	−37.3	3.6
	165.9	*151.6*	*14.3*
Miscellaneous—			
Assisted passage scheme (section 69, Immigration Act, R.S. 1952)	3.5	3.7	−0.2
Balances receivable under agreements of sale of Crown assets	12.1	16.0	−3.9
Construction of dock and rail facilities for Steep Rock Iron Mines Limited	1.8	1.9	−0.1
Crown Assets Disposal Corporation—Government equity in agency account	5.1	5.6	−0.5
Dominion Coal Company Limited	5.7	5.7	.....
Housing projects for Canadian forces	4.9	4.6	0.3
Land development of the Cornwall Navigation System	1.7	1.7	.....
Municipal Improvements Assistance Act, 1938	1.6	1.8	−0.2
New Westminster Harbour Commission	2.3	2.4	−0.1
Old age security fund—temporary loans	17.3	28.0	−10.7
Town of Oromocto, New Brunswick	4.2	3.9	0.3
Town of Oromocto Development Corportation	1.0	1.0	.....
Unemployment Insurance Commission	67.0	.....	67.0
Yukon Territory	2.1	2.3	−0.2
Northwest Territories	0.7	0.8	−0.1
City of Montreal—			
St. Remi Tunnel	1.2	1.2	.....
Atwater Tunnel	1.9	2.0	−0.1
Other	6.2	4.7	1.5
	140.3	*87.3*	*53.0*
	1,022.6	934.5	88.1

Canada's subscription to the capital of international organizations increased by $26 million during the year due mainly to revaluation adjustments of $15 million in the Canadian dollar balance in the international monetary fund and

a subscription of $9 million made by Canada to the international development association in accordance with section 4 of the International Development Association Act which was assented to on July 7, 1960.

Loans to provincial governments decreased by $4 million and overpayments to certain provinces arising out of the 1952 tax-rental agreements decreased by $1 million during the year.

Advances under the Veterans Land Act increased by $11 million. The reserve for conditional benefits under the Act decreased by $3 million and consequently the total increase in this account was $14 million.

Miscellaneous loans and advances increased by $53 million during the year due mainly to loans of $67 million to the Unemployment Insurance Commission which were outstanding at March 31, 1961 (there were no loans outstanding at March 31, 1960) offset partly by a decrease of $11 million in loans to the old age security fund.

Securities held in trust

This category records the security holdings of various deposit and trust, and annuity, insurance and pension accounts. Bonds and certified cheques held in connection with contractors' securities included in the deposit and trust category are also recorded under this heading. The balance at March 31, 1961 was $34 million, $4 million higher than the previous year-end balance.

Deferred charges

In this category are recorded the residual balances of discounts, commissions, redemption bonuses and conversion premiums on loan flotations that have not been charged to expenditures. There was a decrease of $20 million in this category during the year, bringing the balance at March 31, 1961 to $131 million.

TABLE 55
(in millions of dollars)

Unamortized Bond Discounts and Commissions	Fiscal year ended March 31	
	1961 (preliminary)	1960
Balance at beginning of fiscal year	151.0	147.4
New flotation costs to be amortized—		
4% Canada savings bonds, 1960, series 15	7.3	
5½% loan, issued Apr. 1, 1960, maturing Apr. 1, 1963	0.7	
5½% loan, issued Apr. 1, 1960, maturing Apr. 1, 1969	2.3	
4¼% loan, issued June 1, 1960, maturing Dec. 1, 1962	0.1	
3% loan, issued Dec. 15, 1960, maturing June 15, 1962	3.4	
4% loan, issued Dec. 15, 1960, maturing Dec. 15, 1963	3.4	
4% loan, issued Feb. 1, 1961, maturing May 1, 1964	3.6	
3½% loan, issued Mar. 15, 1961, maturing Dec. 15, 1962	1.2	
Treasury bills (discount on bills issued)	11.3	15.4
4–4½% Canada savings bonds, 1959, series 14	0.8	15.7
2¾% loan, issued July 1, 1959, maturing Apr. 1, 1960		3.0
3% loan, issued July 1, 1959, maturing Dec. 15, 1960		3.6
5½% loan, issued Oct. 1, 1959, maturing Oct. 1, 1960		1.5
3% loan, issued Oct. 1, 1959, maturing May 1, 1961		6.7
5½% loan, issued Oct. 1, 1959, maturing Oct. 1, 1962		6.6
5½% loan, issued Feb. 15, 1960, maturing Oct. 1, 1962		1.0
5½% loan, issued Feb. 15, 1960, maturing Apr. 1, 1963		2.5
3½–4¼% Canada savings bonds, 1958, series 13		0.3
	34.1	*56.3*
Less amortization applicable to fiscal year—		
Canada savings bonds and general loans	−38.9	−45.4
Discount on treasury bills charged to interest on public debt	−15.4	− 7.3
	−54.3	*−52.7*
Increase or decrease (−) during year	−20.2	3.6
Balance at end of fiscal year	130.8	151.0

Costs of new loans issued during 1960-61 and charged to the account were $34 million, of which $11 million was in respect of treasury bill discounts which will be charged to interest on public debt in 1961-62. Credits to the account amounted to $54 million of which $39 million was charged to annual amortization costs and $15 million, representing discount on treasury bills sold in 1959-60, was charged to interest on public debt in the 1960-61 budgetary expenditure accounts.

Unamortized portion of actuarial deficiencies

This category records the unamortized portions of the actuarial deficiencies in the public service and the Canadian forces superannuation accounts which have been set up as deferred charges to be written off to budgetary expenditure upon parliamentary approval.

During the year, $138 million was credited to the public service superannuation account in accordance with an actuarial evaluation as at December 31, 1957 and an equivalent amount was set up in this account as a contra item.

The deficiency in the Canadian forces superannuation account was based on the actuarial valuation made as at March 31, 1958.

Suspense accounts

The only item in this category is the cheque adjustment suspense account which reflects unadjusted balances resulting from the reconciliation of payments for redemption of paid cheques with the amount of those cheques as subsequently determined in adjustment of the outstanding cheque account.

Capital assets

Assets of the government such as land, buildings, works and equipment, etc., that are charged to budgetary expenditure at the time of acquisition or construction, are included in this category and are shown on the statement of assets and liabilities at a nominal value of $1.

Inactive loans and investments

Loans and investments which are not currently revenue-producing or realizable are recorded in this category. Included are the loan of $49 million to China under the Export Credits Insurance Act, loans of $24 million and $7 million made to Roumania and Greece in 1919-20 and 1920-21 and advances of $15 million in respect of the implementation of guarantees (Ming Sung Industrial Company Limited).

Reserve for losses on realization of assets

There was no change in this reserve during the year. The balance at March 31, 1961 remained at $546 million.

C. Increase in Net Debt

At March 31, 1961 the net debt of Canada amounted to $12,442 million compared with $12,089 million at March 31, 1960.

The budgetary deficit of $345 million for the fiscal year 1960-61 plus an accounting adjustment of $8 million in respect of prior years' transactions in connection with the Canadian National Railways 1958 deficit resulted in an increase of $353 million in the net debt of Canada during the fiscal year.

5. THE CASH POSITION

The government's cash position is affected not only by the budgetary transactions but also by changes in the government's outstanding unmatured debt and other non-budgetary transactions. In 1960–61, although there was a budgetary deficit of $345 million the government's bank balances decreased by only $71 million during the same period. This decrease was the net result of the budgetary deficit being offset by an increase of $223 million in outstanding unmatured debt (after taking into account transactions in the securities investment and sinking fund accounts) and the net receipts of $51 million from other non-budgetary transactions.

Non-budgetary receipts and disbursements relate to transactions which result in increases or decreases in the government's assets and liabilities and do not appear in what might be called the government's income account for the fiscal year nor do they enter into the calculation of the annual budgetary surplus or deficit. However, in considering the full scope of the government's financial operations and in measuring their effect on the government's cash position and their impact on the economy, non-budgetary as well as budgetary transactions must be taken into account.

The increases or decreases in the government's assets and liabilities have been described in detail in the section entitled "Statement of Assets and Liabilities of Canada". On the assets side the non-budgetary transactions consist, for the most part, of loans and advances to, and repayments by, Crown corporations and other government agencies and funds (including the old age security fund), national, provincial and municipal governments, international organizations, veterans and other borrowers. On the liabilities side they relate mainly to receipts and payments in connection with the many deposit and trust accounts, and annuity, insurance and pension funds held or administered by the government.

The following statement summarizes both the budgetary and non-budgetary transactions for 1960-61 and indicates how they affect the government's cash position. For purposes of comparison the corresponding figures for 1959-60 are also shown.

TABLE 56

(in millions of dollars)

Changes in Cash Position	Fiscal year ended March 31	
	1961 (preliminary)	1960
Budgetary transactions—		
Revenue	5,615.6	5,289.8
Expenditure	5,961.1	5,702.9
1. Budgetary deficit (−)	**−345.5**	**−413.1**
Non-budgetary transactions (excluding unmatured debt transactions)—		
Receipts and credits—		
Repayments of loans, investments and working capital advances (net)—		
Agricultural commodities stabilization account	30.5	−53.6
Canadian National Railways	116.5	261.4
Defence production revolving fund	5.0	9.5
New Brunswick (Beechwood Power Project)	3.4	3.2
Old age security fund (temporary loan)	10.7	−28.0
United Kingdom (1946 loan)	16.8	16.4
Other national governments (Export Credits Insurance Act)	15.2	17.9
Other	6.4	14.2
	204.5	*241.0*
Net government annuities account receipts—		
Premium receipts less payments to beneficiaries	−2.2	8.1
Government contributions to maintain reserve	.....	0.2
Interest paid by government	44.0	42.8
	41.8	*51.1*
Net insurance and pension accounts receipts—		
Employee contributions less payments to beneficiaries	27.2	27.1
Government contributions	88.5	95.3
Actuarial deficiency in the public service superannuation account	137.7	.....
Interest paid by government	96.0	88.3
	349.4	*210.7*
Net receipts in special defence account	3.0	−10.2
Net increase in current and demand liabilities	49.6	146.5
Net decrease in unamortized loan flotation costs	20.2	−3.6
Net decrease of cash in hands of collectors and in transit	7.4	33.6
Net receipts in sundry other accounts	14.6	31.2
	690.5	700.3
Disbursements and charges—		
Loans, investments, and working capital advances (net)—		
Canadian Broadcasting Corporation	3.0	.....
Canadian Overseas Telecommunication Corporation	9.3	9.6
Central Mortgage and Housing Corporation	191.8	315.1
Exchange fund account	64.0	−35.0
Farm Credit Corporation	40.0	28.5
National Capital Commission	8.2	10.7
National Harbours Board	11.4	15.8
Northern Canada Power Commission	5.1	12.9
Northern Ontario Pipe Line Crown Corporation	3.5	8.0
The St. Lawrence Seaway Authority	24.0	33.1
International monetary fund (subscription to capital)	15.0	235.4
International development association	8.5	.....
Unemployment Insurance Commission	67.0	.....
Other	32.6	7.3
	483.4	*641.4*
Net disbursements on account of United States of America	1.0	8.3
Unamortized portion of actuarial deficiency in public service superannuation account	137.7	.....
Other	16.9	13.0
	639.0	662.7
2. Net amount received from non-budgetary transactions (excluding unmatured debt transactions)	**51.5**	**37.6**
3. Overall cash requirement (−) to be financed by increase in debt or decrease in cash balances (1+2)	**−294.0**	**−375.5**
4. Net increase in unmatured debt outstanding in the hands of the public—		
Unmatured debt—		
Bonds	367.8	−214.0
Treasury bills	−190.0	530.0
Securities investment account	−23.6	20.1
Sinking fund and other investments	68.6	−2.1
	222.8	*334.0*
5. Net decrease (−) in Receiver General bank balances (3+4)	**−71.2**	**−41.5**

As the table shows, non-budgetary receipts and credits for 1960–61 (excluding unmatured debt transactions) totalled $690 million while non-budgetary disbursements and charges (also excluding unmatured debt transactions) amounted to $639 million, resulting in a net receipt of $51 million from non-budgetary transactions. As there was a budgetary deficit of $345 million, $294 million required financing by an increase in unmatured debt or a decrease in cash balances. In 1959–60 there was a net receipt of $38 million from non-budgetary transactions and for the same period there was a budgetary deficit of $413 million resulting in $375 million having to be financed by an increase in unmatured debt or a decrease in cash balances.

Non-budgetary receipts and credits, as already indicated, totalled $690 million in 1960–61. Repayments of loans, investments and working capital advances were $204 million and included $30 million in respect of the agricultural commodities stabilization account, $116 million from the Canadian National Railways, $11 million in respect of temporary loans to the old age security fund, $17 million from the United Kingdom government on account of the Financial Agreement Act, 1946 and $15 million from other national governments on loans made under Part II of the Export Credits Insurance Act. Net government annuities account receipts were $42 million and net insurance and pension accounts receipts were $349 million (including an accounting adjustment of $138 million with respect to the actuarial deficiency in the public service superannuation account). Net receipts and credits in various other accounts amounted to $95 million.

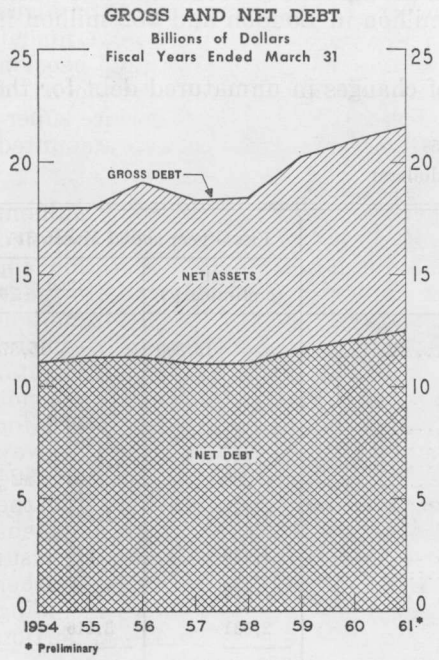
Non-budgetary disbursements and charges amounted to $639 million. Loans, investments and working capital advances were $483 million and included $9 million to the Canadian Overseas Telecommunication Corporation for investment in various cable projects, $192 million to the Central Mortgage and Housing Corporation for the purpose of making housing loans, $40 million to the Farm Credit Corporation for the purpose of making loans to farmers, $64 million to the exchange fund account, $8 million to the National Capital Commission for the purpose of acquiring land in the national capital area not required for immediate use, $11 million to the National Harbours Board for construction and capital expenditures, $24 million to The St. Lawrence Seaway Authority for costs in connection with the construction of the seaway, $24 million in respect of subscriptions to the international monetary fund and the international development association, and $67 million to the Unemployment Insurance Commission to finance the requirements of the unemployment insurance fund not otherwise financed by the sale of the fund's investments. Other non-budgetary disbursements and charges amounted to $156 million, including an accounting adjustment of $138 million in respect of the unamortized portion of the actuarial deficiency in the public service superannuation account.

In summary, as budgetary and non-budgetary transactions during 1960–61 required financing in the amount of $294 million, and unmatured debt outstanding in the hands of the public (after taking into account transactions in the securities investment and sinking fund accounts) increased by $223 million, cash balances on deposit with the banks decreased by $71 million.

6. THE PUBLIC DEBT

Gross and net debt

During the fiscal year ended March 31, 1961, the gross public debt increased by $615 million to $21,601 million. This increase was made up of increases of $178 million in unmatured debt and $437 million in other liabilities. During the year the government's recorded net assets increased by $262 million. The net debt increased by $353 million to $12,442 million, reflecting the budgetary deficit of $345 million plus an adjustment of $8 million in respect of prior years' transactions.



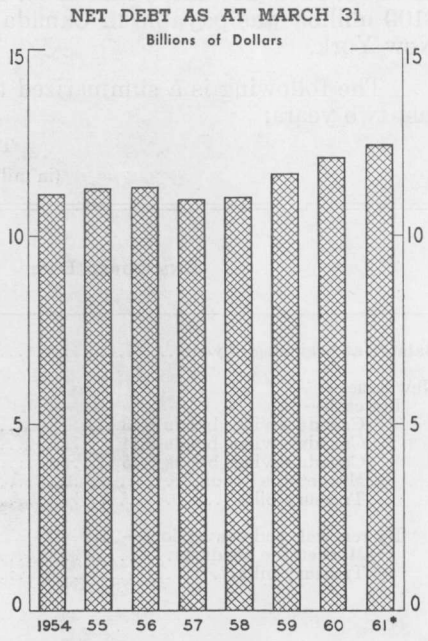


TABLE 57

STATEMENT OF PUBLIC DEBT, UNMATURED DEBT, RECORDED NET ASSETS AND NET DEBT OF CANADA
(in millions of dollars)

As at March 31	Gross Public Debt			Less recorded net assets	Net debt	Increase or decrease (—) in net debt during fiscal year
	Unmatured debt	Other liabilities	Total			
1957	14,368.4	3,967.3	18,335.7	7,328.0	11,007.7	—272.7
1958	14,245.1	4,173.4	18,418.5	7,372.2	11,046.3	38.6
1959	15,574.1	4,675.8	20,249.9	8,571.5	11,678.4	632.1
1960	15,890.1	5,096.3	20,986.4	8,897.2	12,089.2	410.8
1961 (preliminary)	16,067.9	5,533.3	21,601.2	9,159.0	12,442.2	353.0

Unmatured debt

The total unmatured debt of Canada at March 31, 1961 was $16,068 million. This was $178 million more than the total at the end of the previous fiscal year. During the fiscal year the government's holdings of its own securities in the sinking fund and in the securities investment account showed a net decrease of $45 million. The net increase in the amount of outstanding unmatured debt in the hands of the public was $223 million.

Summary of security issues and maturities or redemptions during the year

During the year ended March 31, 1961, the government issued securities payable in Canadian dollars in the principal amount of $2,531 million (excluding the refunding of treasury bills which mature weekly), redeemed or converted issues payable in Canada in the amount of $2,181 million and cancelled issues (under authority of Orders in Council P.C. 1961–116 dated January 30, 1961 and P.C. 1961–460 dated March 30, 1961) in the amount of $172 million of which $100 million was payable in Canada, $20 million in London and $52 million in New York.

The following is a summarized table of changes in unmatured debt for the last two years:

TABLE 58

(in millions of dollars)

Unmatured Debt	Fiscal year ended March 31			
	1961 (preliminary)		1960	
Balance at beginning of year		15,890		15,574
New issues—				
For cash—				
Canada savings bonds S.13	.....		30	
Canada savings bonds S.14	64		1,408	
Canada savings bonds S.15	851		.....	
Marketable bonds	200		100	
Treasury bills	.....		343	
	1,115		*1,881*	
By renewals and conversions—				
Marketable bonds	1,416		948	
Treasury bills	.....		187	
	1,416		*1,135*	
	2,531		3,016	
Less—				
Matured marketable bonds	−998		−415	
Conversions	−497		−1,135	
Canada savings bonds redeemed or matured	−496		−1,150	
Treasury bills (net)	−190		.....	
	−2,181		*−2,700*	
Cancelled marketable bonds	−172		.....	
	−2,353		−2,700	
Increase in unmatured debt		178		316
Balance at end of year		16,068		15,890

At March 31, 1961, the outstanding unmatured debt payable in U.S. dollars was $98 million, and the amount payable in sterling was $32 million.

Net sales of Canada savings bonds, 1960 series, as at March 31, 1961 amounted to $851 million and additional sales of Canada savings bonds, 1959

series, during the year were $64 million. Redemptions of Canada savings bonds series 5 to 14 (of which series 5 matured on November 1, 1960) were $496 million. The net increase during the year for all series was $419 million and the amount unmatured at March 31, 1961 was $3,556 million.

The amount of treasury bills outstanding decreased by $190 million during the fiscal year and the balance at March 31, 1961 was $1,935 million, consisting of $1,235 million in three-month bills, $650 million in six-month bills and $50 million in special one-year bills (due June 2, 1961). The March 31, 1960 balance of $2,125 million consisted of $1,375 million in three-month bills, $510 million in six-month bills, $200 million in special one-year bills and $40 million in special 253 day bills.

TABLE 59

DEBT MATURED OR REDEEMED DURING THE FISCAL YEAR ENDED MARCH 31, 1961 (preliminary)

—	Interest rate	Where payable	Amount
	per cent		$
April 1, 1960, loans of 1958 and 1959	2¾	Canada	329,000,000
June 1, 1960, sixth victory loan	3	Canada	46,588,650
October 1, 1960, loan of 1959[1]	5½	Canada	134,998,000
December 15, 1960, loans of 1957 and 1959	3	Canada	609,000,000
February 1 and March 15, 1961, loans of 1958 and 1959[2]	3	Canada	225,000,000
December 15, 1960 and March 15, 1961, conversion loan of 1961[3]	3	Canada	250,000,000
Loan of October 1, 1959 (partial conversion)	5½	Canada	221,000
Loans of February 15, 1960 and April 1, 1960 (partial conversion)	5½	Canada	702,000
January 1, 1961, loan of 1933/34 (Newfoundland stock) [4]	3	London	19,822,389
March 1, 1961, loan of September 1, 1949[4]	2¾	New York	39,794,000
March 15, 1961, loan of September 15, 1950[4]	2¾	New York	12,031,000
Canada savings bonds, S5 to 14	various	Canada	495,559,600
Treasury bills—net decrease	various	Canada	190,000,000
			2,352,716,639

[1] $121,030,000 converted to loan of October 1, 1960—October 1,1975, 5½%. Balance of $13,968,000 charged to matured debt.

[2] $50,000,000 exchanged for loan of February 1, 1961—May 1, 1964, 4%; $75,000,000 exchanged for loan of March 15, 1961—December 15, 1962, 3½%; and $100,000,000 cancelled under authority of Order in Council P.C. 1961—116 dated January 30, 1961, leaving a balance of $300,000,000 in the loan.

[3] $110,000,000 exchanged for loan of December 15, 1960—December 15, 1963, 4%; $90,000,000 exchanged for loan of December 15, 1960—June 15, 1962, 3%; and $50,000,000 exchanged for loan of March 15, 1961—May 1, 1964, 4%, leaving a balance of $770,514,000 in the loan.

[4] Cancelled under authority of Order in Council P.C. 1961—460 dated March 30, 1961.

TABLE 60

NEW SECURITIES ISSUED DURING YEAR ENDED MARCH 31, 1961 (preliminary)

Description	Price to government	Yield at price to government	Total amount issued	Renewals or conversions included in amount issued	Amount issued for cash
			$	$	$
Issued to general public—					
Marketable bonds—					
(1)April 1, 1960—April 1, 1963, 5¼%	99.40	5.72	249,000,000	249,000,000	.....
(2)April 1, 1960—April 1, 1969, 5½%	97.00	5.94	80,000,000	80,000,000	.....
(3)June 1, 1960—December 1, 1962, 4¼%	99.91	4.29	140,000,000	140,000,000	.....
(4)October 1, 1959—October 1, 1975, 5½%	.....	.....	121,251,000	121,251,000	.....
December 15, 1960—June 15, 1962, 3%	98.60	3.97	300,000,000	300,000,000	.....
December 15, 1960—December 15, 1963, 4%	98.40	4.58	300,000,000	300,000,000	.....
February 1, 1961—May 1, 1964, 4%	98.25	4.58	150,000,000	50,000,000	100,000,000
March 15, 1961—December 15, 1962, 3½%	99.20	3.98	175,000,000	75,000,000	100,000,000
(5)March 15, 1961—May 1, 1964, 4%	98.75	4.43	100,000,000	100,000,000	.....
(6)February 15, 1960—April 1, 1976, 5½%	.....	.....	702,000	702,000	.....
Canada savings bonds—					
November 1, 1959—November 1, 1968, 4–5%	98.75	.....	63,700,000	.....	63,700,000
November 1, 1960—November 1, 1970, 4–5% (net)	99.00	.....	850,826,750	.....	850,826,750
			2,530,479,750	1,415,953,000	1,114,526,750

(1) Of the public offering, $75,880,000 was sold at the above price. An additional amount of $44,120,000 was offered at competitive tender resulting in an average price to the government of 100.23. Bonds are exchangeable, on or before December 31, 1962, into an equal par value of 5¼% non-callable bonds due April 1, 1976.

(2) Of the public offering, $74,875,000 was sold at the above price. An additional amount of $5,125,000 was offered at competitive tender resulting in an average price to the government of 98.25.

(3) Offered at competitive tender. Price and yield are the resulting average of successful tenders.

(4) In exchange for $121,030,000 5½% non-callable bonds due October 1, 1960 and $221,000 5½% non-callable bonds due October 1, 1962.

(5) Sold to Bank of Canada in exchange for an equal par value of $50,000,000 of treasury bills due June 2, 1961 and $50,000,000 of 3% bonds due December 1, 1961.

(6) In exchange for an equal par value of 5½% non-callable bonds due April 1, 1963.

Interest rates

The average interest rate on the government's unmatured debt at March 31, 1961 was 3.91 per cent compared with 3.98 per cent at the end of the previous fiscal year, reflecting lower treasury bill yields offset partly by a fractional increase in interest rates of marketable bonds.

The yield on the three-month treasury bills at tender on March 31, 1960 was 3.01 per cent. After declining to 1.68 per cent in September 1960, the yield had risen by December 1, 1960 to a high for the fiscal year of 3.95 per cent and was 3.21 per cent at tender on March 29, 1961.

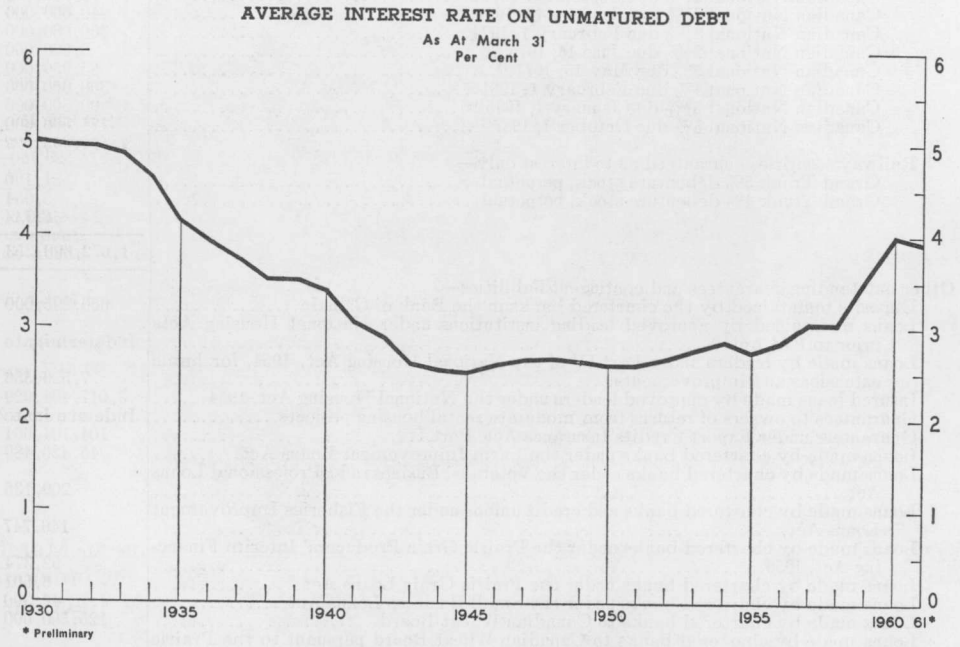
The yield on six-month treasury bills was 3.23 per cent at tender on March 31, 1960. Six-month yields declined during the first half of the year to a level of 1.99 per cent in September and then rose to a level of 4.07 per cent on December 1, 1960. At tender on March 29, 1961 the rate was 3.37 per cent. The yield on one-year treasury bills issued on June 1, 1960 was 3.39 per cent.

The following table shows the high and low yields together with the yield on the last issue of three-month bills for the fiscal years ended March 31, 1957 to 1961 inclusive, and for six-month bills for the fiscal years 1959–60 and 1960–61:

TABLE 61

TREASURY BILL YIELDS AT TENDER

Fiscal Year Ended March 31	High	Low	Last issue
	per cent	per cent	per cent
Three-month bills—			
1957	3.81	2.40	3.70
1958	4.08	2.27	2.27
1959	4.30	0.87	4.30
1960	6.16	3.01	3.01
1961	3.95	1.68	3.21
Six-month bills—			
1960	6.87	3.23	3.23
1961	4.07	1.99	3.37



Indirect debt or contingent liabilities

In addition to the direct debt set out in the statement of assets and liabilities the government has assumed certain indirect or contingent obligations. These consist of securities of the Canadian National Railways, guaranteed as to principal and interest or as to interest only, and a number of miscellaneous guarantees, the chief of which are the guarantee of insured loans made by chartered banks and other approved lending institutions under the National Housing Act, 1954, deposits maintained by the chartered banks in the Bank of Canada, bank advances to the Canadian Wheat Board, advances under the Export Credits Insurance Act and bank loans under the Farm Improvement Loans Act.

