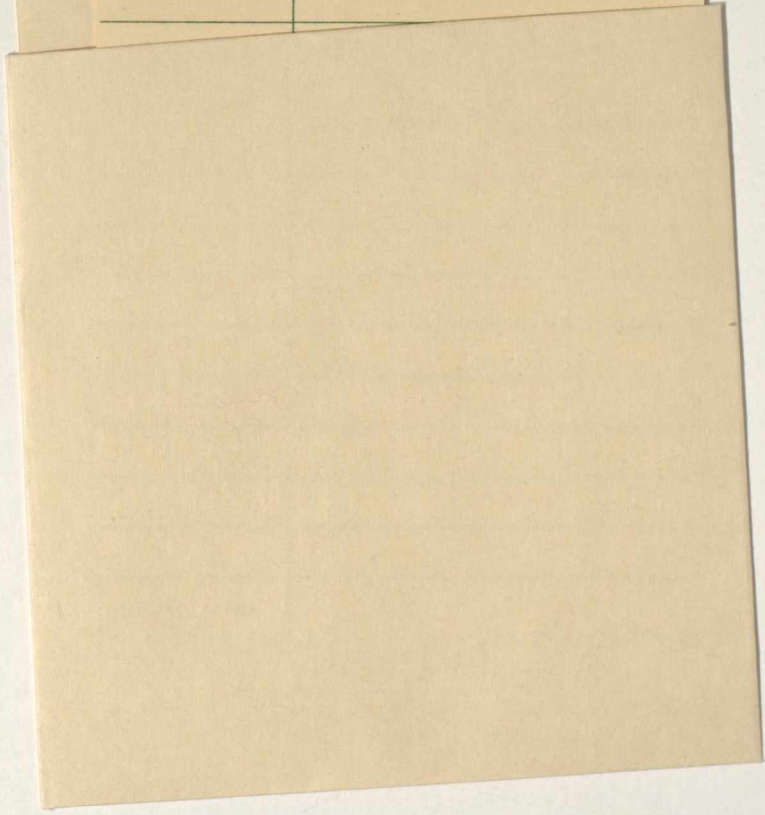


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SECOND SESSION—TWENTY-NINTH PARLIAMENT

1974

THE SENATE OF CANADA
PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON
AGRICULTURE

The Honourable HAZEN ARGUE, *Chairman*

Issue No. 1

TUESDAY, APRIL 2, 1974

Study of Agriculture and Government policy

(Witness:—See Minutes of Proceedings)



SECOND SESSION—TWENTY-NINTH PARLIAMENT

1974

OF CANADA

STANDING SENATE COMMITTEE
ON AGRICULTURE

The Hon. Hazen Argue, *Chairman*

The Hon. Hervé J. Michaud, *Deputy Chairman*

The Honourable Senators:

- | | |
|------------------------------|----------|
| Argue | McElman |
| Benidickson | McGrand |
| Côté | McNamara |
| *Flynn | Michaud |
| Fournier | Molgat |
| (Restigouche-
Gloucester) | Norrie |
| Haig | Petten |
| Hays | Phillips |
| Inman | Sparrow |
| Lafond | Welch |
| *Martin | Williams |
| | Yuzyk. |

* *Ex officio members*

20 MEMBERS
(QUORUM 5)

TUESDAY, APRIL 2, 1974

Study of Agriculture and Government Policy

(Witness—See Minutes of Proceedings)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, March 28, 1974.

"With leave of the Senate,

The Honourable Senator Argue moved, seconded by the Honourable Senator Lafond:

That the Standing Senate Committee on Agriculture be empowered, without special reference by the Senate, to examine, from time to time, any aspect of the agricultural industry in Canada; provided that all Senators shall be notified of any scheduled meeting of the Committee and the purpose thereof and that the Committee report the result of any such examination to the Senate.

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative."

Robert Fortier

Clerk of the Senate

Minutes of Proceedings

Order of Reference

Tuesday, April 2, 1974.

Pursuant to adjournment and notice, the Standing Senate Committee on Agriculture met this day at 11.00 a.m. to consider the matter of Agriculture and Government policy.

Present: The Honourable Senators Argue (*Chairman*), Benidickson, Fournier (*Restigouche-Gloucester*), Haig, Inman, Lafond, Martin, McElman, McNamara, Michaud and Sparrow. (11)

Present but not of the Committee: The Honourable Senators Heath, Laing and Robichaud. (3)

The Honourable Senator Michaud moved, that unless and until otherwise ordered by the Committee, 800 copies in English and 300 copies in French of its day-to-day proceedings be printed.

Witness: The Honourable Eugene Whelan, Minister of Agriculture.

At 12.45 p.m. the Committee adjourned to the call of the Chairman.

Attest:

Mrs. Aline Pritchard,
Clerk of the Committee.

Extract from the Minutes of the Proceedings of the Senate, March 28, 1974.
"With leave of the Senate,
The Honourable Senator Argue moved, seconded by the Honourable Senator Lafond, that
That the Standing Senate Committee on Agriculture be empowered, without special reference by the Senate, to examine, from time to time, any aspect of the agricultural industry in Canada; provided that all Senators shall be notified of any scheduled meeting of the Committee and the purpose thereof and that the Committee report the result of any such examination to the Senate.
After debate, the
The question being put on the motion, it was
Resolved in the affirmative."
Robert Forster
Clerk of the Senate

The Standing Senate Committee on Agriculture

Evidence

Ottawa, Tuesday, April 2, 1974

The Standing Senate Committee on Agriculture met this day at 11 a.m. to consider the agricultural industry in Canada.

Senator Hazen Argue (*Chairman*) in the Chair.

The Chairman: Honourable senators, we are fortunate this morning to have with us the Honourable Eugene Whelan, Minister of Agriculture, and his Deputy Minister, Mr. S. B. Williams. I thought it would be helpful if the Minister could attend the first meeting of this committee this session and, as you see, he has agreed to attend.

Perhaps we should have done more work last year than we did, but our clerk says that we have been the most active committee in the Senate, for what that is worth; and you, Mr. Minister, are perhaps the most active minister in the House of Commons these days.

We have been conducting a study, as you know, Mr. Minister. You opened our deliberations last year on small farms development in eastern Canada. We had the privilege of bringing in an interim report, and we have made, as a committee and as individuals, representations to you in this field. We have asked, for example, that some of the restrictions that made it more difficult for young people to enter farming should be removed; we have asked for an extension of the Farm Improvement Loans Act provisions—Senator Sparrow pioneered that a year or so ago; and we have been promoting assistance to enable individuals to take technical and agricultural training, in both English and French universities, so that agriculture may be well served. We are pleased to know that some of our recommendations have been acted upon; and we have reason to believe that others will be acted upon.

I am sure that your opening statement this morning, Mr. Minister, covering probably some of the controversial questions and issues of the day, will generate questions from this committee. With you, we are interested in seeing that the government does what it is able to do in the interest of the agricultural industry. I am sure that, whether we think the free markets system is the way to do it, or some other system is the way to do it, we desire to have a reasonable amount of stability in the agricultural industry, both as to prices of products that we sell and as to costs.

The minister is obviously thinking that I am making the speech!

The cattle industry has had great difficulty recently. It has been said that the producers of grain have been getting exceedingly high prices, and this in turn has caused trouble for the cattle industry. However, I am sure that you are aware that they are now talking about

a collapse of grain prices in the United States—that is, of both feed grain prices and of wheat—so that our very high grain prices may be of somewhat shorter duration than some of us might have expected some weeks ago. Having said that, however, I am certain that I speak for all of the members of our committee in welcoming you, Mr. Minister, and we ask you to make a statement and cover as many subjects as you wish in the agricultural field, after which we shall take questions from the members of the committee.

Hon. Eugene F. Whelan, Minister of Agriculture: I want to thank you, Mr. Chairman and honourable senators, for having asked me here today, and I want also to congratulate you and your committee on the work you are doing as well as the Senate for handling the bill. I think some people felt it rather strange that, having regard to his background, the Minister of Agriculture should allow a bill of his to go to the Senate. However, we are quite happy with the way things are proceeding and with what your committee is doing, as we are with what it has done in the past. Senator Michaud has given leadership and worked very closely with you on the hearings connected with the rejuvenation of agriculture in the province of New Brunswick and the Maritimes generally.

I feel that the Speech from the Throne probably outlined my feelings and the feelings of the government on agriculture and on some of the programs that we would be putting into force this year. Some people have said that there was more in the last Throne Speech about agriculture than many of them can remember or, indeed, than many of the records show.

We are serious about trying to make sure that the people who are in agriculture and who are good producers stay in agriculture, just as we would like to entice good young people back into agriculture. I say "back into agriculture" because many of these have already left the farms and have gone into other vocations where most of them have been very successful. Needless to say, those who are experienced in agriculture are the ones we would prefer to see going back into agriculture.

There has been some movement of these people back into agriculture. Last year, under farm credit loans, we lent twice as much money as we had lent the year before, and over 48 per cent of it went to farmers who were under 35 years of age. This is a good trend, so far as I am concerned, because it shows that a considerable number of young people are interested in agriculture and this is borne out by the fact that half of the money went to farmers who were between the ages of 18 and 25. We are hoping very shortly to come up with new

farm credit legislation which would be even more along the lines suggested by your committee, to make it possible for these young people to enter agriculture.

So far as the small farms loans program is concerned, we are prepared to make changes in this legislation to meet the needs of today, and our committee will be meeting shortly to consider this, and if you have any suggestions as to how the small farms loans legislation can be amended or made more practical, we would be happy to hear them.

We have recently announced a new dairy policy for which we are being condemned by the consumers, at least so far as parts of it are concerned, and we are being condemned by the producers for most of it because it is not what they wanted insofar as it relates to the industrial milk program. This program is geared to efficiency. The federal subsidy program in the dairy industry is greater than we intended it to be two years ago because of the drastic changes in input cost in that industry which, like those in other parts of the agriculture industry, have been quite high. Even the Food Prices Review Board recognized that the dairy industry has received the least in terms of returns, that is net returns to farmers, when compared with those received by many other areas of the agricultural community. The dairy farmers of Canada have asked for a \$2 per hundredweight increase while the Farmers' Union and some of the smaller groups have asked for more than that. Under this program, if they meet their quotas of production, it will amount to approximately \$1.81; but if they become more efficient in production, they can reach over \$2, which is the price suggested by the dairy farmers of Canada. Without going into it in detail, the program will enable them to reach that \$2 increase which they feel is needed to enable them to survive.

I am not saying that this will entice all the people presently engaged in the dairy industry to stay in that industry. I am sure many of you heard yesterday of the settlement made with the SIU for the sailors on the Great Lakes and who wanted a 40-hour week instead of the 50-hour week they were working. The average dairy farmer and dairy worker in Canada works a 77-hour week. This is one of the main problems. I do not think that economic considerations are the only reason for the fact that dairy production is going down, although it has a great deal to do with it. But it is the type of life that ties young people down seven days a week. In most other occupations they work 37½, 33 or 40 hours a week, while earning just as much money and having more security in the form of pension plans, et cetera, than any young person entering the dairy industry, and at the same time they do not have to invest capital. It is much easier to send a son or daughter to university than it is to try to start them up in the dairy industry, and the return will be much higher. Anybody who has been raised on a farm and whose mother drank milk before they were born, and if they drank milk themselves, the chances of their IQ being about 40 points higher than anybody else's is a fact proven by studies by a research institute in Montreal whose reputation is world-wide. In their studies on how to make sure that we raise a healthy population they have found that the easiest and the best way to guarantee that a child is going to be developed to the utmost is to guarantee that the mother drinks a 31 cent

per quart of milk per day—and that is if you buy it at the supermarket. If you want it delivered to your door you are going to have to pay more, but you can buy three quarts of 2 per cent milk at the supermarket for 93 cents.

We even had an economist suggest the other day that if you want cows to give less milk, then you give them less feed, and then when people want to drink more milk you just give the cows more feed. Anybody who knows anything about dairy animals knows that you just don't turn them off and on like that. Once you cut off feed to cut back production, then thereafter you can feed them as much as you want but you will never again reach that stage of production that previously existed. Neither do you turn them off on Friday night and start them up again on Monday morning. You milk them on statutory holidays, Christmas Day, New Year's Day, St. Patrick's Day and all other important days like that. This is something I am trying to explain because society does not really understand it.

I would say that 50 per cent of the young people of Canada today have no conception and no idea of how a dairy farm is run. In the past I have worked in industry, and even in those years you got time-and-a-half for a call-out. When I worked as a millwright's helper at Allied Chemicals the pay was 80 cents per hour, which was made up of 50 cents per hour straight time and time-and-a-half for call-out. Now if you go in for a 15-minute job in that same plant, you get a call-out rate for four hours minimum, even if you are there for only 15 minutes. At the same time the basic rate is now \$5.50 or something in that area. At that time also milk sold for 11 cents per quart and in the interim it has risen to only 31 cents per quart. This shows that the dairy industry has become one of the more productive parts of our society, and that is why those in the industry have been able to stay in business. If the increase in milk prices had kept pace with the increase in wages and profits, you would be paying 22 times more than what it was then. If wages had kept pace with the price of milk, they would amount to only \$1.11 per hour now. Of all the products that one buys today, whether luxury products or otherwise, nothing has increased in price so slightly as those produced by the dairy industry, and don't let anybody tell you anything different.

Beef is a different problem. We have tried to assist this industry and we are still trying to do so. The main reason we are doing so is to assist the young farmers whom we have enticed into the beef industry. We have done this over the last 10 years by government action, by the grassland incentive programs on which we have spent \$64 million in Western Canada alone. Other programs have involved expenditures of millions of dollars, programs concerned with the exotic cattle importing system, et cetera.

We have enticed people to go into the beef industry, and they have increased production in 10 years by approximately 50 per cent. But we found that a premium program, or a subsidy program—whichever you want to call it—is a very difficult thing to enter into and to make work in a practical way in that industry because it is so fragmented.

You can study some of the operations involved in the sale of beef, and between truckers and commission men

and agents, et cetera, you find that sometimes as many as 15 people get a slice of that beef before it reaches your plate. There is no other commodity that I can think of which involves so many people before it reaches your plate. There is no other commodity that I can think of that is used for human consumption that has so many different ways of reaching your market, so many different feeding programs to reach your market. We are told by some that we should pay a subsidy on feed grain. Can you imagine what a nightmare and monster that could be? In Ontario, for instance, at the present time there are more hobby horses than there were during the time when horses were used for draft animals in that province. There are more racehorses, et cetera, so are we to pay a feed subsidy on that type of operation? I do not know how it could be policed. The subsidy or premium must be on the end product and nothing else, which is the only way it could possibly work.