The Budget—Appendix

The government's liability under its guarantee of insured loans under the National Housing Act, 1954 was $3,025 million at December 31, 1960 compared with $2,678 million at December 31, 1959.

TABLE 62

SUMMARY OF INDIRECT DEBT OR CONTINGENT LIABILITIES AS AT MARCH 31, 1961

—	Amount outstanding March 31, 1961 (preliminary)
	$
Bonds and debenture stock guaranteed by the government—	
Railway securities guaranteed as to principal and interest—	
Canadian Northern Ontario 3½% due May 19, 1961	2,069,805
Grand Trunk Pacific 3% due January 1, 1962	26,465,130
Grand Trunk Pacific 4% due January 1, 1962	7,999,074
Canadian National 2¾% due February 1, 1963	250,000,000
Canadian National 5½% due December 15, 1964(1)	199,000,000
Canadian National 3% due January 3, 1966	35,000,000
Canadian National 2¾% due January 2, 1967	50,000,000
Canadian National 4½% due April 1, 1967(1)	72,750,000
Canadian National 5% due May 15, 1968(1)	56,400,000
Canadian National 2⅞% due September 15, 1969	70,000,000
Canadian National 2⅞% due January 16, 1971	40,000,000
Canadian National 3¾% due February 1, 1974	200,000,000
Canadian National 2¾% due June 15, 1975	6,000,000
Canadian National 5% due May 15, 1977(1)	85,950,000
Canadian National 4% due February 1, 1981	300,000,000
Canadian National 5¾% due January 1, 1985(1)	99,500,000
Canadian National 5% due October 1, 1987(1)	171,500,000
	1,672,634,009
Railway securities guaranteed as to interest only—	
Grand Trunk 5% debenture stock, perpetual	51,190
Grand Trunk 4% debenture stock, perpetual	5,054
	56,244
	1,672,690,253
Other outstanding guarantees and contingent liabilities—	
Deposits maintained by the chartered banks in the Bank of Canada	656,295,000
Loans maintained by approved lending institutions under National Housing Acts prior to 1954 Act	Indeterminate
Loans made by lenders under Part IV of the National Housing Act, 1954, for home extensions and improvements	7,526,556
Insured loans made by approved lenders under the National Housing Act, 1954	3,017,404,029
Guarantees to owners of returns from moderate rental housing projects	Indeterminate
Guarantees under Export Credits Insurance Act, Part I	104,164,661
Loans made by chartered banks under the Farm Improvement Loans Act	45,426,489
Loans made by chartered banks under the Veterans' Business and Professional Loans Act	209,136
Loans made by chartered banks and credit unions under the Fisheries Improvement Loans Act	146,747
Loans made by chartered banks under the Prairie Grain Producers' Interim Financing Act, 1956	92,374
Loans made by chartered banks under the Prairie Grain Loans Act	6,661
Loans made by chartered banks under the Small Business Loans Act	49,390
Loans made by chartered banks to Canadian Wheat Board	125,560,000
Loans made by chartered banks to Canadian Wheat Board pursuant to the Prairie Grain Provisional Payments Act	31,000
Loans made by chartered banks under the Prairie Grain Advance Payments Act	35,830,000
	3,992,742,043
TOTAL	5,665,432,296

(1) The original amounts issued were as follows: 1964 maturity $200,000,000; 1967 maturity $75,000,000; 1968 maturity $60,000,000; 1977 maturity $90,000,000; 1985 maturity $100,000,000; 1987 maturity $175,000,000; as at March 31, 1961 these amounts were reduced by $1,000,000, $2,250,000, $3,600,000, $4,050,000, $500,000 and $3,500,000 respectively through the operation of the Company's Purchase Fund.

7. SUPPLEMENTARY DETAILED TABLES

REVENUES
EXPENDITURES
ANNUAL CHANGES IN LOANS AND INVESTMENTS
UNMATURED DEBT

The Budget—Appendix

STATEMENT OF REVENUES FOR LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1956–57	1957–58	1958–59	1959–60	Preliminary 1960–61
	$	$	$	$	$
TAX REVENUES—					
Income tax—					
Personal[1]	1,400.5	1,499.8	1,353.5	1,566.6	1,711.2
Corporation[1]	1,268.3	1,234.8	1,020.6	1,142.9	1,276.6
On dividends, interest, etc., going abroad	76.4	64.3	61.2	73.3	88.2
	2,745.2	*2,798.9*	*2,435.3*	*2,782.8*	*3,076.0*
Excise taxes—					
Sales tax[1] [2]	717.1	703.2	694.5	732.7	720.6
Other excise taxes—					
Automobiles	79.7	72.3	59.3	64.3	59.6
Beverages (soft drinks)	9.0	0.6	.....	.....	.....
Candy and chewing gum	9.8	0.7	.....	.....	.....
Cigarettes, cigars and tobacco	132.3	142.4	148.0	185.5	193.8
Electric power export	1.6	1.4	1.2	1.4	1.6
Jewellery, watches, ornaments, etc.	6.1	5.3	5.6	5.6	5.9
Matches and lighters	0.8	0.9	0.9	0.9	0.9
Television sets, radios, tubes and phonographs	19.0	16.9	17.8	17.8	16.0
Toilet preparations	6.1	6.3	6.8	7.6	8.4
Wines	2.6	2.7	3.1	3.0	3.2
Sundry commodities	2.3	1.4	1.2	1.2	1.0
Licences, interest and miscellaneous	0.5	0.6	0.5	0.6	1.3
Less refunds	−1.1	−0.7	−2.6	−0.4	−1.0
	268.7	*250.8*	*241.8*	*287.5*	*290.7*
Customs import duties	549.1	498.1	486.5	525.7	498.7
Excise duties—					
Spirits	70.3	83.7	96.5	102.4	108.5
Beer	83.1	88.2	83.1	90.7	91.0
Cigarettes, cigars and tobacco	121.1	131.7	141.2	146.2	150.3
Licences	[3]	[3]	[3]	[3]	[3]
Less refunds	−3.1	−3.5	−4.1	−4.1	−4.9
	271.4	*300.1*	*316.7*	*335.2*	*344.9*
Estate tax[4]	79.7	71.6	72.6	88.4	84.9
Miscellaneous tax revenue	16.7	0.1	[3]	[3]	[3]
Total tax revenues	4,647.9	4,622.8	4,247.4	4,752.3	5,015.8
NON-TAX REVENUES—					
Post office—net postal revenue	145.8	152.9	157.5	167.6	173.6
Return on investments	206.6	169.4	221.2	239.7	284.0
Other	106.2	103.7	128.6	130.2	142.2
Total non-tax revenues	458.6	426.0	507.3	537.5	599.8
TOTAL REVENUES	5,106.5	5,048.8	4,754.7	5,289.8	5,615.6

[1] Excluding tax credited to the old age security fund—

	1956–57	1957–58	1958–59	1959–60	Preliminary 1960–61
Personal income tax	125.0	135.0	146.4	185.6	229.4
Corporation income tax	67.3	60.7	55.3	91.3	103.5
Sales tax	179.3	175.8	173.6	270.0	270.2

[2] Net after deduction of refunds and drawbacks as well as transfers to the old age security fund.

[3] Less than $50,000.

[4] Includes duties levied under the Succession Duty Act.

The Budget—Appendix

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1956–57	1957–58	1958–59	1959–60	Preliminary 1960–61
	$	$	$	$	$
AGRICULTURE—					
Administration and general	2.3	2.6	3.6	3.6	4.4
Agricultural commodities stabilization account—net operating loss	5.0	6.0	15.0	57.7	53.4
Assistance re storage costs of grain	31.8	33.3	38.4	42.3	48.2
Board of Grain Commissioners	5.9	6.3	6.1	6.1	6.3
Prairie farm emergency fund—deficit	.....	5.9	17.0	12.5	9.2
Production and marketing	17.9	20.3	23.2	25.4	29.3
Contributions to Alberta, Saskatchewan and Manitoba—unharvested crops	.....	.....	.....	4.7	1.4
Payments to western grain producers	.....	.....	41.3	.....	40.5
Freight assistance on western feed grains	17.5	17.5	20.0	23.8	19.2
Premium on hog carcasses suitable for export to United Kingdom	5.7	5.5	6.9	8.2	6.6
Rehabilitation and reclamation projects	13.6	12.5	13.5	17.6	20.3
Research branch	20.4	22.0	23.6	25.6	26.2
	120.1	*131.9*	*208.6*	*227.5*	*265.0*
ATOMIC ENERGY	21.9	21.6	26.1	30.1	38.9
AUDITOR GENERAL'S OFFICE	0.7	0.8	0.8	0.9	0.9
BOARD OF BROADCAST GOVERNORS	.....	.....	0.1	0.2	0.3
CANADIAN BROADCASTING CORPORATION—					
Grants toward the anticipated operating deficit and capital expenditures of the radio broadcasting and television services	18.3	24.4	50.3	61.9	65.3
International service	1.7	1.8	1.9	2.0	1.9
Payment from the consolidated revenue fund of amounts equal to taxes collected under the Excise Tax Act in respect of radio and television sets and equipment	19.3	16.8	9.8	.....	.....
	39.3	*43.0*	*62.0*	*63.9*	*67.2*
OFFICE OF THE CHIEF ELECTORAL OFFICER	0.2	13.6	3.2	0.3	0.6
CITIZENSHIP AND IMMIGRATION—					
Administration and general	1.8	1.9	2.1	2.1	2.4
Immigration branch	18.6	22.1	14.4	11.7	12.2
Indian affairs branch	23.7	27.8	36.4	41.1	46.0
	44.1	*51.8*	*52.9*	*54.9*	*60.6*
CIVIL SERVICE COMMISSION	2.7	3.2	3.5	3.7	4.2
DEFENCE PRODUCTION—					
Administration and general	10.5	10.2	12.1	15.0	18.6
Production capacity and capital assistance to defence industry	10.0	4.8	1.8	2.6	1.8
	20.5	*15.0*	*13.9*	*17.6*	*20.4*
EXTERNAL AFFAIRS	14.5	15.7	17.0	16.9	19.4
Contributions to international economic and special aid programs	37.4	38.0	40.0	57.2	66.9
Other payments to international organizations and programs	8.5	6.7	18.8	23.1	16.8
	60.4	*60.4*	*75.8*	*97.2*	*103.1*
FINANCE—					
Administration and general	8.0	7.6	10.2	10.8	19.8
Office of the Comptroller of the Treasury	16.0	17.5	17.9	18.2	19.9
Grants to Canada Council	.....	100.0	.....	.....	.....
Grants to municipalities in lieu of taxes on federal property	9.5	17.5	21.9	22.5	24.5
Grants to universities	16.0	16.6	25.5	26.1	19.0

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(in millions of dollars)

——	1956–57	1957–58	1958–59	1959–60	Preliminary 1960–61
	$	$	$	$	$
FINANCE—*concluded*					
Government's contributions with respect to the superannuation account—					
General	31.6	33.8	37.7	40.0	41.4
Special	40.8	44.3	.....	.....	.....
Payments to provinces—					
Subsidies	20.6	20.6	20.6	20.8	20.7
Tax-rental agreements, 1952 act	365.9	.....	.....	.....	.....
Tax-sharing arrangements, 1956 act	.....	353.3	423.1	485.4	504.9
Transfer of certain public utility tax receipts	6.6	7.4	8.7	4.8	4.2
Transitional grant to Newfoundland	2.3	1.4	1.0	0.7	0.3
Additional grants to Newfoundland	.....	.....	13.6	7.3	7.7
Premium, discount and exchange	1.4	.....	.....	0.2	.....
Provision for reserve for losses on realization of assets	50.0	.....	.....	.....	.....
Public debt charges—					
Interest on public debt	520.2	539.2	606.6	735.6	756.3
Cost of issuing new loans and annual amortization of bond discounts and commissions	13.4	27.7	40.8	47.3	40.2
Servicing of public debt	0.5	0.5	0.6	0.5	0.7
Reduction in actuarial deficiency in the superannuation account	50.0	.....	.....	.....	.....
	1,152.8	*1,187.4*	*1,228.2*	*1,420.2*	*1,459.6*
FISHERIES	13.8	16.4	17.5	19.9	19.3
FORESTRY	6.7	9.6	9.8	9.9	10.1
GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS	0.4	0.4	0.4	0.4	0.4
INSURANCE	0.5	1.2	1.2	1.2	1.3
JUSTICE	7.0	7.2	7.6	8.1	8.6
Office of the Commissioner of Penitentiaries	12.0	12.7	16.7	19.7	19.1
	19.0	*19.9*	*24.3*	*27.8*	*27.7*
LABOUR	9.5	10.2	14.2	21.1	24.3
Government annuities—amount required to maintain reserve	.....	1.2	0.2	0.2	.....
Unemployment Insurance Act, 1940—					
Administration and general	29.0	32.5	35.3	35.9	42.2
Government's contribution	37.4	37.8	37.1	45.7	55.0
	75.9	*81.7*	*86.8*	*102.9*	*121.5*
LEGISLATION—					
House of Commons	5.4	5.0	5.6	5.6	6.3
Library of Parliament	0.3	0.3	0.3	0.3	0.3
Senate	1.5	1.5	1.7	1.8	1.9
	7.2	*6.8*	*7.6*	*7.7*	*8.5*
MINES AND TECHNICAL SURVEYS	17.5	18.7	22.7	23.7	27.8
Dominion Coal Board	9.7	8.8	11.3	17.6	19.1
Emergency gold mining assistance	8.7	8.6	9.8	13.1	12.1
	35.9	*36.1*	*43.8*	*54.4*	*59.0*
NATIONAL DEFENCE—					
Defence forces, Army, Naval and Air services	1,504.1	1,415.0	1,222.7	1,397.1	1,407.9
Defence research and development	69.3	78.7	74.4	39.2	44.2
Government's contributions with respect to Canadian forces superannuation account	46.3	49.7	49.5	51.8	40.6
Mutual aid to NATO countries	133.6	118.5	70.7	18.4	15.5
Pensions—payments under Defence Services Pension Act	5.6	5.8	6.0	6.3	6.8
Other	0.5	0.8	1.4	2.1	4.0
	1,759.4	*1,668.5*	*1,424.7*	*1,514.9*	*1,519.0*

The Budget—Appendix

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(in millions of dollars)

—	1956–57	1957–58	1958–59	1959–60	Preliminary 1960–61
	$	$	$	$	$
National Film Board	5.0	4.0	4.3	4.6	4.9
National Gallery of Canada	0.4	0.6	0.6	0.7	1.0
National Health and Welfare—					
Administration and general	5.2	5.5	5.6	6.2	5.0
National health branch—					
General health grants	36.3	34.6	45.9	46.0	48.0
Government's contributions under the Hospital Insurance and Diagnostic Services Act	.....	.....	54.7	150.6	189.4
Other	25.5	29.8	31.2	30.6	32.4
Welfare branch—					
Family allowances	397.5	437.9	474.8	491.2	506.2
Old age assistance, blind persons and disabled persons allowances	30.4	39.7	49.7	50.6	51.3
Old age security fund—deficit	56.0	103.9	184.0	.....	.....
Unemployment assistance	7.9	8.2	23.9	40.2	51.6
Other	2.9	3.1	3.1	3.0	3.3
	561.7	*662.7*	*872.9*	*818.4*	*887.2*
National Research Council	19.0	21.6	25.4	31.5	34.5
National Revenue	61.8	67.7	68.8	68.7	73.3
Northern Affairs and National Resources	32.5	41.9	58.0	74.3	74.5
Post Office	140.0	153.3	157.8	165.8	178.4
Privy Council including Prime Minister's Office	0.5	0.6	1.1	1.4	1.9
Public Archives and National Library	0.6	0.7	0.7	0.7	0.8
Public Printing and Stationery	3.2	3.3	3.5	3.5	3.5
Public Works	140.5	156.6	170.1	158.5	145.9
National Capital Commission	3.4	3.3	4.9	6.2	6.3
Trans-Canada highway contributions	24.8	49.4	51.1	53.2	48.7
	168.7	*209.3*	*226.1*	*217.9*	*200.9*
Royal Canadian Mounted Police	43.4	47.4	51.7	52.4	56.0
Secretary of State	3.5	4.0	4.4	4.7	4.9
Trade and Commerce	17.5	17.1	19.9	17.7	21.3
National Energy Board	.....	.....	.....	0.2	0.4
	17.5	*17.1*	*19.9*	*17.9*	*21.7*
Transport—					
Administration and general	3.3	3.7	4.0	4.6	5.0
Air services	70.5	90.3	115.4	124.1	134.9
Canadian Maritime Commission	5.0	5.2	5.9	6.7	6.9
Canal services	8.2	8.6	9.7	5.8	6.4
Marine services	26.9	32.8	51.8	53.3	42.8
Non-active assets—					
National Harbours Board	4.1	4.8	4.3	2.0	0.6
Railway and steamship services	8.2	5.7	1.8	3.7	6.3
Deficits—					
Canadian National Railways	.....	22.1	51.6	43.6	67.5
Canadian National (West Indies) Steamships Limited	.....	0.6	1.2	.....	.....
North Sydney—Port-aux-Basques ferry and terminals	5.4	6.0	5.8	5.8	5.4
Prince Edward Island car ferry and terminals	1.8	2.0	2.0	2.6	2.6
Yarmouth—Bar Harbour ferry	0.3	0.3	0.2	0.2	0.2
Freight Rates Reduction Act	.....	.....	.....	7.8	20.4

The Budget—Appendix

STATEMENT OF EXPENDITURES BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(in millions of dollars)

—	1956-57	1957-58	1958-59	1959-60	Preliminary 1960-61
	$	$	$	$	$
TRANSPORT—*concluded*					
Railway and steamship services—*concluded*					
Maintenance of trackage	7.0	7.0	7.0	7.0	7.0
Maritime Freight Rates Act	12.5	12.6	13.1	14.3	14.1
Railway grade crossing fund	5.0	5.0	15.0	15.0	15.0
Trans-Canada Air Lines—deficit	.....	.....	.....	.....	2.6
	158.2	*206.7*	*288.8*	*296.5*	*337.7*
VETERANS AFFAIRS—					
Administration and general	5.4	6.2	6.3	6.4	6.7
Hospital accommodation, additions, alterations and improvements	4.6	3.3	3.3	4.5	6.0
Pensions	130.3	145.6	150.7	149.7	150.7
Provision for reserve for conditional benefits	6.8	5.2	4.4	3.8	3.5
Soldier settlement and veterans land acts	5.4	5.6	5.4	5.2	5.1
Treatment and welfare services	50.8	56.4	56.1	52.6	52.7
Veterans allowances, treatment allowances and other benefits	45.8	53.1	60.4	63.2	64.7
War service gratuities and re-establishment credits	2.4	1.8	2.2	2.9	2.9
	251.5	*277.2*	*288.8*	*288.3*	*292.3*
TOTAL EXPENDITURES	4,849.0	5,087.4	5,364.0	5,702.9	5,961.1

The Budget—Appendix

ANNUAL CHANGES IN LOANS AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

——	1956–57	1957–58	1958–59	1959–60	Preliminary 1960–61
	$	$	$	$	$
Loans to, and investments in, Crown corporations—					
Atomic Energy of Canada Limited	9.1	3.2	2.7	0.6	1.5
Canadian Broadcasting Corporation	−0.1	−0.3	−27.0	.....	3.0
Canadian Commercial Corporation	−2.0	.....	.....	2.0	1.0
Canadian National Railways	172.1	−10.7	199.5	−261.4	−116.5
Canadian National (West Indies) Steamships Limited	−0.3	−0.2	−0.3	−0.2	−1.0
Canadian Overseas Telecommunication Corporation	4.3	0.3	0.3	9.6	9.3
Central Mortgage and Housing Corporation	−4.1	107.5	335.6	315.1	191.8
Farm Credit Corporation	9.3	14.3	22.0	28.5	40.0
National Capital Commission	.....	2.1	5.0	10.7	8.2
National Harbours Board	7.2	11.1	20.2	15.8	11.4
Northern Canada Power Commission	0.3	6.7	7.3	12.9	5.1
Northern Ontario Pipe Line Crown Corporation	0.3	70.5	42.8	8.0	3.5
The St. Lawrence Seaway Authority	56.0	(1)99.2	(1)106.1	(1)33.1	24.0
Trans-Canada Air Lines	.....	.....	2.5	1.0	1.3
Other	−0.1	0.1	.....	−0.1	0.2
	252.0	*303.8*	*716.7*	*175.6*	*182.8*
Loans to national governments—					
United Kingdom—					
The War Appropriation (U.K. Financing) Act, 1942	−30.0	−30.0	−22.5	.....	.....
The United Kingdom Financial Agreement Act, 1946	−15.5	(2)44.2	−16.1	−16.4	−16.8
Export Credits Insurance Act	−21.9	−19.9	−17.9	−17.9	−15.2
Special loans to Colombo plan countries to finance the purchase of wheat and flour from Canada	.....	16.2	18.3	0.5	−3.5
Other	−3.8	−1.1	−0.8	−0.6	−0.6
	−71.2	*9.4*	*−39.0*	*−34.4*	*−36.1*
Other loans and investments—					
Subscriptions to capital of, working capital advances and loans to, international organizations—					
Canada's subscription to capital of—					
International monetary fund	−8.8	5.0	−2.6	235.4	15.0
International finance corporation	3.5	.....	.....	.....	.....
International bank for reconstruction and development	.....	.....	.....	.....	2.8
International development association	.....	.....	.....	.....	8.5
Working capital advances and loans to international organizations	0.8	−0.2	.....	−0.1	−0.3
Loans to provincial governments	−3.4	(3)1.0	(4)25.5	−6.0	−5.2
Balances receivable under agreements of sale of Crown assets	7.8	−4.4	−2.9	−3.1	−3.9
Old age security fund	−48.5	−1.5	.....	28.0	−10.7
Unemployment Insurance Commission	.....	.....	.....	.....	67.0
Veterans land act advances	−3.8	−3.2	−3.0	0.6	14.3
Other	2.8	9.4	3.4	−3.4	0.6
	−49.6	*6.1*	*20.4*	*251.4*	*88.1*
Sinking fund and other investments held for retirement of unmatured debt	.....	0.9	−128.5	2.0	−68.6
Net total of changes in loans and investments	131.2	320.2	569.6	394.6	166.2

(1) Includes deferred interest.

(2) Deferred interest.

(3) $4 million in overpayments to provinces arising out of 1952 tax-rental agreements offset in part by repayments of $3 million.

(4) Loan of $29.5 million to New Brunswick in respect of the Beechwood Power Project offset in part by repayments of $4 million.

The Budget—Appendix

UNMATURED DEBT INCLUDING TREASURY BILLS AS AT MARCH 31, 1961 AND THE ANNUAL INTEREST THEREON

—		Date of maturity	Rate per cent	Amount of loan	Annual interest charges
				$	$
Payable in Canada—					
Loan of 1958 and 1959	T.23	1961 May 1	3	300,000,000	9,000,000
Conversion loan of 1958	T.26	Dec. 1	3	770,514,000	23,115,420
Seventh victory loan	P. 3	1962 Feb. 1	3	53,473,150	1,604,195
Loan of 1960	T.41	June 15	3	300,000,000	9,000,000
Canada savings bonds 1951	S. 6	Aug. 1	3½	(1)29,976,400	1,049,174
Loan of 1959	T.35	Oct. 1	5½	349,741,000	19,235,755
Loan of 1960	T.40	Dec. 1	4¼	140,000,000	5,950,000
Loan of 1961	AT.2	1962 Dec. 15	3½	175,000,000	6,125,000
Loan of 1959	T.33	1963 Jan. 1	4	100,000,000	4,000,000
Loan of 1960	T.37	Apr. 1	5½	448,298,000	24,656,390
Canada savings bonds 1952	S. 7	Aug. 1	3¾	(1)32,310,950	1,211,660
Eighth victory loan	P. 5	Oct. 1	3	223,020,200	6,690,606
Loan of 1960	T.42	Dec. 15	4	300,000,000	12,000,000
Loan of 1961	AT.1	1964 May 1	4	250,000,000	10,000,000
Conversion loan of 1958	T.27	1965 Sept. 1	3¾	1,266,723,100	47,502,116
Canada savings bonds 1953	S. 8	Nov. 1	3¾	(1)113,126,300	4,242,236
Ninth victory loan	P. 7	1966 Sept. 1	3	245,202,200	7,356,066
Canada savings bonds 1954	S. 9	Nov. 1	3¼	(1)66,930,450	2,175,239
Canada savings bonds 1955	S.10	1967 Nov. 1	3¼	(1)65,193,300	2,118,782
Refunding loan of 1950	P. 9	1968 June 15	2¾	350,000,000	9,625,000
Canada savings bonds 1959	S.14	Nov. 1	4¼	(1)1,236,537,000	52,552,822
Loan of 1960	T.39	1969 Apr. 1	5½	80,000,000	4,400,000
Canada savings bonds 1956	S.11	May 1	3½	(1)111,950,650	3,918,272
Loan of 1958	T.24	1970 May 1	3½	200,000,000	7,000,000
Canada savings bonds 1957	S.12	Nov. 1	4¾	(1)709,784,050	33,714,742
Canada savings bonds 1960	S.15	Nov. 1	4	(1)850,826,750	34,033,070
Conversion loan of 1958	T.28	1972 Sept. 1	4¼	1,366,733,800	58,086,187
Canada savings bonds 1958	S.13	1973 Nov. 1	4¼	(1)338,867,600	14,401,873
Loan of 1959	T.36	1975 Oct. 1	5½	121,291,000	6,671,005
Loan of 1960	T.38	1976 April 1	5½	702,000	38,610
Loan of 1954	T.11	June 1	3¼	300,000,000	9,750,000
Loan of 1953 and 1958	T. 5	1978 Jan. 15	3¾	250,000,000	9,375,000
Loan of 1954	T.13	1979 Oct. 1	3¼	400,000,000	13,000,000
Conversion loan of 1958	T.29	1983 Sept. 1	4½	2,151,548,950	96,819,703
Conversion loan of 1956	T.15	1998 Mar. 15	3¾	250,000,000	9,375,000
Loan of 1936	P. 1	Perpetual	3	55,000,000	1,650,000
Three-month treasury bills			(2)3.21	1,235,000,000	39,643,500
Six-month treasury bills			(2)3.37	650,000,000	21,905,000
One-year treasury bills			(3)3.39	50,000,000	1,695,000
				15,937,750,850	624,687,423
Payable in London—					
Loan of 1933/34		1963 July 1	3	(4)30,010,702	900,321
Loan of 1938		July 1	3¼	(4)1,978,362	64,297
				31,989,064	964,618
Payable in New York—					
Loan of 1949		1974 Sept. 1	2¾	(5)60,206,000	1,655,665
Loan of 1950		1975 Sept. 15	2¾	(5)37,969,000	1,044,148
				98,175,000	2,699,813
				16,067,914,914	628,351,854

NOTE.—Where various rates of interest are applicable during the term of a loan the interest rate in effect at March 31, 1961 has been used.

(1) Preliminary.

(2) Rate of discount at tender on March 29, 1961.

(3) Rate of discount.

(4) Conversion rate $2.80=£1.

(5) Conversion rate $1 Can.=$1 U.S.

HOUSE OF COMMONS

Wednesday, June 21, 1961

The house met at 11 a.m.

GRAIN

WHEAT—FINAL PAYMENT ON 1959-60 POOL

Hon. Alvin Hamilton (Minister of Agriculture): I should like to make a report to the house on the final accounting of the 1959-60 pool account for wheat. The 1959-60 pool account for wheat was closed as at May 26, 1961. The final accounting has been completed, and I am therefore in a position to advise the house of the operating results of this pool.

Producers delivered 377.4 million bushels to the 1959-60 pool. The 1959-60 pool closed with a surplus of $83,800,885, which included the interim payment of $37,744,417 paid to producers during February and March last. The final distribution to producers, therefore, will amount to $45,297,017, after allowing for the Prairie Farm Assistance Act levy and the cost of issuing final payment cheques, and after crediting the amount with estimated additional interest earnings.

On producers' deliveries of 377,444,166 bushels the average final payment is 12.017 cents per bushel. This compares with an average final payment on the 1958-59 pool account of 9.2425 cents per bushel.

Final payments for the principal grades of wheat delivered to the 1959-60 pool are as follows:

Red spring wheat grades

	Final payment (cents per bushel)
No. 1 Manitoba Northern ..	8.809
No. 2 Manitoba Northern ..	8.674
No. 3 Manitoba Northern ..	9.592
No. 4 Manitoba Northern ..	12.174
No. 5 wheat	20.997
No. 6 wheat	25.700
Feed wheat	30.429

Hon. members will note that when the interim payment and the initial payment are added to the final payment the spread between No. 1 and No. 6 is now just 21 cents a bushel.

Amber Durum grades

	Final payment (cents per bushel)
No. 1 C. W. Amber Durum ..	18.133
No. 2 C. W. Amber Durum ..	18.358
No. 3 C. W. Amber Durum ..	20.383
Extra No. 4 C. W. Amber Durum	23.353
No. 4 C. W. Amber Durum ..	22.888
No. 5 C. W. Amber Durum ..	20.997
No. 6 C. W. Amber Durum ..	25.700

The Canadian wheat board expects to commence issuing the final payment cheques during the last week in June.

Mr. G. J. McIlraith (Ottawa West): Mr. Speaker, the farmers and businessmen generally in western Canada will welcome the announcement that the final payments for wheat are now being made. It is unfortunate that this year the announcement of the final payment is exactly one month later than last year. That is to be regretted. I hope, therefore, that the cheques will be distributed as quickly as possible.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, not being competent—

Some hon. Members: Agreed.

Mr. Herridge: —to comment with knowledge upon the statement made by the Minister of Agriculture with respect to the report on the full account for wheat, I shall direct the attention of the hon. member for Assiniboia to this statement and report, and ask him to comment in the usual way through the facilities of the Canadian Press.

REFERENCE OF WHEAT BOARD AND GRAIN COMMISSION REPORTS TO STANDING COMMITTEE

Hon. Alvin Hamilton (Minister of Agriculture): Mr. Speaker, in view of the fact that the supplementary report of the Canadian wheat board was received on Monday and the necessary orders in council were passed on Tuesday, I move:

That the annual report of the Canadian wheat board for the crop year ended July 31, 1960 which was tabled on March 3, 1961 and the report of the board of grain commissioners for 1960 which was tabled on April 12, 1961 and the supplementary report of the Canadian wheat board on the 1959-60

pool account for wheat, oats and barley tabled today, be referred to the standing committee on agriculture and colonization.

Mr. Speaker: Has the hon. minister leave to present this motion?

Some hon. Members: Agreed.

Mr. Speaker: Is it the pleasure of the house to adopt the motion?

Hon. Paul Martin (Essex East): Mr. Speaker, as this is a debatable question I should like to point out that the interesting proposal made by the Minister of Agriculture this morning in suggesting that this report be referred to the proper standing committee of this house is of course fully in accordance with our practice. He is to be commended for recognizing the rights of parliament in this matter. It is regrettable, however, that the Minister of Finance—

Mr. Speaker: Order. The hon. member cannot use this debate as a means of introducing something which is quite irrelevant; that is, the conduct of the Minister of Finance.

Mr. Martin (Essex East): Mr. Speaker, may I bring to the attention of the house a matter suggested by this procedure which is of vital importance to this country at this time. The practice which the Minister of Agriculture has resorted to, namely of referring the report of the wheat board to the parliamentary committee, particularly when there is no statutory obligation to do so, is a recognition by the minister, who on so many other accounts I have criticized and who today I applaud and warmly congratulate, of the fundamental rights of parliament and through parliament, the rights of the people of this country. The practice which the government has followed in this particular is a practice which the government should follow in all particulars, first of all in the Department of Agriculture—

Some hon. Members: Order.

Mr. Martin (Essex East): I am dealing with the Department of Agriculture. There are other reports of that department which—

Some hon. Members: Order.

Mr. Speaker: Order.

Mr. Martin (Essex East): There are other reports that—

Mr. Speaker: Order.

Mr. Martin (Essex East): There are other reports—

Mr. Speaker: Order. I am sure the hon. member will appreciate that the only question involved is whether this particular report should be referred to the standing committee. It would be out of order for him to introduce other extraneous and controversial matters which are not now relevant to this issue.

Mr. Martin (Essex East): Mr. Speaker, I was saying that other reports of the Department of Agriculture likewise—

Mr. Speaker: Order.

Mr. Martin (Essex East): Does Your Honour take the position—and I ask this question for enlightenment—that I have no right to mention other reports of the Department of Agriculture or of the government of Canada, such as the report of the Bank of Canada?

Mr. Speaker: Yes, I take the position that it would be irrelevant to mention any other reports.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to say a word on this motion. I am not able to go as far as my hon. friend from Essex East has gone in commending the Minister of Agriculture. I am not able to do so because I assume the Minister of Agriculture, acting as a responsible member of the government and representing the collective decision of the government under our system of responsible government, is making this motion in pursuance of a decision made by the government.

Now, sir, the consideration of this report is going to take the time of members of the standing committee on agriculture, and take them away from the business of the house at a time when there is exceedingly important business before it, namely a budget that is alleged to be expansionist. Before we send a matter of this kind to the committee we should consider very carefully the proper use of our time in parliament. I am sure you will agree, sir, that this might well be done because in certain circumstances I would feel, in view of all the other demands upon our time, that perhaps it was inappropriate at this time and at this stage of the session to be taking this matter before the committee until other more urgent matters are taken there.

There is a very much more urgent matter, sir, the determination of which would affect my judgment on this particular measure. Because it would affect my judgment on this particular measure, and because I assume this is still a free parliament where there is freedom of expression of one's views as to the attitude one should take with respect to any motion and all the considerations that may enter into one's mind in determining that attitude, I say, sir, we should not be sending

this report to the committee until after the report of the Bank of Canada is sent to the appropriate committee.

Mr. Speaker: Is the house ready for the question?

Motion agreed to.

HOUSING

C.M.H.C.—ANNOUNCEMENT OF FIRST AUCTION SALE OF MORTGAGES

Hon. D. J. Walker (Minister of Public Works): Mr. Speaker, this is a very prosaic statement after all this by-play. As I announced in the house on May 19, Central Mortgage and Housing Corporation offered mortgages to approved lenders and investment dealers at auction in the form of 30 parcels, each covering different geographical areas and each valued at approximately $500,000. The tenders on this issue closed on Monday June 19, at 11 a.m., and I should like to announce to the house the results of this first sale of mortgages at auction.

The mortgages offered all carried an interest rate of 6¾ per cent with approximately 25 years to run. The average accepted tender across the board was at a premium, at 101.17, and in this connection I might explain that the bidders for these mortgages are all professional buyers of securities who know it costs about one point to put an investment of this kind on their books. Hon. members will therefore understand that, when this cost is deducted from the bid price, the tenders are at about par.

Of the 30 parcels offered for sale, there were five on which no bids were received. On the remaining 25 parcels, worth approximately $12½ million, the total bids amounted to $31 million. Allotments of the $12½ million have already been made to the successful bidders. In this first auction bids were received from chartered banks, life insurance and trust companies and investment dealers, a fairly representative cross section of those who can be expected to develop a secondary market in mortgages.

The results of the auction are such as to encourage a second offering to the growing mortgage market. In order that dealers may have time to dispose of the first issue, Central Mortgage and Housing Corporation undertook not to make a second offering before the 18th of August, and it is likely that Central Mortgage and Housing Corporation will make its second offering about that time.

Mr. J. R. Garland (Nipissing): Mr. Speaker, I assume that there was some degree of co-operation between the minister and the Minister of Finance at appropriate periods. It is fortunate that this sale was completed before the budget came down. I wonder whether the minister would say first of all how many 6¾ per cent mortgages there are to be sold, and how many are likely to be offered in this fiscal year?

Mr. Walker: Mr. Speaker, that will all be a matter for the judgment of the corporation as time goes on. I would be very happy to ascertain for the hon. member for Nipissing the particulars of how many 6¾ per cent mortgages are held at the present time. As to how we will sell them and the allotments, that depends a great deal on conditions at the time.

Mr. Garland: Will there be mortgages bearing less interest than 6¾ per cent offered for sale in this fiscal year?

Mr. Walker: I am glad the hon. member asked that question. Not at this time; the next auction will also be 6¾ per cent mortgages.

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I think the minister is to be congratulated on the successful and very remunerative sale of the mortgages that were sold. However, I do feel that his announcement that no bids were received on five of the 30 parcels of these mortgages is a sad reflection on the investment houses of Canada. All of us are aware that there is much idle investment capital available in Canada at the present time, and the fact that not even a single bid was received is, I believe, a reflection on the business community of Canada and on their lack of confidence in the government.

Mr. Walker: Mr. Speaker, on the contrary it is a reflection indicating the good judgment of the government—

Mr. Speaker: Order.

STARRED QUESTIONS

BILL OF RIGHTS—DISTRIBUTION TO PUBLIC

Question No. 359—**Mr. Tardif:**

1. Have copies of the bill of rights been printed for distribution to the public?
2. If so, is anything except the bill itself included in the printing?
3. How many copies have been prepared?
4. On what basis are they being distributed?
5. Has the bill of rights been inscribed on calfskin?
6. If so, was anything else inscribed with the text of the bill itself?
7. What was the cost of preparing this document, and what is its purpose?

Hon. Noel Dorion (Secretary of State): Mr. Speaker, the answer to all parts of this question is as follows: Twenty thousand copies of the bill of rights in English and 7,000 copies in French, suitable for framing and mounting

on a wall, have been printed. Of these, 15,000 English and 5,000 French, bore, in addition to the bill itself, the coat of arms of Canada and an extract from the Prime Minister's statement in the House of Commons on July 1, 1960, summarizing the effect of the bill of rights, together with a reproduction of the Prime Minister's signature. These were printed on parchment paper. Only the original in English and the original in French were prepared on calfskin, from which the parchment copies were reproduced.

The cost of preparing the calfskin originals was $887.16 paid to the artist; and their purpose, as indicated, was as basic art work for the reproduction of illuminated copies of the bill of rights for sale and distribution to the public. The sale price will be $1 per copy for the illuminated reproduction printed on parchment. The plain copy of the bill of rights, not illuminated and printed on plain paper, will be sold for 25 cents per copy.

C.B.C. SPONSORSHIP, PUBLIC AFFAIRS INSTITUTE

Question No. 402—**Mr. Pigeon:**

What has been the cost to the Canadian Broadcasting Corporation of the sponsorship of the annual meeting of the Canadian institute on public affairs for each year since the said institute was established?

(Translation):

Mr. M. J. A. Lambert (Parliamentary Secretary to the Minister of National Revenue): The C.B.C. advises me as follows:

The Canadian Broadcasting Corporation has never sponsored the annual meeting of that institute. The C.B.C. has paid to the Canadian institute on public affairs, since its establishment, certain amounts for broadcasting rights, participation, research, etc. Those amounts have been appropriated on a pro rata basis to radio and television.

(Text):

MIECZYSLAW WILK

Question No. 404—**Mr. McMillan:**

1. Was Mr. Mieczyslaw Wilk a landed immigrant?
2. If so, on what date was he landed?
3. Did Mr. Wilk apply for the admission to Canada of the wife he had married by proxy?
4. If so, was his wife within the category of persons admissible under the existing immigration regulations?
5. If not, for what reason?
6. Is Mrs. Wilk a prohibited person under the Immigration Act?
7. Was the application for her admission refused for other than merely technical reasons?

Hon. Ellen L. Fairclough (Minister of Citizenship and Immigration): Mr. Speaker, the answer is as follows:

1. Yes.

2. January 5, 1959.

3. Yes.

[Mr. Dorion.]

4, 5, 6 and 7. Section 20(c) of the immigration regulations provides for the inclusion, within the categories of persons admissible to Canada, of the wife or fiancée—including the proxy wife—of a person who is a citizen by birth or naturalization of any country of Europe and who has been legally admitted to Canada for permanent residence.

Mr. Wilk's application for his proxy wife, therefore, came within the general provisions of this regulation. However, because of the limited examination facilities available to the department in respect of applications on behalf of residents in Poland, it is not possible to deal with all applications falling within the admissible categories set out in regulation 20(c). In accordance with policies established in 1956 and still in effect, the actual processing of applications is therefore generally limited to applications submitted by Canadian citizens.

Since Mr. Wilk, at the time of application, had not been in Canada long enough to acquire Canadian citizenship, he was advised that it was not possible to proceed further with his application at the present time; but that, if he wished to renew it at a later date, it would then be given further consideration.

Since, for the foregoing reasons, Mr. Wilk's application could not be proceeded with, medical and other aspects of Mrs. Wilk's examination for admission to Canada were not completed. It is not therefore possible to state whether or not Mrs. Wilk is a prohibited person within the meaning of the Immigration Act.

OKANAGAN HELICOPTERS LTD.—D.E.W. AND PINE TREE LINE CONTRACTS

Question No. 409—**Mr. Bourbonnais:**

1. What is the value of the contract awarded to Okanagan Helicopters Ltd., as of now on the D.E.W. line?
2. What is the value of the contract awarded to Okanagan as of now on the Pine Tree line?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the value of the contract being carried out as of now on the D.E.W. line by Okanagan Helicopters Ltd. is $264,960.

With respect to part 2, the value of the contract being carried out by Okanagan Helicopters Ltd. as of now on the Pine Tree line is $742,900, with Okanagan Helicopters Ltd. being the prime contractor and Wheeler Airlines (1960) Ltd. being its subcontractor for the provision of required fixed wing air transportation services in the amount of $103,500, included in the total figure which I have just given.

Both these contracts cover the period July 1, 1960, to June 30, 1961.

SUPPLEMENTARY ASSISTANCE TO OLD AGE PENSIONERS, B.C.

Question No. 413—**Mr. Howard:**

1. Has the government made any offer to the government of British Columbia to share the cost of supplementary allowances paid to recipients of the old age pension?

2. If so: (a) on what date was any such offer made? (b) what portion of the said supplementary allowances was offered? (c) was the offer accepted by the government of the province of British Columbia, and have any such payments been made; and, if so, what are the details?

Hon. J. W. Monteith (Minister of National Health and Welfare): Mr. Speaker, the answer is as follows.

1. The federal government has always been prepared to share, under section 8 of the unemployment assistance agreement, in additional relief payments to recipients of old age security pensions as well as to recipients of old age assistance, blind persons allowances and disabled persons allowances. To be shareable, such payments have to be made on the basis of an individual assessment of need which takes the requirements as well as the income of an applicant into consideration. British Columbia began making payments on this basis, effective September 1960, and these are being shared by the federal government.

2. (a) The answer I have already given covers this point.

(b) The unemployment assistance agreement under which the payments are being made authorizes the federal government to reimburse the province to the extent of 50 per cent of its assistance payments.

(c) The province has been gradually transferring recipients from its supplementary allowance program under which eligibility was based on a means test, to its supplementary social allowance program which is based on a needs test. This progressive transfer is reflected in an increase in shareable amounts in the claims submitted each month. Provincial supplementary social allowance payments to old age security recipients included in reimbursement claims were $92,041 in September, $119,975 in October and $147,561 in November, the last month for which complete figures are available. The number of persons assisted in each of these months was 5,557; 7,170 and 8,774 respectively. It is anticipated that the number of persons covered by this program will increase for some months because of the continuing transfer of persons from supplementary allowances. If the above figures for old age security recipients are added to the figures for recipients of the three above mentioned assistance programs, the total federal and provincial payments for the months of September, October and November 1960 are $117,736, $155,718 and $192,182 and the numbers assisted are 7,033; 9,175 and 11,275.

Total federal payments to the province for the four programs for the three months in question were $247,079.

ST. LAWRENCE SEAWAY—PAYMENT OF FEES TO R.A.C. HENRY

Question No. 415—**Mr. Pigeon:**

1. What amount has been paid by way of fees to Mr. R. A. C. Henry, Montreal, consulting engineer, for his services in connection with the St. Lawrence seaway, between August 1, 1952, and September 30, 1954?

2. What amount did he receive annually, and for each working day?

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, the answer to parts 1 and 2 is that order in council P.C. 4041 of 13 September, 1952, authorized payment of a retaining fee of $2,000 per annum and $100 per day to Mr. R. A. C. Henry for his services as consulting engineer, St. Lawrence seaway project. Remuneration was paid as follows:

For the period from 1 August, 1952 to 31 July, 1953	$20,450
For the period from 1 August, 1953 to 31 July, 1954	22,050
For the period from 1 August, 1954 to 30 September, 1954	2,100
Total	$44,600

OKANAGAN HELICOPTERS—DEFENCE PRODUCTION CONTRACTS

Question No. 416—**Mr. Bourbonnais:**

1. What is the value of contracts directly held by Okanagan Helicopters Ltd., with the Defence Production Department?

2. Were the contracts awarded to Okanagan this year alone through public tenders?

3. What is the total value of contracts awarded to Okanagan since its incorporation by the Defence Production Department?

4. When Okanagan was awarded the army establishment contract, did it possess and have available for the contract the Sikorsky-58 as required by specifications?

Hon. Raymond O'Hurley (Minister of Defence Production): Mr. Speaker, the answer is as follows:

1. $1,033,500.
2. No.
3. $6,605,797.89.
4. No.

BANK OF CANADA—SUGGESTED RESIGNATION OF GOVERNOR

Question No. 417—**Mr. Caron:**

Did the Minister of Finance at any time receive from Mr. John Bassett, publisher of the Toronto *Telegram*, a suggestion that the government should seek the resignation of the governor of the Bank of Canada?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the answer is, not in any formal sense. I understand that the

Toronto *Telegram* believes and has said that it would be, in its view, in the public interest that the governor should resign. I have no doubt that this also reflects the views of the publisher.

REQUESTS TO BANK OF CANADA TO INCREASE MONEY SUPPLY

Question No. 418—**Mr. McMillan:**

1. Did the Minister of Finance ask the governor of the Bank of Canada to increase the money supply on any occasions since June 21, 1957?
2. If so, on what occasions?
3. Did the governor refuse to accede to any such request?
4. If so, which ones?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the communications between the governor of the Bank of Canada and the Minister of Finance have always been regarded as privileged.

REQUESTS TO BANK OF CANADA FOR INTEREST REDUCTION

Question No. 419—**Mr. McMillan:**

1. Did the Minister of Finance ask the governor of the Bank of Canada to take steps to reduce interest rates on any occasion since June 21, 1957?
2. If so, on what occasions?
3. Did the governor refuse to accede to any such requests?
4. If so, which ones?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, the answer to this question is the same as that given to the previous one.

BANK OF CANADA PENSION PLAN

Question No. 420—**Mr. Pickersgill:**

1. Has the Bank of Canada a contributory pension plan for its staff?
2. When was this plan established?
3. Is any contribution made to the pension plan from the federal treasury?
4. Is Mr. J. E. Coyne a contributor to the pension plan?
5. If so, when did he begin to contribute, and what percentage of his salary has he contributed in each year since that date?
6. Is there any statutory authority for the supervision of the pension fund of the Bank of Canada by the Minister of Finance or any other minister, and, if so, what is the authority?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, of course some of this information is not in the possession of the government, but I will endeavour to obtain from the Bank of Canada such information in order to give a complete answer.

Mr. Speaker: Question stands.

[Mr. Fleming (Eglinton).]

MOTIONS FOR PAPERS

BANK OF CANADA—FISCAL POLICIES AND PENSIONS

Motion No. 146—**Mr. Howard:**

For a copy of all correspondence, telegrams, and other documents exchanged between the government or any member thereof and the governor of the Bank of Canada since January 1, 1960, relating to fiscal policies of the government and the Bank of Canada and to the matter of pension arrangements for the governor of the Bank of Canada.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, communications passing between the government and the governor of the Bank of Canada have always been regarded as privileged and confidential. That status of such communications was confirmed by the governor at various times, as late as last March. The fact that this week the governor has broken that confidence by releasing a memorandum in what must be regarded as a serious impropriety is no reason why the government or parliament should follow him in that impropriety. It would be intolerable and indeed impossible to carry on public business on any basis except that exchanges of views between the government and its advisers are given and received in strict confidence.

Mr. Benidickson: Mr. Speaker, I regard much of what the minister has said as irrelevant because—

Some hon. Members: Order.

Mr. Speaker: Order. The hon. member has probably not recalled that the motion is not debatable. It is in order for the minister to state an objection to the motion. The minister's objection was perhaps rather longer than usual, but it is not a debatable motion.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I think the statement made by the minister involves the privileges of the house.

Some hon. Members: No.

Mr. Pickersgill: I think I can satisfy Your Honour very briefly that it does involve the privileges of the house. In his statement last week the minister has chosen to make remarks about these communications before any of them have been released by Mr. Coyne. Since the minister has chosen to make those statements, it seems to me the house is entitled to be in possession of the documents.

Mr. Speaker: The house has a decision to make as to whether or not it wishes to order the production of the documents. In view of the explanation of the minister does the hon. member wish to drop or proceed with the motion?

Mr. Howard: In view of the explanation of the minister there is even more reason to put the motion.

The house divided on the motion (Mr. Howard), which was negatived on the following division:

YEAS

Messrs:

Badanai
Batten
Benidickson
Boulanger
Bourget
Cardin
Caron
Carter
Clermont
Deschatelets
Eudes
Fisher
Forgie
Garland
Granger
Habel
Hellyer
Herridge
Howard
LaMarsh, Miss
Leduc
Lessard
Macnaughton
McIlraith
McMillan
Martin (Essex East)
Martin (Timmins)
Matheson
Meunier
Mitchell
Nixon
Pearson
Peters
Pickersgill
Pitman
Racine
Regier
Richard (Ottawa East)
Roberge
Tardif
Tucker
Winch—42.

NAYS

Messrs:

Aiken
Allard
Allmark
Balcer
Baldwin
Barrington
Baskin
Beech
Bell (Carleton)
Belzile
Best
Bigg
Bissonnette
Bourbonnais
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Casselman, Mrs.
Cathers
Chambers
Charlton
Chatterton
Churchill
Clancy
Coates
Comtois
Cooper
Creaghan
Crouse
Danforth
Deschambault
Diefenbaker
Dinsdale
Dorion
Doucett
Drysdale
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Flemming (Royal)
Forbes
Fortin
Frechette
Fulton
Grafftey
Grills
Gundlock
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (The Battlefords)
Johnson
Jones
Jorgenson
Jung
Kennedy
Kindt
Knowles
Kucherepa
Lafreniere
Lahaye
Lambert
Latour
Legere
Lennard
Macdonald, Mrs.
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McIntosh
McPhillips
McQuillan
Mandziuk
Martel
Martineau
Martini
Matthews
Monteith (Perth)
Monteith (Verdun)
Montgomery
Morissette
Morton
Muir (Lisgar)
Murphy
Nasserden
Nesbitt
Noble
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Pascoe
Paul
Payne
Phillips
Pigeon
Rapp
Regnier
Ricard
Richard (Kamouraska)
Rogers
Rompre
Rowe
Rynard
Sevigny
Simpson
Skoreyko
Smallwood
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Starr
Stearns
Stefanson
Stewart
Stinson
Tassé
Taylor
Thomas
Thompson
Thrasher
Valade
Villeneuve
Walker
Webb
Webster
Weichel
White
Winkler
Woolliams—160.

BANK OF CANADA—RESIGNATION OF GOVERNOR

Motion No. 147—**Mr. Benidickson:**

For a copy of any letters or documents, memoranda, etc., written to or received from, since July 1, 1960, the governor of the Bank of Canada referring to a possibility of his resignation from his position in the Bank of Canada as governor.

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, my observations in respect to the last motion apply to this motion as well.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, in respect to this motion a very obvious matter of privilege arises of which I should like to speak.

Mr. Speaker: Order. I fail to see how any matter of privilege arises, but if the hon. member has a matter of privilege perhaps he will state it.

Mr. Benidickson: Mr. Speaker, I think the matter of privilege is very obvious in this instance, because this motion differs very pointedly from the last, as the relative subject has reference to the resignation of this officer.

Mr. Speaker: Order. Would the hon. member indicate how a matter of privilege arises out of the proposal of a motion?

Division

Mr. Benidickson: Mr. Speaker, it arises because parliament by statute, in this case, regarding the matter of resignation, has authority under the Bank of Canada Act—

Mr. Speaker: Order. The matter before this house is a motion which calls for a decision by this house as to whether or not it will call for the production of the papers mentioned. There is no question of privilege arising out of this normal procedure involving a decision to be made by the house as to whether it will call for production of the documents specified.

Those in favour of the motion will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed to the motion will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members. Is it agreed that the members are in?

Some hon. Members: Agreed.

The house divided on the motion (Mr. Benidickson) which was negatived on the following division:

YEAS

Messrs:

Badanai
Batten
Benidickson
Boulanger
Bourget
Cardin
Caron
Carter
Clermont
Deschatelets
Eudes
Fisher
Forgie
Garland
Granger
Habel
Hellyer
Herridge
Howard
LaMarsh, Miss
Leduc
Lessard
Macnaughton
McIlraith
McMillan
Martin (Essex East)
Martin (Timmins)
Matheson
Meunier
Mitchell
Nixon
Pearson
Peters
Pickersgill
Pitman
Racine
Regier
Richard (Ottawa East)
Roberge
Tardif
Tucker
Winch—42.

NAYS

Messrs:

Aiken
Allard
Allmark
Balcer
Baldwin
Barrington
Beech
Bell (Carleton)
Belzile
Best
Bigg
Bissonnette
Bourbonnais
Broome
Browne (St. John's West)
Browne (Vancouver-Kingsway)
Bruchesi
Brunsden
Cadieu
Campbell (Lambton-Kent)
Campbell (Stormont)
Cardiff
Casselman, Mrs.
Cathers
Chambers
Charlton
Chatterton
Churchill
Clancy
Coates
Comtois
Cooper
Creaghan
Crouse
Danforth
Deschambault
Diefenbaker
Dinsdale
Dorion
Doucett
Drysdale
Dubois
English
Fairclough, Mrs.
Fairfield
Fane
Fleming (Eglinton)
Flemming (Royal)
Forbes
Fortin
Frechette
Fulton
Grafftey
Grills
Gundlock
Hales
Halpenny
Hamilton (Notre Dame de Grace)
Hamilton (Qu'Appelle)
Hanbidge
Harkness
Hees
Henderson
Hicks
Hodgson
Horner (Acadia)
Horner (The Battlefords)
Johnson
Jones
Jorgenson
Jung
Kennedy
Kindt
Knowles
Kucherepa
Lafreniere
Lahaye
Lambert
Latour
Legere
Lennard
Macdonald, Mrs.
Macdonnell
MacEwan
MacInnis
MacLean (Queens)
Macquarrie
MacRae
McBain
McCleave
McDonald (Hamilton South)
McFarlane
McGee
McGrath
McIntosh
McPhillips
McQuillan
Mandziuk
Martel
Martineau
Martini
Matthews
Monteith (Perth)
Monteith (Verdun)
Montgomery
Morissette
Morton
Muir (Lisgar)
Murphy
Nasserden
Nesbitt
Noble
Nugent
O'Hurley
O'Leary
Ormiston
Pallett
Pascoe
Paul
Payne
Phillips
Pigeon
Rapp
Regnier
Ricard
Richard (Kamouraska)
Rogers
Rompre
Rowe
Rynard
Sevigny
Simpson
Skoreyko
Smallwood
Smith (Lincoln)
Smith (Simcoe North)
Smith (Winnipeg North)
Southam
Speakman
Spencer
Starr
Stearns
Stefanson
Stewart
Stinson
Tassé
Taylor
Thompson
Thrasher
Valade
Villeneuve
Walker
Webb
Webster
Weichel
White
Winkler
Woolliams—158.

[Mr. Speaker.]

NUCLEAR ENERGY

RESUMPTION OF TESTS—CANADIAN POLICY

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): I should like to ask the Prime Minister whether the view expressed in this

house on four occasions by the Secretary of State for External Affairs on nuclear testing, namely "Our position is very clear; we are against nuclear tests, period", and as he added on July 15 last, "with or without an international control", still represents the policy of the Canadian government.

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, I think I answered that question yesterday.

PUBLICATIONS

ROYAL COMMISSION REPORT—REPRESENTATIONS BY U.S. GOVERNMENT

On the orders of the day:

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I wish to address a question to the Prime Minister. Will the Prime Minister inform the house whether there is any foundation for a report in the press that the government of the United States has been in touch with the government of Canada respecting the findings of the royal commission on publications?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, in reply to the hon. member for Moose Jaw-Lake Centre I would say that on June 19 the government of the United States communicated with the Canadian government in regard to two of the recommendations contained in the royal commission report and asked for the opportunity of consultation with regard thereto.