Some in the beef industry are determined that it will not work and others want it to work. We want it to work, especially for that group of producers which we have asked to invest thousands of dollars in land, facilities and cattle. We want them to stay in the industry, which is why we endeavour to assist them at the present time.

The chairman quoted a United States economist who referred to the price of grain and what it would do. All the quotes I saw from the United States were by economists. All I can say, Mr. Chairman, is I never knew one of them to be right. I therefore say that if the population of the world is to receive the grain that is needed, the distribution system must be improved. If you think it is a bad distribution system in Canada, you should check the world distribution system for those who need the cereal grains. You can be quite proud of ours, even with the faults that it does have. However, if those who need grain receive it, we will not catch up with world supply and demand for at least two years. The manipulators of the market, who move it around, may be lowering their prices, but I do not anticipate a substantial decrease or any lessening of the demand for grain in the world, especially if those who need it get it.

I should say something about the pork industry, which is in very dire straits at the present time. It is much easier to pay a premium on pork than on beef, because pork animals are all rail-graded and more easily identified, because they are tattooed when sold. They can therefore be traced by number to the owner. We do not know what we will do in connection with the pork industry. Manitoba has one type of program, selling export orders under which no one knows the price. Saskatchewan has the stabilization program, which costs the province between \$20 and \$27 a dressed carcass at the present time, because pork is guaranteed at \$57 a hundredweight, in that province where it sells at approximately \$41 a hundredweight. The cost to the treasury of Saskatchewan is obvious. There is nothing to prevent us from possibly aiding one of our neighbours in the pork business, either from Alberta or Manitoba, in Saskatchewan. Alberta has a program which aids in connection with feed. They would not extend this to beef, but extend it to lambs, pork and dairy cattle. Prince Edward Island has established a different program for pork.

You can understand the position the Minister of Agriculture is in when these provinces ask him to stabilize the pork industry. I can say that there was not very much consultation with the Ministers of Agriculture with respect to programs put into effect by provincial governments, but now they desire a great deal of consultation and discussion. It adds up to one thing: they want help. I am sure that in many pork-producing areas of the nation help is needed, but it is much easier for us to devise a totally national program for pork. If we desire to do this and will work together, we can do it.

I have a few words regarding the projects we have carried out. The first concerns the fertilizer industry, which has been developed mostly in Western Canada. Most of that industry was developed because of the export potential, in some instances with only 12 per cent for domestic and in the region of 70 to 80 per cent for export production. Otherwise the plants would never have been built.

The use of fertilizer, especially in Western Canada, increased last year by 35 per cent and, I believe, this year by another 25 per cent. There will be some shortages of nitrogens in certain parts of Western Canada and Eastern Canada, but there will be more fertilizer used in Canada than ever in our history. Why? Because the economics entice the use of fertilizer in many parts of Canada where it was never used before. It is used not in great amounts, but because we have such a large acreage. We feel that it is not necessary to put more land under cultivation and we can increase our production, by a conservative estimate, in five years by almost 50 per cent. This can be done by the use of proper fertilization programs, proper seed programs, using good seeds, by proper weed control programs and proper drainage in many areas of Canada which need that type of assistance.

We in the Department of Agriculture last year estimated the production of fertilizer at 625 million bushels due to its increased use in Western Canada alone. The experts in the other grains industry estimated the production at 574 million bushels. By the time the fall had come and gone the total production was estimated to be 627 million bushels. The other experts calculated it on the basis of acreage, but we calculated on the amount of fertilizer used in Western Canada. Had those areas which suffered from wet weather and other handicaps had a different experience, the crop last year would have been larger. A tremendous amount of acreage in Western Canada, however, did not produce as it should have last year because of either wet or dry weather.

We are at the present time making a proposal to the provincial ministries of agriculture for a grasshopper emergency centre, or such a centre under some other similar official name. This centre would provide full-time staff and facilities in Western Canada to make sure that we are in a position to use all facilities and materials available at the fullest efficiency in case the grasshoppers appear. Weather has a great deal to do with the number of grasshoppers. A wet and cold or dry and warm spring has a tremendous effect on the grasshopper population. A few days or a week of wet, cold weather in the spring can kill them by the millions, but if it happens to turn warm and sunny they can present a real problem immediately. As I said, we are seeking provincial co-operation in order to establish such a centre.

I could touch on many other areas, Mr. Chairman, but I think that is sufficient for now.

The Chairman: Thank you very much, Mr. Minister. I see some distinguished senators here who are not members of the committee. I would like to welcome them: Senator Heath, Senator Laing and Senator Robichaud. We are delighted also to see the Government Leader, Senator Martin, with us this morning, who is a member *ex officio* of this committee. He takes a good deal of interest in agriculture and has done so for many years, as you would know, Mr. Minister.

Senator Martin: I am here to make sure that the Minister of Agriculture does not make any errors.

The Chairman: He was not discussing parity prices today. We are delighted to have as our Minister of Agriculture the Honourable Mr. Whelan, a farmer and a man who understands the agricultural business from the very beginning.

I do not intend to monopolize the question period, that's for sure but, if I might be pardoned, I would ask a very brief question in connection with the detail of the dairy policy: Has any consideration been given to removing the minimum quota required for a butterfat subsidy? I may not be fully up to date, but I still think there are provisions for a minimum quota. There are still some people on the Prairies who milk cows and ship cream in very small lots, and by shipping very small lots and not having been shippers over past years they have not been entitled to the subsidy. It seems to me that when we are short of dairy products they should not be penalized by refusing the subsidy. I know they were taken out of the business hoping that it would mean rationalization and stabilization, but keeping them out today is an injustice. It may not be a major injustice for the country but it is an injustice, as I see it. Perhaps the minister could comment on that.

Hon. Mr. Whelan: Mr. Chairman, as the Speaker said, "You have already made your commentary and you have answered the question!" I would say that there still is a minimum quota. You particularly mentioned Western Canada, but we have a similar situation in other parts of Canada. I am thinking of Northern Ontario and other isolated areas. But to make the Canadian Dairy Commission an efficient unit or body, I picked out one whom I felt was one of the most efficient and knowledgeable dairy producers in Western Canada. He was made a member of the commission so he could advise me properly and also the other members of the commission. He is "Scotty" Horace Johnson from Moose Jaw, where he had his dairy farm. He had a large co-operative dairy in the province of Saskatchewan and is quite knowledgeable.

We have discussed this, and we are continuing to discuss it. We have lifted the federal quota on our industrial milk to make it enticing for people to deliver and increase milk production. We have to recognize also that even in Saskatchewan, and in some areas where producers are farther apart, they are moving more to the centralized type of creamery operation where they bring the milk right there and it is processed into either of the industrial milk products, butter, cheese, skim milk products, et cetera.

Senator Laing: In the difficult situation of conversion of grains to production of livestock and milk, and so on,

what is the present trend on the production of milk in Canada? I understand it is dropping in most provinces. And also pork.

Hon. Mr. Whelan: The production of milk has gone up again, I think because of the programs that we put in last fall and summer and confidence in the fact that the government was serious about trying to assist them. I think this February it was up one per cent. We have regained some of our fall production.

Senator Laing: What about manufacturing milk, is that going up also?

Hon. Mr. Whelan: Yes, it is. We are optimistic because although there are less dairy cows, the productivity per animal increases every year because of improved breeding.

Senator Laing: What about pork?

Hon. Mr. Whelan: Pork production has increased in Eastern Canada. Production has gone down in Western Canada about 3 per cent.

Mr. S. B. Williams, Deputy Minister of Agriculture: It is up 5 per cent in Eastern Canada.

Hon. Mr. Whelan: Some people in Eastern Canada were making statements to the effect that Western Canada was going to take over the pork market. But they are not. Production was down because of high grain prices. They can sell the grain, so they are not raising pork.

Senator Laing: That is the problem I am referring to. Your conversion factor today is more difficult for all these industries.

Hon. Mr. Whelan: Yes. But it is easier to get into and out of pork than into the dairy industry. They have a much bigger investment in the dairy industry. Again, in the pork industry, you have the person who owns very little land...

Senator Laing: Every time I buy pork I have the feeling that farmers are keeping them too long. There is too much fat. Instead of knocking them on the head at 160, they let them go to 180.

Hon. Mr. Whelan: I do not think so. Perhaps Mr. Williams can comment on that. We check the grading system every week and ascertain what the average weight is across the nation. I think it is inclined to be a little bit the other way.

Senator Laing: Pork has been perceptibly fatter in the last year.

Mr. Williams: I think there has been a problem in this respect, as Senator Laing has quite rightly pointed out. Some producers in Canada have changed—perhaps I should say, have been forced to change their feeding practices, and they have tended, particularly last year, to cut down on the utilization of protein because of the extremely high prices for all types of protein. This means, of course, that an animal takes a little longer to finish and tends to lay on more fat and less lean in the carcass.

Turning to the question of actual carcass weights, the carcass weights have in fact shown a slight drop-

ping off. I do not have last month's figures. The changes have been very slight in the carcass weights. The point I would like to make, Senator Laing, is that your observation, I believe, is based upon the fact that because of the decreased utilization of protein, and the very high cost of feed, animals have tended to be held longer before they reached efficient market weights.

Senator Laing: Fish meal is coming back at \$300 per ton. Was that the price when it disappeared?

Mr. Williams: No, it was around \$150, \$175; and soybean meal, which at the present time is about that price—between \$150 and \$175—was down below \$100.

Senator Laing: This conversion trouble is going to continue?

Mr. Williams: Yes, but it is nothing like the problem it was earlier when fish meal was not available and soybean meal was up as high as \$350 and \$400 per ton. So while we still have the problem, its magnitude has changed somewhat.

The Chairman: The price today is what?

Mr. Williams: The price today is around \$175. It is difficult to give you a price, because it is a highly volatile product at the present time and the price fluctuates quite rapidly. The last time I looked at it—on Friday—it was \$175.

Senator Laing: I would like to make one other point. There is some concern in parts of the country about the action of marketing boards. There is an accusation in the minds of consumers that some boards are acting arbitrarily, that they are using means to decrease production in order to keep prices up, and that sort of thing. I foresaw this at the time the legislation was introduced. You may recall that. It seemed to me that we might be giving immense arbitrary and final power to groups of men who might get us into difficulty. Consumers are becoming aware of the power that groups of men have to set prices arbitrarily.

Hon. Mr. Whelan: I just want to say that if you have any real evidence of any marketing board acting in the arbitrary manner you have mentioned, I would like to have it, because we have searched all over and cannot find any evidence of it. Without a doubt, the one board that is marketing more nationally than probably any other is the Egg Marketing Board. It can be proved without a doubt that when they could have allowed the price of eggs to increase a tremendous amount, they did not do so. The egg market did not fluctuate here like it did in the United States and in some other countries, and the board probably provided more stability to the industry and saw more chaos than anything else.

I hope you are not suggesting a return to the time when we had eggs coming out of our ears, when you could buy three dozen for \$1, and then wonder why people went broke in the egg business. We have a surplus of eggs at the present time. I hope you are not suggesting that we just throw them on to the market and accept what we can get, and ask us to change government policy by which we are trying to encourage stability. We certainly do not do that with any other vocation. We do not allow

immigrants to come into Canada and take jobs away from other people. Some of the economists who suggested this have tenure at our universities. We could bring in 10,000 economists a day, but as long as those who are doing a half decent job there is no possibility of them losing their positions at the universities. However, some people feel that egg producers are dispensable. They say we can import eggs from Poland, the United States, Ireland, or wherever, and just throw them on the market and say to hell with those people who have invested their life-long savings in an egg producing operation.

I certainly do not want to be Minister of Agriculture in any country that would allow that kind of operation and expect that part of society to live in a different way than does the rest of society.

Senator Laing: My point is that it is somewhat short of a natural condition for a man who want to get into an egg producing operation in the province of British Columbia where he would have to buy a quota of one case of eggs, 30 dozen eggs, for \$200. That is what he has to pay for the right to sell those eggs. The same applies to milk; he has to pay \$3,000 for 100 pounds of milk. In my view, that is a good deal short of normal.

Hon. Mr. Whelan: I am not sure of the figures you quote, senator, but I do know that in the turkey marketing legislation there is no value placed on quotas. Turkey breeders have now organized themselves into a national organization. The quotas are transferable and are without any value whatsoever. They will have a hard job controlling that.

I would ask you, Senator Laing, to name any other business operation where you do not have to pay in order to get into it. Such business operations as trucking, airlines, radio stations, and so forth, require a licence, and if you want to get into such a business you have to buy that piece of paper. You just cannot enter any business without some kind of licensing program. I do not think you can have a dog on the streets in most cities of Canada without a licence.

Senator Laing: Well, the relationship is rather remote.

Hon. Mr. Whelan: I think it is certainly a valid relationship, because you are not going to provide stability or have people stay in production without controls. It would only be the huge giants that could stay on.

We can go right back to the beef industry and prove to you that the family farm operation, the cow-calf operator who raises the cows and calves, feeds them and sends them to market, is the most efficient unit, and the only way you can ensure that the family farm operation remains in business is to make sure that it survives.

Senator Laing: I am closer to agreement with you than I am opposed. Most of the farm legislation in farming countries in recent years has been designed to prevent the farmer from suffering from glut. We in Canada have done it repeatedly in recent years by telling our farmers to hold back or not to produce, and so forth.

Hon. Mr. Whelan: None of the legislation on the books does anything for an inefficient producer. The dairy policy I have just outlined, for example, has less inflation involved in it than anything else. You just cannot

force people into production; you must provide incentives for them to produce. This is where we are running into difficulty in the dairy industry. The incentive is just not that great. This whole subsidy program for dairy producers is geared to efficiency.

Senator Laing: The quota system on eggs in British Columbia has produced two men who are producing 27 per cent of all the eggs produced in that province.

Hon. Mr. Whelan: That is the result of lack of government action in the past, allowing all of the small producers to go down the drain.

Senator Laing: One of those two men is a real estate agent and the other is a lawyer.

Hon. Mr. Whelan: The same applies in the cattle feed lot operation. Many of the people are in cattle feed lot operations because they saw a good buck. Grain was cheap and they thought they could make 12 to 14 per cent interest. That is why they are in the business. Were it just to help the big cattle feed lot operators, I would not do one thing. These programs will be geared to the small cattle feed lot operator and the medium-sized farm operation. We are late with some of our programs in eliminating the huge factory farm. Purina and other big companies that are in the big factory farm operations in the United States are now getting out of them because the workers want a 40-hour week and other benefits. The huge factory farm cannot survive under such conditions. There have been more sales of these factory farms in the United States recently than at any other time in their history.

Senator Laing: Twenty years ago we had 5,000 milk shippers in the Fraser Valley shipping milk to Vancouver; today we have 523.

Hon. Mr. Whelan: And they are probably shipping more milk.

Senator Laing: Yes. Some operators are shipping 15 tons a day.