Mr. H. W. Herridge (Kootenay West): May I ask the Minister of Finance a question supplementary to the one just asked by the hon. member for Moose Jaw-Lake Centre. In view of the economic philosophy advanced in certain portions of the minister's budget speech last night to assist the development of more Canadian owned industry, why was there no mention of the royal commission report on publications?

Mr. Speaker: Order. I am not sure that the hon. member's question is one asking for factual information. It would seem to me to be more appropriate to raise it in the budget debate.

OLD AGE SECURITY

REPORT OF DR. CLARK—OMISSION OF REFERENCE IN BUDGET SPEECH

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of National Health and Welfare. Was it as a result of the minister's failure to complete consideration of the Clark report that no mention was made of it in the budget speech last night?

Mr. Speaker: Order. The hon. member seems to be advancing an opinion in the form of a question. I suggest that hon. members bring these matters before the house when the budget debate is on.

TRANSPORT

NEWFOUNDLAND—FERRY SERVICE BETWEEN EAST COAST AND MAINLAND

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I should like to address a question to the Minister of Transport. In view of the widespread interest in the province, will the minister advise the house whether he will be in a position to present the report on the study of a ferry service to the east coast of Newfoundland before the end of June, 1961.

Hon. Leon Balcer (Minister of Transport): Mr. Speaker, as I have indicated before, this matter is under very active consideration and I hope to be able to make a further statement some time in the summer.

FINANCE

BANK OF CANADA—REQUEST FOR TABLING OF MEMORANDUM FROM GOVERNOR

On the orders of the day:

Hon. L. B. Pearson (Leader of the Opposition): Mr. Speaker, may I ask the Minister of Finance whether he has yet come to any conclusion in the consideration he said he would give to the question of whether the memorandum of economic policies of the governor of the Bank of Canada of last February should be tabled?

Hon. Donald M. Fleming (Minister of Finance): Mr. Speaker, I think the observations I made this morning are a complete answer to the question put forward by the hon. gentleman. I refer to my comments on the nature of communications passing between the governor of the Bank of Canada and the Minister of Finance.

Hon. Paul Martin (Essex East): Now that this document has become public, may I ask the Minister of Finance whether he would object to any hon. member of this house tabling it?

Mr. Fleming (Eglinton): Mr. Speaker, it is not for any one member of the house to say whether a document ought or ought not to be tabled. This is a matter for the house, but the hon. member seems to have a copy of it. At the moment I fail to see what purpose would be served by tabling a document which when it was sent by the

governor of the Bank of Canada to the Minister of Finance last February was a confidential communication—

Mr. Martin (Essex East): It is now a public document.

Mr. Fleming (Eglinton): —and has never ceased to be that so far as any understanding on my part or on the part of the government is concerned. The disclosure of that document was a very serious impropriety on the part of the governor of the Bank of Canada, and the hon. member is now asking that a document that came into his hands and the hands of other members of the house as the result of an act of impropriety on the part of the governor of the Bank of Canada should be made part of the records of this house. I do not think the house wishes to be a party to breaking down the confidential nature of communications in this manner.

Mr. Martin (Essex East): In view of the long answer given by the Minister of Finance, may I ask him whether he does not think there was a good precedent in the act of the Prime Minister in tabling a confidential, secret government report?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, may I just rise on a question of privilege and simply say that the hon. gentleman makes a statement which is completely false.

Mr. Martin (Essex East): Mr. Speaker, the Prime Minister says I made a statement that was completely false. Does Your Honour regard that as a proper parliamentary term?

Mr. Speaker: Order.

Mr. Martin (Essex East): In any event, I say the records of this house show that the Prime Minister did table a document which was confidential and intended only for the scrutiny of members of the government of the day.

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I am rising on a question of privilege affecting every hon. member of this house, and arising out of the proceedings that have just taken place. My question of privilege is that there is a precedent in this house for the tabling of documents submitted as confidential reports to another government, and that precedent was created by the Prime Minister on the 20th of January, 1958, in the most outrageous act ever performed in this parliament.

Mr. Speaker: Order.

Mr. Diefenbaker: Another picayune observation.

[Mr. Fleming (Eglinton).]

Mr. Speaker: Order. The discussion appears to me to be completely out of order. It is a reflection on a decision taken by the house. The question which initiated the discussion was also out of order, because the tabling of a document is by leave of the house, not by leave of the Minister of Finance. I appreciate that the question was whether he had any objection, but it seems to me that as this is a matter for the house and, as a decision has been taken, it is improper to debate the matter. In any event, the tabling of that document would be a matter for decision of the house.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, I should like to ask the Minister of Finance a question not related to the document which has just been discussed. Have there been letters between him and the governor of the Bank of Canada relating to the subject of resignation other than those that have been made public by the governor of the bank?

Mr. Fleming (Eglinton): I am not aware of any, Mr. Speaker.

[*Later:*]

Mr. Martin (Essex East): Mr. Speaker, I beg leave to table a document which has been distributed to the press and to members of the house, namely the statement of the governor of the Bank of Canada of February 16, 1961.

Mr. Grafftey: He still thinks he is a minister.

Mr. Speaker: I am not sure that the hon. member is following a sound precedent, but in any event if a document that is not a public document or one required to be tabled by public law is to be tabled, it will have to be by leave of the house. Pending any other conclusion on this point, I shall ask the house whether it gives leave to the hon. member to table the document. Those in favour will say yea.

Some hon. Members: Yea.

Some hon. Members: Nay.

Mr. Speaker: I hear some protests and therefore—

Mr. Martin (Essex East): Mr. Speaker, I rise on a question of privilege. The document which I have tabled and in connection with which I thought I had obtained leave—

Some hon. Members: Oh, oh.

Mr. Martin (Essex East): —is a document that has been issued to the public of Canada, has been referred to in our debates during the past few days, and has been distributed by the governor of the Bank of Canada. The

governor of the Bank of Canada, according to the Minister of Finance—and he has good authority for his statement in view of the Bank of Canada Act—is responsible to parliament. As the governor has issued this statement and made it public, then surely, if it has been referred to in committees of the house as it was yesterday, if it has been referred to in debates in this house, in the light of the reluctance of the Minister of Finance to table it himself, a private member, in respect of a matter involving the authority of parliament in relation to the governor, has the right to table a document which has now become public.

If this contention is not accepted we are put in the absurd position of seeing this statement which vitally concerns our discussions printed *in extenso* by the newspapers, as it has been, while at the same time we are denied something which is open to the press, television and radio services of our country. We would be denied access to this document in the official manner which our practice provides. In respect for the Minister of Finance it was proper that we should ask him first of all to table this statement, but since he is reluctant to do so notwithstanding the fact that it is a public document and as the governor is responsible to parliament I submit to you, sir, with great respect and much confidence in this view, that we have the right to table this document and we do not have to ask the house for leave to do so in view of this situation. If we are denied this right, which you have appropriately placed before the house by way of direction, Mr. Speaker, let the record be clear that we were denied that right as the result of action taken by an intransigent government.

Mr. Speaker: Order.

Mr. Diefenbaker: Mr. Speaker, we have listened to the hon. gentleman make a statement which he himself knew was ridiculous when he made it. Indeed, when he makes such statements I study him very carefully, not by way of example but simply to observe the manner in which he makes these presentations. He seems to have forgotten that he is not on the treasury benches any longer, that four years ago today an event took place that he should not yet have forgotten.

Mr. Speaker: Order.

Mr. Diefenbaker: You allowed the hon. member to go on.

Mr. Speaker: I take it the Prime Minister is speaking to the question of privilege, and I suggest that he address his remarks to that point. It may be no question of privilege at all, but it was put forward as a question of privilege.

Mr. Diefenbaker: I would simply point out this, if I might do so shortly, and follow a course that the hon. gentleman never follows. What he has done has simply constituted a breach of the privileges of the house.

Mr. Pickersgill: Cite your authorities.

Mr. Speaker: I see no question of privilege in what the hon. member for Essex East has put forward as a question of privilege. I had some doubts about the right to submit the document at all but I am clear that the house controls what goes on the table. Unless it has prescribed that documents be laid on the table by act of parliament—as certain documents are laid on the table in the ordinary course of events—when hon. members wish to place a document on the table, it is by leave of the house. That leave has not been given.

Mr. Pearson: On the point of order, Mr. Speaker, may I ask whether the effect of your ruling in this case is that any member of the house can prevent the tabling of any document proposed by any member of the government?

Mr. Speaker: No, that is not the effect of my ruling. It is not unanimous consent that is required, in my view. It is a matter for the house to decide in the usual way by a majority.

Mr. Martin (Essex East): Mr. Speaker, there is another aspect of this problem. You have said that I must have leave to table this document. Your Honour, of course, is aware that under revised procedures many documents now are automatically tabled without any leave being sought of this house. In order that I would not be in contempt of parliament I would ask you if I will have the right now or at adjournment to table this document by handing it to the Clerk, as government members continually do without any resort to parliament at all.

Mr. Speaker: The question is a rather important one, of course, because if it were open to any hon. member without leave to place documents on the table of the house and make them parliamentary papers, there would be no control by the house. The citation in Beauchesne's fourth edition with regard to tabling papers is No. 209, which states as follows:

> Papers are laid before the house in pursuance of
> (1) Provisions of an act of parliament;
> (2) An order of the house;
> (3) An address to the crown;
> (4) The command of the crown;
> (5) Standing orders of the house.

There are, of course, other instances in which the house asks for possession of papers.

For example, where they are referred to in debate and are quoted, an hon. member may insist that the documents be brought before the house. There is a citation on that point. However, that is not the issue today and I think I need not trouble the house with that point, but it will be found in Bourinot's fourth edition at page 245.

Mr. Martin (Essex East): Mr. Speaker, may I ask the Minister of Finance this question in view of the act of the Minister of Agriculture this morning when he moved to refer the report of the Canadian wheat board to the committee on agriculture. In view of the action taken by his colleague will the minister not agree to table the report of the governor of the Bank of Canada and have it referred to the banking and commerce committee?

Mr. Fleming (Eglinton): Mr. Speaker, do you intend to allow the time of the house to be taken up with this daily question? The answer remains the same as it has been now for days and days.

Mr. Martin (Essex East): The minister does not want to follow the example of his colleague.

NATIONAL REVENUE

MONTREAL—VISIT BY INSPECTOR TO JEAN TALON HOSPITAL

On the orders of the day:

Hon. J. W. Pickersgill (Bonavista-Twillingate): Mr. Speaker, I should like to ask the Acting Minister of National Revenue if he has been able to find out yet whether in fact an inspector of the income tax department did make an investigation at the Jean Talon hospital in Montreal?

Hon. J. W. Monteith (Acting Minister of National Revenue): Mr. Speaker, I am informed that any matters of this sort have always been considered completely secret, and that it would be against good public practice to discuss the tax affairs of any particular taxpayer.

Mr. Pickersgill: On a point of order, Mr. Speaker, I did not ask the minister about the affairs of any particular individual. I merely asked whether it was a fact that a tax inspector had conducted an investigation at that hospital, and I was very careful not to talk about any individual file. Surely the question of fact could be determined.

Mr. Speaker: Order. The hon. member might be correct in making sure that his question was understood, but not in complaining about or debating the answer.

Mr. Pickersgill: Can the minister answer the question?

[Mr. Speaker.]

BUSINESS OF THE HOUSE

INQUIRY AS TO SUMMER RECESS

On the orders of the day:

Mr. Erhart Regier (Burnaby-Coquitlam): Mr. Speaker, I should like to ask the Prime Minister a question. Now that the budget has been presented, is he in a position to inform members of the house whether it is the intention of the government to ask parliament to recess during the months of July and August?

Right Hon. J. G. Diefenbaker (Prime Minister): Mr. Speaker, after discussion between the house leader and representatives of the opposition and the third party, I will be able to speak with some degree of authority, namely the authority of representatives of all parties in the house.

NATIONAL ENERGY BOARD ACT

The house, resumed from Tuesday, June 20, consideration in committee of Bill No. C-113, to amend the National Energy Board Act—Mr. Hees—Mr. Flynn in the chair.

The Chairman: When we adjourned yesterday we were considering clause 3.

On clause 3—*Review of orders.*

Mr. Hees: The amendment contained in clause 3 defines more specifically the powers of the board to change, alter or vary orders, certificates or licences issued by it. In exercising its functions the board differentiates between orders, certificates and licences. The amendment also provides expressly that no assignment or transfer of such a certificate or licence is effective until approved by the board and the governor in council, and that in approving any such assignment or transfer the board, with the approval of the governor in council, may attach such terms and conditions as it considers appropriate in the circumstances. This amendment would become important only if on proclamation, pursuant to section 87, imports and exports of oil were made subject to licence. The amendment itself removes from section 20 the present requirement that the board would have to hold a public hearing in every case involving the issuing—

Mr. McIlraith: I rise on a point of order, Mr. Chairman, I am wondering whether the minister is not referring to clause 4 of the bill. Clause 3 is now before the committee, and it relates to section 17 of the act.

Mr. Hees: That is quite right. I have gone on to section 4. I am sorry but I did not notice that.

The Chairman: We are on clause 3.

Mr. McIlraith: Since this clause relates to rather extensive power and authority in the board to change, alter or vary a certificate or licence issued by it, perhaps this is an opportunity for me to make a remark I desired to make.

As to the wording of the clause itself, I have no particular comment. I think the section in the bill being amended required some clarification. However, I wanted to take this opportunity to point out what I think is one weakness, not only in connection with this clause but in connection with the bill generally, and it is this. The bill was introduced in the house the day before yesterday and the printed copies were available yesterday. At this stage of the session I am prepared to go ahead on that basis, but it seems to me that since these amending clauses are nearly all administrative or having to do with the administrative powers of the board, they are of such a nature that there should have been an opportunity between first reading and second reading for their circulation to the industry.

Those mainly concerned in the industry with this type of administrative problem are the oil and gas firms which have their offices and places of business mainly in Toronto, Calgary and Edmonton. This bill can only be available in their offices today. I just want to place on record my regret that it was found necessary to proceed in this way. If there is any explanation as to why the bill itself was not introduced in the house some days or weeks ago so that there could be a delay between first reading and second reading, I wish the minister would give such explanation.

Mr. Hees: It was a slip up which I very much regret, Mr. Chairman. I quite agree with the hon. member that it would have been most desirable to have a longer period elapse between first reading and second reading. I am sorry that procedure has not been possible. I can assure him that steps are now being taken to see that this kind of thing does not happen in the future on bills in general.

Mr. McIlraith: In the meantime the difficulty is that legislation, once imbedded in the statutes, has a habit of staying there unamended for some time. There may be items in the clauses that were never intended by the government or would never have been permitted to pass by the opposition had they known about them. The amendments are of a nature that do not involve great questions of principle but may involve some inconvenience to the industry. I raise the point now and I hope in the future the minister will take more care in these matters to see that some better practice is followed.

It is interesting that the rules of the United Kingdom parliament at one time I believe, required the lapse of ten days between first and second reading of a bill. I think that rule has long since disappeared. Probably it is not desirable that it be a rule of the house, but it is certainly a desirable practice in legislation of this type, where the subject matter with which we are dealing involves somewhat complex matters of administration on the part of the national energy board rather than great matters of principle.

Mr. Hees: Mr. Chairman, I might just add that the principle underlying these amendments was discussed with the responsible ministers of the following provinces; British Columbia, Alberta, Saskatchewan, Manitoba and Quebec. In the province of Ontario the minister was not available and discussions were held with the deputy minister. Those are the provinces really affected by the National Energy Board Act and, as I say, the principle underlying these amendments—

Mr. McIlraith: Some of the sections.

Mr. Hees: —has been discussed with responsible people in those provinces.

Mr. Herridge: Mr. Chairman, I support in general the remarks made by the hon. member for Ottawa West. The minister has just mentioned that in this case there was a discussion with ministers of the provinces directly concerned and the deputy minister of Ontario, and they generally expressed agreement with the amendments to this measure. Is that correct?

Mr. Hees: That is correct.

Mr. McIlraith: Is it not fair to say the discussion would only be in connection with those amendments that affect provincial rights? Some of these clauses would be of no concern at all to provincial attorneys general.

Mr. Hees: That is correct. I was referring to the clauses affecting provincial rights.

Mr. Herridge: Those are the clauses which would be of particular concern to them and possibly to some hon. members of the house without an explanation?

Mr. Hees: That is correct.

Clause agreed to.

On clause 4—*Public hearings.*

Mr. Hees: This amendment would become important only if by proclamation pursuant to section 87 imports and exports of oil were made subject to licence. The amendment itself removes from section 20 the present requirement that the board would have to hold a public hearing in every case involving the

issue, cancellation or suspension of a licence for the importation or exportation of oil.

Oil, unlike gas, is not generally traded on a long term basis, and in the event that it did become necessary to licence the import or export of oil, the licence would be for a maximum period of one year and would probably be for a term of six months. There would undoubtedly be a large number of applications, and it would be virtually impossible for the board to hold a public hearing in each case.

The board informs me that it would be its intention to hold public hearings from time to time to give the industry an opportunity to make representations in regard to any regulation or formula which might be adopted to determine the method of computing the amount of crude oil or products which an applicant for an import or export licence would be entitled to. I also remind the committee that the governor in council would have to approve any licence to import or export crude oil or products.

Mr. McIlraith: I recognize that the practice would be, in the event of the import of oil, for licences to be granted only for a short term, although there is nothing in the act that I can see which prevents the national energy board, if it so desires, granting a licence for a very long term. There is no statutory protection on that point. However, I think it is reasonable that within the industry such licences, if granted, would be for a short term. Since they are for a short term, the method of public hearings is not feasible and would appear in many instances to be unreasonable in relation to the problem confronting the board with respect to possible oil import licences.

However, there are two problems that concern me. This amendment is made necessary by the reference to section 87 of the act, and would only become of real significance in the event that the governor in council took action under section 87 to bring the import of oil under the provisions of the act.

That raises, of course, the old point that was a point of real difference at the time the act itself was before the House of Commons. I refer to the argument that the governor in council should never have been given the power to take that arbitrary action. The authority to bring the import of oil under control in a nation that has wide trade interests, as this nation has, and a nation that is so dependent on trade, as this nation is, is a right which should never have been granted to the government without some need being demonstrated for the government to have that power. The need has not been demonstrated.

While I do not want to open up the whole argument again, I for one persist in my view that this arbitrary authority should never have been given to the government, and that any government seeking to take such drastic action in respect of a commodity of such importance in our trade field should be required to come to parliament and have parliament take the action.

The amendment of this section, bearing in mind that the amendment can only have significance if the government has taken action under section 87 to bring the import of oil under control, raises in my mind at once the question, has the government in mind bringing the import of oil under control? I should like the minister to address himself to that point.

Mr. Hees: Mr. Chairman, I have nothing to add to what I said in this house when I spoke on the national oil policy on February 1. At that time I said I hoped the aims of this act—that is, the aims of the national oil policy—could be accomplished by voluntary action, but if this could not be done, then if necessary section 87 would be proclaimed.

I think the hon. member and all hon. members would agree that the purpose of the national oil policy, which is to materially increase the use of Canadian oil in Canada, is a worthy objective. I feel sure that we are all at one in our desire to see that objective reached. We hope it can be reached on a voluntary basis, but I think the hon. member would agree that if it cannot, it would then be necessary to bring in controls under section 87.

Mr. McIlraith: Could the minister advise the committee whether there has been any result, under the oil policy as announced on February 1, that would indicate the oil policy targets are less likely to be achieved than the minister indicated in that statement?

Mr. Hees: No, Mr. Chairman, there is no such indication. I am very hopeful that the objectives of the national oil policy will be achieved.

Mr. Herridge: I quite realize the necessity for this amendment owing to the short term nature of some of these licences for the export and import of these commodities. Is it correct to say that the governor in council has to approve any licence for the import or export of crude oil or oil products? Is that a protection, and is it necessary in the first instance because of government policy in relation to changing economic circumstances?

Mr. Hees: Yes, the governor in council has to approve all licences to export or import gas or oil or power.

Mr. McIlraith: I have one further question to ask on this clause. I note that the hearings required to be public hearings have to do with the export of gas or power and the import of gas. There is nothing said about the import of power. The Columbia river project has now reached a certain stage. I do not want to develop a discussion on that matter now, because the subject is not before the committee, but arising out of that project is there any prospect of an exchange of power which would make it desirable for us to import power, though I realize that the project basically involves the export of power?

Mr. Hees: I am advised there is no restriction on the import of power, and we cannot see any contingency which might arise where any restriction on the import of power would be necessary.

Clause agreed to.

On clause 5—*Application for certificate; material to be filed.*

Mr. Hees: This amendment is for the purpose of requiring additional technical information to be filed with any application for a certificate to construct a pipe line where the board considers such additional information to be necessary. I can assure the committee that the board will not ask for any additional information which is not necessary, but from time to time some additional information is necessary.

Clause agreed to.

On clause 6—*Further plans.*

Mr. Hees: This amendment requires a company in any case where, for example, a certificate issued to the company relates to equipment for other works connected with a pipe line, to file with the board such further or other plans, specifications and drawings in addition to the plan, profile and book of reference now required under section 29 as the board may from time to time require. This is much the same as the requirement outlined in the previous clause, which provides that the board may from time to time ask for additional information as it may see fit.

Mr. Herridge: Would the minister inform the committee what type of equipment is under consideration in an amendment such as this?

Mr. Hees: Compressor stations, meter stations, pumping stations.

Clause agreed to.

On clause 7—*Terms and conditions of certificates.*

Mr. Hees: The effect of this amendment is to remove from section 46 as it now stands the words "construction, ownership and operation" so that with the removal of these restrictive words the section will permit the board to issue a certificate upon such terms or conditions as it may consider necessary or desirable to give effect to the purposes and provisions of the act.

Clause agreed to.

On clause 8—*Exempting orders.*

Mr. Hees: The effect of the proposed amendment is twofold. First, section 25 prevents construction or operation of a pipe line other than by a special act company. Section 26 prohibits operation of a pipe line without a certificate, together with leave to open, both of which are granted by the board. Section 27 prevents the commencement of construction of a pipe line, or a part thereof, until a certificate has been issued and certain technical data have been filed. Section 28 requires a certain type of map to be filed upon a certificate application, and section 29 provides for further technical data and information to be filed. Therefore the board's power to exempt pipe lines or parts of pipe lines from any or all of the provisions of the above sections is extended and made more clear.

The second effect relates to international power lines. Section 40 of the act prohibits construction of an international power line without a certificate from the board. Section 41 requires the filing of certain technical information respecting international power lines, and section 43 prohibits operation of an international power line without first obtaining a certificate. The proposed amendment would give the board power to exempt small international power lines, not exceeding 5,000 kilowatts in transfer capacity, from the provisions of sections 40, 41 and 43. The amendment would permit, for example, a small utility located in one province to build a pipe line of less than 25 miles in length to obtain a gas supply from another province or from across the border in the United States without the necessity of going to the expense of obtaining a special act.

Such an amendment is desirable in order that small power lines carrying relatively inconsequential amounts of power across the international boundary line may be exempted from complying with the aforementioned sections.

Mr. McIlraith: The proposed new section 49(1)(b) changes the test applicable to power lines, that is lines that may be exempted,

from one of length to one of capacity. I think I am right in my understanding of this, but I want to be clear that the power to exempt is limited to the construction and operation of the power line and has no relation whatever to the licence to export power.

Mr. Hees: That is correct.

Mr. Herridge: I have read the clause carefully and listened to the explanation given by the minister. I take it that it is correct to say, with respect to the international power lines, that this is purely to meet certain incidental needs and circumstances, that it has no effect upon our policy with regard to the commercial export power.

Mr. Hees: That is correct, Mr. Chairman.

Clause agreed to.

On clause 9—*Extended meaning of "oil".*

Mr. Hees: Section 59 presently permits the board, subject to such exceptions or conditions as it may prescribe, to require a company operating an oil pipe line to transmit all oil delivered to it for transmission. The effect of this amendment is to extend the board's authority to the transmission of liquefied gases such as propane and butane where they are being transmitted, as is sometimes the case, through an oil line.

Mr. McIlraith: I take it this is merely due to the practice now developing where certain liquefied gases are now being produced in the oil areas, and under the existing legislation there is no authority to compel a pipe line company to act as a common carrier, though the whole concept is that an oil pipe line is a common carrier; and these liquefied gases are of such nature that they are not bought by a pipe line company, as in the case of gas, in the sense in which that word is presently used, with regard to their transport as a commodity by the common carrier.

Mr. Hees: That is correct.

Clause agreed to.

Mr. Churchill: I think there are only four more clauses still to be considered. I notice it is nearly one o'clock, but we might finish in five minutes, Mr. Chairman.

Mr. McIlraith: I shall have something to say on clause 10, but I would have no objection to our continuing.

On clause 10—*Tolls for transmission of gas.*

Mr. Hees: I should like to explain this clause. By deleting the words "from any place within a province to any place outside the province", the application of the section is extended to the intraprovincial transmission of gas by a company to which the act applies, where the gas transmitted through its pipe line is the property of the company. This has the effect of enabling the national energy board to fix tolls for the transmission of all gas through a pipe line subject to federal jurisdiction where such gas is owned by the pipe line company, regardless of the origin or destination of the gas.

I think the house will appreciate the fact that once gas is injected in a pipe line it becomes indistinguishable as to origin or destination. We have one pipe line company which at the present time picks up gas in Alberta and British Columbia and delivers gas at points in British Columbia for consumption in that province, and exports the balance of the gas at the international boundary. As the section stands now it would be impossible for the board to segregate the gas produced and sold in British Columbia and fix tolls on the balance. There is also the implication that some other authority would have the right to fix tolls on the gas produced and sold in British Columbia, or alternatively that no tolls could be fixed for the transportation of gas produced and sold in British Columbia. This is an impossible situation.

By deleting the words "such proportion as the board may fix" of the differential between the amount paid for the gas and the amount for which the gas is sold, recognition is given to the impracticability of devising any general formula for the equitable determination of the portion of the difference that is to be deemed a toll. The amendment would have the effect of permitting the board to rely upon the differential between the cost to the company of the gas and the amount for which the gas is sold as the toll in the case of a company that owns the gas being transmitted. The use of this differential is considered appropriate in this case inasmuch as recognized public utility practice requires that gas transmission companies calculate their earnings as a return on the amount of investment in useful facilities employed in providing the transmission service. There is no profit permitted on the actual purchase and sale of the gas. The costs associated with the purchasing and selling of gas are expenses.

The amendment would also substitute for the phrase "the amount paid by the company for the gas" the phrase "the costs to the company of the gas", to make it clear that any amount charged to the company for bringing the gas to the point where it enters the company's pipe line, for example an amount charged by a provincially incorporated gathering system, shall be a part of the cost to the company of the gas and, therefore, excluded from the amount of the deemed toll, subject to the jurisdiction of the board.

Mr. McIlraith: Mr. Chairman, section 61 of the act which is being replaced reads as follows:

Where the gas transmitted—

Some hon. Members: Dispense.

Mr. McIlraith: Perhaps I could dispense with reading that section.

The Chairman: Yes.

Mr. McIlraith: At the time the original act was before the house in 1959 it was clear that very few members understood just exactly what the section meant. I must confess that I was among those. I cannot speak for the minister at that time, but I certainly have my doubts as to what it means. Indeed, the hon. member for Vancouver East is reported in *Hansard* at page 4210 of June 1, 1959 as having asked the following question after reading the section into the record:

What in the name of heaven does that mean?

I think that question aptly describes section 61 of the act, and I am pleased to see that it is being replaced by something which is intelligible as to form. The new section will read as follows:

Where the gas transmitted—

Some hon. Members: Dispense.

Mr. McIlraith: Perhaps I could also dispense with reading that section.

The Chairman: Yes. Quote.

Mr. McIlraith: I have a couple of questions which I should like to ask at this time. The approach to the problem, of taking the cost to the company of the gas when it is put into the lines and the price at which it is sold, is undoubtedly a better approach than dealing with the differential between the cost price and selling price, as was done in the act. I am sure it is now clear that the board has jurisdiction in respect to gas transmitted within a province through a pipe line which is wholly under the jurisdiction of this parliament. I share the view of the minister that this is quite within the constitutional authority of parliament, and I am glad to see that approach taken to the problem.

There is one other implication in this clause which has not been dealt with by the minister. Anyone reading the explanatory notes will understand that the new clause bases the fixing of the differential between the cost and selling price of the gas, or the carrying charge, on the formula of permitting the gas transmission company to calculate its earnings on the return on investment in facilities used in providing the transmission service. It will be noted that the test now is based on the earnings as a return on investment, and I believe that is different from what the Borden commission recommended, which was that the test should be based on the earnings of the company's equity in the pipe line. I wonder whether the minister could explain why the Borden commission's recommendation was not followed in regard to that point.

Mr. Herridge: Mr. Chairman, there is no necessity for me to repeat the comments made by the hon. member for Ottawa West. However, I do intend to ask two questions. This is the section which would be of particular interest to provincial governments, and in respect of which discussions were held during which it received approval.

Mr. Hees: That is correct.

Mr. Herridge: Second, as to the other amendment which deals with the profit permitted on the actual purchase and sale of the gas in relation to transmission, is it correct to say that this amendment more securely prevents, shall I say, individuals engaged in this business from acting as middlemen and making a profit on the transmission of gas over and above the profit allowed on the investment in the pipe line.

Mr. Hees: Yes, that is correct. With regard to the questions of the hon. member for Ottawa West, I should like to say that I am not too familiar with the thinking of the members of the Borden commission. However, I am advised by the chairman of the national energy board that the method adopted in this measure is according to normal practice. I cannot say anything further in this regard.

Mr. McIlraith: As I understand that method it is in accordance with the normal practice of gas public utility accounting procedures.

Mr. Hees: That is correct.

Mr. McIlraith: As I understand it, the Borden commission made a different recommendation in respect to the method of fixing tolls. I may be wrong in that statement.

Mr. Hees: No, that is quite correct.

Clauses 10 and 11 agreed to.

On clause 12—*Leave to construct highways, etc., across or along pipe lines.*

Mr. McIlraith: Mr. Chairman, the amendment contained in clause 12 appears to clarify the situation with respect to the authority of the board. There are two points which I should like to raise concerning this clause. I think I can do so very briefly, but perhaps the minister intends to make a statement in this regard.

Mr. Hees: No.

Mr. McIlraith: The first point I should like to touch upon has reference to a private bill which was put before this house earlier this session by the hon. member for Middlesex West, which was Bill No. C-5, to amend the National Energy Board Act (drainage works). The debate in respect to that bill appears in *Hansard* of Tuesday, December 13, 1960, at page 762. The hon. member for Middlesex West dealt with the drainage problem which exists in southwestern Ontario. He sought to have the matter of jurisdiction in respect to Ontario's drainage authority made applicable to the pipe line companies operating under this board. It is interesting to note that he sought to have provincial jurisdiction made applicable to such federal public works. As I understand the effect of that proposal, it would enable the referees under the Ontario drainage legislation to fix costs of certain drainage works against these pipe line companies.

The government did not express its view in respect to that private bill and I should like the minister now to do so, because it relates directly to the point raised by this clause. Perhaps the minister can inform the committee why the government did not adopt the recommendations of the hon. member for Middlesex West.

Mr. Hees: Mr. Chairman, I am advised that the board has sufficient power under section 77 of the act to carry out what the hon. member for Middlesex West requested.

Mr. McIlraith: As I understand the situation, those farmers affected by these drainage works did not have the right to apply to the board to have the charges fixed, as they could apply to the drainage referees.

Mr. Hees: I am advised that the owners of the utilities—the farmers or whoever owns the land—may apply.

Mr. McIlraith: Mr. Chairman, clause 12 reads in part as follows:

> No highway, private road, railway, irrigation ditch . . . shall, except by leave of the board, be carried across, along, upon or under any pipe line.

I find the meaning of the word "along", as used in that context, very obscure. I do not know whether it means adjacent to, abutting, or travelling along for some distance in a parallel direction. I only hope that as questions arise which may affect safety within a building or with respect to other public works of the nature described in this clause adjacent to a pipe line of relatively high pressure, a larger pipe line, cognizance will be taken by the board of safety requirements, and that if there is necessity for clarification of the meaning of the word "along" in this context they will come back to the house so the requirements of safety regulations, which will become more acute as time goes on, will be made paramount, rather than have any hesitation about the matter.

Mr. Hees: That is correct, Mr. Chairman.

Clause agreed to.

Clause 13 agreed to.

On clause 14—*"Oil or gas" substituted for "gas"*.

Mr. McIlraith: I take it that the use of the expression "oil or gas" is merely consequential on the change of the definition clause in this bill and has no other implications?

Mr. Hees: That is correct, Mr. Chairman.

Mr. Herridge: I just want to say that this has been the longest five minutes I have ever spent in my life. I stuck it out only out of regard for the minister.

Clause agreed to.

Title agreed to.

Bill reported, read the third time and passed.

SUPPLY

The house in committee of supply, Mr. Flynn in the chair.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

DEPARTMENT OF PUBLIC WORKS

Harbours and rivers engineering services—

357. Remedial works where damages are caused by, or endanger, navigation or federal government structures, $800,000.

Mr. Bourget: I wonder whether the minister is going to reply to the remarks that were made by the hon. member for Hull on the question of remedial works and whether discussion should take place between the federal government and the provincial governments with regard to the responsibility for such remedial works.

Mr. Walker: I would be very happy to do so. On previous occasions, both verbally and by correspondence, I have tried to enlighten the hon. member for Hull on this matter. Because of the mood of the house today I will go no further than to say that I have tried to do so. Apparently I have failed and so I shall make one more effort. Incidentally, I am not referring to the hon. member for Levis.

The history of this matter is that back in the thirties there was an unemployment relief vote whereby funds were provided to carry out work which was not necessarily a federal responsibility. This included protection works. Subsequently, when the vote was discontinued, a general vote respecting protection works was instituted, but by 1954 there were so many demands on this vote that it would have cost the government hundreds of millions of dollars to meet these requests which were not a federal responsibility.

In 1954 the wording of the vote was changed. It was changed, incidentally, by the administration in which the hon. member for Levis was the distinguished parliamentary assistant to the then minister of public works. The hon. member will recall that the vote was changed to provide funds for work which the federal government should carry out.

There are two principles involved. The first is that the British North America Act places property and civil rights under the jurisdiction of the provinces, and the shoreline of every lake, river and creek comes under the property category. It includes water lots, and it may be of interest to point out that in the construction of our various wharves and other projects we are obliged to obtain from the province the administration and control of the shore line and water lot property for the life of the project. There can be no argument, in so far as erosion is concerned, as to the shore lines of our many waters in Canada not being a provincial responsibility. As a matter of fact, there seems to be no question about that.

The second principle involved relates to navigation and here we have a responsibility. The control of navigation was retained by the federal government at the time of confederation and the law in that connection has not been changed up to the present time. As a result, therefore, we have the Navigable Waters Protection Act which is administered by the Department of Transport and the Department of Public Works. The Department of Transport administers that portion dealing with hazards to navigation and is particularly concerned with ship channels. Derelicts or wrecks of ships constitute examples of such hazards.

The Department of Public Works administers that portion of the act relating to the construction of projects under, across or over navigable waters. From this federal responsibility with respect to commercial navigation channels we get a connection between maintaining that channel, which we do through the Navigable Waters Protection Act, and even by dredging, and the damage that shipping does the nearby shore line.

There is doubt, of course, that erosion caused by shipping is legally a federal responsibility but it has been assumed as such and I think that the responsibility possibly exists. However, erosion from flooding or from natural causes cannot be included in this category and in accordance with the British North America Act that remains the responsibility of lower levels of government.

Shore erosion is also often caused by man-made structures such as docks, wharves and bridges which disturb the natural flow and change the course of the water thus causing erosion. Those responsible for the construction of such projects should be held responsible for the damage thus caused through erosion. The federal government accept this principle and is prepared to repair damage done under these circumstances. This explains why the vote relating to protection works is confined to the expenditure of money for erosion where it is caused by commercial navigation or where there is a federal structure involved. Much as I should like to extend that limit to please different members on both sides of the house, the frightful cost to the federal government in assuming a responsibility that is not a responsibility of the federal government would be so great as to make it a burden which no federal government could possibly bear.

The Deputy Chairman: Shall vote 357 carry?

Mr. Bourget: I am not going to pursue the discussion on that particular item. I know the difficulties that are probably going to be faced if we enlarge the vote. As the minister will recall, and also the deputy minister because he was at the public accounts committee, even the Auditor General questioned the propriety of certain expenditures that have been made; I do not remember exactly whether it was in 1958 or 1959. That shows that even the Auditor General is not too sure of the wording of vote 357. I am therefore wondering whether the minister would not have a look at it and find out whether the wording could not be changed.

The Chairman: Shall vote 357 carry?

Mr. Bourget: Before it carries, I should like the minister, if he would be kind enough to do so, to supply me with a list of the remedial works that were performed last year and those which are expected to be performed this year. I do not ask for that information now. It can be given later.

Mr. Walker: I shall be very glad to do that and send it to the hon. member.

Item agreed to.

Dredging—

359. Maintenance and operation of plant and contract and day labour works, $4,090,205.

Mr. Herridge: I should like to take the opportunity to rise again as we are now proceeding in another day. I placed some restraint on myself last Saturday at the minister's request and willingly so. But on this vote for dredging I just want briefly to bring to the minister's attention the fact that the dredging of channels in the Arrow lakes is somewhat of a different nature from what it has been in the past. Since the passenger steamers are now off the lakes, the channels will have to be longer and straighter or I should say there will have to be longer tangents in the channel—I refer to straight tangents—because of the length of these booms that are towed there. From this time on there will be approximately from 600,000 to 1 million feet of logs a day going from the upper to the lower Arrow lakes proceeding to the pulp mill near Castlegar. It requires a long and deep channel. I am just suggesting to the minister that, whatever happens on the Columbia, we have at least a five year period that has to be taken care of. I hope to goodness it does not happen. However, this is a very important industry. I suggest that some attention should be paid to this matter by one of the engineers. I suggest that it would be a good idea to get in touch with the officials of the company and those in charge of operating tugs and towing services. They have a fairly good idea of what is required. When the steamers were running the department had excellent relations with the captains on the sternwheelers and as a result of that co-operation were able to do the maximum amount of work to the greatest advantage with the minimum of money. I have been asked to raise this matter and to direct the minister's attention to it because of the changing circumstances.

The other thing I have been asked to bring to the minister's attention is the necessity for a wider channel for vessels going into the Arrowhead dock because of the large ice floes that come down the Columbia river in the spring which make it very difficult on some occasions for the passenger vessel proceeding from Nakusp to Arrowhead to get into the dock. The channel now is quite satisfactory except that it is too narrow. In addition to that, it requires widening because there are millions of pieces of logs towed from the north arm of the Arrow lakes and at that point they make a right angle turn; and no tug with a long tow behind it can make a right angle turn and have the logs or the tow, as anyone knows, follow it exactly. I suggest that some consideration should be given to that matter in consultation with the persons interested in the forest industry, the towing of logs and so on.

[Mr. Walker.]

Mr. Campbell (Stormont): Last Thursday, Mr. Chairman, the honourable or perhaps I should say the Ontario member for Laurier stated that the 27 foot dredged channel at Cornwall enabled this government to construct port facilities in their proposed location. Does he not realize that access to this dock will be at the 21 foot level or 21 foot depth and that at least 80,000 or 90,000 cubic yards of river bottom would have to be dredged in order to provide 27 foot access and a 900 foot radius turning basin? The cost of this will be approximately $1 per cubic yard for soil and anywhere from $12 to $25 per cubic yard for rock. Clearly then, this channel to which the hon. member was referring makes very little difference.

This 27 foot dredged channel to which he was referring is the famous Chevrier seaway which ends in an 80 foot high blank wall. Everyone in Cornwall knows that the only time to have built a Canadian seaway was when the seaway itself was being built, especially in view of the present disappointing volume of seaway traffic. He also pleaded that the new industrial complex adjacent to the Eisenhower and Snell locks in northern New York state was not due to the St. Lawrence seaway being located on the United States side but was due to cheap hydro power in New York. Surely when the seaway was being constructed, this was the time for the then minister of transport, who did all the seaway dealings for the federal Liberal government of that time, to extract concessions from Ontario hydro. This was the time to make deals to extract concessions. Why did not the former member for Stormont and his Liberal provincial colleagues in Ontario protect the interests of their area in the way that Ontario hydro itself is looking out for all of Ontario and putting its electricity on the provincial bridge?

Mr. McIlraith: What is the hon. member reading from?

Mr. Campbell (Stormont): I should like to quote one sentence from the remarks of the hon. member as found in *Hansard* of June 15, 1961, at page 6414—

Mr. Bourget: Mr. Chairman, I wonder whether the hon. member is in order in speaking about the subject with which he is dealing at the present time. I think it comes under transport and not under public works.

Mr. Campbell (Stormont): Not at all; I am laying a groundwork.

Mr. Bourget: I am not asking the hon. member. I am asking the chairman.

The Deputy Chairman: Order. The hon. member for Stormont got off to a good start when he was dealing strictly with dredging as it related to the St. Lawrence seaway. But very shortly afterwards he was straying from the item under consideration which is a very particular item at this stage of the consideration of these estimates namely, "Dredging—Maintenance and operation of plant and contract and day labour works". It has to do with public works, harbours and rivers engineering services. I would ask the hon. member to co-operate with the Chair, if he will, and develop whatever subject he is putting forward on this particular item, so as to relate it very closely to the major consideration or topic which is dredging.

Mr. Campbell (Stormont): Mr. Chairman, I am endeavouring to lay a groundwork. I am endeavouring to set out certain damages that have been caused in our area by certain previous construction and how this can be rectified by appropriate dredging. This is merely a groundwork for this contention that I am endeavouring to promote. I referred to *Hansard* in which the hon. member is reported to have stated as follows:

> —in the old days the traffic on the St. Lawrence canal at Cornwall was tremendous and, in fact, it was responsible in large part for the progress and development of that community.

He also cited certain figures. In 1955, the loaded tonnage on the Cornwall canal was 1,001 and the unloaded tonnage was 323,273 whereas in 1959, there was no loaded tonnage and the unloaded tonnage was down to 181,950. I completely agree with this comment of the hon. member, namely that the previous prosperity of Cornwall was due largely and initially to Cornwall canal traffic. But he states that this decline in traffic was due to the competition of air lines and roads. May I say that it is due to the fact that the Cornwall canal which flowed by our door for 100 years is now a backwater which also ends in a blank wall. I should like also to ask the hon. member for Laurier how much of the $800,000 spent on the seaway went to Cornwall people and how much went to Montreal and Toronto contractors.

The Deputy Chairman: Order; I am sorry I have to interrupt the hon. gentleman again but the subject he is discussing would have been applicable to item 352. My recollection is that the hon. gentleman perhaps was not present when that item was being discussed. However, that is the situation, and I would ask him to relate his remarks to the item under discussion or I shall have to give the floor to some other member.

Mr. Walker: Everything is so peaceful and happy here today that I should like to suggest the hon. member will have an opportunity to discuss this subject on the budget. I believe one can talk on any subject during that debate. This is the fourth day these estimates have been under discussion, and I believe the chairman is correct in his recollection that we have passed this item. I am just being selfish at the moment because I am trying to get these estimates completed. However, I would not want to deny the hon. member an opportunity of discussing the subject at an appropriate time. I know what he is talking about, but the item has been passed.

Mr. Campbell (Stormont): I was occupied with business for my constituents on this particular occasion, and the business was of a personal and confidential nature. I shall be glad to take advantage of the opportunity of discussing this matter again and discussing it thoroughly as it deserves.

The Deputy Chairman: Perhaps the Chair should apologize and I do so now for making a reference to the absence of the hon. member. I am sure he was quite justifiably absent on constituency business. I am emphasizing that I apologize.

Item agreed to.

360. Construction or acquisition of plant and equipment, $2,676,000.

Mr. Howard: The details of this item show an amount for construction or acquisition of plant and equipment allocated to British Columbia and the Yukon Territories, the amount being about $1,100,000 as compared with $1,500,000 last year. I was wondering whether the minister would mind refreshing our memories as to the purpose for which this money will be required.

Mr. Walker: Most of the item is for the dredge, *Fort Langley,* that was launched about a month ago.

Mr. Robichaud: There is an item of $600,000 for construction equipment in the province of New Brunswick. Could the minister give us some details in respect of that item?

Mr. Walker: Yes, I will be glad to do that. It is broken down into two principal items, one to complete the replacement of dredge No. 4 and the attendant launch, $150,000; second, the replacement of the tug *Canso,* at an estimated cost of $450,000.

Mr. Batten: Will the minister give me a breakdown of the $513,000 referred to on page 484, giving just the main headings?

Mr. Walker: The first item is to complete the replacement of the tug *Peel,* $375,000;

second, a new drill tower, compressor and pneumatic drill equipment for drill boat No. 400, $48,000; new 300 cubic yard steel dump scows, $80,000, and then there is the conversion of dredge No. 400 to diesel power and a new crane.

Item agreed to.

Development engineering services—

362. Canada's share of the cost of international and interprovincial bridges, as detailed in the estimates, $1,395,000.

Mr. McIlraith: I wanted to ask the minister about one of the items included in this vote which is for Canada's share of the cost of international and interprovincial bridges as detailed in the estimates. One of the details is an item of $300,000 towards the cost of the Ottawa-Hull bridge. My recollection at the time of the announcement of the undertaking of that project was that the work would be more advanced than that this season, although I have not the announcement here with me today. Would the minister advise the committee as to whether or not that work is proceeding on schedule, and just when it will be completed?

Mr. Walker: My friend, the hon. member for Ottawa West, will be glad to know that the matter is proceeding on schedule. We have the liaison groups working nicely together. We have the consultants appointed by each of the provinces and by the dominion, and we expect to call tenders about a year from now.

Mr. Bourget: Can the minister tell us if the Department of Public Works is doing the boring itself or are the borings being made by the consulting engineers?

Mr. Walker: Well, pending the appointment of the consultants, and so we could get some idea for the purpose of making an estimate of the over-all cost to negotiate with the provinces, we did a few borings ourselves. I can assure the hon. member that we are going to leave this work entirely to the consultants.

Mr. Stewart (Charlotte): May I ask the minister if any expenditure has been made under this vote in respect of the Campobello-Lubec bridge?

Mr. Walker: No, no expenses to date.

Mr. Robichaud: I should like to have some information from the minister. I notice that a good portion of this item 362 is to cover a share of the cost of the Campbellton-Cross Point bridge. I know that $765,000 has been set aside for this purpose. I wonder if the minister could advise this committee of the name of the contractor for the substructure of this bridge and the amount of the contract. I should like to know also if the work has been completed and what amount has been paid to the contractor to date, as well as whether any claims for extras have been made. If so, what decision has been reached in connection with such extras? In other words, I should like to have from the minister a complete report as to the standing of this project.

Mr. Walker: In reply to the hon. member for Gloucester I would say this bridge was commenced in 1958. At the moment, we call it the Campbellton-Cross Point bridge. It is an interprovincial bridge extending between Campbellton, New Brunswick and Cross Point, Quebec. The department retained the consulting firms of Langevin, Letendre and Monti and Paul Pelletier to prepare the design and supervise the construction of the bridge. The total crossing is 4,180 feet long; the Quebec causeway portion is 960 feet; the New Brunswick causeway portion is 620 feet, and the bridge spans 2,600 feet. There are ten river piers on the main span. Tenders for the substructure were received on November 18, 1958. Ten bids were received, the lowest being that of Belle Construction Limited of Ile Maligne, Quebec, in the amount of $1,261,592.70. The balance of the bids ranged from this figure up to $1,681,746. Belle Construction Limited, the low tenderer, had not previously done work for this department. However, enquiries of the province of Quebec and private organizations for which they had done work brought favourable reports as to their technical and financial capacities. The contract was awarded to Belle Construction Limited on December 12, 1958.

On March 30, 1960, construction of the substructure was completed, except for minor works. The contractor submitted a claim for payment of $1,343,216.45 over and above his contract amount. In the departmental review of the claim, there were a group of items pertaining to additional work required to be undertaken by the contractor as a result of changes made in the design. These changes were made at our specific request. On these items, the audit services division of the comptroller of the treasury carried out a cost audit of the contractor's books to establish the actual amount assessed against the items approved by the department. This totalled $150,913.61.

The second part of the claim had to do with the fact that the contractor had to carry out the work throughout the winter of 1959-60, whereas he had originally contemplated completing it before the severe portion of the winter season set in. The total amount claimed by the contractor for this portion was

$561,033.64. The audit services division, on examination of the contractor's books, assessed the items claimed as being $453,815.32. In reviewing this claim, the department took the stand that our contract provided for the work to be done and it was the responsibility of the contractor to complete the work before the winter season set in. However, the department did acknowledge that, as a result of certain design changes, the original period for completion of the contract would have to be extended. The extension period was not in itself, however, sufficient to require the contractor to work throughout the winter season and he had, by his own operations, to a large degree created the condition requiring this winter work. On the basis of this, the department felt it should share in these costs proportionately to the additional time resulting from the changes in design. On this basis, it recommended payment of $170,180. The total amount recommended by the department was $321,094.36 against the claim of $1,343,216.45. This recommendation was passed by the treasury board.

The contractor was, as might be expected, dissatisfied with the amounts recommended by the department and placed the matter in the hands of his solicitors who advised they would not accept. The department re-examined its proposal at great length and on many occasions but did not feel that any change should be made. On the advice of the Department of Justice, the department advised the solicitors that the department's offer was firm and, if not accepted, the contractor could take court action. The contractor has now accepted the department's decision and payment on the basis outlined above is being made.

So, to sum it all up, the original contract price, without any changes by us, was $1,261,592.70 which was the lowest of ten bids, the highest being $1,681,000. The changes that we caused were assessed at $150,913.61 for the first part, as well as increased quantities at $34,924.94, and for the second part $170,180 so that the total settlement for the bridge is $1,617,612.00 The amount claimed was $1,343,216.45 and this claim was settled at $321,094.36. The hon. member for Gloucester asked whether this sum had all been paid. No, it has not. There is still a hold-back.

Mr. Robichaud: I wonder if the minister could also advise this committee if the department has received any claims from suppliers for materials they supplied in connection with this bridge, or work performed and, if so, what action has been taken by the department to protect such suppliers?

Mr. Walker: Yes, there have been claims made by some suppliers with the result that we have held back the sum of $100,000.

Mr. Robichaud: Can the minister tell the house what is the total amount of the claims received by the department in respect of materials or services not paid for? While the officials are looking for that information, could the minister tell us by whom were the borings at this bridge carried out? Was this work done by employees of the department or by an outside firm?

Mr. Walker: I understand the borings were done by an outside firm in this instance. This was before my time, but it was done by the same consultants as I referred to in my statement. They arranged for the borings.

Mr. Robichaud: Could the minister tell the committee what steps were taken by the department and his officials to assure themselves that the borings were satisfactory? I understand that one of the main reasons given for the claim by the contractor was that the borings were not complete. We have heard in this house in the past a good deal said to the effect that there has been negligence in doing borings for certain federal bridges. Is this not one case where the department may have failed to assure itself that the borings which had been done on the Restigouche river for the Campbellton-Cross Point bridge were really complete?

Mr. Walker: It appeared initially that the borings were adequate but it was decided that further boring should be carried out to confirm them. After this had been done it was found that the situation which was believed to exist in fact did exist but that there were some differences.

Mr. Robichaud: Mr. Chairman, can the minister give us any figures regarding the amount of claims that have been made in respect to materials and supplies not paid for.

Mr. Walker: Mr. Chairman, I have only just sent for that information but shall be glad to give it to the hon. member when it arrives.

Mr. Bourget: Was there anything additional claimed as a result of the fact that additional borings had to be made?

Mr. Walker: Oh, yes, that is part of the claim.

Item agreed to.

364. Toward an investigation to determine the feasibility of constructing a proposed causeway across Northumberland strait, including the opening of a test quarry, $50,000.

Mr. Peters: Mr. Chairman, I intended to ask the minister to give us some indication

as to that which has been discovered through the surveys made last year, as well as what is expected in the way of work to be done this year, but I saw another hon. member who has perhaps more interest in this subject than I because he lives in the area arise at the same time as myself. I shall, therefore, defer my remarks with the hope that through the questions asked by that hon. member I shall receive the information I desire.

Mr. Phillips: Mr. Chairman, I should like to express regret on the part of the people of Prince Edward Island because of the fact that the report in respect of the feasibility study on the Northumberland causeway is not available during the discussion of these estimates. The minister expressed the hope on an earlier occasion that this report would be made available at the time of our discussion of his estimates, and I wonder whether he can now give this committee any idea as to when he expects the report to be presented.

Mr. Walker: No. The hon. member for Bonavista-Twillingate some months ago asked me whether I would have the report available during the discussion on my estimates, and in answer to that hon. member I stated that I expected that report would be available. However, it is not available. I had hopes until the last minute that the report would be available during the discussion of these estimates but I am afraid it is not. I expect the report to be made in two parts and I should like to bring both parts into the house at the same time.

As I said earlier this is a tremendous project which has never been attempted before. There is nothing in existence to make reference to, everything must be done from scratch. Because of the enormity of the task it is taking quite some time. That is the best I can say in this regard at this moment. I have attempted to make prognostications before to my sorrow and shall not attempt doing so again.

In answer to the question asked by the hon. member for Gloucester in respect to the claims which have been made, I can now state that they amount to $104,000. On the admission of even the suppliers themselves some of the claims are slightly exaggerated. We are holding back, not $100,000 as I said before, but $250,000.

Mr. Robichaud: Mr. Chairman, could the minister state whether all the dealings were made with Belle Construction Limited or were some made with its subsidiary, Belle Construction (New Brunswick) Limited?

[Mr. Peters.]

Mr. Walker: Belle Construction Limited is the only company of which we have any record.

Mr. Robichaud: Could the minister tell us whether he or his department had any information to the effect that at the time the contract was awarded a company had been formed in New Brunswick named Belle Construction (New Brunswick) Limited, and whether the names of the directors of that company had been supplied?

Mr. Walker: No, Mr. Chairman, we had no knowledge of that.

Mr. Bourget: Mr. Chairman, I was shocked by the answer given by the minister to the hon. member for Prince in respect to the feasibility study of the causeway between New Brunswick and Prince Edward Island. This study was promised two years ago, and only one or two months ago I asked the minister—

Mr. McDonald (Hamilton South): It was your party that promised it.

Mr. Bourget: We started it but it seems to me that the Conservative government is unable to continue with it. The report as to the feasibility of this causeway was promised as long ago as 1959. A few months ago I asked the minister whether he would be able to give us the report before the consideration of his estimates and he answered in the affirmative. Now, two months later, he tells us he cannot give us this report because it is not available.

Surely after four years of study and the expenditure of over $700,000 we should have some idea of what can be done. I suggest the four hon. members from Prince Edward Island should insist on something being done, and should get after the government and the minister so that the people of Prince Edward Island can receive an answer to their request for a causeway. Surely we are entitled as members of parliament to know what is to become of this project. If we are to be asked to accept only that information which has been presented to this date I am afraid this causeway will become known as the forgotten causeway, at least until after the next election. I know that during some election campaigns the Conservative party called itself the party of the causeway. I suggest we can now call the Tory party the pauseway party and the causeway itself, the forgotten causeway. I suggest it is incumbent upon the minister to inform this committee what has been done in this regard; what the national research branch is presently doing, and when we can expect to receive this report. Surely it is reasonable to ask that question after four years of study and the expenditure of $700,000.

Mr. Walker: Thank you. The hon. member for Prince and his three confreres from Prince Edward Island have been doing their duty toward Prince Edward Island by importuning me week in and week out to get results. Much as I should like to oblige them, I am a lawyer by profession and not an engineer, and must, therefore, rely upon the reports which I receive in due course from the engineers.

I should like to put the hon. member for Levis at ease by saying that we have been engaged in this project for three years, although he suggests four, which means we have another year. We do not intend to use that further year but will present this report in the near future.

I must state that the project was initiated originally by the late administration in which the hon. member was the parliamentary secretary to the then minister of public works. During the period they had the matter under investigation they did not get any further than an examination of the rock.

Mr. Bourget: Mr. Chairman, as my friend the hon. member for Ottawa East suggests, that administration did not spend $700,000 in this regard.

Mr. Walker: That administration did not spend anything.

Mr. Bourget: We were asked by the then premier of Prince Edward Island to make a study, and we started immediately to do so. We did not wait three years. The minister cannot say that we did nothing in the three previous years because we had not been asked to do anything at that time. If the Liberal party was in office the appropriate minister would at least have the honesty to inform the people of Prince Edward Island that this project was either economically feasible, or was not economically feasible. I suggest that is the answer which the people of Prince Edward Island expect from the federal government.

Mr. Howard: Before the item carries may I ask the minister a question which will not be strictly relevant. I hope you will forgive me, Mr. Chairman, because there is a connection. Has the minister, his department or his predecessor, received any representation asking for federal government participation in the building of a causeway, a tunnel or some other similar form of connection between Vancouver island and the mainland on the west coast? If any such requests or representations have been received, can the minister indicate what has happened to them?