The Chairman: We should try to avoid having a handful of people controlling the major part of production in agriculture. As Senator Laing has pointed out, this is the case in British Columbia. The number of such operations has been going down in recent years, but that does not mean that Parliament should not do what it can to support the majority of people within that industry, and that includes the small operation.

Senator Inman: First of all, I should like to say, on behalf of the committee, that we all appreciate the minister having taken the time to come before us this morning. Like other honourable senators, I too have found his remarks very informative and interesting.

I am glad to hear that you approve of the family farm operation, Mr. Minister. I come from a farming district in the province of Prince Edward Island where most of the farming is done by family farm operations. I was born on a family farm.

I come in contact with a great many young people and I have heard quite a number of both young men and women say that they would like to go back to farm-

ing. My question is: Has there been any change in the rate of interest on loans or the terms of the loans under the Farm Credit Corporation?

Hon. Mr. Whelan: I neglected to cover that in my opening statement. We managed to maintain the interest rate on Farm Credit Corporation loans last year at 7 per cent. However, under the proposed legislation I do not think we will be able to hold that same interest rate for the coming year. It would not be justified because of the better economic conditions which exist in agriculture. I do not foresee an increase of more than 1 per cent or perhaps 1- $\frac{1}{4}$ per cent, or something in that area. In actuality, we subsidized that interest rate last year.

We are hoping to be able to come up with some kind of program which would entice people with money, especially successful farmers and people in rural areas, to invest in some form of annuity, and we in turn would loan that money out to farmers. We would be in a much better position to loan money if we could raise our own resources rather than having to go to the Department of Finance, because the Department of Finance does not always agree with our policies. The Department of Finance, as a matter of fact, suggested that more people outside of government circles should get into the money lending business to farmers, allowing them to lend more money to the most important aspects of the agricultural industry.

The new legislation we are drafting, as I said, will be geared to the young farmer, the people we want to remain in agriculture and the people we want to enter the agricultural industry.

Senator Inman: What would the term of the loan be, for example?

Hon. Mr. Whelan: On a Farm Credit Corporation loan there is a choice. It can be 10, 20 or 30 years, whatever the individual decides at the time he borrows the money; it is up to the individual. Of course, the Farm Credit Corporation adviser would advise the individual as to what was best for him, bearing in mind his age, and so forth, at the time of borrowing the money.

Senator Inman: Before I conclude, I also want to say that I heartily agree with the minister's remarks with respect to drinking milk.

Hon. Mr. Whelan: I have visited Prince Edward Island many times, Senator Inman, and it seems you are getting some big farms there as well.

Senator Inman: Too big.

Senator Heath: I wonder whether you would care to comment on another aspect, that being programs by which we could encourage people to go into farming or to return to farming? The fact that there is so much red tape for the farmer to cope with seems to be a problem. It is making the agricultural producer almost an administrator. There are provincial boards to deal with, permits to obtain, inspections, and so forth. If he hires farm labour, he has to cope with pension plans, and so forth. All of this red tape leaves him with very little time to devote to the thing he is really interested in. I am wondering whether you have any comments Mr. Minister, on some form of program which would

make the administrative problems connected with farming not so overwhelming.

Hon. Mr. Whelan: There is a plan under Canfarm, as we call it. They have schools, they have a system for working out the programs, books and so on. It is very successful. Under our farm labour plan for this year they will not have to do anything but pay for the labour; we will do the book work, deduct the income taxes, pay the unemployment insurance stamps and so on; that will be done in labour pools. Perhaps Mr. Williams could touch a little more on the Canfarm program. If my wife were here she could tell you how it runs better than I can, because although she is a legal stenographer she is also a farmer's wife and keeps our books on the farm.

Mr. Williams: Canfarm is an electronic mail-in accounting system that is available at different levels of complexity to farmers across Canada at the present time. It is run jointly with the provinces and other agencies, such as credit agencies and banks. Our major problem at the moment is not the system itself, but developing a sufficient number of advisers to assist farmers to get into it. It requires a certain amount of training to start with, but basically it boils down to this. The farmer has certain forms on which he puts ticks or figures in appropriate places. He mails those in once a month to a data processing centre, who send back his reports. They will do his income tax for him, all kinds of things, depending upon what he opts for. If he has several different enterprises on the farm, such as hogs, cattle, maybe grain, it will factor out for him which is the most profitable enterprise. It will compare his returns with the average of all people reporting similar type enterprises. He will then get an idea how he stands compared with the average. We hope this will allow him to make decisions to improve his position, perhaps by improving his methods up to average, or even better than average, but also allow him to specialize where it appears that he is, because of his own abilities or some other circumstances, better than average.

Senator Heath: Is there any indication of how many people are taking advantage of this? I am thinking of remote places like the Queen Charlottes, the Caribou, the Kootenays, where they really need help. Do they know about this and are they using it?

Mr. Williams: At the present time there are more than 10,000 people on it. A limiting factor is the contact agencies, which are being supplied by the provinces or other organizations, such as the Farm Credit Corporation. In other words, the federal government is supplying the programming and the computer work. We have a very large operation, situated in Guelph, which is our major data processing centre. There are some limitations. It is not a budgetary limitation as much as a limitation in the kind of people who are available and the amount of training. Some changes have been made, and it is hoped to expand it much more rapidly, but we feel it is the sort of thing that it is better to go at slowly, rather than give people false encouragement and not be able to follow it up ourselves.

Hon. Mr. Whelan: As Mr. Williams has said, in the provinces there are Farm Credit people, but the provin-

vincial agricultural representatives have all this information; they can make the application there.

Senator Inman: Is that system being used at all in Prince Edward Island?

Mr. Williams: Yes.

The Chairman: Would there be a tendency for the already efficient farmers to use this far more than a farmer who might really need it, who is bogged down and the whole thing beats him? My guess is that it is the farmers making large profits who are in Canfarm.

Mr. Williams: I am not sure whether I could prove or disprove that. I think it is fair to say that it tends to be the larger one rather than the smaller one, but I have some difficulty in saying whether the larger one is the most efficient. It is designed with varying levels of complexity, and stage one is such that, in the view of people who are knowledgeable in this respect, such as farm management experts, any farmer, irrespective of the size of his operation, could make use of this program.

Senator Benidickson: The minister and I have been friends for a long time. I found the style of his remarks this morning most impressive. I think he has impressed the country with his ability in the field to which he is giving leadership at present, and has done so in a very short period. However, it is a kind of fun morning for me, because when I listened to the minister in past years somewhere in his speeches, which were usually a little more humorous than the serious tone this morning, he made the brunt of his wit either the Senate or the Cabinet. However, there are one or two questions I thought I would like to address to Mr. Whelan.

In the agricultural vote in the estimates, the objective of the department is stated so succinctly that I will read it. It is:

To assist agricultural producers in realizing from the market a fair return for management capital and labour.

Sub-objectives

—To stabilize farm income.

—To facilitate orderly marketing of farm products.

Those are among many other objectives, although not too many, because they use economy in language. I know that the minister, very properly, has zeal for the interests of agricultural producers. As a committee of course, when policies are advanced we have to think of all segments of the population. I happen to come from rather neutral ground. Probably most of the people I have been living with could be described as consumers of most products, and as producers they sell in non-protected markets.

With that introductory explanation, I would like to ask the minister if I am correct in what I heard about ten days ago on the CBC news, that the minister had made a speech to fruit and vegetable producers, the gist of which was that he was assuring his audience that there would soon be some new forms of protection for fruit and vegetable producers. I was wondering what the minister had in mind, if he agrees that that is a correct report of his recent speech.

Hon. Mr. Whelan: I am trying to think which speech that was.

Senator Benidickson: It was within the last two or three weeks.

Hon. Mr. Whelan: I have given about twelve in the last two or three weeks.

Senator Benidickson: You are a busy platform man, for which I commend you in getting your ideas across to the public.

Hon. Mr. Whelan: There was the Anderson Report on the fruit and vegetable industry. I do not know whether you have read that. A lot of people in Canada say, "Save that land. Don't let that land go to concrete and houses." The Minister of Agriculture is one of the people who advocate that type of policy. However, I am not the kind of man who wants to indenture people in fruit and vegetable production without any kind of guarantee that they will have a decent living, if they are going to keep that land in peaches, cherries, pears, apples or vegetables. There has to be developed a program that will give them some kind of security, which we take for granted in other walks of life.

When you speak of the part of society to which you belong, which sells on the open free market, I am a little concerned about how free and open most of those markets are when I think of the industrial world. As recently as yesterday I was in a discussion about getting truck bodies to haul wheat and that sort of thing. I asked why there was a protection on those, because there is no protection on farm machinery manufacture. The answer I got was, "That's the law!"

There should be a law to protect the fruit and vegetable industry. It has certain laws there to protect it now. In section 8 of the Customs Act, it says very clearly that if the producer is being subjected to unfair products coming in here at depressed prices, you can use section 8 of the Customs Act to put a surtax on. We have done that in the past, with different products—beef, cherries, tomatoes, in the last year.

I do not believe we really hurt the American industry, which is generally at least ten times the size of ours and their product is only a small percentage of their market. If it happens to be a distressed product, it can destroy all our market. Sometimes that percentage of their market is greater than our whole production in Canada. I have to work out a program that will be satisfactory to our producers, if we are to keep them in business, and not abandon the idea of keeping that land for those crops.

So many of the do-gooders of the nation yell, "Keep that land for these crops!" but when you ask them to pay a little more they do not want to pay. I think it is most important that we keep at least a certain percentage of production of that kind of commodity. We know that in the case of some of these commodities we never can become totally sufficient for our own needs. Nevertheless, it should be our policy to keep at least part of our own production competitive in the market place, because in that way if we become solely dependent on imports we will find out what is going to happen to us in the long run.

We have been getting many commodities from the developing countries very cheaply, and we have the same do-gooder Canadian who does not realize that that person's way of life in many instances has not changed in 50 years. In the case of people who work on banana plantations, I heard a member of the United States Congress say the other day, "Look at bananas; they have not changed in price." Neither has the producer's way of life changed in the last 50 years. If he adds anything to his house, he may have more running water—because the roof leaks worse than it did before.

I have a feeling that in many instances most people think that these workers who work in coffee plantations and so on in other parts of the world do not belong to our part of society. However, they are developing and although they may not develop quite as fast as we do, they see us using the things that we take for granted in our society and now they want some of those things. Consequently, we are going to have to pay them more than we did previously in order that they may have those increased benefits.

I can instance the case of mushrooms, which we have imported into Canada and which are not of as high quality as ours, but in those countries they get 10 cents an hour for producing them. Some of those were grown under aid programs from the United States, to start them up in such mushroom-growing industries. I think of the case of the production of mushrooms in Taiwan and Korea at the present time.

We were competing with the United States Treasury, in the long run, because the United States was supposed to take those mushrooms and then they cut off the supplies of mushrooms into their country. There was only one other society similar to that of the United States that had the same eating habits, and that was Canada, where there were no real controls on the imports of mushrooms. We could destroy the mushroom industry in Canada by bringing in cheap mushrooms from Korea and Taiwan. We had made agreements with those countries that they would ship only so many thousand cartons or cases into Canada at the present time, but then they must maintain that standard to which we subject our own processed mushrooms.

Many of the products that came from those areas, and from many other areas of the world, were not of the high standard to which we subject our own production, through our producers and processors here. Therefore, there are many ways in which we can assist our people, by making sure of guaranteed markets, and so ensure that they will get a decent living for being productive.

I am against paying people for not being productive. We can talk about the egg producer in Canada. They have geared their production for a certain percentage of surplus, in order to be in a position to guarantee the markets here, and there has never been a shortage of eggs in Canada, whereas there was last year in the United States.

Senator Benidickson: I am familiar with the existing laws respecting protection, basically tariff provisions, most of which I agree are introduced and made known to the public through budget changes.

Hon. Mr. Whelan: That is right. If you remember, last year we took a lot of the tariffs off, and then the United

States did not reciprocate. We can take them off more easily under our constitution than they can in the United States. They have to go through Congress and through the Senate down there before they can become law, and they never got around to it.

Senator Benidickson: I believe that the Tariff Board at the moment has a special study assigned to it on fruits and vegetables.

Hon. Mr. Whelan: That is right, but that operation takes much too long and is much too time-consuming. There should be some way in which you do not have to spend two years on studying a subject that I could answer tomorrow.

Senator Benidickson: That is what I am leading up to. In this session, we have also introduced Bill C-4, an act to amend the Export and Import Permits Act. This is legislation introduced by the Minister of Industry, Trade and Commerce. As I look at the proposed amendment, it would appear to me that the sole purpose of the amendment, the guts of the amendment, is a section which would put under the Export and Import Permits Act the importation control of products referred to in the Farm Products Marketing Agencies Act. Is this intended to be the speedier way of adjusting tariffs or controls of imports on agricultural products?

Hon. Mr. Whelan: I would think it is similar to legislation in many of the other countries that we deal with. I want to make it clear that we are not giving that power to any marketing group; that power is staying within the confines of the government, under the Department of Industry, Trade and Commerce. The marketing board may ask or recommend that a certain action be taken, but it will be up to the government to decide. As you know, it is similar to what is happening under the new Feed Grains Act. We are suggesting that that authority be taken away from the Wheat Board, because it is vested in the Wheat Board and not in the Department of Industry, Trade and Commerce, or the government, that has the authority to allow imports of grain.

Sometimes we talk about free trade, and so on. I know you are a great Westerner and that you have certain ties with the great city of Winnipeg; but I could be a free trader like the Westerner and be as happy as could be. You never allow a bushel of grain to come into that country unless it be corn, and that is only in the last year, because barley reached such a high price that the corn did come in. We have always allowed corn to come into Eastern Canada to compete with the commercial grain growers down here, but we never enjoyed the protection that the Western grain grower had. There was orderly marketing; you just did not let imports into that country to disrupt the whole grain growing program in that country. I would be wrong if I did not deny that we could use this act to expedite import controls. Last year we waited one week too long to act on behalf of the cherry producers of British Columbia. If we had acted one week earlier, it would have had the effect of stabilizing their prices more quickly. We followed the general procedure, where you notify the other nation 48 hours ahead of time of what you intend to do. It has to go through Cabinet, and so on; that is time-consuming.

You do not know what some smart importer is going to do. Lots of times, the consumer does not get the benefit of this. At the present time they are bringing eggs into Canada below the cost at which they are being put on the market in Canada. The consumers are not getting the benefit. Those importers are making a rip-off; they are bringing them in at about 10 cents a dozen cheaper than they are here, so they are making at least 10 cents a dozen profit for doing nothing.

The Chairman: Who is?

Hon. Mr. Whelan: The importer—the man who never drew a chicken or punched a cow, because he doesn't know how. These people see a good thing and they are just importing them. Some of these people are supposed to be the farmers' friends. They are not the great big guys, either, I can tell you that. It is being done more in Eastern Ontario than in other places.

Senator Benidickson: Is it your contention that this proposed legislation would perhaps be the only means by which you could prevent just what you have described—speculation?

Hon. Mr. Whelan: No. The surtax is still there. It has been on the books for years. It is when an industry is being hurt that you put a surtax into effect.

I am thinking also that by international agreement, you could say something like this; "Look back over the past five years. You have shipped so many cases or cans of cherries to Canada. We are going to work out a system with you the same as you have in your own country, that such a quota will belong to you in Canada for that product, and we will have a certain quota to ship our product to your country based on the last five years, and we will know exactly where the market can start and where it can end on that kind of program."

You know, if you look at the situation with butter, tremendous amounts of butter are apparently brought in from New Zealand and Australia, and a certain amount is brought in from the United States. The Dairy Commission puts that butter on the market at the same price as domestic butter. Perhaps butter is brought in from New Zealand at 50 cents; well, it goes on the market here at the same price as domestic butter in order to provide stability. Of course, it is necessary to obtain a permit from the Department of Industry, Trade and Commerce in order to import that butter, and the reason the Dairy Commission brings the butter into the country is to ensure that there is an ample supply for the Canadian consumer, but at the same time the commission also ensures that there is no depressing effect on the market and that the market stays stable in Canada. As a matter of fact, butter has been more stable than any other commodity that you can think of. It has gone up in price the least of any commodity that you put on your table.

Senator Laing: Who picks up the rip-off on that butter?

Hon. Mr. Whelan: The treasury of Canada. Of course, it goes back to the Dairy Commission to help pay their other subsidies.

Senator Benidickson: Mr. Minister, on this question of butter, which you have used as an illustration, that is a product subject to taxpayers' subsidies. Do we subsidize the production of any fruits and vegetables?

Hon. Mr. Whelan: At the present time, no, but we have in the past. You know, we talk about subsidies, but we have not subsidized our agricultural industry as much as...

Senator Benidickson: I am not quarreling with that.

Hon. Mr. Whelan: But if someone were here listening who did not know the facts, he might think that we did much better than any other nation, but the fact is that we do much poorer. Our agricultural industry is the least subsidized in the world. It is by far the least, too, because it is a third less than the United States agricultural industry, which is next to us in subsidies.

Senator Michaud: With respect to the Small Farm Development Program, I was pleased to hear the Minister say that the department intended to continue on studying closely the different aspects of that legislation. I am glad they intend to do that, because we had great hopes when this legislation was first introduced, but I am sorry to say that up to this time it would seem the legislation has not produced the results we were expecting it to produce in the Maritime provinces, particularly.

Hon. Mr. Whelan: That is not our fault, really, you know; at least, not totally. Possibly, we should have had more people explaining the program and so on, but when you compare what the Province of Alberta has done with it—

Senator Michaud: Yes, I realize they have had 771 vendor offers in Alberta.

Hon. Mr. Whelan: As I understand it, they had between 1,000 and 1,500 applications. They really used that program. It is not our fault if the Province of New Brunswick has been a little hesitant in getting involved in this program as deeply as some of the other provinces have, but I can say that one of the reasons Alberta was so advanced in this respect was that the deputy minister there was a long-time employee of the federal government a few short years ago, before going back to Alberta. He knows every federal program that he can use and he is using them all the time.

Senator Michaud: I am particularly concerned about the operation of that legislation in New Brunswick, of course, where there were only 35 vendor offers, grants, as compared to 771 in Alberta.

Getting closer to home, in the Moncton office, where I was hoping they would take care of all our small farms around the eastern shore of the province, including Kent County and Gloucester and Restigouche, there was only one case. So we are not taking advantage of the program.

Hon. Mr. Whelan: You are not advancing very quickly.

The Chairman: And there was one farmer who got a special credit—just one.

Hon. Mr. Whelan: But how many applications were there?

Senator Michaud: In Moncton? Just one.

Hon. Mr. Whelan: So it is 100 per cent.

We are concerned that it is not moving as rapidly as it should there, but if you want to look at a province which

is really taking advantage of various programs, a fact that most senators and members of Parliament are not aware of, take a look at Prince Edward Island. They are experts at it there.

Senator Michaud: One aspect of the law which I think should be amended is the fact that at the present time a vendor, according to the law, has to be a full-time operator. In saying that, I am not suggesting that that is the only reason why the legislation is not operating, but I do say that it is a major factor because most of the people who have small acreages of land to offer for sale are not full-time operators and by that very fact are eliminated.

Hon. Mr. Whelan: Well, I can say that either later this week or next week there will be a meeting taking place with people from all over Canada involved in the small farms program, and one of the things on the agenda of that meeting is to have a look at this in our new farm credit legislation. But we want the farmer to become a full-time farmer. He may be a part-time farmer when he buys the farm, but we have plans that would ensure that within a certain number of years he would become a full-time farmer, so that those funds—

Senator Michaud: But my concern was with the vendor, not the purchaser.

Hon. Mr. Whelan: Oh, the vendor, I see.

Senator Michaud: If the vendor is not a full-time operator, then that causes problems.

Hon. Mr. Whelan: That is going to be considered too.

Senator Michaud: He just cannot sell.

The Chairman: I think Senator Michaud is concerned that the land which the big operator has should be kept in agriculture.

Senator Michaud: Yes.

Hon. Mr. Whelan: Of course.

Senator Sparrow: I wonder, Mr. Chairman, if the Minister or the department could give us a list of all the assistance given to agriculture in Canada by the federal government departments as well as, if possible, by the provincial government departments, and I am not referring only to agriculture, but to DREE and all the other departments. What I have in mind is looking at possible duplications of programs. That is why I would like a list of such programs. Do you understand what I am asking for, Mr. Minister?

Hon. Mr. Whelan: Yes. In fact, we have a booklet which contains practically all of that. It includes any department in which a grant, or aid of any kind, is given to agriculture in any way at all. We can give you that.

I might say that the same request was made in the House of Commons committee, so whatever information is not contained in that book we will make available to you in proper form.

Senator Sparrow: Thank you. Can you tell me when that will be?

Hon. Mr. Whelan: The booklets are available now. It is a question of checking them over to make sure every-

thing is there. So they should be forthcoming in the very near future. I think you could say, "Soon."

Senator Benidickson: Mr. Minister, are the Farm Improvement Loans Act and the Farm Credit Act still administered by the Department of Finance?

Hon. Mr. Whelan: The Farm Credit Act is under a separate corporation.

Senator Benidickson: Reporting to the Minister of Finance?

Hon. Mr. Whelan: The Minister of Agriculture. The Farm Improvement Loans Act is under the Department of Finance.

Senator Benidickson: Because the loans are made by banks?

Hon. Mr. Whelan: Yes, and the credit unions.

I just want to say to you, Senator Sparrow, that I noticed today that PFRA is putting through a substantial loan and grant to the City of Swift Current so that they can put in their sewage system.

The Chairman: That is DREE.

Hon. Mr. Whelan: I guess you could call that "farming".

Senator Sparrow: That is so they can use it for irrigation. Mr. Minister. That is true.

Under the five-cent subsidy program for beef, I wonder if you would explain to us the reason why a direct subsidy would be going to the beef industry in Canada, rather than a surcharge, or a tariff on beef coming in from the United States.

Just to preface my remarks, I would like to say this, that it would appear to me from my short history of involvement with agriculture in the west that the beef industry has been the most stable in my lifetime, as far as all agricultural products have been concerned in the Prairie provinces. It seems to me that the greatest difficulty came when the United States had a freeze on prices, and so on.

One point that I want you to touch on is that, regardless of what the prices have been—and I believe this is your statement, but I believe it as well—the consumer has not overpaid for any meat products in Canada, that I have been aware of. I think that if they pay anything they come close to perhaps paying a fair price for their products, and I am wondering now why it would not be possible to protect the beef producer by a surtax or surcharge or tariff on imported beef, rather than the other taxpayer subsidizing the beef industry, apart from the consumer as a whole.

Hon. Mr. Whelan: Well, I just want to say this, that with regard to the surtax, or tariff, or whatever it may be, there is only one group that pays for it, and that is the people of Canada: they pay for it. Regarding a tariff, as suggested by the Canadian cattlemen, some of the stock growers, here, again, you find out who the free traders are, because most of my letters just say, "We want you to put an embargo on them. We want you to stop them. We don't care how you do it, but stop them!" If I go by the letters I get there is not a free trader left

in Canada, as far as that goes, so they are saying, "Put a tariff on the quota."

This sounds easy, and I know they know better than that. You just do not do those things over night. The United States, to agree to that kind of an agreement, again, would have to—if it was any kind of an agreement at all—change their system, and they, again, would have to go through Congress. It has to be properly negotiated and go through the proper procedures, and it is not done as easily as they are saying. A surtax, sure, that is a very easy thing, but again, they can ask for compensation for damage that they feel is done to their market in their country, if you put a surtax on and stop their exports going into our country. They may put a claim in on beef; we do not know. They have talked about it. They have made representations about the surtax on cherries, for example.

By way of compensation, what they generally do is ask for something in trade. You know, in the case of some product we are charging a tariff on, coming into Canada, that maybe we do not produce here or something, they say, "Give us a reduction in that tariff."

I think, in the long term, that we will probably have to work out something, and we have discussed it, certainly, for quite some time, on quotas, et cetera; but I think one thing that we have to remember with regard to the United States, and the tariff and quota system, is that we have quotas on a lot of products going into their country and we very rarely reach that quota. Indeed, I do not know if we ever did reach the quota that they placed on our cattle. Even with regard to the hullabaloo last fall, about the amount of feeder cattle going into the United States, there were other years that we were double that amount of feeder cattle, in the late sixties and even in the seventies. With regard to export to the United States, Mr. Williams just gave me the figures here. The closest we ever came to our quota—and I think it was 400,000 head that we were allowed to ship to the United States—was in 1958, when we shipped 241,000.

Senator Sparrow: What year?

Hon. Mr. Whelan: In 1958. In 1959, 91,000; 1960, 65,000; 1961, 97,000; 1962, 72,000; 1963, 52,000; 1964, 47,000; 1965, 136,000. In 1972 it dropped down to 27,000; then it increased. These cattle that I am giving are 700 pounds and over.

Senator Sparrow: What is the highest import figure over the last ten years?

Hon. Mr. Whelan: The highest import figure? Well, I can tell you that this year we are not very far out of balance for the trading year; we are pretty near normal. But there has been tremendous movement at different times that has disrupted the normal market, and that is what has caused the chaos. We have figures here for the highest imports. Perhaps Mr. Williams could read them.

Mr. Williams: Briefly, in the same class of cattle, 700 pounds and over—and there are three different categories here—the highest figure shown, back to 1965, is 25,270 head. The average, for example, I suppose, runs between 17,000 and 18,000 head per year.

Hon. Mr. Whelan: Then if you go to the ones from 200 pounds to 700 pounds—these are lighter cattle—your figures change drastically.

Senator Sparrow: What do you mean by "drastically"? Give us the total imports of cattle per year, then.

Hon. Mr. Whelan: You went in 1965, for instance, from 200 to 700 pounds, and you had 356,000 of these small cattle.

Mr. Williams: These are feeders.

Hon. Mr. Whelan: And in 1973, up to September, you had 110,000. In 1966 you had 282,000; in 1967 you had 119,000; in 1968 you had 112,000; 1969, 13,000; 1970, 6,000; 1971, 17,000; 1972, 58,000; 1973, 110,000. So you see, in the total figures we do not get up to 200,000 by the end of the year for cattle that went to the United States.

Mr. Williams: Mr. Chairman, I must apologize for the figures I gave for 700 pounds and over. I was reading the dollar figures rather than the numbers. The highest ever was 141,000, and not the 25,000 that I quoted. It fluctuates greatly with the low figure being 15,000, and I would suggest that the average probably is around 50,000 or 60,000 back until 1950.

Senator Sparrow: That is 700 pounds and over.

Mr. Williams: Seven hundred pounds or over.

Senator Sparrow: And the average of 700 or less would be 200,000.

Mr. Williams: No. I would say it would be somewhat less than that in the last seven or eight years. It has shown tremendous fluctuations from a high of 357,000 to a low of only 6,000, so I guess the average would be closer to 100,000 or 125,000.

I think while we are on this subject we should point out that we have extensive exports of dressed beef to the United States, largely of manufactured quality, over and above this.

Hon. Mr. Whelan: That's cow and bull.

Senator Laing: I should like to make a representation to the minister before he goes in relation to that part of his statement where he referred to the sales by the Manitoba Hog Marketing Board to Japan under contract. I think now that several thousand tons of pork have been shipped from Vancouver to Japan, chilled but not frozen, and I am told that its acceptance in Japan has been of a very, very high order. So it would appear that there is a possible market of fantastic proportions for us there. Now, I don't know about the situation in Manitoba, but in Alberta, due to gas-fired farrowing pens and so on, if we return to the normal relationship between grain and meat, I think there is no area in the world that could produce pork more economically than Alberta.

The minister is going to Japan shortly, and I would hope that he would see to it that we do not lose that connection, because when we return, as we ultimately will, to the old-time relationship between grain and meat, there will be an opportunity there for building an enormous trade with Japan. As I say, our pork products are very highly accepted and they want more of them if they can get them quickly, and at a price that would be very advantageous to us. I think there is an enormous opportunity for building a trade relationship there. Could

we see to it that in the case of Manitoba and Alberta we do not lose that market?

Hon. Mr. Whelan: They have signed an agreement with Alberta to take so many sides or carcasses of pork, but the Japanese like to trade like the Minister of Agriculture thinks we should in Canada: they just cut you off when they don't want any more of your product. They have done that with Australia as far as beef was concerned, and they have done it with Canada in relation to pork. That is, unless it has been under contract, they say, "That is as much as we are going to take!"

This is one of the things we will be discussing with them, because we met the Minister of Agriculture and some other officials from Japan last fall and they seemed more receptive to long-term contracts, the kind that enable you to provide a proper structure so that people would know where they were going in production. They even considered having an escalator clause in case production costs go up, but they also wanted it in the event that costs went down.

Senator Laing: All the copper that goes out of British Columbia is signed on the basis of contract that provides for so many tons, but the price varies with the world market in London.

Hon. Mr. Whelan: I hope you are aware of what was announced on the radio this morning—that is, that the copper producing countries are going to get together like the oil producing countries have done and are going to set a world price for copper.

Senator Laing: Well, British Columbia will be right in there.

Hon. Mr. Whelan: Canada will be right in there.