Mr. Walker: At one time there was local representation for a tunnel but the water was so deep as to make the whole plan appear to be impracticable.

(Translation):

Mr. Latour: Mr. Chairman, I should like to ask the Minister of Public Works whether he can enlighten me with regard to the Sir George Perley bridge linking Hawkesbury and Grenville across the Ottawa river.

I understand that alterations are to be made to this bridge as a result of the work being carried out by Quebec hydro; indeed it is said that the bridge will be raised about 12 feet. I should like to know whether the work on this bridge will be carried out by Quebec hydro, and what will be the impact of this bridge in relation to the Ottawa river waterway.

(Text):

Mr. Walker: Yes, work will have to be done. My understanding is that the cost of it will be borne by hydro.

(Translation):

Mr. Latour: I am sorry, Mr. Chairman, but I asked another question. I asked what would be the impact of that bridge in view of the proposed Ottawa river waterway scheme. I also asked whether the work would be carried out by Quebec hydro. The reply given to me was not complete enough. The reason why I insist on a satisfactory reply is that for two years, I have been trying to get information from officials of the department, and I must say I have been unable to get a satisfactory reply. I therefore insist on being given a satisfactory answer.

(Text):

The Chairman: Shall the item carry?

(Translation):

Mr. Latour: I beg your pardon, Mr. Chairman, but I would appreciate an answer to those questions.

(Text):

Mr. Robichaud: I think the hon. member should realize that he is two days late.

Mr. Walker: It is the hon. member's turn.

(Translation):

The hon. member is quite right. Would he be good enough to come to my office so we can discuss this matter? For the time being, it has been decided that the whole cost would be borne by hydro.

Item agreed to.

366. Roads and bridges—maintenance and operation including authority to make recoverable advances in amounts not exceeding in the aggregate the amount of the operating expenses of the New Westminster bridge, $300,735.

Mr. Howard: Can the minister indicate which bridge this has reference to and specifically what operation is done on it?

Mr. Walker: The hon. member is speaking now of the railway bridge used by the C.N.R.?

Mr. Howard: I do not know what I am speaking of. I ask the minister to indicate which bridge this relates to?

Mr. Walker: I am sorry, I did not appreciate the hon. member's question. It is the former railway and highway bridge which we took over from the province of British Columbia.

Item agreed to.

Trans-Canada highway—

368. Construction through national parks, $7,476,000.

Mr. Mitchell: Probably I could take up this matter under item 369. Maybe it should have been taken up earlier in the estimates under item 344, but I was absent in another committee. I wish to bring to the minister's attention something that he probably does not know about. I do not attach any blame to him or to his officials for what has happened. A few years ago in Sudbury tenders were called under the previous government and a federal building was constructed. Between the time the construction was undertaken and completed the government changed but previous to that the cornerstone was laid by the late Right Hon. C. D. Howe. The granite cornerstone, or whatever it consisted of, was engraved to the effect that this stone was laid by so and so. As members of the committee know, in the cutting of the stone the letters are outlined by some type of durable paint which makes them readable. After the building had been completed the stone was removed. I took the trouble to ask why. I was told that it was not properly laid. When the stone was replaced the lettering, or the painting of the letters, was removed and I now defy anybody to read what is on that cornerstone. This is probably a small matter to bring to the attention of the minister but at the same time it was a small thing to ask anyone to remove the lettering. I should like to ask the minister to look into this and to have the lettering restored to its original readable condition, particularly since the gentleman who laid the stone is no longer with us.

Mr. Walker: I shall be happy to look into it, Mr. Chairman.

Mr. Herridge: I should like to say a few words on this item with respect to the trans-Canada highway because of its construction through national parks. I do so at the request of a number of persons in my constituency. Since in certain circumstances the trans-Canada highway is not an all-winter road, the suggestion is that consideration be given to making a second trans-Canada route along the southern provincial highway of British Columbia. The southern provincial highway will provide service through a better type of terrain for maintenance purposes. There is less snowfall. It would serve directly a much larger local population and provide several roads for access to United States roads. In this connection I wish to mention an editorial which appeared in the Trail *Daily Times* of January 16, which deals with the question of the trans-Canada highway being closed because of slides and things of that sort and yet at the same time there was transportation through the southern provincial highway. In one paragraph this editorial writer says:

> What are the lessons here?
>
> Well, if Mr. Gaglardi and other members of the provincial cabinet are C.B.C.-T.V. fans, they must have learned several from their television screens on Saturday.
>
> That afternoon, the C.B.C. carried a feature about long-distance road users operating between Vancouver and Calgary and beyond. Asked why his trucks invariably travelled from Vancouver through Everett, the Snoqualmie pass, Wenatchee, Spokane, and back into Canada through Kingsgate, the proprietor of the haulage firm was quite specific:
>
> "The mileage is greater, it is true.
>
> But we are able to make much better time in spite of the greater distance.
>
> The trans-Canada highway isn't opened in the winter all the way from Vancouver to Alberta.
>
> Anyway, the American highways are so much better."
>
> His comments on the state of the trans-Canada to one side, the trucker made no reference whatsoever to highway No. 3, and the C.B.C. interviewer didn't ask him about the southern trans-provincial either.
>
> Probably neither of them liked to think about the Rossland to Cascade section just before lunch.

That is being changed this year.

> But the first lesson came when the C.B.C. showed the long distance truck stopping every two hours in the United States so that its crew could eat, and then taking on 150 gallons of fuel in Spokane.

I know this is not an immediate question but I have been asked to raise it because in British Columbia we believe that when the trans-Canada highway is completed—I am not suggesting that we should undertake more than two things at once—consideration should be given to making the southern trans-provincial route a second route as part of the trans-Canada highway.

There is another matter I wish to raise in connection with the new highway bridge over the Columbia river just west of Revelstoke. On my way to the house I was taken there by an engineer. I was informed that the bridge is nearly completed and will have cost close to $3 million. I was shown the elevations placed on the bridge by engineers which indicate that if the high Arrow dam is built the water will come within three or four feet

of the deck. There will be no opportunity for large chunks of ice to pass under the bridge and when the level of the water behind the dam is at its peak, which will be for several months during the high water period, there will be no opportunity for logs and forest debris to pass under the bridge and no opportunity for navigation whatsoever on what have been navigable waters for many years.

I was asked to bring this matter to the attention of the minister. As a matter of fact, I had a question on the order paper which was passed as an order for return. I should like to ask the minister whether consideration has been given to this problem in the event of the building of the high Arrow dam. The engineer who took me to the site said that it was not possible to raise the bridge because it is a suspension bridge. I know nothing about that. He also referred to the C.P.R. bridge and the present highway bridge, all of which would have to be renewed. Incidentally, I have a photograph taken from the air by a friend of mine who is interested in the project and chartered a small plane in order to do so. I will send it to the minister as it may be of interest to him and his deputy.

I should like the minister to inform the committee whether this problem has been given consideration and, if it is correct that the about to be completed trans-Canada highway bridge, to which the federal government has made a contribution of 50 per cent, I presume, will be unusable should the high Arrow dam be built, what will have to be done to correct the situation.

Mr. Walker: We are collecting some information for the hon. member for Kootenay West but it is not ready yet. I must say, however, that the building of a second trans-Canada highway is a matter of policy for the government and it has not been given any consideration. As I have stated before, the Prime Minister feels that the first trans-Canada highway should be completed before we consider anything along that line. The first trans-Canada highway is a very expensive project. Therefore the answer to the hon. member's question whether we have given thought to a second trans-Canada highway must be in the negative. We have not.

Mr. Herridge: I did not hear the minister's last remarks. The bridge in question is on the present trans-Canada highway. I quite agree with the suggestion that we should complete the one job first, but I was asked to raise this matter.

Mr. Walker: Quite so. With respect to the hon. member's question about the bridge in question on the trans-Canada highway, I understand he has a question on the order paper dealing with it. However, the answer will not be ready for a few days.

Mr. Howard: Mr. Chairman, I must exhibit some disagreement with my confrere from Kootenay West and I hope that his persuasive voice and gentle manner will not influence the minister too much in the matter of a second trans-Canada highway. We always look upon the southern part of British Columbia, as other provinces perhaps look upon their southern portions close to the border, as getting the gravy with respect to all public services while those of us in the north limp along on what is left over.

On a number of occasions I have raised the question of the development of a second trans-Canada highway and in general terms have suggested the route that should be followed. I wish the minister would pay a great deal of attention to the area between Prince Rupert, Prince George and Jasper as being the route that should be followed in the building of a second trans-Canada highway. While the hon. member for Kootenay West may be somewhat upset about this, I am sure such a route will be much more acceptable and beneficial to the population in the northern part of the province than would an additional so-called trans-Canada highway in the southern part.

All jocularity aside, this is a very serious matter and one of prime concern to the people living in the northern part of British Columbia as I am sure it also is to those living in the northern parts of other provinces. As far as east-west travel is concerned, we are somewhat restricted because of a lack of roads. The minister knows our provincial minister of highways fairly well, I believe, as he is in touch with him regularly and he must be aware that that gentleman constantly gloats about the amount of money being spent on highways in our province each year and every day in the year. The fact still remains, however, that highway 16 in the northern part of British Columbia is not a decent highway. The fact still remains that there is no direct road connection east and west between Prince George and Jasper in Alberta, and it would appear to be a sensible approach to develop a highway through this part of the province under an arrangement similar to that existing now with respect to the trans-Canada highway.

I disagree with the member for Kootenay West, the Prime Minister and others who say that we should complete the present trans-Canada highway before we start another one. In this regard I would make a brief reference, as I did earlier, to the report of proceedings under the Trans-Canada Highway Act for the fiscal year ended March

31, 1960. The report indicates that Saskatchewan has fully completed its section of the trans-Canada highway. The province of Alberta has only four miles of paving to complete before finishing its section. Manitoba has but eight miles remaining to be finished and, as I said earlier, British Columbia has some 152 miles to complete. I do not know whether the Hillsborough bridge in Prince Edward Island has been completed but in any event Prince Edward Island is another province which has nearly completed the building of its section of the highway.

I point out that in the three prairie provinces there are only 12 miles of the trans-Canada highway remaining to be completed while in British Columbia there are some 152 miles. Other provinces have greater mileages to complete, relatively speaking, compared with the mileages they had to build initially. So far as the four western provinces are concerned, when we start to think in terms of a trans-Canada highway, I think we can take steps to start on that second trans-Canada highway right now without waiting for the first trans-Canada highway to be completed from one end of the country to the other. This completion date gets moved ahead every two or three years and is now the end of December, 1963, I believe. In all probability, if past experience is any guide, this 1963 date will be extended when we get close to that period of time. This will mean that some parts of Canada, for a variety of reasons, will find that they will have to limp along continually or limp along until such period of time as the first trans-Canada highway is completed and will have to work on their own with their own finances in developing in the northern part of the province a system of roads which may later on become part of a second trans-Canada highway after the first one is completed. This may require relocation. It may require roads at present being built to fall into disuse by reason of another route being chosen and it could easily result in an extra expenditure of money both from the provincial treasury and the federal treasury if we wait until the last mile of the present trans-Canada highway is completed, and until we can drive from one end of the country to the other.

So far as I am concerned and so far as the people of my constituency are concerned and, I am sure the people in the constituencies in that general northern part of the four western provinces of Canada, a start can and should be made on the development of a second trans-Canada highway tomorrow or as soon as possible or as soon as arrangements can be worked out with the various provincial governments. I think that all that would be necessary, to start it at least, would be an approach made to the provincial governments by the Department of Public Works or the federal government saying that they are interested and want to work out an arrangement somewhat similar to that which exists with regard to the present trans-Canada highway.

I think this will not be looked upon with too much favour by those individuals, organizations and groups, especially those in my own constituency with whom I am familiar, who have campaigned, pressed, petitioned and written letters about the start of a second trans-Canada highway and who now have it underlined that they will have to wait until the last province completes the last mile of the highway before we will even think about starting on a second one.

I should like to make a comment or two, if I may, about the formula for financing the building of such highways. At the present time it is on a 50-50 basis plus an additional 40 per cent of 10 per cent of the mileage in a province. As I have mentioned on other occasions, such a formula which moves on the assumption that conditions are equal as between each province and every part of Canada and therefore the financial participation should be equal is an incorrect one, in my opinion. For instance, I think that a new formula, once developed, should take into account the difference in construction costs between various parts of the country. I think everyone will know, for argument's sake, that in British Columbia which is a very mountainous region, with a great deal of rock work, some tunnels to build, bridges and the like, construction costs in many cases run in the neighbourhood of $1 million a mile. This is a rather fantastic amount of money to be considering when you are concerned with three or four hundred miles of road through mountainous country of that nature.

I am quite sure that, by comparison, the provinces of Alberta, Saskatchewan or Manitoba do not have road building costs that are nearly as great as are those experienced in British Columbia. Yet the formula implies or has implicit in it the feeling that road building costs are equal. I believe that some move should be made to adjust the formula now, just as it was adjusted on one occasion earlier, to take into account different road building costs and geographic factors so that those provinces which have high road building costs will not thereby be penalized, as it were, in the building and construction of the trans-Canada highway and of the second trans-Canada highway.

I also think that in the formula itself some consideration should be given to reflecting the

relative financial positions of the various provinces and their ability to find money at the provincial level with which to finance the building of highways. Let us consider Newfoundland, for instance. I pick this province because it is at one end of the country and British Columbia is at the other end. Each has substantially the same number of miles to build on the present trans-Canada highway, Newfoundland having 554 miles and British Columbia 568 miles.

So far as the financial position of Newfoundland is concerned compared with that of British Columbia—and this is not said in a derogatory way; I think it is a fact and that members from Newfoundland have mentioned this matter on other occasions, and I am sure they will agree with me now—it is extremely difficult for Newfoundland, because of its economic conditions and financial position, to finance the building of highways in that province to the same extent as, say, the province of Ontario, a rich industrial province or the province of Alberta or British Columbia. I think this fact must be reflected in that formula also.

We take into account the differences in economic conditions of the maritime provinces, for argument's sake. We take that into account in other matters by special grants. Reference was made to those grants last evening by the Minister of Finance in the introduction of what he has called the budget and for which I have other names. However, the budget took into account the fact that there is a different economic situation existing in the Atlantic provinces and that therefore some special financial consideration should be given to those provinces in the way of grants. I do not see why we do not have that same attitude or feeling reflected when it comes to participating financially with provinces in the building of highways. I think the formula should be adjusted accordingly so that a higher ratio of money will go to those provinces which are in a less fortunate economic position and will thereby have a tendency to balance out the differences financially between the various provinces.

There may also be other factors that it would be necessary to consider and to have reflected in such a formula. I think those two factors of road building costs and the ability to pay are the most important ones. One may deal with the question of mileage, for argument's sake, or the relative mileage as between Prince Edward Island with 71 miles and Ontario with some 1,400 miles, I believe or 1,453 miles and say that perhaps this factor also should be reflected in the amount of money that is contributed by the federal government.

These are matters which I am sure could be worked out on a formula basis after the economics have been studied. I am sure a mutually satisfactory agreement could be reached with the various provinces in regard to such a formula that would reflect the factors I have mentioned, such as the rocky country compared with the prairies, the relative economic position of a province like Nova Scotia compared with Ontario, and so on, in order that equitability is reached throughout.

I only mention these matters—I have mentioned them before—because I hope they will be given consideration. I understand from what the minister has said that he agrees with the Prime Minister and the hon. member for Kootenay West that a start should not be made on the second trans-Canada highway until the first one is completed. I disagree with this entirely and so do all the people I represent.

The minister holds the view, in agreement with the Prime Minister that no move should be made toward building a second trans-Canada highway until the first one is completed, and I know this pretty well ties the hands of the minister in making any definite reply with respect to the approach to the provinces with respect to the formula and the like. However, if the minister would like to hold out some hope—and I know that members of the government have great propensities in this direction—of a change of attitude with respect to this construction policy of not starting on the second highway until the first one has been completed, at least it will be helpful to hon. members of the committee and to the people I represent. Perhaps this ray of hope will be enough to make them a bit more patient than they are likely to be if the policy of not starting on the second one until the first one is completed is carried through to the time when the last shovelful of asphalt is put in place and the last ribbon is severed.

I appreciate that the Department of Public Works is only partially involved in this question by virtue of the machinery of the department for building the trans-Canada highway being also involved in some way with building the so-called roads to resources. I think in these matters, also, a straight 50-50 participation is not—

Mr. Speakman: On a point of order, Mr. Chairman, item 368 deals with construction of the trans-Canada highway through national parks paid for in whole by the federal government. The hon. member has now been speaking for 25 minutes and has never touched on the building of the highway through national parks.

Some hon. Members: Hear, hear.

Mr. Howard: If I may speak to the point of order, Mr. Chairman, I would point out to my hon. friend that I am sorry he wants to restrict hon. members of this committee in expressing the views of their constituents. However, I think one should look upon this—

An hon. Member: It would not matter if you were not so long winded.

Mr. Howard: —considering the standard practice in committee, that even though there is a statutory item to be voted, hon. members may discuss the operation of that statutory item under the vote which has some association with it. This has been the case every time I have spoken about the trans-Canada highway and the need for a second trans-Canada highway in the committee dealing with the estimates of the Department of Public Works. I have always done this under this particular item covering the building of the trans-Canada highway through national parks.

I think it would be an unfortunate situation, so far as the point of order is concerned, if you, sir, were to agree with it and rule that we do not now have an opportunity of dealing with the building and financing policy of the present trans-Canada highway merely because it is a statutory vote. This would mean the only time we would be able to deal in a more formal way with this question would be when the act itself is occasionally amended.

I do not want to offend the sensibility of my hon. friend from Wetaskiwin too much, who I am sure also has an interest in a second trans-Canada highway and perhaps will participate in this debate and mention something about it. I had intended to go briefly into the question of the roads to resources, but as the hon. member for Wetaskiwin has drawn to my attention that my time is running out perhaps this would be a good place to end. I hope the minister will have something to say in reply to my remarks.

Mr. Herridge: Mr. Chairman, I want to explain briefly, in view of the remarks made by the hon. member for Skeena, that there is no conflict of policy between us. It is just a little difference in the time element with respect to the two projects. When I suggested the southern trans-provincial highway I was considering this a portion of the No. 1 trans-Canada highway; simply a winter detour of the No. 1 trans-Canada highway between the Crowsnest and Vancouver.

Mr. Macdonnell: Mr. Chairman, I should like to comment upon the remarks of the hon. member for Kootenay West, who said that the bridge he described was not built with adequate clearance. It is a far cry for the hon. member from Greenwood to be poking his nose into a bridge in British Columbia, but I think we are all interested in the efficiency of work done.

I am quite sure that when the minister inquires into this matter he will provide a satisfactory answer, but I do suggest we should know what the answer is so that we will not be left with the impression, which could be created by the remarks of the hon. member, that this work was not done efficiently.

Mr. Walker: Mr. Chairman, in reply to the remarks of the hon. member for Skeena I am in this position. It is a matter of government policy and I am not in a position to discuss the suggestion of the hon. member at this time. He will appreciate that.

Mr. McIlraith: Mr. Chairman, I desire to make some very brief remarks on this item and I rise merely for the purpose of making a suggestion. The item itself reads "Construction through national parks." I want to suggest for consideration in the future a possible extension of this item.

It seems to me that here in the national capital we do not have proper access roads from the major centres of population in the United States. I want to make the suggestion, for consideration, that the Canadian government is going to have to construct, I hope within a reasonably short time, jointly with the provinces—largely at the expense of the federal government—a highway to one of the major international bridges on the United States side.

I merely put forward the suggestion at this time. It would seem to me that an extension of this item would be the appropriate place to put it forward. It could be put forward, probably, under national capital items.

Mr. Granger: Mr. Chairman, I should like to remark briefly on the desirability of completing the trans-Canada highway in Newfoundland and to again express the hope that the minister will look with favour upon the federal government making it its business to pay for the cost of completing the trans-Canada highway in the province of Newfoundland.

Mention has been made of the possibility of a second trans-Canada highway. I should like the minister to look beyond the immediate needs—and among the immediate needs is the completion of the trans-Canada highway on the island of Newfoundland—to the possibility of constructing roads in Labrador. A vast new area is being opened up there. A road up the

coast of Labrador as well as through the interior is highly desirable and would serve the purpose of opening up new territory. Eventually, when the second trans-Canada highway is built, a road through Labrador, perhaps through a tunnel under the straits of Belle Isle and then down the coast of the northern peninsula of Newfoundland, might be kept in mind by the government as a great new project worthy of consideration.

Mr. Peters: Mr. Chairman, I should like to add a word to the hon. member for Skeena's remarks about the development of a second trans-Canada highway. It seems to me—

The Chairman: I shall not stop the hon. member immediately, but I must warn him that in my view this subject should have been discussed under the first item of the estimates of the department.

Mr. Peters: I shall not abuse this opportunity to make a few observations. I have in the past spoken often in this house in favour of a second trans-Canada highway. I am particularly interested, as are my constituents, in having one go through what we consider to be northern Ontario where the old trans-Canada highway went for a number of years. It is a vast area, and the government has now completed No. 17 highway around the head of the lakes. We still have in our part of northern Ontario the old No. 11 route. The amount of traffic passing along that route is considerable and there are still vast resources to be opened up. This, in our opinion, would best be served by the extension and expansion of the trans-Canada highway program.

The government has seen fit to call this the trans-Canada northern route, though I think this is probably a technical designation given to that part of the highway for the sake of the tourist industry. But the need for this route is apparent. I believe the minister could improve the employment picture in that area if he would work to bring that section, which, previously, was the only trans-Canada route, up to the standard generally set for this great highway. I hope the minister will give some consideration to the maintenance of this particular section of the highway.

Mr. Howard: Mr. Chairman, I wonder whether I could—

Some hon. Members: Oh, oh.

Mr. Howard: I can assure the hon. member for Wetaskiwin and others that I shall leave no room for doubt as to whether or not I am in order. I should like to deal with the particular parks through which the highway can go. The latter remarks of my friend from Kootenay West will provide me with an opportunity of protecting him against my constituents if they hear of the matter.

There are 140 miles of highway listed to be built through the national parks, as may be seen from page 4 of the annual report, with a passable mileage of 105 miles and a paved mileage of 80 miles leaving an unpaved mileage, in some parts unpassable, of some 60 miles. Could the minister give us some indication of the progress being made through the various parks and tell us when it is expected that this phase of the construction of the highway will be completed with respect to each of the parks mentioned?

Mr. Walker: We expect to have the grading done by the end of this season.

Mr. Howard: So the total 140 miles will be either paved or graded. When is it expected that the paving will be completed?

Mr. Walker: In due course, Mr. Chairman.

Mr. Howard: The minister seems to have been overcome by his assumed gentle attitude in the committee.

Mr. Walker: The best estimate we can make at the present time would be about two years. But that may not be accurate. The hon. member for Skeena will appreciate the tremendous difficulties there.

Mr. Howard: Yes, I do and I appreciate also that the latter answer, even though it is an estimate, is much better than the "in due course" type of answer which the minister gave a moment before.

(Translation):

Mr. Denis: Mr. Chairman, I want to seize this opportunity of our having reached this item to renew my request to the minister last week, for an exercise and recreation room for the members of parliament and the House of Commons' staff.

May I tell him—though he is, of course, aware of it—that some changes are being made inside the west block. Last week the minister was kind enough to tell us that a place for exercising would be set up on the top floor. Now, I wonder, Mr. Chairman, if it would not be advisable to consider also bowling alleys, either in the west block or elsewhere, but near the centre block.

I think I speak in this regard on behalf of about 100 members, some ministers included and of the House of Commons' staff. As a matter of fact, the minister knows that,

during the past year, about 100 members and their wives, secretaries, messengers, the sergeant-at-arms, the assistant clerk, etc., were members of the bowling league. Such exercise is, to my mind, sound and healthful, without being too much of a strain for people of our age. Moreover, it is a very popular game. If the minister watches television, he knows that, in the United States as in Canada, bowling matches are a matter of great interest.

I believe that the cost of these alleys would soon be paid off. I am aware that each bowling alley costs about $5,000, and that eight bowling alleys, representing an expense of $40,000, would be enough to accommodate 200 people a week. I am sure that if bowling alleys were set up, the minister might count on at least 200 players who would form a league. That league alone would bring in sufficient returns to pay off the interest for the money spent, and even the capital. As it is now, about a hundred civil servants go downtown at the noon hour to bowl, and do not hesitate to walk ten minutes, in summer or winter, to practise a game which the majority of sports minded people certainly appreciate.

We know that the bowling alleys now at our disposal are so obsolete that several bowlers decided to retire from the league. Therefore, if the minister does not give us bowling alleys, we will not be able to find a sufficient number of bowling fans to play the game next year, as the other bowling alleys are too far away from the parliament buildings.

I therefore repeat my request to the minister that he consider having bowling alleys set up which would make all civil servants and others most happy. I am taking this opportunity of challenging the Minister of Public Works. I am sure he will be a member of the league.

An hon. Member: Why not the Postmaster General?

Another hon. Member: He would be like a bull in a china shop.

Mr. Denis: It is healthy exercise. *Mens sana in corpore sano*: a sound mind in a sound body. I think the minister could very well use $50,000, out of the million and a half we are asked to vote, to provide a bowling alley. In any event, the money would be refunded through contributions. I feel sure that not only the hon. members and their wives, but also the staff of the house would be grateful to the minister.

(Text):

Mr. Walker: Mr. Chairman, I should first like to emphasize and point out to hon. members of this committee the fact that the hon. member for St. Denis is the champion bowler of the House of Commons, as a result of which we give serious consideration to his comments. I should like to remind that hon. member that there does exist a plan called the 5BX for physical fitness developed by the Royal Canadian Air Force, which the hon. member for Bonavista-Twillingate uses, although perhaps he is not a good advertisement in regard to the results which can be obtained.

It is nice to hear suggestions from the hon. member, and I should like to assure him that, as far as I can ascertain, no space exists for such an alley in the reconstruction program of the west block. We always do take seriously the advice and suggestion of that hon. member, whether they are in respect of horses, post offices or physical fitness. However, I think he will agree that $50,000 is a considerable amount of money to be expended on a project of this kind, even if we had the space.

Mr. Denis: Mr. Chairman, in answer to the observations made by the minister I should like to remind him that at least 200 people would make use of such a bowling alley for at least six months each year and that they could be charged 50 cents per week, which would amount to $2,400. In arriving at that figure I have not given consideration to the amount which could be derived through fees charged to those individuals who wished to bowl without belonging to a league. I suggest in this way the $50,000 cost of construction could be recaptured within a very short period of time.

Mr. Hellyer: Mr. Chairman, as another alternative I would suggest that perhaps a swimming pool could be constructed where the minister could go to cool off on those occasions when he becomes heated.

I should like to take advantage of the opportunity provided by the discussion on these estimates of asking the minister whether he has made any commitments or intends to make any in respect to a joint study with the United States regarding the Richelieu-Champlain waterway. As the minister is aware, Canadian parliamentarians recently visited Washington to confer with their United States colleagues. While I was not in attendance at the committee which considered this matter I understand that the reason for its consideration was because those United States colleagues felt that a Richelieu-Champlain waterway could be an alternative to the proposed Hudson river waterway. I should like to bring this project to the minister's attention and ask him to give it serious consideration.

Mr. Walker: Yes, Mr. Chairman, I shall.

Mr. Peters: Mr. Chairman, I should like to add a thought to that expressed by the hon. member for St. Denis in respect to the construction of a bowling alley, a swimming pool or some type of facility for other sports. If the minister is having difficulty in finding available space I should like to remind him of the existence of a room on the other side of this building which is approximately the same size as this chamber which could very effectively be used as a bowling alley or a swimming pool. I am sure the hon. gentlemen who occupy that space at this time could then find better work elsewhere.

Mr. Aiken: Mr. Chairman, I wish to refer to a matter of general public importance relating to municipal road closings in the province of Ontario. I suggest this subject falls within the discussion of the minister's estimates because there is a land registry within the Department of Public Works in connection with land requirements.

Briefly I should like to state that road closing by-laws in the province of Ontario require the approval of the governor in council if federal government land is involved. For many years applications for approval which have been made under this by-law have been approved only after the receipt of a letter from the Department of Transport stating that it had no interest in the area involved. Until this time the provincial government authorities have been satisfied to accept such a letter from the department. Last fall, in September I believe, a decision was reached by the administrative section of the Ontario municipal affairs department as a result of which a general certificate from the federal government stating that no crown lands are involved is required. This change is of concern to me because, by reason of this ruling, which I think is ridiculous on the part of the provincial government department, the approval in respect to approximately 15 road closings for subdivision development plans in the district of Muskoka is being held up. I suggest there are perhaps many other such delays experienced by other communities in the province of Ontario.