The Chairman: Well, Mr. Minister, we are delighted to have had you with us this morning, together with Mr. Williams. I am sure the size of the turn-out this morning indicates the interest of senators in agriculture and in your statement. I hope we can do a satisfactory job for you on Bill S-2. We are glad to have had you here this morning, and we hope to see you again at another session.

Hon. Mr. Whelan: May I repeat that if you have any suggestions on this Small Farms program, please feel free to submit them as quickly as possible because there will be a meeting of the committee in the near future.

Senator McElman: I think there is a representation in our report on that.

The Chairman: We have submitted an interim report, and that is now public. We will be having another group meeting shortly, and we will get some further information to you.

Hon. Mr. Whelan: We have your report, but I thought that there might be further ideas since then. After a report is submitted we find that many people send in suggestions, and I thought this might be the case here.

Senator McElman: From the Atlantic standpoint, the representation in the report is the recommendation for action by the department.

The Chairman: There may be some additions we would like to put to it, and we will be in touch with you.

Senator McElman: Mr. Chairman, would the minister agree to send to this committee a sufficient number of copies of that booklet on all the programs available?

Hon. Mr. Whelan: Yes, we will do that.
The committee adjourned.

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SECOND SESSION—TWENTY-NINTH PARLIAMENT

1974

THE SENATE OF CANADA
PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON
AGRICULTURE

The Honourable HAZEN ARGUE, *Chairman*

Issue No. 2

WEDNESDAY, APRIL 3, 1974

First Proceedings on Bill S-2,

intituled:

“An Act to amend the Animal Contagious Diseases Act”

(Witnesses:—See Minutes of Proceedings)



SECOND SESSION TWENTY-NINTH PARLIAMENT

STANDING SENATE COMMITTEE ON AGRICULTURE

The Hon. Hazen Argue, *Chairman*

The Hon. Hervé J. Michaud, *Deputy Chairman*

The Honourable Senators:

- | | |
|--|----------|
| Argue | McGrand |
| Benidickson | McNamara |
| Côté | Michaud |
| *Flynn | Molgat |
| Fournier (<i>Restigouche-Gloucester</i>) | Norrie |
| Haig | Petten |
| Hays | Phillips |
| Inman | Sparrow |
| Lafond | Welch |
| *Martin | Williams |
| McElman | Zuzyk |

**Ex officio members*

20 MEMBERS

(Quorum 5)

WEDNESDAY, APRIL 3, 1974

First Proceedings on Bill S-2

intended:

"An Act to amend the Animal Contagious Diseases Act"

(Witnesses:—See Minutes of Proceedings)

Order of Reference

The Standing Senate Committee on Agriculture

Minutes of Proceedings

Extract from the Minutes of the Proceedings of the Senate, March 28, 1974.

"Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator McGrand, seconded by the Honourable Senator Basha, for the second reading of the Bill S-2, intituled: "An Act to amend the Animal Contagious Diseases Act".

After debate, and—

The question being put on the motion, it was—
Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator McGrand moved, seconded by the Honourable Senator Basha, that the Bill be referred to the Standing Senate Committee on Agriculture.

The question being put on the motion, it was—
Resolved in the affirmative."

Robert Fortier,
Clerk of the Senate.

Today the idea is to have Dr. Wells, with his official introduction, to introduce the bill to us and give his general explanation of what the bill is all about. I know the officials will be with us at all of our meetings.

There are some proposed amendments. I thought perhaps the way to deal with the proposed amendments would be to have them read to us at this time. We have the Law Clerk with us. At the first meeting on this bill, when we are going over the bill clause by clause, we can take the amendments. Would that be correct?

Mr. E. Russell Hopkins, Law Clerk and Parliamentary Counsel, Yes.

The Chairman Honourable Senator McGrand: I am glad you are all pleased to hear that we have with us today Dr. Kenneth Wells, the Veterinary Director General, Health of Animals Branch, Department of Agriculture. I have had the privilege of knowing Dr. Wells for a great number of years. Looking back over the years, I think the most interesting occasions on which I had dealings with him were when the House of Commons Agriculture Committee, back in 1957, was considering all the circumstances surrounding the outbreak of foot-and-mouth disease in Saskatchewan and subsequent action by the

Minutes of Proceedings

Wednesday, April 3, 1974

Pursuant to adjournment and notice, the Standing Senate Committee on Agriculture met this day at 4.00 p.m. to consider Bill S-2, intituled: "An Act to amend the Animal Contagious Diseases Act".

Present: The Honourable Senators Argue (*Chairman*), Fournier (*Restigouche-Gloucester*), Inman, Lafond, McElman, McGrand, McNamara, Norrie, Petten and Williams. (10)

In attendance: Mr. E. R. Hopkins, Law Clerk and Parliamentary Counsel.

The following witnesses were heard:

Department of Agriculture:

Dr. K. F. Wells,
Veterinary Director General,
Health of Animals Branch;

Dr. R. J. McClenaghan,
Special Project Officer,
Health of Animals Branch.

Department of Transport:

Captain J. A. Penning,
Superintendent of Marine Cargoes.

The Committee adjourned at 5.00 p.m. to the call of the Chairman.

ATTEST:

Mrs. Aline Pritchard,
Clerk of the Committee.

Extract from the Minutes of the Proceedings of the Senate, March 28, 1974
Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator McGrand, seconded by the Honourable Senator Basha, for the second reading of the Bill S-2, intituled: "An Act to amend the Animal Contagious Diseases Act."
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The question being put on the motion, it was—
Resolved in the affirmative.
Robert Fortin,
Clerk of the Senate.
MEMBERS
(5 members)

The Standing Senate Committee on Agriculture

Evidence

Ottawa, Wednesday, April 3, 1974

The Standing Senate Committee on Agriculture, to which was referred Bill S-2, to amend the Animal Contagious Diseases Act, met this day at 4 p.m. to give consideration to the bill.

Senator Hazen Argue (*Chairman*) in the Chair.

The Chairman: Honourable senators, this afternoon we have before us Bill S-2, an act to amend the Animal Contagious Diseases Act. There is tremendous interest in this bill, and there have been requests to be heard from many important organizations, such as the Canadian Cattlemen's Association, transport organizations, the railways and others, so we will need a number of meetings to discuss the bill. I asked the minister, the Honourable Eugene Whelan, how urgent he feels it is. He is naturally anxious to have it dealt with in the Commons, but he agreed that if the Senate did not do a thorough job there was not much point in starting to consider it in the Commons. Our job, therefore, is to examine it and to do a good job in studying it as quickly as we can. After we have considered it thoroughly, we can send it to the Commons. This would seem to indicate that we have our schedule lined up for some extensive meetings after the Easter recess to and report it very early after the Easter recess.

Today the idea is to have Dr. Wells, with his officials, introduce the measure to us and give their general explanation, after which we can ask the officials questions. I know the officials will be with us at all of our meetings.

There are some proposed amendments. I thought perhaps the way to deal with the proposed amendments would be to have them read to us at this time. We have the Law Clerk with us. At the final meeting on this bill, when we are going over the bill clause by clause, we can take the amendments. Would that be correct?

Mr. E. Russell Hopkins, Law Clerk and Parliamentary Counsel: Yes.

The Chairman: Honourable senators, I am sure you are all pleased to hear that we have with us today Dr. Kenneth Wells, the Veterinary Director General, Health of Animals Branch, Department of Agriculture. I have had the privilege of knowing Dr. Wells for a great number of years. Looking back over the years, I think the most interesting occasions on which I had dealings with him were when the House of Commons Agriculture Committee, back in 1952, was considering all the circumstances surrounding an outbreak of foot-and-mouth disease in Saskatchewan, and subsequent action by the

government to deal with the disease and compensate the farmers. Dr. Wells, who at the time was Chief Veterinarian, has gone on over the years with one promotion after another, to his present position. I am sure we welcome him here today. He will tell us the main points of the legislation. There are some proposed amendments. Before the meeting I suggested to Dr. Wells that he lay the amendments before us, and then we will deal with them when we are going over the bill itself.

Without further ado, I will now call on Dr. Wells, who will introduce the other officials with him in making his presentation to our committee.

Dr. K. F. Wells, Veterinary Director General, Health of Animals Branch, Department of Agriculture: Mr. Chairman, honourable senators, with me today, to assist in responding to any questions you may have on this bill, I have Dr. Hawkins of the Animal Contagious Diseases Division of the Health of Animals Branch; Captain J. A. Penning, Superintendent of Marine Cargoes, Department of Transport; Mr. W. G. Johnson from the Department of Justice, who was instrumental in writing the legalities of the bill, presenting it and preparing for you; Dr. McClenaghan, the past Director of the Contagious Diseases Division, Health of Animals Branch; and Dr. Reid, which is Executive Assistant to the Veterinary Director General, Health of Animals Branch.

This is a bill to amend the Animal Contagious Diseases Act, which was first passed by Parliament in 1869 as an act respecting contagious diseases affecting animals. It is interesting to note that this was in fact the very first agricultural legislation that went through Parliament following Confederation. Since that time the bill has been before Parliament from time to time; the name has been changed over the years to read Animal Contagious Diseases Act, and will again be changed by this bill now before you.

The Animal Contagious Diseases Act is the vehicle through which Canada has been able to maintain the country free of serious animal epizootic diseases, to eradicate those that can be eradicated and bring under control those that cannot be eradicated. It is, of course, essential to the wellbeing of the Canadian livestock industry, both with regard to domestic production and international trade. Through the implementation of the provisions of the Animal Contagious Diseases Act Canada has achieved an animal health status recognized as equal to the best in the world. As a result of this animal health status, livestock and livestock products are acceptable from Canada in practically all countries in the world,

under the necessary and required veterinarian certification.

In 1973 livestock and livestock products were exported from Canada to 120 countries throughout the world, to a value of just under \$700 million. While one must accept the fact that \$700 million is a small portion of the gross product of the agricultural industry of Canada, nevertheless the export of that amount of livestock and livestock products means a great deal to the livestock producer. It is sometimes not too well realized that up until very recently the livestock industry—that is, the livestock and livestock products of the agricultural industry in Canada—provided 60 per cent of the cash farm income of Canadian agriculture. It is therefore considered essential to the wellbeing of the Canadian livestock industry that a strong act providing for the eradication and control of animal diseases be maintained.

Briefly, the bill first of all provides—which is absolutely new so far as the act is concerned—authority to regulate the care and treatment of animals while in transport for the purpose of reducing the incidence of sickness and disease. Over the years the number of losses that have been sustained in the long transportation of livestock across this country have, of course, greatly increased as the number of livestock increased, and as the number moving in transportation has increased. It has therefore been considered essential that, in order to reduce, and if possible, of course, to eliminate these losses in transportation, adequate and proper authority be provided in order that regulations can be written which will regulate the movement of livestock by truck, rail, air and ship out of Canada. Clauses 31 to 34 of the bill before you deal with this.

In addition to that, the other aspects of the bill before you are, basically, to clarify the provisions of the act that we have been using, and for which we have had regulations. However, with a review by the Department of Justice there has been some question whether there was adequate authority under the act to evolve and incorporate all the regulations under which we have been operating. Therefore, the remainder of the provisions are basically to clarify these purposes.

As an example, we are clarifying that animal semen, poultry, other birds, bees, reptiles and hatching eggs are included under the authority of this act. There was a legal question whether animal semen, poultry, other birds, bees, reptiles and hatching eggs were, in fact, animals. The bill clarifies that position. It provides authority for the Governor in Council to regulate the importation, quarantine, destruction, disinfection or purification of animal by-products. Here the problem was that hides and wool have to be controlled on the basis of importing them into this country so that diseases are not introduced, and "animal by-products" has to be clarified so that it is included.

There is authority to provide regulations for the exportation of animals for the prevention of disease. We have never had regulations that require certification for diseases in animals being exported out of the country, and this, of course, puts in jeopardy the quality of livestock being exported, if we do not have authority to say that they are exported and are healthy at the time of export.

The department has in fact for 40 years been operating for the eradication of tuberculosis, brucellosis and other

infectious diseases, and we do it under an area program policy. But, in fact, the act previously has not clearly defined that a restricted area or areas can be established for the eradication of these diseases. This is corrected.

To regulate the conduct and operation of zoos and game farms for the prevention of animal diseases is a new departure from the old act and is put in, of course, in order to have the increased importation of animals and the management of zoos and animal farms properly regulated if, in fact, diseases of livestock are to be controlled.

We are asking that it be required of every operator of a dairy, creamery or cheese factory that samples of milk or cream or butter be supplied for inspection with respect to disease control.

To prescribe sanitary and health measures for artificial insemination centres: The artificial insemination industry has been growing fantastically over the years until we are now exporting out of this country close to two million vials of frozen semen per year to about 30 countries around the world, and it is essential, of course if both export and domestic markets are to be operated in such a manner that disease will not be spread, that the centres in which the bulls are kept for the collection of semen may be adequately controlled with respect to disease testing.

To regulate the manufacture, distribution and importation of veterinary biologics is included; and to regulate the introduction of garbage and also the use of garbage in the feeding of swine and poultry. In this respect we are not importing garbage *per se*, but ships and aircraft arrive at our airports from foreign countries and the garbage they have aboard can come from meats which have come from foot-and-mouth-infected countries which, in turn, they carry the viruses of infectious disease. Therefore, we have to have adequate authority to dispose of this garbage at ports of entry or at international airports.

To amend section 18 of the act to authorize an inspector to enter premises to carry out the provisions of the act, the regulations, and any orders made by the Governor-in-Council or by the minister: This authority has been in the act so that authority for any inspector to enter any premises with respect to the provisions of the act has been provided, but there has not been authority to apply this same requirement to the regulations, and this is corrected.

To regulate the construction, operation and maintenance of animal deadyards and rendering plants including the packaging and marketing of products of such yards: Again, this is a matter of controlling the selection and disposal of animals which have died across the country in order that the carcasses will be disposed of in such a manner that disease is not spread.

Finally, to regulate meat lockers on ships in Canadian waters to prevent the introduction of foreign animal diseases: Here again ships arrive with meats from foreign countries in their lockers and it is necessary that these meats be sealed in those lockers in order that foreign meats, particularly meats from foot-and-mouth-infected countries, cannot be used in Canada. Therefore, such ships arriving and going into the St. Lawrence Seaway or staying in our ports must, in fact, use Canadian meats while in our waters or have a supply of meats from countries which are not foot-and-mouth infected.

These are the provisions we are asking you to consider in this bill.

Once this has all been done, then sections 404 and 405 of the Criminal Code, which deal with the transportation of animals, are to be repealed and, again, certain sections of the Livestock Shipping Act are to be repealed, because they then become no longer necessary because all of the requirements will be handled through the provisions of the Animal Contagious Diseases Act.

That, Mr. Chairman, in brief, is the purpose of the bill. As indicated, we have two amendments which we would like to propose and which have been considered by the Department of Justice.

The first is merely to re-word the definition of "biologics", and this is on page 4, starting at the top of the page. We are simply altering the definition of the word "biologics". Starting at the top of page 4 of the bill we are simply offering the definition of the word right here so that "biologics" then becomes:

—factured, sold or represented for use in

- (a) the diagnosis, treatment, mitigation or prevention of disease, disordered, abnormal physical state, or the symptoms thereof, in animals, or
- (b) restoring, correcting or modifying organic functions in animals.

The purpose of the amendment that we are proposing is to make certain that hormones are brought in as a biologic with respect to modifying organic functions in animals. The various definition itself was not sufficiently broad to include control of hormones within animals.

The second amendment, Mr. Chairman, which we would like the committee to consider is on page 6 at the very bottom, lines 41 to 45, and here we are asking that clause 4(4) of Bill S-2 be amended by striking out lines 41 to 45 on page 6 and substituting therefor the following:

by this Act to be prescribed;

- (t) for the marking of animals and the affixing of tags and other devices to animals by inspectors or other officers appointed pursuant to this Act for the better execution of this Act and for the elimination or prevention of infectious or contagious disease among animals; and
- (u) generally, for the better execution of this Act and for the elimination of infectious or contagious disease among animals.

The purpose of this amendment, Mr. Chairman, is merely to provide adequate authority to the department to enable them to identify animals either with ear tags or tags applied by glue for the marking of animals, such as brucellosis, tuberculosis, reactor animals or infectious equine or infectious anemia reactor animals. And then it becomes illegal to remove these marks once they have been legally put on by virtue of this amendment.

Those, Mr. Chairman, are the purposes of the bill before the committee.

The Chairman: Thank you, Dr. Wells. I will now open the meeting to questions. Perhaps I could start off with a question myself.

When I was in Washington about a month and a half ago I was told that in the United States—and apparently it is agreed that the situation is about the same here—

brucellosis seems from time to time to be almost eradicated, but then crops up again. Apparently it has been cropping up a little more frequently in recent months.

Can you comment on how this bill might help to deal with brucellosis? Is there anything new that might help eradicate this disease?

Dr. Wells: Yes, brucellosis has been reduced in this country to a national overall percentage somewhere in the order of 0.05. I think that is correct, or it is close to that.

As the disease is eliminated and you get down to the last vestiges of it, it becomes more and more difficult to find those last vestiges of infection and to deal with them. We have been successful in bringing brucellosis down from an initial national infection rate of 9 per cent to this low level I have just mentioned. But because of the fact that it is such a low level, we have naturally a large group of susceptible animals in the country. When a herb becomes infected with brucellosis, then it becomes a serious matter in that particular herb, and in that respect we have had a slight increase over the past year in the number of herbs infected, but these are being controlled.

Now, the amendments contained in this bill do provide more authority under the Animal Contagious Diseases Act to deal not only with the auction markets wherein a great many cattle are sold and moved back to farms but also through the cattle dealers and drovers through which animals are moved from farm to farm at the present time without the requirement of having a test before they are moved. This bill before you, Mr. Chairman, provides us with adequate authority to move into that field.

We have been into it in a small way before but, again, the Department of Justice considered that it should be strengthened in order that we would have authority to carry out these functions.

Senator Norrie: What is brucellosis?

Dr. Wells: Brucellosis is commonly known as contagious abortion in cattle; it causes abortion.

Senator Norrie: Bang's disease?

Dr. Wells: Yes. That is another common name. It is undulant fever in humans.

Senator Norrie: In man, in the human, it is undulant fever.

Dr. Wells: That is correct. Incidentally, the elimination of brucellosis, or Bang's disease, in cattle, of course, has in fact reduced to a very, very great extent the incidence of undulant fever in humans, and the same thing with regard to tuberculosis.

If I may say, Mr. Chairman, there is always considerable talk about what subsidies go to the agricultural community in order to help them provide the food that we eat. It is rarely said that the agricultural and livestock communities have in fact, over the years, subsidized greatly the human health of this nation, because the farmer does take a loss when we eliminate from his herd brucellosis, tuberculosis, trichinosis in swine, and cysticercus bovis in cattle. In taking that loss, the farmer

is in fact subsidizing the human health of the nation because these diseases then very rarely appear in humans, so that not only does this act in fact provide for more efficient control of the diseases within the livestock industry, but it has the added benefit of eliminating many of these diseases in the human population.

Salmonella in our meat inspection system is an example. In our country it is possible to count the number of salmonella outbreaks that occur among humans. The only reason that they can count them—and sometimes they think they are high when they get up to 10,000 a year, and I just use that figure loosely—is that we do control this disease through our meat inspection operation. If it were not for that, the numbers would be so high they could not count them.

Senator Norrie: Isn't salmonella mostly spread by fowl, chickens?

Dr. Wells: Not "mostly." Chickens are certainly one of the carriers of salmonella because there are a great many varieties of salmonella; but there is salmonella in pork as well, and in all animals.

Senator Norrie: Thank you.

Senator McGrand: I want to come to that, but the first question I have is this: In the importation of hides and wool, what are you looking for there—Anthrax?

Dr. Wells: Anthrax, foot and mouth disease, rinderpest, contagious pleural pneumonia—any of the serious viral diseases, or bacterial diseases, that can be carried.

Senator McGrand: You mentioned salmonella, and a few things like that. Is there any way of amending this act to do something to control the dangers that come from these exotic animals that we have in Canada?

Dr. Wells: Well, by virtue of the definition, where I read the alterations of the definitions to make it clear that poultry and reptiles do come under the provisions of the act as animals, therefore, the provisions of the act can be applied to these kinds of animals which require certification.

Senator McGrand: I am thinking of all these kinds of animals. They run all the way from chimpanzees to ant-eaters, and you have all the reptiles—constrictors, alligators, and I don't know what. You cannot call those domesticated animals or anything like that. There has been considerable disease spread among humans by such things as spider monkeys, and these fellows carry not only amoebic and bacterial dysentery, but there is an opener to tuberculosis from them, and many other things. I know the American Veterinary Medical Association passed a resolution not so long ago asking that the commercial traffic in these animals be prohibited. What would we do here to help that situation?

Dr. Wells: Well, we have in the past been dealing, for example, with these small turtles that come in. We have, for approximately the past year and a half required that when they come in in commercial quantities, they go directly to a centre where they can be controlled, and where we can put them in water, and then we sample the water, to make certain they are salmonella free. But we

have been doing this without what one might term sound, waterproof, legal authority, because a reptile is not necessarily an animal; but the definition here provides that these reptiles, and all of the things that you mentioned, then become animals under the provisions of this act.

Senator McGrand: The pet shops do not pay much attention to that, do they?

Dr. Wells: Yes. With the authority of this act we will require that pet shops making these importations make them in a manner that can be controlled, until we can be satisfied that they are disease free.

Senator McGrand: If you apply these regulations that you are going to bring in to take the place of sections 404 and 405 of the Criminal Code, the transportation by air and by rail, and so on—if these exotic animals had to be looked after and prohibited from travelling by rail and bus, and so on, you would eliminate this bit of a nuisance that we have. Can you do that? Is it possible?

Dr. Wells: I question if they can be eliminated arbitrarily by that means. They can be controlled under the provisions of this act from a disease point of view, but to eliminate them without the disease cause would not be possible under this act. They can be kept under control once they have arrived here, until we are satisfied that they are disease free, and then, if not disease free, sent back to the country of origin. Perhaps Mr. Johnson, of the Department of Justice, could add something to this, but under the provisions of this act we would not have authority arbitrarily to say that a certain species of animal could not be imported.

Senator McGrand: But they cannot travel by road, rail or air.

Dr. Wells: Again, this would not provide us with authority to prohibit animals travelling by road, rail or air, but it would provide us with authority to state the conditions under which they must travel, in so far as a sanitary manner, disease-free manner and a humane manner are concerned.

Senator Inman: What animals carry salmonella bacteria except chickens?

Dr. Wells: Practically all animals can carry salmonella. Of course, rodents are a very good carrier of salmonella.

Senator Inman: What about rabbits?

Dr. Wells: Rabbits; yes, rabbits can carry salmonella. Mind you, when one talks about salmonella, there are, I think, at least 150 different salmonellas, and of that group of 150 a very small percentage are in fact harmful.

Senator Inman: If an egg has salmonella, if it is hard boiled is it all right?

Dr. Wells: That would destroy it; it would destroy all infection. Yet, through the poultry flocks today, with respect to salmonella pullorum, and some other salmonellas, where are tested for these diseases, here again it is part of the authority provided here that poultry flocks providing hatching eggs for the commercial hatching industry have to be pullorum free before they are permitted to provide eggs. They are tested for this.

Senator McElman: Could I ask, with regard to clause 3, which is an amendment to section 2 of the act, where it says, "'animal' includes bees, fertilized eggs of poultry or reptiles, live poultry, ova and reptiles;" does the term "poultry" cover the importation of partridge; turkeys for these game farms and eggs thereof?

Dr. Wells: Yes, "poultry" is all inclusive and includes partridge, turkeys, quail, everything.

Senator McElman: I gather the importation of this kind of thing everywhere in Canada is growing.

Dr. Wells: Yes. The word "poultry" covers all birds.

The Chairman: There is a great deal of interest in how this act may affect the shipment of livestock across the country. We see from time to time stories about trucks going across the country with a load of 100 hogs and on arrival they find that 50 are dead. We hear the same thing about shipments of cattle. So would you care to comment generally on how bad or how good is the care of animals in transport in Canada? Are the railroads doing everything they should or are they pretty careless in this? What improvements will be made? And when we hear from the railroads and so on, what is their line going to be?

Dr. Wells: I think the railways will welcome the provisions of this act because, generally, they are careful with respect to the movement of livestock because of their responsibility once the livestock are turned over to the railroads for transportation. The provisions of the regulations to be made under this act will provide that no animals can go aboard railroad cars, or, for that matter, trucks, unless they are considered to be healthy at the time. There will be a requirement that a certain amount of space be provided for each animal and that proper feed and water shall be supplied if necessary. Shipments, of course, shall not be prolonged over long periods of time. It is recognized that from a physiological point of view it is better to put animals on a railroad train in Winnipeg and move them directly to Toronto rather than stop and feed them on the way, as has previously been the practice. But this is only acceptable provided they move forward in a 40 or 45-hour period. If they go beyond that, then they have to be given some consideration.

So the regulations under this bill will not carry out the provisions of the Criminal Code which said that all animals had to be removed from railroad cars after 36 hours. It will of course depend on the destination and the care that the animals are given. In addition to that, the regulations will bring in, for the first time, the question of the transportation of animals by truck, by air or by ship which are not included under the provisions of the Criminal Code at the moment.

The Chairman: So you will be doing things to stop situations in which loads of pigs are sent on large transports in 40-degree below zero weather, in a blizzard, and arrive at their destination with half of them frozen?

Dr. Wells: That is right. Another example is the transport of horses in double-decked cars, where a horse has to stand for long periods of time with his head down,

which is a position that is not natural for horses. This sort of thing will be regulated as well.

The Chairman: What progress has been made by the railroad companies for providing facilities for feeding the animals in transit without unloading them? I have had people come to me asking me to get in touch with the railroad companies because they had special devices or patents or ideas for the feeding of animals in transit whereby they would be well looked after and the trains would not have to stop to unload them.

Dr. Wells: There have been experimental cars developed which provide for feeding and watering of the cattle in transit, but in actual fact there is some question as to whether all the cattle within the car could have access to it by moving around.

The other factor, which is a physiological one, has been found by experiments run on cattle being shipped from Western Canada to Eastern Canada. If the total movement could be kept within reasonable hours and could be carried out smoothly, then the animals were better off not to be fed and watered. I rather hesitate to enlarge upon it, but the simple fact is that if you take animals off a railroad car and put them in the most comfortable pen for rest and feed and water, unless they can stay there for 24 hours they are not going to get sufficient rest. Furthermore, when you take them off for, say, eight hours and feed and water them, all you are really doing is stimulating the animals' entire intestinal operations, and this makes it a bit more messy for the rest of the animals when they get back on the car again. So that in reality it is better if they are carried right through, within limits, without feed and water because within those limits it does not hurt them, and we are looking at a period of roughly 40 hours at the moment.

Senator McGrand: Do you distinguish between water and food in that question of stress?

Dr. Wells: No. In the experiments that were carried out it did not seem to make any difference with respect to water or food and, of course, the question of watering is difficult in the wintertime unless the cars have a heating device. But the water spills and makes for a messy car, and then if the cattle do lie down it is not very comfortable for them.

Senator Williams: Is there any provision for a maximum length of time?

Dr. Wells: Yes, there will be. At the present time under the Criminal Code the limit is 36 hours, but this is not quite long enough to provide for a regular movement from Winnipeg to Toronto, which is used as the basis, and the experiments which were carried out were based on the Winnipeg to Toronto run. I think perhaps Dr. McClenaghan could probably speak more clearly about this, but you are looking at a matter of 40 hours as the maximum.

Senator Williams: And in that length of time there will be no feed or water?

Dr. Wells: That is correct. One of the problems with which we must deal in speaking with the railroads, and they understand it, is that the application of the 36

hours under the Criminal Code has been on the basis of the time the animals were actually in transit. But, in fact, the animals may have been loaded five or six hours prior to the time that the train pulled out of the station, and this was never counted as part of the 36 hours. So that even if one stayed with the 36-hours limit, it is quite possible that the animals had been in the cars for 45 hours. This will be corrected, because when we talked to the railroad companies about it they said that they appreciated the problem. They must understand that when cattle are loaded on to cars, then the train must be ready to leave within a reasonable time rather than having them sit around the yard for four, five, six or eight hours after loading and before the train pulls out.

Senator McElman: What is the responsibility of the carrier in the event of a national rail strike and cattle are put on a siding because they have not reached their destination? Is it the carrier who must look after the care and feed of the animals?

Dr. Wells: This is a very, very complicated procedure and I am afraid I am not qualified to answer the question. It is tied up with the railroad shipping contract. All I know about it is from the discussions I have sat in on between the Cattlemen's Association and the railroads, where they were arguing that the present contract under which they ship livestock at reduced rates eliminates some of the responsibilities of the railroad companies. They are attempting to negotiate a different contract which will provide for more financial responsibility on the part of the railroad. But the present livestock shipping rates, as I understand it, are lower than the normal freight shipping rates based upon the contract, and they are attempting to negotiate a different contract, which will provide for more financial responsibility on the part of the railroad. The present livestock shipping rates, however, as I understand it, are lower than freight shipping rates, based upon this contract, which sets a maximum on financial responsibility. The railroads, Mr. Chairman, will be able to answer that more specifically.

Senator McElman: Should there not be some provision in this act to place the responsibility upon someone in the event of interruption prior to arrival at destination?