I understand the land registrar and the Clerk of the Privy Council have been attempting to organize federal departments so that such certificates could be provided. It is my understanding that the land registry of the Department of Public Works is not prepared to circularize the other departments so that their files could be searched in a speculative manner. This is the only way that certificates could be issued as to whether crown lands are involved.

This situation has reached a stalemate because the provincial authorities will not approve road closings until they receive certificates from the federal government, but the federal authorities are not prepared to issue these certificates.

I hope the minister can bring this impasse to an end either by informing the provincial department of municipal affairs that these certificates cannot be provided, or by instituting the system of providing certificates so that those individuals who are waiting for approval can be relieved.

(Translation):

Mr. Fortin: Mr. Chairman, I endorse the suggestions made a moment ago by the hon. members for St. Denis (Mr. Denis) and Trinity (Mr. Hellyer). After all, I think in heeding those suggestions, the minister would render great service not only to hon. members but to the whole nation, because for some time now, members on the opposition side have been stressing the need for physical exercise. They probably remember the Latin saying: *Mens sana in corpore sano.* I think if given an opportunity to get a bit of exercise, they might build up a healthier body and perhaps their mind would also improve.

Perhaps I have a preference, and would give prior support to the suggestion of the hon. member for Trinity, who wants a swimming pool. I would ask the minister to make an effort, indeed a very strong effort before the next elections, in order that the few Liberal members who will be re-elected to the house may find a proper place to drown their sorrow.

Mr. Denis: The hon. member for Montmagny-L'Islet (Mr. Fortin) does not seem to know what a swimming pool is for. A pool is used to wash up. Perhaps the hon. member needs it.

It may be, of course, that Conservative members would rather keep a stiff body and do without physical exercise, and get themselves painted over like some of their friends in the province of Quebec. There is nothing like a whitewashing to make one look white, but it does not clean a reputation.

Instead of indulging in petty politics and insulting people some hon. members should recognize that sports have a place in life and that those who practise sports are not necessarily people who think along the lines of the Union Nationale. I therefore humbly suggest, Mr. Chairman, that the hon. member for Montmagny-L'Islet has missed a fine opportunity to hold his tongue.

(Text):

Mr. Richard (Ottawa East): I should like to recall to the minister a suggestion I have

made from year to year regarding Sussex street drive. The government has a great interest in Sussex street. I think the Dominion of Canada owns almost all the property on the north side. I understood from time to time that the south side north of the car tracks was to be reserved for buildings in the future, including public buildings owned by the government. The situation at the present time is this. I am not sure that anything has been done at all to take over—I may be wrong in this—any part of the property lying north of the tracks. That is, the south side of Sussex street drive. On the other hand, many applications are coming into city hall at the present time for permits to construct substantial buildings on this property. If these permits are granted it will be too late. Once these new buildings have been erected by individuals it will be too late to start a program to acquire the valuable property which will face government property on the other side, such as the national research council, embassies, and so forth, as well as the new bridge.

There is no better site in the city of Ottawa than the south side of Sussex drive facing the research council and the new bridge.

Mr. Walker: I do not want to interrupt my hon. friend but when the national capital commission item comes up Mr. Hay will be here and I shall be able to discuss the matter to which the hon. member is referring.

Mr. Richard: I would bring up this matter under the national capital commission item if it were a national capital commission matter, but these properties are not to be acquired unless the minister is ready to tell me that the national capital commission wishes to acquire them for its own purposes. If the property was required for public buildings no doubt it would be acquired, as properties were acquired across the street, some of them by the Department of Public Works.

I should like to know whether the government has any plans at all to acquire any of the property and to erect public buildings on it in the future. It would be too late if that were put off too long; probably it is too late now. We may find that in the future the government would like to put up some public buildings facing the river, the national research council and the embassies, but by then it may be too late. It is only recently that new buildings have been erected on that site by individuals. I do not blame this government particularly. Action in this matter has been lagging for many years. It is a decision that the department should make.

Mr. Pitman: I should like to ask the minister one question on this item. Is any of the money under this item being used to plan shelters against nuclear attack? Either we are serious about this emergency measures organization or we are not. If we are serious, then it is about time we started doing something. As it is now, it is left to the individual to erect his own shelter. It may cost him $700 to put up some kind of a shelter in his own home. I do not think very many people have done so; in fact very few—

Mr. Walker: Again I hope the hon. member will not think I am being impolite. This is an item having to do with the acquisition of land. It has nothing to do with shelters which the hon. member refers to. Under this item we certainly have nothing that could be contemplated in so far as the erection of shelters is concerned. This item deals only with the acquisition of land.

Mr. Pitman: On this very point, I am wondering whether the minister has any plans for the acquisition of land because the facilities I am suggesting should be built in the centre of cities, which might be related to—

The Chairman: The minister has indicated that he has no responsibility for shelters and if there is nothing provided in this item for shelters the hon. member will agree with me that it would be irrelevant; or if what he is discussing is relevant, then any subject would be.

(Translation):

Mr. Valade: Mr. Chairman, my remarks will be very brief, but I have a suggestion to make to the Minister of Public Works (Mr. Walker) with a view to helping all present members of this house and those who will be replaced by others in the future, as well as the general public.

Mr. Chairman, in my opinion, there is a most unfortunate situation regarding the possibility for voters to meet their member of parliament in their constituency. This is why I do not think I am out of order in raising this matter under the item under discussion and in asking the minister whether he would consider the advisability of assigning an office in a federal public building to the member for the constituency. It seems to me that such a policy would be quite normal, since the building costs of federal buildings are paid by the Canadian people and federal members are at the people's service.

I feel that it would be appropriate for the federal government to put some accommodation in a federal public building at the disposal of the member of parliament so that the latter may serve his constituents more efficiently.

In addition, the Department of Public Works should provide a private secretary whose salary—

The Chairman: Order. I regret to interrupt the hon. member but, in my opinion, the point on which he is speaking now, namely the provision of offices for members of parliament, could have been dealt with under the first item of the Department of Public Works, but I doubt very much that his present remarks are relevant to item 369 which we are considering now, especially when he asks that a staff be provided for members of parliament. I feel that this last question would come under the estimates of the house rather than under those of the Department of Public Works.

Mr. Valade: Mr. Chairman, with your permission I would point out that item 369 covers advance planning of projects, including acquisition of sites, etc., but mainly project planning, and since the matter was raised a moment ago—

The Chairman: The hon. member will surely understand that the project planning mentioned here means more than theoretical planning, because all the projects the hon. member for St. Mary could think up would be relevant to this item, if I would let him continue.

(Text):

Mr. Howard: I wonder whether the—

The Chairman: Order. The hon. member for Beauce.

(Translation):

Mr. Racine: Mr. Chairman, I wish to ask a question of the minister on this item "advance planning of projects, including acquisiton of sites". Could the minister tell me if the funds we are called upon to vote under this item provide for the construction of a federal building in Beauceville?

(Text):

Mr. Walker: Yes, we have a site now.

(Translation):

Mr. Racine: Mr. Chairman, I understand that the department bought the land or site for the construction of a federal building. Will the construction of that building start soon?

(Text):

Mr. Walker: We propose construction in 1962 and 1963.

Mr. Howard: Mr. Chairman, I am not clear as to just what the purpose is of this vote for advance planning of projects including acquisition of sites. Taking the wording of the item, do I understand that the vote is for the acquisition of sites for various projects of the Department of Public Works on behalf of the federal government? For argument's sake, let us say you needed a site for a federal building. Is that what this vote has reference to?

Mr. Walker: The object of this particular item is so that when we do not have something voted in the estimates we are still able to acquire sites and to make plans and as a result we do have something tangible when we put an item in the estimates the following year. Does that answer the question?

Mr. Howard: That is generally what I wanted to know. Following upon the comments of the hon. member for Peterborough, I wonder whether any sites have been acquired or if it is planned to acquire any sites for the purpose of bomb shelters or radiation fall-out shelters?

Mr. Walker: The answer is no, we have not.

Mr. Pitman: Mr. Chairman, on the basis of what has transpired I think that what I was saying was very much in order. Just because there is nothing in the item covering the point certainly does not mean that you cannot speak about the point. There is nothing in the item regarding bowling alleys but two or three members have spoken on the matter of bowling alleys.

The Chairman: I agree with the hon. member that it is very difficult to keep hon. members relevant to the item being discussed. I have indicated before that items which would be the responsibility of the department but which are not covered by a specific item can be discussed on item 1. With respect to the problem that the hon. member would like to discuss, it seems to me that it would be the responsibility of the Department of National Health and Welfare. Part of the responsibility for shelters or problems relating to radiation falls on the Department of National Health and Welfare and otherwise it seems to me the responsibility would be that of the Department of National Defence. I agree that it is not easy for the Chair to keep everybody in order but sometimes the Chair has to intervene and it happened that I did so on this particular point.

Mr. Howard: Mr. Chairman, with relation to this particular matter and following along that line, it may well be that some phase of the responsibility is that of another department. The Department of Public Works deals with every other department in acquiring sites for certain types of buildings. They have dealings with the R.C.M.P., the Department of Finance, the Post Office Department and so on. The planning and acquisition of sites is done by the Department of Public Works. I gathered from the minister that this vote is used to plan for the future and

so that they can make sure that a site will have been acquired when they get around to putting an item in the estimates in order to proceed with a certain project.

Mr. Chambers: On a point of order—

The Chairman: I think the hon. member for Skeena was pursuing the point of order. I will hear him a little further and I will then hear the parliamentary secretary to the Minister of National Defence.

Mr. Howard: The minister indicated that this item had to do with work for the future. Surely we are entitled to say that some of that planning for the future should be with regard to a particular type of project. Under this item I am quite sure that I should be able to deal with the necessity of acquiring a site in the community of Prince Rupert for the construction of a new federal building. This is in the books and I am quite sure we can talk about the need to do that on this item. Certainly in such an important matter as fall-out shelters where the very lives of people are involved we should be able to talk about it if the matter means anything at all to the government.

Mr. Chambers: On the point of order, may I suggest that this matter would be more appropriately dealt with under item 315 and 316 having to do with the emergency measures organization which has responsibility in this field.

Mr. Regnier: On the point of order, Mr. Chairman—

Mr. Peters: Could I point out, Mr. Chairman—

The Chairman: Order. I have indicated my views. I have listened carefully to the hon. member for Skeena, and while it may be that the services of the Department of Public Works could be used in the acquisition of sites for the purpose indicated the decision would surely be made by another department. That is why it would not be relevant to discuss this matter under this item. I suggest that the items mentioned by the parliamentary secretary would be the appropriate items under which it could be discussed.

Mr. Regnier: Mr. Chairman, I suggest that this matter could properly be discussed under items 373 and 374 because Central Mortgage and Housing Corporation is making loans for shelters. I intend to speak on this matter myself when we reach those items.

The Chairman: The hon. member will appreciate that the Chair is called upon to make a ruling whether the matter can be discussed under this item. When we come to the other items we will see whether any problem arises.

(Translation):

Mr. Pigeon: Mr. Chairman, it is urgent that the Department of Public Works enlarge the Joliette post office because the staff is cramped for room. Therefore, it would serve the general interest of the Joliette population to have this building enlarged. Besides, the Minister of Public Works wrote me some time ago to inform me that this possibility was under consideration. I would ask him to act as soon as possible to ensure that the population of Joliette, as well as the devoted staff of the post office, do not suffer unduly.

I should like also to endorse the suggestion of the hon. member for Montmagny-L'Islet (Mr. Fortin) as regards exercise rooms, as well as those of other hon. members who made similar suggestions, like the hon. member for St. Denis (Mr. Denis).

Mr. Roberge: Before taking up the matter I intend to discuss, I should like to congratulate the hon. member for Joliette-L'Assomption-Montcalm (Mr. Pigeon) for having supported our suggestions, unlike the hon. member for Montmagny-L'Islet (Mr. Fortin).

Mr. Pigeon: You misunderstood what my colleague from Montmagny-L'Islet said.

Mr. Fortin: I support it because it would do you good.

Mr. Roberge: Mr. Chairman, I refrained from interrupting my hon. colleague and I trust he will extend me the same courtesy.

I should like to ask the minister if his department is considering building small post offices in the county of Megantic next year.

(Text):

Mr. Walker: The hon. member will appreciate that this is not the proper item but I will answer the question anyway. St. Ferdinand is in the hon. member's riding and we are planning to build that post office this coming winter.

Mr. Roberge: Has the site been chosen yet?

Mr. Walker: The site has not been chosen yet.

Mr. Roberge: Can the minister say why the site has not been chosen yet? I understand there was some discussion about it last year.

Mr. Walker: The item under which this matter comes has been passed and the officials have gone back to their offices. If the hon. member will agree, I will be very happy to write him on the subject.

Mr. Pitman: On a point of order, Mr. Chairman, you allowed the hon. member for Joliette-L'Assomption-Montcalm to speak about the advance planning of a post office where the decision is that of the Post Office Department. You have denied me the right to speak on this matter of advance planning of projects which will include a project which will have a great deal to do with the security of millions of Canadians. I must appeal this ruling. It would seem to me that nearly all of these advanced projects will be in the jurisdiction of some other minister. But the point is that the minister is responsible for the kind of projects which I am suggesting, not under the National Housing Act but under the kind of advanced project which this country must have if we are to have any kind of security in large cities.

I would suggest to you, Mr. Chairman, that as the matter stands today, a man's survival depends on whether he has money and I do not think that is what we want. I am appealing to this minister, with his energy and his ingenuity, to do something in this area in order to show the people of Canada that this emergency measures organization has some importance. As the situation stands today, nobody is the least bit interested simply because they know that probably they will be at work when the bombs start to fall.

The Chairman: Order. I have allowed the hon. member to speak as long as did the hon. member for Joliette-L'Assomption-Montcalm.

Mr. Walker: Just to clear up that matter, because I appreciate that also, may I say that this is a planning vote for projects within the purview of the Department of Public Works and, as the parliamentary secretary to the Minister of National Defence has said, the matter under discussion by the hon. member for Peterborough is one which is dealt with under the privy council vote.

(Translation):

Mr. Racine: Mr. Chairman, I had a supplementary question to put to the minister.

I understood him to say a while ago that the site of the federal building, at Beauceville, had been selected; will he indicate whether the department has bought the site, the price that was paid and from whom the site was bought?

(Text):

Mr. Walker: No.

Mr. Howard: May I ask the minister whether under this vote and the departmental officials and staff who operate under it, would not be the machinery used to plan and acquire sites for such bomb shelters and radiation fall-out shelters? Would this be where it would be had?

Mr. Walker: The answer is no.

Mr. Howard: It would not?

The Chairman: Shall vote 369 carry?

Mr. Howard: Can the minister tell me whether or not his department would be involved in any way with the building of such shelters and sites for federal purposes?

Mr. Walker: If we were instructed by another department and they put up the money, we would be involved. Does that answer the question?

Mr. Howard: Yes. I take it that the original answer "no" was not really correct but that you would be involved, if requested by another department and the money was provided, and that this would perhaps be the machinery you would use to plan it and acquire the necessary sites.

Mr. Walker: The answer "no" was the correct answer.

The Chairman: Shall vote 369 carry?

Mr. Regier: I wonder whether I might ask the minister whether this particular vote which reads "Advance planning of projects including acquisition of sites" includes the possible purchase of a site to protect the reeve of Burnaby, the mayor of the city of Port Coquitlam, the reeve of the district of Coquitlam, the mayor of the city of Port Moody and also the mayor of Fraser Mills in case of emergency. Are there are any plans to protect these very important people? Are there any plans to acquire a site where these people might take refuge in case of a possible nuclear war?

Mr. Walker: That is a question vraiment, Mr. Chairman.

Mr. Peters: In relation to these votes may I say that maybe everybody else is satisfied but I am not satisfied. I am not satisfied with the whole presentation of this particular section of the department. We have asked a number of questions. Obviously this advance planning of projects means this. In every municipality in this country where the federal government anticipates any type of public building they are continually on the lookout and certainly must be on the lookout for a reasonable, economical site. They must have some kind of schedule or some system by means of which they are going to acquire sites for government buildings in the future. This must mean that the government, when they find that there is a site available in a place where they are thinking of constructing a federal building, will buy that site even though it means holding it for four or five years. This procedure is not unreasonable because in

almost all the towns that I know of the federal government at some time or other in the last 10 years, 15 years or 20 years have bought some land which they have held for just that purpose.

It seems to me if we do not get from the department any better answers than we get when we ask these questions and if the rest of the items in this particular general section are as vague and as incomplete as is this one, we are not going to find out anything about the matter and there is close to $6 million about which we have no understanding at all. Maybe it is impossible to change this situation at this time. However, I would strongly recommend to the minister that he have his department break that figure down. I have looked at the details, and the details are even more vague and even more misleading than are the items in the estimates themselves. If some hon. members have not read them they might look, for example, at page 490. Less is said there except in a financial way than was said on the front page. The heading is "Advance planning of projects including acquisition of sites" and "Advance planning of projects and acquisition of sites" is repeated with the figure (13). Then there is given the amount this year and the amount last year. Then it goes on: "Fiscal year, 1959-60, expenditure, $1,390,066." and so on. It is a financial statement, but it does not say anything at all.

I think the request we have been making is a legitimate one. I am quite sure the minister does not disagree with what we are saying, namely that we should be in a position to acquire sites when there appears to be any use for them. I think the hon. member for Peterborough is not incorrect in thinking that in some of the major towns it is much easier to buy land or to acquire sites on availability than it is on need and that sometimes there is a considerable difference in price. Just let us take an example. If we wanted to do what I suggested the other day, namely to acquire sites on Wellington street for government buildings, how much better it would have been for us to buy the Metropolitan Life Insurance Company site before they built that big building on it. It may be that we might be interested in using that big building, but it seems to me that if we were planning ahead and wanted any site on that street, obviously the time to buy them would be before they built a big building that may not suit the needs of the government if the government decides it wants that site. I think this has been the argument that has been made by two or three members here this afternoon. I only suggest, Mr. Chairman, that the details on these items are vague and maybe they should be vague. I have no objection to the fact that $1,500,000 is available for the buying of sites, but I really think the committee has a right to know what type of sites the minister might be interested in buying and the type of procedure he uses in the acquiring of those sites.

[Mr. Peters.]

The Chairman: Shall vote 369 carry?

Mr. Regier: No. I do not agree at all. In the light of the minister's reluctance to supply adequate information to this committee I would move:

That vote No. 369 be reduced to one dollar.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Amendment (Mr. Regier) negatived: Yeas, 4; nays, 44.

The Chairman: I declare the amendment lost. Shall vote 369 carry?

Mr. Howard: Mr. Chairman, I wonder whether the minister could explain to the committee what particular sites are expected to be acquired this coming year for which he is now asking for $1½ million. What advance planning is being done?

Mr. Walker: Mr. Chairman, as the hon. member will appreciate, this is a planning vote and only applies to Department of Public Works projects. It only applies to projects which are initiated by the Department of Public Works and has nothing to do with projects which are planned by other departments.

To state at the present time what plans the Department of Public Works has in connection with the future might not be in the best interests of the department because somebody might start and buy up the sites we contemplate buying. I think my hon. friend will appreciate, from his business experience, that sometimes it is not a good thing to indicate in advance the different sites the government is considering buying.

Mr. Howard: I do know that it is becoming a practice of this government to become more secretive about things as time goes on. Could the minister tell the committee what sites were acquired during the last fiscal year?

Mr. Walker: I would be very happy to show the hon. member how the money has been spent in the past. I can give the hon. member lists in this connection; we have them all here. On the other hand, I could ask permission of the committee to table them for the last year, for instance. Would that meet the request of the hon. member?

Mr. Howard: Yes. Is it a very extensive list?

Mr. Walker: Yes, there are two pages of detailed items. Mr. Chairman, may I have permission to table it?

Some hon. Members: Agreed.

The Chairman: Has the minister leave to table this document?

Some hon. Members: Agreed.

An hon. Member: Put it in *Hansard.*

The Chairman: It depends upon the length of the document. If the committee is agreeable to having it printed in *Hansard* at this point, I have no objection. The minister has asked for permission to table the document.

An hon. Member: Include it in *Hansard.*

The Chairman: Is that agreed?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Howard: Mr. Chairman, it will now be in the record of *Hansard,* I assume, just as if the minister had read the document. I wonder whether it would be possible to obtain a copy of it in order that we may at this stage ask additional questions, if necessary, about some of the items contained therein? Otherwise I think it perhaps leaves us in the position of looking at *Hansard* tomorrow, seeing the table and saying, "I would have liked to know something more about this". I am sure other hon. members of the committee agree with what I have said. It only puts us in a more awkward position, even though it is acceptable.

Some hon. Members: Carried.

Mr. Walker: This is our only copy, Mr. Chairman.

Mr. Howard: Mr. Chairman—

Mr. Walker: Just a minute now. I know there is a game going on among the C.C.F. members this afternoon. They are trying to get me to say some hasty words about something or other, or to blow my top, but I can assure them they can go on ad infinitum. I am going to be here anyway until the end of June. I find this all very pleasant, very pleasing and very instructive. I can assure all the hon. members who are taking turns to speak one after the other on complete irrelevancies that I appreciate it; I am enjoying it; it is very, very helpful to me; it has given me a wonderful experience in self-control, and whatever bets are up I can assure the hon. member that the person who says I am going to blow my top will lose the bet. This is an unique experience.

I must say, in fairness to some of the hon. members of the C.C.F. group, that I do not think they are all engaged in this, what I suppose is a lottery. Perhaps they had their chance to pick either yes or no, "will he, or won't he"? But whatever the bets are, let me assure them that the person who picked "yes" is going to lose.

Perhaps that will resolve this matter once and for all. If there is not a lottery going on and if the information that I have been given is wrong, then may I suggest to the hon. members of the C.C.F. group, for whom I have a certain amount of respect, that they are not increasing my respect for them, the respect of hon. members of this house, or the respect of the public generally, as was indicated by the recent Gallup poll, by asking such irrelevant and fatuous questions. There is, after all, a limit—

Mr. Peters: Some of us will be blowing our tops if you keep that up.

Mr. Walker: I expect you to do so; you started it. I am enjoying it, but do not feel we are not on to your game. If you are doing this in the interests of the public, that is another matter. I suggest that in your self-interest also you should consider the plan you have adopted here and which you have been engaged in now for four days. Had it not been for the C.C.F. group the estimates of the Department of Public Works would have been passed on the second day.

I think it should be pointed out to the public, and I hope that due note will be taken of this, that the hon. member for Skeena, who probably knows less than any other hon. member of the house on almost every subject, has talked more on every subject. I say that with the best of good will to the hon. member and hope that "while the lamp holds out to burn, the vilest sinner may return".

I suggest to the hon. member for Skeena that it is a game, but it gets a little tiresome for hon. members of the committee. I am enjoying it because I am the subject of it all. Will the hon. member—I know he will not, otherwise I would not ask him—take cognizance of this? Some time he should go home at night and look at himself in the mirror and say to himself, "Am I as big a—", and I leave him to fill in the word, as he appears to pretty nearly all the Canadian public.

Mr. Howard: Mr. Chairman, words come to my mind which I applied on another occasion to the Prime Minister and the Minister of Veterans Affairs about certain accusations they made. I will not repeat those words now, but they could apply equally well to the Minister of Public Works.

Mr. Walker: I suggest to my hon. friend, don't get angry; just answer in the way I have asked the question. I say this for the benefit of the hon. member for Skeena.

Mr. Howard: For all his flowery phrases, soft tones and protestations, what the minister is asking the committee to do is to give him a blank cheque so that he can squander millions of dollars without having to account for them.

Some hon. Members: Oh, oh.

Mr. Howard: We are trying to find out precisely for what purpose this money is required. That is the simple question we ask. When the minister makes these accusations, not in a decent way, I might say, about playing games and about making bets about what the minister might or might not do, he is not enhancing his position in my estimation, and I might add it was never very high anyway. All he is doing is attempting, by way of that, to cast slanders and slurs on individuals, myself particularly, in the hope that he will not have to answer questions concerning why he should want particular sums of money. Surely to heaven this is an attempt, though by means of a gentle approach, to hide from parliament information which it is desired that parliament should have. Any hon. member has a right to ask why a certain expenditure is required, and so on. No one complains about it. When hon. gentlemen who support the minister spend time in this house on miniature throne speech debates on a variety of bills and items no one complains about it. It is the right of the individual to express his opinions and to ask questions.

Mr. Walker: May I ask the hon. member a question? Just say yes or no, and if you say no I shall sit down.

Mr. Howard: Well, just sit down. That is the best approach. All I am attempting to do is to elicit information and I am not getting it. We are getting a request for a blank cheque. The minister, in reply to one question, asked that a certain document be tabled in *Hansard*. I understand that the chairman is not going to allow it to be printed in *Hansard* but that it will be merely left on the table. Is that what is going to happen?

The Chairman: I wanted the committee to express its views as to whether it should be printed at this point. I had understood that the document was more extensive than it is. If it is the wish of the committee that it be printed at this point I will do it. I did not object. I did not rule on the point.

Mr. Walker: In reply to the hon. member—

The Chairman: Is the minister asking that the document be printed at this point?

Mr. Walker: No. There is no object in it. It is irrelevant. We are talking about this year's estimates and with regard to this planning vote we are talking about the future. We should not need a planning vote if we had planned, now, what we were going to do in the future. Therefore, the hon. member for Skeena—and one can understand him asking the question—when he asks what our future plans are during the years in which these opportunities occur to purchase sites, I must say to him that we cannot foretell the future. All I was saying with respect to last year was said in an attempt to indicate what we did last year. That was for the benefit of the hon. member for Skeena. I do not think there is anyone else in the committee who would ask such a question or who would be interested in seeing this particular piece of paper. The planning vote is a future vote for the future acquisition of sites as they turn up, because it is too late when the opportunity comes to purchase a site to then get a vote; parliament might have adjourned. Surely that is a sufficient explanation. I am sure it would be for anyone except the hon. member for Skeena.

Mr. Peters: I am involved in this, too, because I asked these questions. I should like to say this, that I would be pleased to know that the minister went over and stood in front of a mirror, looked at the minister and said: "I won't get mad, I won't get mad". General Young used to tell me that if it looked like he was getting mad he would sit down and tell himself "I won't get mad" and he would not get mad.

Mr. Walker: I apologize. I should have included the hon. member for Timiskaming, the two of you.

Mr. Peters: Mr. Chairman, I am not objecting to this. I think it is a good thing. Let me tell the minister one thing. If we had had bets on whether the minister was going to get mad or not we would have brought the hon. member for Port Arthur here, and he would have made the minister mad at any time and we would have won our bet. But he is not here and we have no bets.

Let me thank the minister for two things. One is that in this particular vote we are discussing two things which were not clear to me and I do not think they were clear to any other member of the committee. One was that in this particular vote when they set "general" as a heading they should have said "general" for public works only. We have, for the last two or three days, been discussing votes which did not necessarily affect the

Department of Public Works only but departments for which the Department of Public Works was acting as an agent. Now the minister, after he had been asked three or four questions, got up and said that this sum is only for public works buildings and buildings which come within the jurisdiction of the department. We thank him for that information. This draws attention to the fact that if the wording in the heading itself were a little broader this question would have been eliminated.

We are not interested in delaying the estimates of the Minister of Public Works. We appreciate that he has been as courteous in giving answers this year as he has. I do not think this can be said with regard to some years in the past. We appreciate this new attitude. We may have developed a sudden interest in some of these things, because we have many different interests. One of them is the acquisition of these sites by the government.

This brings me to the second point. The minister says his department wished to be in a position to be able to buy sites advantageously, avoiding competition with real estate agents or others who might have heard of rumoured projects in a particular area. We are in complete agreement with that, and if the hon. gentleman had got up and said that in the first place, I certainly would have raised no question about it. I think this is really what the hon. member for Peterborough had in mind. In Peterborough there may be a site available in the near future. We have a project for the future about which we are all thinking in the back of our minds, and I agree it might be advantageous to pick up a site if one were to become available at a reasonable price.

Item agreed to.

371. Miscellaneous works not otherwise provided for, including expenditures on works on other than federal property: a maximum of $15,000 may be expended in respect of any one work and, with the approval of treasury board, that maximum may be increased to $25,000, $2,450,000.

Mr. Robichaud: I have a question to ask on item No. 371 which I think the minister may now be in a position to answer. Part of this item concerns miscellaneous work not otherwise provided for. Last Thursday I asked the minister if it was the intention of the department to carry out the project at Ferguson Gulley. This involves the dredging of a sandbar to allow the fishermen to get to the fishing grounds. I wonder if the minister is now in a position to tell me if it is the intention of the department to carry out this project at the earliest date.