Dr. Wells: There will be. Under the regulations, if there is interruption during the course of any voyage, whether by rail, truck or aircraft, they will be required under the provisions of the regulations made pursuant to this act to unload and properly care for, feed and water such cattle.

Senator Norrie: I lost a carload of cattle in the Moncton hump for 24 hours. It was the first day the hump was opened. We took three cattle out to the Royal Show and left the other 20 in the stall. That is how bad they were.

Senator McGrand: What was the cause of that?

Senator Norrie: They did not know how to handle the hump. They would not take the responsibility and paid me only \$500 for the damages.

Senator McGrand: That would be the responsibility of the railroad, would it not? If the crew went on

strike and the car was left on the siding, the railroad would be responsible.

Senator Norrie: I had a man in the car also. I do not think that was at all fair. They should have made full compensation.

Dr. Wells: As I have indicated, Senator Norrie, this question should be asked of the representatives of the railroads.

Senator Norrie: I believe so also.

Dr. Wells: Because it is bound up in a livestock shipping contract.

Dr. R. J. McClenaghan, Special Project Officer, Health of Animals Branch, Department of Agriculture: Under the existing transport of livestock regulations the railroad is not responsible, because they enter into a contract with the transport people. Under the proposed regulations, however, that we are presently drafting and should the bill be acceded to, the onus will be placed on the carrier. A carrier accepting animals must provide accommodation for them, and this will be a change.

Dr. Wells: Yes, but the question of financial consideration for loss or damage will still be a matter for the railroad and the owner of the livestock.

Dr. McClenaghan: That is right.

Senator Petten: We have discussed mainly transportation by rail, truck and air but have not touched on the water route. How are we going to control this? I come from Newfoundland and many of our cattle in former days came by water transportation. Now a number arrive by rail and road but many still come through the port of St. John's. The condition the cattle arrive in there is pretty bad and, in my opinion, disgraceful. You referred to cattle being on rail cars for eight hours before moving. They could conceivably be on these ships two days before leaving port. I wonder, therefore, what provisions you have to remedy this situation?

Dr. Wells: In the case of ships, senator, the regulations will require adequate space for the cattle, either pens or that they be tied individually. That will require proper bedding, feed and water, because it is realized that on shipboard transportation, of course, the voyage cannot be interrupted. In addition to that, there is more space available for handling the cattle. So there will have to be attendants, proper space requirements and food and water requirements and this will be covered.

Senator Petten: But up to now it has not been looked after too well, has it?

Dr. Wells: Yes, it has been looked after under the provisions of the Livestock Shipping Act. Captain Penning is the Superintendent of Marine Cargoes and can give more details. This also applies to shipping cattle to foreign ports. Captain Penning, could you respond as to the present requirements?

Captain J. A. Penning, Superintendent of Marine Cargoes, Department of Transport: Yes.

Mr. Chairman and honourable senators: The present Livestock Shipping Act covers the carriage of livestock to all points outside Canada except:

...in the United States, St. Pierre or Miquelon, Bermuda, the West Indian Islands, Mexico, or South America.

The advantage of the new Animal Contagious Diseases Act is that it will cover all shipments of animals, and inland waters as well as foreign-going.

Senator Petten: I was thinking principally of inter-provincial shipments.

Captain Penning: Yes, there is no restriction on the carriage of animals in inland waters, such as from Montreal to Newfoundland, which is a heavy trade. They do not fall under the act.

Senator Petten: Will they come under the new act?

Dr. Wells: Yes, they will, Mr. Chairman. Those provisions to which the captain has made reference with respect to the Livestock Shipping Act will be repealed. Then all movement of livestock within Canada will, of course, become subject to the regulation.

Senator Norrie: I tried to approach the railways on a couple of occasions when complaints were brought to me. Unless you have the exact date and the exact spot and number of minutes you were stopped, or where the accident happened, you do not have a leg to stand on. It should therefore be made clear to the owner to make a note of all that data for the officials in case of accident, delay or food problems. If the owners do not have that information they just cannot get anywhere, and most of them do not know that it is required. You know how careless people are. That should be handed out on a sheet of paper when they buy their ticket. Is that contained in the act?

Dr. Wells: We will be inspecting at the large centres, such as Winnipeg, Calgary, Saskatoon, Regina and Edmonton, where cattle are loaded and at large sales operations where cattle are loaded. We will be inspecting cattle before they go aboard these forms of transportation and it is expected that there will be records kept.

In the case of necessary correlation between departure time and arrival time, we will be able then to trace back the requirements because the train number and car number will be a matter or record at the departure and at the arrival end.

Senator Inman: Will the shipper be given a copy of that?

Dr. Wells: Not necessarily so, senator. It would involve a fantastic amount of paperwork provided to the shipper by the department. The shipper could obtain that from the railroad.

Senator Inman: I meant, provided by the railroad. Senator Norrie mentioned that all details must be provided.

Dr. Wells: Yes, the railways have all the details, because when we have gone to them they have provided the details.

Senator Norrie: My goodness; they would not give me any. That was probably seven or eight years ago and I could not rake up any details. Maybe I was not mad enough.

The Chairman: Dr. Wells, with the permission of the senators, I would raise another problem, in another area.

I have said in the Senate and publicly, and I have received a response from many places, that farmers on the Prairies are experiencing the worst winter in history. Substantial numbers of livestock and cattle have died because of malnutrition, shortage of feed, adverse weather conditions.

I am wondering if there is anything in the act whereby your department can look at the condition of livestock in the farm feed lots. What jurisdiction or responsibility do you have if cattle come into a livestock auction obviously in a very bad state because of lack of adequate feed?

A highly responsible person telephoned me this morning to say that he had discussed the matter with local livestock people. He pointed out that in Southern Saskatchewan in recent weeks a number of cattle taken into market had been turned away because their condition was so bad that the market would not accept them.

I am not laying the blame on livestock producers. The problem is due to a combination of circumstances, such as lack of feed, highly expensive feed, and inaccessible roads into farmers' property for weeks on end. I am wondering if any leadership is coming from the federal government to look at the situation to see what might be done.

Dr. Wells: Under the provisions of the proposed act there is no authority for the department to investigate or deal with such circumstances as you have described at the farm level. This is a matter primarily dealt with at the moment by Humane Societies across the country. When a Humane Society Officer has such conditions reported to him and needs a professional opinion, departmental veterinarians are available and do provide professional opinion on whether in fact animals have not been properly dealt with.

The Chairman: That is not good enough, because most farmers in those circumstances are not failing to look after their animals because they are inhuman, but simply because feed costs have gone up a great deal and they have rationed their feed hoping that the winter would end at the normal time—and the area is still in the depth of winter. The answer is that there is no way that you can take any initiative?

I think that provincial governments, rather than relying on the Humane Societies to look at the animals, should be putting out information, making feed available, providing snow removal equipment, and generally giving assistance to young farmers who are faced with a shortage of capital. They should be doing everything they can to help farmers do what they want to do, which is to look after their livestock.

I know of a young farmer who lost 25 per cent of his cows—which meant that he lost nine of his herd—because of inadequate feed or the wrong kind of feed. If he had received advice and a little assistance in the form of snow removal equipment so that feed could be

brought on to his snow-blocked property, he would probably have had his nine cows alive today.

What happens if the animals are sent to the livestock yards in bad shape?

Dr. Wells: Under such circumstances we would require that if they were in bad shape they would not be permitted to board any form of transportation for movement beyond the yards. In the yards we would require that they be properly fed and maintained, because we are responsible at that level for their health.

In other words, the yards come under the provisions of the regulations, and at that stage we would require that the animals be properly fed and cared for.

The Chairman: Would it be because of your authority that some livestock are being taken home, if my report is correct?

Dr. Wells: No, we would not order them home from the yard. The animals could, of course, be taken home, but if they stayed in the yard they would not be permitted to be shipped aboard any form of transportation unless they were properly rested, fed and cared for. If in fact they were beyond that stage, they could be ordered to be slaughtered at the closest packing plant for feed purposes.

The Chairman: It seems to me that an ounce of prevention is worth a pound of cure. While this undoubtedly comes under provincial jurisdiction—agriculture is shared, under the Constitution, both federally and provincially—some leadership in this field might do a great deal in preventing livestock from getting into a state which might leave them far more susceptible to disease and increase the possibility of disease in that area.

Dr. Wells: We would have no authority under this act to deal with it at the farm level. Certainly if the animals were brought to a central marketing point, once they entered they would come under the provisions of the act and their care and proper feeding would be assured.

Senator Inman: Is there enough food on the Prairies for the animals, or is it not easy to get it to them?

The Chairman: I would certainly think there is enough, generally speaking. There would be supplies of oats and barley, and some supplies of hay. But an individual farmer would probably be hoping that the snow would go, that the snow would go, that cattle could get out and eat grass. He would say, "I have 20 head and I have another 30 days of winter, and I have so many bales. Perhaps I can get along." He has probably used up his hay and is using more straw.

I would suggest that they probably do not really know what percentage of grain the animal would need to be fed in order to ensure that it stays on its feet and remains in a healthy condition.

Some friendly advice and help from provincial departments, and perhaps from this department, is required and would do a lot to save much of the livestock.

The government is doing all kinds of things under this act by subsidy, but a subsidy on a dead animal will not help anyone.

Are there any further questions? We are due in the Senate. If there are no further questions we shall adjourn. The Canadian Cattlemen's Association and others wish to be heard. We shall arrange to hear all those who wish to appear and will endeavour to complete the hearings as quickly as possible. Thank you very much, Dr. Wells.

The committee adjourned.

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SECOND SESSION—TWENTY-NINTH PARLIAMENT

1974

THE SENATE OF CANADA
PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON
AGRICULTURE

The Honourable HAZEN ARGUE, *Chairman*

Issue No. 3

TUESDAY, APRIL 9, 1974

Annual Submission of the Canadian Federation of Agriculture

(Witnesses:—See Minutes of Proceedings)



SECOND SESSION—TWENTY-NINTH PARLIAMENT

STANDING SENATE COMMITTEE
ON AGRICULTURE

The Hon. Hazen Argue, *Chairman*

The Hon. Hervé J. Michaud, *Deputy Chairman*

The Honourable Senators:

- | | |
|------------------------------|----------|
| Argue | McElman |
| Benidickson | McGrand |
| Côté | McNamara |
| *Flynn | Michaud |
| Fournier | Molgat |
| (Restigouche-
Gloucester) | Norrie |
| Haig | Petten |
| Hays | Phillips |
| Inman | Sparrow |
| Lafond | Welch |
| *Martin | Williams |
| | Yuzk. |

20 MEMBERS

(QUORUM 5)

Issue No. 3

TUESDAY, APRIL 9, 1974

Annual Submission of the Canadian Federation of Agriculture

(Witnesses:—See Minutes of Proceedings)

Minutes of Proceedings

Order of Reference

Tuesday, April 9, 1974.

Pursuant to adjournment and notice, the Standing Senate Committee on Agriculture met this day, at 2.00 p.m. to consider the Annual Submission of the Canadian Federation of Agriculture.

Present: The Honourable Senators Argue (*Chairman*), Fournier (*Restigouche-Gloucester*), Inman, Lafond, McElman, McGrand, McNamara, Michaud, Molgat, Norrie, Petten and Sparrow. (12)

WITNESSES:

Canadian Federation of Agriculture:

Mr. Charles Munro, President, and
Officials of the Federation.

At 3.50 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

MRS. ALINE PRITCHARD,
Clerk of the Committee.

The Standing Senate Committee on Agriculture

Evidence

Ottawa, Tuesday, April 9, 1974.

The Standing Senate Committee on Agriculture met this day at 2 p.m. to give consideration to the Annual Report of the Canadian Federation of Agriculture.

Senator Hazen Argue (Chairman) in the Chair.

The Chairman: Honourable senators, we have as the federation's spokesman Mr. Charles Munro, the President. Next to him is Mr. R. Pigeon, the First Vice-President. There are also other delegates whom I am sure Mr. Munro will introduce.

If I may be pardoned for a brief comment before I call upon you, Mr. Munro, I would remind you that this is the second year of the operation of the Standing Senate Committee on Agriculture. For your information, in terms of number of meetings, last year we were the most active committee of the Senate. This session we have had referred to us by the government for introduction Bill S-2, to amend the Animal Contagious Diseases Act. While that is not unheard of in the Senate, it is an important milestone for the committee, in that this important bill has been referred to us in its initial stages.

All the members of the committee are members of their respective party caucuses and take full part in those caucuses.

We had the privilege last year of bringing down an interim report on our study of small farm development in Eastern Canada. While I will not bore you with the details, I can say that we have had indications from the government that they are giving favourable consideration to our recommendations to make it easier for young people to start farming and for those who have agricultural land to sell it, to lower the downpayment, and so on.

We made a recommendation that the Farm Improvement Loans Act provisions be doubled to \$50,000 and that the provision of splitting it between land and machinery should be removed. We thought we were even with you, because we thought that was also your line; but we understand that you have doubled the ante, so we may have to go at them again.

We were delighted that in the Speech from the Throne there was, among other things, the suggestion that the act be amended along the lines I have suggested.

As honourable senators realize, with its affiliates yours is by far the largest farm organization in Canada. We recognize that you have a great stature in the farm movement and that you carry great weight with provincial governments and with the federal government. We welcome you on that account.

I had the opportunity of being in Washington some weeks ago and met, with other Canadian parliamentarians, the Agricultural Committee of the House of Representatives. They pointed out to us that of some 400 constituen-

cies represented in the United States House of Representatives, probably only 14 were agricultural constituencies in the general definition of the term. In other words, the power of the voice of agriculture is small in relation to the general population.

We are probably not as weak in Canada, but certainly as time goes on the number of farmers becomes fewer as the population of the country increases.

Those of us who are doing our best in our particular field to help the agriculture movement feel that we are doing something that requires our attention.

Without further introduction I will call on you, Mr. Munro, to introduce the members of your delegation. We are delighted to have you here.

Mr. C. G. Munro, President, Canadian Federation of Agriculture: Thank you, Mr. Chairman and honourable senators, for giving us the opportunity of appearing before you.

Introducing those with me today, you have already met Mr. Pigeon, the First Vice-President, on my right. On his right is Mr. Lea, the Second Vice-President, from Alberta. We have Mr. Kirk, our Executive Secretary from Ottawa; Mr. Reynolds from British Columbia; Mr. Flaten from Saskatchewan; Mr. Couture from Quebec UPA; Dr. Bursa from our staff in Ottawa; Mr. Hill from Ontario; Mr. Franklin from Manitoba, Mr. Smith from Alberta; Mr. McCullough from New Brunswick; Mr. McIsaac from Prince Edward Island; Mr. McCague, Executive Member, representing the Dairy Farmers of Canada; and Mr. Staseson from our staff. I hope I have not bypassed anyone.