Mr. Walker: I regret to have to say to the hon. member that the dredging of which he speaks does not come under this vote. I will be happy to get the information for the hon. member and give it to him either in a letter or in the house, whichever he prefers.

Mr. Herridge: I have one question to ask the minister, and I think this is the proper item. Some years ago, on occasions, the department of public works would make a grant to a city or a small town toward the cost of ornamental lights on the street directly in front of a public building. I think this was done usually by order in council on the recommendation of treasury board. Would the minister inform the committee if this practice is still continued?

Mr. Walker: Certainly the practice has not been continued, but it would come under this vote if it were. It has been discontinued, but the hon. member is right in asking the question under this vote.

Mr. Tardif: Mr. Chairman, in respect to vote No. 371 regarding miscellaneous works not otherwise provided for, the amount provided is $2,450,000. Could I ask the minister how that amount is arrived at and whether there is a list of works not provided for?

Mr. Walker: In reply to the hon. member for Russell may I say that some of the projects included in that item are small post offices, small wharves, as well as a substantial provision which we have found over the years is necessary to cover unexpected damage resulting from severe storms.

Mr. Tardif: Then there is a list or tabulation amounting to $2,450,000?

Mr. Walker: Yes, that is right.

Item agreed to.

Central Mortgage and Housing Corporation—

373. Expenses incurred in constructing and supervising construction of married quarters, rental housing, schools and related services on behalf of the Department of National Defence, $540,000.

Mr. Garland: Mr. Chairman, I wonder whether I may ask the minister a few questions in connection with this item. Could the minister tell us, apart from the parcel of mortgages which were offered for sale this month, the dollar value of the mortgages sold in 1960 and the dollar value of the mortgages sold in 1961, up to May 31? Perhaps we could proceed in this way asking these questions and receiving answers as we go along in order to facilitate the minister.

Mr. Walker: Mr. Chairman, what was that question again?

Mr. Garland: Apart from the offering of mortgages for sale in this particular month could the minister tell us—

Mr. Walker: Would the hon. gentleman wait just a moment until the Central Mortgage and Housing Corporation experts arrive? I ask the hon. member to do so because I always consider his questions very sincerely, particularly in regard to housing.

The Chairman: Does the hon. member for Nipissing not consider his question more appropriate under vote No. 601, because it seems to me that vote 373 has specific reference to the construction of married quarters?

Mr. Garland: I am in the hands of the chairman.

The Chairman: I just asked the hon. member whether he thought it would be more convenient to discuss this subject under vote No. 601.

Mr. Regier: Mr. Chairman, I think it has been the commonly accepted practice during the discussion of the first item of a division to allow hon. members to refer to over-all policy, and I believe that practice would be desirable at this time, unless the minister objects.

The Chairman: The first item concerns the Central Mortgage and Housing Corporation and its operations, and it seemed to me that vote No. 373 had reference to a specific subject.

Mr. Walker: Mr. Chairman, I was under the impression that the first item of the estimates of the Department of Public Works, which includes this vote in respect to Central Mortgage and Housing Corporation and the national capital commission, was the item under which discussions of a general nature should be carried on. At that time questions in respect to housing were raised which we tried our best to answer. I do not want to curtail the debate, but my respectful suggestion is, we should follow the practice of last year, by which special subjects are dealt with during the discussion on the vote concerned.

The Chairman: The only reason I made my earlier suggestion was because it seemed to me that this item concerned a specific subject.

Mr. Garland: I shall be glad to follow the suggestion of the chairman.

(Translation):

Mr. Fortin: Mr. Chairman, perhaps I should have dealt with this a little earlier, but there is one suggestion I should like to make before we go on to the problems relating to the Central Mortgage and Housing Corporation. The Department of Public Works is certainly the department which has the most frequent contacts with the people. It is the department which is probably most often approached by hon. members who wish to discuss problems of local interest. I think the suggestion I have to make to the minister is of some value, and I am sure it will meet with the approval—

The Chairman: Order. Has the hon. member understood the ruling I made a moment ago to the effect that problems generally related to Central Mortgage and Housing Corporation should be discussed under item 374, in view of the fact that item 373 deals with a very special case.

Mr. Fortin: Mr. Chairman, my suggestion has nothing to do with Central Mortgage and Housing Corporation. I wanted to bring it forward before we started on item 373, and the floor was given to the hon. member for Nipissing (Mr. Garland).

The Chairman: If it has no connection with Central Mortgage and Housing Corporation, it would certainly have no connection with item 373.

Mr. Fortin: Mr. Chairman, I rose when item 372 was called, and at that time, the hon. member for Nipissing rose and asked for the floor and started to discuss Central Mortgage and Housing Corporation.

The Chairman: The hon. member for Nipissing rose when item 373 was called.

Mr. Fortin: But when you called 372, Mr. Chairman, I rose to ask for the floor.

The Chairman: Well, if the remarks of the hon. member have to do with item 372, I might ask the committee whether the hon. member is allowed to raise his point.

Mr. Fortin: I will come back to it later, Mr. Chairman—

(Text):

The Chairman: It appears that the hon. gentleman wishes to discuss item 372 and that the committee is agreeable to his reverting to that item.

Some hon. Members: Agreed.

(Translation):

Mr. Fortin: Thank you, Mr. Chairman. I said at the beginning that my suggestion should have been made earlier. Now, since item 372 is the last departmental estimate before those of the corporations I would like to make my suggestion at this stage, since I could not do so earlier. It does not directly concern item 372, I admit. The suggestion I intended to make to the Minister of Public Works was that, because of the ever increasing importance of his department, I believe, he should consider the possibility of appointing,

for the benefit of the 70 French speaking members of parliament, another deputy minister, and a French speaking one.

(Text):

Item agreed to.

374. Additional amount for housing research and community planning as contemplated by part V of the National Housing Act, 1954, and to authorize commitments against future years in the amount of $585,900, $1,649,000.

Mr. Garland: Mr. Chairman, I suggested that perhaps we could proceed with dispatch by asking questions and receiving answers as we go along.

In respect to the sale of mortgages, apart from the mortgages that were sold recently amounting to $15 million, could the minister tell us the dollar value of the mortgages sold by C.M.H.C. during 1960 and 1961 to the last available date, which I presume is May 31?

Mr. Walker: Mr. Chairman, none were sold in 1960 and the only group sold in 1961 was that completed yesterday amounting to $12,500,000.

Mr. Garland: I thank the minister. The minister earlier today in his announcement to the house indicated that 30 parcels of mortgages were offered for sale of which five were not sold because there were no bids received. Could the minister explain why there were no bids received?

Mr. Walker: It is very difficult for us to tell why people do not bid but let me inform the hon. member that there were no bids received in connection with certain areas. As my hon. friend will appreciate, because he is interested in mortgages and knows that sometimes approved lenders discriminate against certain areas, it would not be in the interests of those areas, would it, for me to disclose them? The hon. member will appreciate that. What I am always trying to do with approved lenders is to get them into different areas. Last year, when we had a shortage of funds for direct lending, I was always, on behalf of hon. members from the west and from other areas which are somewhat far distant, trying to get the approved lenders to invest in those areas. I do not think it would be appropriate, and I think my hon. friend will agree with me, to insist that we disclose the particular areas in which there were no bids on the mortgages held in those areas.

Mr. Garland: I agree with what the minister has just said and his reasoning is quite logical. But it is fair to assume that it was because of the area—

Mr. Walker: Yes.

Mr. Garland: —in which mortgages were located that no bids were received? Will the minister tell us what formula or basis is used in putting those parcels and packages together? Are they all one builder or are they all in one area? Could the minister say a word on this?

Mr. Walker: Each of the parcels was for an amortization term of 25 years. One parcel would be for Quebec, the different places in Quebec where money is lent. Another parcel would be for Nova Scotia, including Halifax and the other places where loans are made. There was a different grouping according to territories for each of the parcels.

Mr. Garland: By "territories" does the minister mean by provinces?

Mr. Walker: Not necessarily, more by areas within each province.

Mr. Garland: Can the minister say whether Central Mortgage and Housing Corporation allowed the bidders to inspect those properties before the bids were made?

Mr. Walker: They had time to do so if they wished. They knew the location of the properties and had they wished to inspect them they could have done so.

Mr. Garland: I make this suggestion to be helpful. Could some encouragement be offered or could it be suggested that they do have the opportunity? I am not sure that it was known to all the bidders that they did have the opportunity of inspecting. My reason for mentioning this is quite simple. I am very much in favour of the establishment of an effective secondary mortgage market. I should not like to see anything done which might in any way stand in the way of its success. It seems to me that if it were known to the bidders that they did have the opportunity to make an actual inspection of the properties concerned it might be useful.

Mr. Walker: What the hon. member has just said is certainly something that we should take into consideration. I should also say that we have had no requests from any of the bidders.

Mr. Garland: Am I to assume from the minister's answer that no inspection was made?

Mr. Walker: No, I cannot say whether or not any inspection has been made. As I say, so far as the knowledge of the president is concerned, we know of no requests.

Mr. Garland: Can the minister tell us the amount of direct lending done by the corporation in 1960 and also the amount of mortgage payments received so that we might have an appreciation of the net lending?

Mr. Walker: We will look that up for the hon. member.

Mr. Garland: May we have the number and the dollar value of the foreclosures in 1960 and also the same figures for 1961, up to the latest available date, whatever that might be?

Mr. Walker: We will be glad to supply the information, Mr. Chairman.

(Translation):

Mr. Campeau: Mr. Chairman, first of all, I wish to thank the Minister of Public Works (Mr. Walker) for the new grant of over a million dollars he has kindly made to the Jeanne Mance housing development in the constituency of St. James. This grant will greatly help the city of Montreal to complete that project which I would say is of prime importance from a social point of view. As a matter of fact, the Jeanne Mance housing development has had remarkable success. All apartments are now occupied and while opposition members offered some criticism, there is now a long list of applications for that development. In fact, hundreds and even thousands of applicants are on the waiting list.

I also want to congratulate all those who contributed to the success of the project, namely the personnel of C.M.H.C., the staff of the Jeanne Mance housing development, and particularly the present manager, Mr. Leopold Roger.

Mr. Chairman, that waiting list of applicants for homes in the Jeanne Mance project shows the urgency of implementing the studies on urban redevelopment made by the city of Montreal, thanks to federal subsidies. In fact, two of those studies have now been completed, one concerning slum clearance and the construction of low rental housing in the eastern part of the city, the other concerning the general slum conditions throughout the city.

I know that the reports on those studies have been produced, and it is urgent, indeed, to implement them, especially with respect to the slum clearance project which is required for the C.B.C. project in Montreal east. The implementation of those reports is urgent, because there is some concern, at present, as a result of the delay and procrastination involved in the carrying out of that project.

Mr. Chairman, I also want to congratulate the Minister of Public Works who recently invited municipalities to take better advantage of the National Housing Act for studies involving slum clearance and town planning.

Town development across the country fully justifies the invitation extended by the minister urging municipalities to make use of such financial assistance as C.M.H.C. can provide for effective town planning projects.

Mr. Chairman, I want to point out to the minister that federal assistance to urban redevelopment is too strictly limited to housing. In my opinion, such subsidies should be provided within a larger frame so as to help municipalities in general town planning, the emphasis being on housing.

Cities are becoming more and more important in Canada. It has been proved that, in a period of one year, two cities the size of Ottawa are being created in this country and it seems that the tendency toward more and larger cities will be on the increase as years go by. I am sure we should take into consideration the attitude adopted in the United States toward urban development. You have an example there. They have reached a point where President Kennedy is considering having a municipal representative in his cabinet.

Mr. Chairman, one must remember—and I speak here as a representative from a city riding—that a Department of Agriculture was created some generations ago because agriculture was of vital concern at that time. It has probably remained so, although there is no doubt that urban development and the difficulties encountered by the cities in their expansion plans have taken a national importance. For those reasons, it is surely desirable to enlarge the scope of the National Housing Act so as to promote town planning, redevelopment of the older cities, and the development of new cities all across Canada.

Mr. Chairman, I should like to call the minister's attention to another point, which concerns co-operative housing.

It seems that under the National Housing Act assistance has been provided for people whose yearly income is less than $3,500. That would cover subsidized housing, such as the Jeanne Mance project.

There is also the financial assistance which, thanks to direct guaranteed loans of the Central Mortgage and Housing Corporation, is given to those whose salary is over $5,000. Therefore, there is a sort of no man's land between those who earn less than $3,500 and

those who earn more than $5,000, where the National Housing Act does not provide any practical assistance.

As a matter of fact, I recently had the opportunity of studying a co-operative housing project in the north of Montreal, where this difficulty was encountered, in spite of substantial help from authorities of the city of Montreal. There was under the National Housing Act, no means of helping people with an income between $3,500 and $5,000 to enjoy low rental housing, and such an income represents the salary of the great majority of people in the larger cities like Montreal. In the United States, the housing legislation provides that whoever participates in a co-operative development may deduct from his income tax a certain part of the capital and interest he is paying for his house, or his accommodation. I believe this provision should be examined and similar legislation enacted in Canada, so that co-operatives might overcome this impediment in our National Housing Act.

We would then be able to help our citizens whose income is over $3,500 and under $5,000.

(Text):

Mr. Regnier: Mr. Chairman, I am very pleased that since last year Central Mortgage and Housing Corporation has been making an amount of $500 available by way of additional loan for the construction of fall-out shelters. I think it is important to have statistics as to how many loans have been made in connection with fall-out shelters, how many dwellings have been provided with such shelters and what is the total amount of loans made for this purpose. If people are not interested in building shelters voluntarily with the assistance of a government agency, probably it might be advisable for the government to make provision for the construction of a shelter in every home for which they provide a mortgage. I think it is very important to know whether the voluntary scheme is working.

Mr. Walker: I will take that under consideration. I should like to reply to the hon. member for Nipissing by giving these figures. In 1960 C.M.H.C. direct loans numbered 15,404, with a total lending value of $161,089,000. Repayments on principal only amounted to $35.7 million. In reply to the other question as to the number of foreclosures, may I say that for approved lenders the number in 1960 was 31 and claims paid amounted to $328,879. In 1961 the number was 86 and claims paid amounted to $734,552.

Mr. Regnier: 1961?

Mr. Walker: Yes, and the number of claims pending in 1961 is 103. With respect to direct loans made by C.M.H.C., the number of foreclosures in 1960 was 97 and the claims paid amounted to $1,058,785. In 1961 the number was 91 and the claims paid amounted to $996,770. There are 46 claims pending.

Mr. Garland: To follow along the same line, with respect to the Elliot Lake area can the minister give a comparison of how many foreclosures were made in 1960 and how many in the comparable period in 1961 together with the dollar value?

Mr. Walker: Perhaps we could pass this item now and come back to that later. I will get that information but it takes a little digging up.

Mr. Garland: Thank you very much. Can the minister say whether there has been any change in thinking on the part of the government with respect to the compulsory insurance aspect of N.H.A. loans?

Mr. Walker: These things are always under consideration but there has been no decision to change our policy because we feel that from the point of view of contingent liabilities the fund is not excessive. Does that answer the question?

Mr. Garland: Can the minister tell us the total amount in that fund as of the last date for which figures are available?

Mr. Walker: We will get that information.

Mr. Garland: I have one further question. I have no wish to delay the committee but I wonder whether the minister can give us a report today on the progress that has been made on the urban military housing development at North Bay?

Mr. Walker: While we are looking up the information with respect to that question I will give the information concerning Elliot Lake. With respect to C.M.H.C. loans the number of claims paid from the mortgage insurance fund is seven and in the case of approved lenders the number is 72, making a total of 79. Mortgage insurance fund claims in process number one for C.M.H.C. and 94 in the case of approved lenders.

Mr. Garland: Was the figure of 79 for 1960 or 1961?

Mr. Walker: That was as of June 6, 1961, our latest figure.

Mr. Regier: I should like to call to the minister's attention the old request of the lower mainland regional planning board located in New Westminster. They applied to Central Mortgage and Housing Corporation for a grant to aid in the cost of a survey of housing on the lower mainland. I know that the matter is in the process of negotiation and that no firm decision has yet been reached. However, I should like to endorse this request because I believe that the attitude taken a year or two ago that this matter was the sole responsibility of the local municipalities involved was possibly adopted in haste. I understand that the department and Central Mortgage and Housing Corporation are reconsidering this request at the present time and I hope that the decision will be that the federal government through C.M.H.C. will assume certain responsibility in this regard. This has to do with the particular item mentioned in the vote.

I wish also to refer to another matter, namely the offering by the minister of mortgages. When he replied to the hon. member for Nipissing I noticed that he waved his hand at what he thought were the western members in this chamber and he appeared to indicate at least that the five blocks on which no bids had been received were out in western Canada. I hope the minister will clear this matter up.

Mr. Walker: If I did so—and I know the hon. member will want me to clear this matter up—that would be a false impression, as they were from all over Canada.

Mr. Regier: I had intended to assure the minister that the economic prospects of western Canada exceed those of any other areas of Canada. I did not hope that he was indicating that these areas from which he had received no bids were out in western Canada. However, before I continue my remarks, I should like to ask the minister this question. Were not all of the offerings that he placed on the market insured as to repayment of principal? If the minister would answer that question I would be willing to continue my remarks.

Mr. Walker: Yes, Mr. Chairman; they are all insured.

Mr. Regier: In that case, I completely fail to appreciate how the managers of investment funds of Canada failed to submit a bid on any of the five packages to which the minister referred on motions this afternoon. As I understand it—and I hope the minister will immediately interrupt me if I am wrong —these mortgages carry an interest rate of 6¾ per cent and are insured as to repayment of principal and interest. Yet not a single bid was received. Here was an offering to the investment houses of Canada of $12½ million worth of paper that had an insured interest rate of 6¾ per cent. Not only was the interest insured but the basic principal also was insured. However, earlier today the minister informed the House of Commons that not a single bid had been received.

To me this is a horrible indictment of the managers of investment capital available in our nation today. I read the report of the governor of the Bank of Canada as released as recently as Monday last. In it he refers to the resources and the lending capacity of Canadian banks. In addition to the resources available to and the liquidity of the banks of Canada today there are the insurance companies, trust companies, mortgage companies and many other like organizations. We in our group have often called upon the government to assume responsibility for the direction of investment capital. Under the Income Tax Act Canadian corporations, by way of depreciation, depletion allowances and the like, have been able to have at their command hundreds of millions if not in fact billions of dollars for re-investment purposes in the past. Yet if you look at the economic forecasts and the investment picture of the future, you find they are holding back; they are sitting tight. Our banks, insurance companies, trust companies, mortgage companies—our Canadian corporations—are sitting back.

I do not know whether they lack confidence in the administration of our country or whether they are anticipating the day when they can invest their money and get even more than 6¾ per cent. However, I think they ought to be thoroughly condemned for refusing to submit a single bid on insured mortgage paper offered by C.M.H.C. which is, in my opinion, as completely valid as is the dollar in your pocket or as is a Canadian savings bond. It is a mortgage insured as to repayment of basic principal and interest at 6¾ per cent. Yet the minister is obliged to report the sad fact this afternoon that not a single bid was received on this offering of five of the 30 packages that he offered.

I congratulated him, as he will recall, on the successful sale of the 25 packages. However, he was obliged to report to the house, not a single bid had been received on the offer of five of the 30 packages. In other words, there was offered $12½ million worth of paper insured both as to basic principal repayment and as to return of the interest of 6¾ per cent and not a single offer had been received.

Mr. Walker: If I am not correct, I do not want to correct the hon. member. But the figure is $15 million. There were many bids

on parcels totalling $12,500,000. There was only $2,500,000 worth of parcels where there was no bid. There is a big market for this sort of thing.

Mr. Regier: I thank the minister for his correction and he is absolutely right. These deals were offered in packages of half a million dollars each and half a million times five is only $2,500,000. However, be that as it may, I do not believe the minister will deny the fact that there was offered on the money market of Canada $2,500,000 worth of paper which had the guarantee of the federal government as to repayment of basic principal and also interest at the rate of 6¾ per cent and not one single offer was received. I think this underlines our old contention that the day has arrived when the federal government must assume some responsibility for what happens to available investment capital in our nation. When these people are going—

Mr. Chambers: On a point of order, Mr. Chairman, I would suggest that we are now dealing with the Central Mortgage and Housing Corporation. The criticisms the hon. member is making are of the financial community of Canada and might more properly be made in the budget debate which we will be having very shortly. They do not apply directly to Central Mortgage and Housing Corporation.

Mr. Regier: Mr. Chairman, if I may speak to the point of order, I believe it was agreed we would discuss this item under this particular vote. I should like to appeal to the parliamentary secretary to abide by an earlier decision of the committee in this regard. I have just about concluded my remarks in any event.

I do feel that the government of Canada ought to consider the implications of this event. I say this in all seriousness. I do not even suggest that the financial community of Canada has lost confidence in the government of Canada. I mention it only as a possibility. However, if these people are determined that they are going to sit back —and as the report of the governor of the Bank of Canada which was released on Monday last indicates very clearly, there is a quantity of available investment money in Canada—holding out for higher profits or a higher interest rate than 6¾ per cent, I think it is up to the government of the day to tell these people that they will either react in a responsible manner in the national interest or the government will have to move in, assume responsibility and determine the direction of the flow of available capital, and will also have something to say about the level of earnings that available capital ought to receive.

Mr. Beech: Mr. Chairman, I want to take this opportunity of commending the minister and Central Mortgage and Housing Corporation for the splendid job they are doing in the field of housing. I also express my personal appreciation for the very great consideration that has been given to the problems I have placed before them.

The question I wish to ask the minister arises from a letter addressed to him by the metropolitan Toronto housing authority in relation to the possibility of securing a fixed rate of interest for projects built by municipalities or non-profit companies for housing elderly persons.

This is an annual appeal which I have made for the last four years. I am hoping the minister will give this request serious consideration, because it does help these people in planning these projects. It takes one to two years to plan these projects, and after the planning is all completed the interest rate is raised and they have to start all over again. I would ask the minister to give serious consideration to arranging a fixed rate of interest on these projects, the same as is available at the present time under the Veterans' Land Act, farmers loan legislation and other acts.

Mr. Garland: Mr. Chairman, I wonder whether the minister is in a position to comment on the urban military housing development that I mentioned.

Mr. Walker: Yes, Mr. Chairman. The North Bay military housing project will probably be built on several individual sites. One site, for 200 units, has already been optioned and planning has started. Other sites are now being looked at. The total housing requirement is 575 units.

In answer to the other question asked by the hon. member for Nipissing, the mortgage insurance fund as of May 31, 1961, amounted to $82,113,390, against loans in excess of $4 billion.

Mr. Garland: I wonder whether the minister, with the aid of his officials, is in a position to indicate when tenders are likely to be called for this housing development at North Bay.

Mr. Walker: It will be the fall of this year. We cannot ascertain the exact month at this time.

Mr. Howard: Mr. Chairman, there is one aspect of housing in which I have a particular interest. I should like to make a brief

comment on it. I refer to housing in so far as Indian people are concerned.

The National Housing Act was amended in 1956 to provide that the corporation may make loans to Indians as defined in the Indian Act for the purposes of housing projects on reserves. I have been given to understand that not one single loan has been made. The reason for that is that not one single application has been made for such a loan.

This matter of home building is of extreme importance to native Indian people. I do not know whether this failure to apply for loans arises because they are not generally familiar with the fact that an Indian can apply to the corporation for a loan, or from the fact that Indian lands are not mortgageable for any purpose whatsoever; they are lands held in trust.

I am inclined to think that the latter reason is the correct one, that is, it is impossible to make loans to an Indian person for home building purposes because he cannot mortgage his land as security for the loan. There are a couple of means which might be used to overcome this difficulty and which I think the corporation should consider, or the governor in council should consider because the amendment to the act says these loans are subject to and in accordance with regulations of the governor general.

Perhaps some way may be found to overcome this particular difficulty and assist Indians to have the same opportunities as non-Indians in so far as borrowing money for home building purposes is concerned. Mr. Chairman, before I get into that question I wonder whether I may call it six o'clock.

The Deputy Chairman: Is it agreed that the committee call it six o'clock.

Mr. Churchill: Mr. Chairman, is there any chance of passing the last four items? This is the fourth day we have been on the estimates of the Department of Public Works, and there are other departments still to be considered.

Mr. Howard: Mr. Chairman, I think it should be called six o'clock. The national capital commission, for instance, is an extremely important matter and will perhaps require extensive discussion.

Mr. Walker: Perhaps, Mr. Chairman, the hon. member will look in the mirror tonight.

Mr. Howard: That would be more pleasant than looking at my hon. friend.

Resolutions adopted in committee of supply this day reported and concurred in.

BUSINESS OF THE HOUSE

Mr. Pickersgill: Mr. Speaker, I wonder whether the leader of the house could indicate what the government proposes to take up for the succeeding days of this week, or perhaps he would confirm what he has already indicated to the house, namely that there will be the budget debate on Thursday and Friday and estimates on Saturday.

Mr. Churchill: Mr. Speaker, when I made the forecast for this week I thought we might have the budget debate on Thursday and Friday, but it was only a forecast. I will inform the house tomorrow what the business will be for Friday, and similarly for Saturday. At the moment I anticipate we will have estimates on Saturday. I have been waiting since Monday for a conference of the three parties in order to make certain decisions concerning the winding up of the session. I would like to confer with the other parties before specifically naming various items for discussion. As far as tomorrow is concerned, it will be devoted to the budget debate.

Mr. Pickersgill: The minister is not able to say definitely whether the budget debate will go on on Friday?

Mr. Churchill: I am not under any obligation to announce the business except from day to day. I think that tomorrow we will make decisions with regard to other days.

Mr. Pickersgill: I suggest to the minister that that is not an attitude conducive to co-operation.

Mr. Churchill: We had a great example of co-operation just at six o'clock tonight from the one hon. member who held up the house again, I think for about the sixth time.

Mr. Pickersgill: Has the minister any complaint to make about my friends?

Mr. Churchill: I am not making any complaint about the members of the official opposition nor with regard to most of the members of the corner group.

Mr. Howard: On a point of order, Mr. Chairman, the Minister of Veterans Affairs—the leader of the house—

Some hon. Members: Six o'clock.

Mr. Howard: It is fine with me that it is six o'clock, Mr. Chairman, but this merely indicates that hon. members opposite wish to permit the Minister of Veterans Affairs to make slanderous accusations such as he has just made.

It being five minutes past six o'clock the house adjourned, without question put, pursuant to special order.

[The following items were passed in committee of supply]:

DEPARTMENT OF PUBLIC WORKS

357. Remedial works where damages are caused by, or endanger, navigation or federal government structures, $800,000.

358. Repairs and upkeep, including reconstruction and replacements for the maintenance of services; no new works to be undertaken, $3,000,000.

Dredging—

359. Maintenance and operation of plant and contract and day labour works, $4,090,205.

360. Construction or acquisition of plant and equipment, $2,676,000.

361. Maintenance and operation of graving docks, locks and dams, $808,765.

Development engineering services—

362. Canada's share of the cost of international and interprovincial bridges, as detailed in the estimates, $1,395,000.

363. Towards replacement of low level Burlington canal bridge, $1,900,000.

364. Towards an investigation to determine the feasibility of constructing a proposed causeway across Northumberland strait, including the opening of a test quarry, $50,000.

365. Towards installation of a water supply system at Churchill, Manitoba, $967,000.

366. Roads and bridges—maintenance and operation including authority to make recoverable advances in amounts not exceeding in the aggregate the amount of the operating expenses of the New Westminster bridge, $300,735.

367. Testing laboratories—operation and maintenance, $1,112,591.

Trans-Canada highway—

368. Construction through national parks, $7,476,000.

General—

369. Advance planning of projects including acquisition of sites, $1,500,000.

370. Balances required to complete any projects undertaken in previous fiscal years and for which no specific provisions is made in the fiscal year 1961-62, $1,000,000.

371. Miscellaneous works not otherwise provided for, including expenditures on works on other than federal property: a minimum of $15,000 may be expended in respect of any one work and, with the approval of treasury board, that maximum may be increased to $25,000, $2,450,000.

372. To supplement, on approval of treasury board except where less than $1,000 is required, any of the appropriations of the Department of Public Works, $700,000.

Central Mortgage and Housing Corporation—

373. Expenses incurred in constructing and supervising construction of married quarters, rental housing, schools and related services on behalf of the Department of National Defence, $540,000.

576. Maintenance and operation of graving docks, locks and dams—further amount required, $75,000.

END OF VOLUME VI