We met the Cabinet yesterday morning and made a submission to them. I believe you have a copy. I am not sure whether you have had any documentation—I am assured you have not. It being a fairly long document, I will not necessarily summarize it. I am hoping that you will be able to pick out points on which you would like to ask questions.

In our submission to the government yesterday we stressed that there was a remarkable degree to which the broad aims of the government and CFA coincided. This was particularly reflected in the Throne Speech.

We stressed the increasing necessity of improved consultation procedures and the implementation of those broad aims. The Minister of Agriculture, in particular, raised with us the fact that in his opinion the consultation had been improved. We accept this as stated, but it has still, in our opinion, not gone nearly far enough within the total government framework. We realize that the final decision has to be made by the government itself. We are not trying to take over that aspect, but we feel that we could assist both the government and farmers much more.

There has been considerable improvement. We list in our submission—I am not sure of the page. It was page 5 of the original submission, but I do not think you have the same copy.

Mr. D. Kirk, Executive Secretary, Canadian Federation of Agriculture: It is on page 6 of the copy circulated here.

Mr. Munro: There are nine areas of submission that are of particular concern to us, and each is well deserving of discussion. Added to this, since our submission was prepared—this is apropos of the moment—the government has responded to acute price difficulties in the beef industry with the program of subsidies, illustrating the seriousness of its intentions regarding protection of producer returns and the need for very careful long-term policy planning in this basic industry.

We wish to point out, however, that the policy was in many respects ill-considered and damaging to the cattle market, and much of the subsidy has not in fact gone back to producers.

Advance consultation on the best policy methods to follow were non-existent. The Federation was not involved in such consultations as there were despite broader trade policy considerations.

That, in part, determined the particular course followed. This is a matter of real interest to us and we would be interested in your comments.

Currently, hog producers are experiencing a definite money-losing level of returns and the federation supports the current representations of the Canadian Pork Council for some relief.

Here again the need for careful design of longer-term stabilization measures is clear, as well as short-term measures.

We submitted also a supplementary statement regarding recent policy decisions on dairy policy. Our producers are still not happy with the decisions that have been made. They feel they fall well short of being adequate in their terms, and the fact that consultations have been promised between dairy farmers and the Canadian Dairy Commission takes on particular importance and urgency.

We have with us today, farm representatives from right across Canada. We appreciate this opportunity of appearing before you.

I will leave it at that point, Mr. Chairman, hoping that there are questions that can be directed our way in order to open up a discussion on the policy positions that we submitted to the government yesterday.

The Chairman: I will start the discussion by asking one brief question. I realize what you said about the failure to have adequate discussion before the policy with regard to payments on beef was arrived at by the government and announced. Are you moderately happy with what is being done now? The government is paying out a lot of public money. Perhaps the packers have been gobbling it up, and still are, but do you feel that any real progress is being made along the lines you would like to see them go?

Mr. Munro: Frankly, Mr. Chairman, we have not been close to this policy and, as yet, I have not cast my eyes upon the document directed towards the beef industry.

I do not feel very well equipped to deal with this subject. I do know that there is an underlying concern that much of the subsidy money is not getting back to the producer. There have been some indications that this is falling well short of what the planners of this program envisaged. It may sound a little ambiguous, but I think that describes it to the best of my ability.

Senator Sparrow: What would the federation suggest would be a better answer to the subsidy program? Perhaps Mr. Munro would refer also to the import duties on beef, the tariffs, and the present program of barring imports of beef altogether through the DES problem. Would you comment on those aspects?

Mr. Munro: With regard to the question of what to do, I think it is the opinion of some in the industry that there should have been some kind of controls at the border. That is what we are asking for, as I understand it. We had no part in this. I cannot really get into any depth of discussion here. As an official body, the CFA, has not discussed this area.

On the DES question, I think the answer is simple. Canadian society made a judgment that DES was not an acceptable product for use in Canada. This was impressed, I understand, on the government to the objection of those in the beef industry who were using it. The government decided that the product should be banned in Canada. At the same time, there was a reversal of opinion, or, at least, legalized opinion, in the United States. The product was banned in Canada. It is obvious that we cannot have two standards. The beef industry was content to use the product because of its advantages. When they could not use the product there were only two courses left open. One was to legalize the use of the product in Canada, which our government in its wisdom decided not to do. The second was that if the product was harmful when consumed in beef, then why allow into Canada beef which had been subjected to the use of this product? So we have to go along, in slang terms, with the government's decision. I think it is a correct one.

Senator Sparrow: Mr. Munro, I appreciate that you have not had an opportunity of discussing this with your people; nor is it a resolution at your annual meeting. The border will be closed for some time because of the restriction that beef must be certified by a federal employee of the United States government before it crosses the border. Would that situation relieve the government of the necessity for having any subsidy on beef produced in Canada?

Mr. Munro: I cannot give an accurate assessment of that. I do not know the quantity that will appear on the market in Canada, what kind of build-up or backlog there is in marketing because of the tremendous flood into Canada of U.S. beef. I cannot give an assured opinion on that. I was somewhat amazed when the subsidy program was put on in the first place. But that is another issue. Whether the government in its wisdom should remove it shortly, I cannot say. I would like to judge it from the results of marketing that we see down the road, and the kind of price structure that the present situation engenders in Canada. We are told rather bluntly that there are areas of production which

are suffering very badly. That has been generated by the high cost of feed grain. I am delighted that we have high feed grain prices, because our grain producers have suffered too long from disastrously low prices.

Mr. Kirk: I would like to make the observation that the beef question illustrates beautifully the importance of this consultative principle.

The reasons for adopting the kind of program they have, as we point out in our statement, have to do with such things as the market for cows in the United States, the market for pork, the whole question of retaliation, the status of Canada in the GATT negotiations, and so forth. It is not exclusive to the beef industry. Yet, all the discussions have been exclusively with the beef industry, not with the federation. Also, to say what is in the interests of the beef producers is, in itself, a loose phrase in the beef industry. There is the cow-calf sector of the industry, the feeder sector of the industry and so forth, each with different mechanisms and quite different production timetables, as you well know. The point is, this is a very complicated question. The producers' reaction, basically, is that the subsidy should be paid directly to the producer. The Honourable Mr. Whelan flatly says that is not possible in the context of the beef industry. He may be right. Our point is that the policy was in fact adopted before what it was known even to the government.

We see no real reason why there could not have been an adequate process of examination as to what is involved in the program. Such process of examination could have been carried out in reasonable secrecy, if necessary, for commercial reasons, but we see no reason why it could not have been done.

The Chairman: It is quite a change from what used to be the situation. At one time it took years and years to prod the government into doing something, and now they are doing things even before determining the consensus amongst the farm organizations.

Senator Sparrow: This may not be a fair question, but is the CFA oriented towards the cattle industry, or is it more oriented towards the grain industry, as such?

Mr. Munro: Largely, we have left the commercial feeding industry to the Cattlemen's Association. However, I am certain that out of the situation we are going through we, as an overall farm organization, are going to have to pay more attention to this total industry of bovine meat than we have paid in the past.

Senator Sparrow: That is the answer I wanted.

Senator Molgat: My question arises out of Senator Sparrow's question and the reply.

I understand there has been no consultation with the federation. Is that correct?

Mr. Munro: That is correct.

Senator Molgat: And in your further reply I think you indicated there was consultation with the beef industry.

Mr. Kirk: What our statement says—and it is my understanding of the situation—is that there was con-

sultation, but not in advance of the decision being made. There was some consultation with the packers and the cattlemen, I do not mean to suggest that there was no representation by the cattlemen as to what they wanted. The meat packers and the cattlemen were asked to meet with the minister on the policy adopted, and that meeting precisely occurred immediately following the announcement in the house, at which time there was some discussion relating to there being an opportunity of discussing the program. However, that is not advance consultation. That was the significance of the word "advance" in our statement.

Senator Molgat: So there was no advance consultation?

Mr. Kirk: Not as far as we are aware.

Senator Molgat: Not with anyone?

Mr. Kirk: Not as far as we know.

Senator Molgat: Had there been advance consultation with the beef industry, for example, the federation would have been aware of it, would it not?

Mr. Munro: Not necessarily.

Mr. Kirk: If somebody told us, we would be aware of it.

The Chairman: They might have gone through your member organizations as opposed to the Federation itself in the consultation process.

Mr. Kirk: Well, if there is an announcement as to a policy being adopted, then we are inclined to ask what happened and to find out.

Senator Molgat: Just one further question on the statement. Do I understand correctly from your statement that there has been no discussion within the CFA at this point?

Mr. Munro: No official discussion with the member organizations. We have had some scattered discussion within the last two days within the executive, but there has been no discussion with the member organizations.

As I said, we have left this largely to the Canadian Cattlemen's Association. Many of the provincial arms of the Canadian Cattlemen's Association are represented within our total membership, but this does break down to some extent within the national organization. I think that is going to have to change.

Senator Inman: Can you tell us what percentage of the beef produced in Canada is produced in the three Atlantic provinces, what you consider to be the quality of that beef and the potential for it?

Mr. Kirk: I do not know the precise figures, senator, but of the total, the proportion for the Atlantic provinces is about 5 per cent, I think. I think in the case of beef it would be a lesser proportion than that, because the Atlantic provinces are higher in their degree of self sufficiency in other products, such as potatoes, dairy and poultry products. So I think you would find that the percentage would be closer to 3 per cent as it relates to the beef industry. That is partly a guess, but I do not think it is too far out.

Senator Norrie: Do you have any liaison between the Cattlemen's Association and the CFA?

Mr. Kirk: Yes, we do have liaison; we talk all the time. However, as Mr. Munro has indicated, they are inclined to run their own business. They do not generally ask us to get into beef policy, per se. We do have communication with them on such matters as taxation policy and broader issues that affect more than the beef industry.

Senator Norrie: If there is no liaison, I do not see how you can complain about the beef industry.

Mr. Munro: Let us say that as of this moment the counter effects of the new subsidy program on beef are going to affect the turkey industry, the chicken meat industry, the hog producers and those old cows that I, as a dairyman, would normally sell to the United States. If there is any kind of a counter program in the United States, it is going to reflect on my ability to sell my culled dairy cows in the United States.

The Chairman: It might help.

Mr. Munro: I think it could upset the balance. That is why I say that the general organization has to become more active within this total area, because beef in total does represent a very large proportion of Canadian agriculture.

The Chairman: Would it be fair to say, Mr. Munro, that the Canadian Cattlemen's Association tends, by virtue of its very composition, to represent, in general, the larger producers? In other words, they are the spokesmen for the larger producers in the beef industry rather than the smaller producers.

It would seem to me that part of the difficulty is that the mixed farmer who has 10, 20 or 30 head of beef which he markets a year does not really have a spokesman for his point of view. If I might be so adventurous as to suggest, I think the smaller producers would heartily support the government's announced policy were it modified to direct the cheques to him.

Mr. Munro: I will ask Mr. Lea to answer that question.

Mr. D. Lea, Second Vice-President, Canadian Federation of Agriculture; President, UNIFARM: Within Alberta the Western Stock Growers Association is a member of our provincial organization and we, in turn, are members of the Canadian Federation of Agriculture.

I am not sure that I agree with your view that the Canadian Cattlemen's Association represents the views of only the larger producers. There are many average-size and smaller producers within that organization. But there is an attitude on the part of the cattlemen who are members of our organization that they would like to remain free of subsidies, or any other form of government assistance. They would prefer to try to run their businesses on the basis of the market price. They have been talking in terms of a North American market and free trade, with the exception of times when they find that the tariff arrangements do not seem to be fair. There is a lack of reciprocity, as you are probably aware, at the present time, resulting in quite a bit of unfairness, and they do ask for help under circumstances such as that.

There are many cattle producers who are members of our organization in the province, but not members of the Western Stock Growers or the Canadian Cattlemen's Association. We have no way of assessing just what their opinions are, because in Unifarm, which is a general farm organization, we meet together as farmers with mixed interests.

I should say we do have quite a bit of sympathy for any commodity group, such as the cattlemen, who try to run their businesses on a basis that is independent of subsidies. If you look around you will find that the egg producers, the broiler people, the turkey people are all trying to do the same thing. Those people are not asking for subsidies at the present time in spite of the high grain costs. I think that is an admirable situation. However, when the beef or pork industries get into financial difficulties, they then make real difficulties for the other organized groups.

The reasons for the subsidies vary. I have tried to state the position of the Cattlemen's Association in so far as they operate in Alberta.

Senator McGrand: In relation to this subsidy on beef, the complaint is that this money is going to the packers and not to the producers. When beef cattle are sold to the packers in New Brunswick or Nova Scotia, does anyone get this subsidy?

Mr. J. McCague, Member of the Executive, Canadian Federation of Agriculture; Vice-President, Dairy Farmers of Canada: Mr. Chairman, as you may have noticed, we have not been answering your questions in relation to the beef subsidy in as much detail as we would like. The main reason we included this subject in our brief to you is because the producers were not consulted on it. As far as we can determine, this program is not working too well. Neither the producers nor the consumers are happy with it. The packers are not cooperating.

I really do not think we can carry on a meaningful discussion in relation to this subsidy, because we were not consulted on it. It was put in without any advance consultation with us. There are many other things which we should like to talk to you about.

The Chairman: You are not asking that it be removed?

Mr. McCague: I do not think we can.

The Chairman: Perhaps we can move on to something else.

Senator McGrand: Well, I should like to know whether this beef subsidy is paid in the Maritime provinces.

The Chairman: Yes, as it is in the rest of the country. It would have to be.

Mr. Kirk: The basic system, as I understand it, is that the money is paid by the government to the packer, and the sale to the packer is supposed to include the payment to the producer of the subsidy. The question arises, however, as to whether in fact the producers always get it in the total deal.

The Chairman: I think it is fair to say that up until now they have not received it in many cases, because the market price went down.

Are there any further questions on this, or can we move on to something else?

Senator Molgat: I have one final question, Mr. Chairman, which, in a sense, is more of a comment.

What bothers me, quite frankly, is that you are critical of the program, but you have also said you have had no real discussion within your group with respect to it, and have no better proposal to make.

We would be very interested in any proposal you would make as to how to improve it.

Senator Sparrow: Mr. Chairman, if I might just make a comment on that, it is very difficult to have a counter proposal on a program if you do not know what that program is. I do not see how one can suggest how to improve the program unless one knows how the present program is working. That, it seems to me, is the problem in defence of the federation—and I am not here to defend this organization—it seems to me it would be very difficult for the CFA to bring forward a proposal without knowing how the program is working presently.

Mr. Munro: That is absolutely correct.

The Chairman: Perhaps now we can move on to another topic. We read in the papers all the time where the Wheat Board is having one hell of a time trying to meet its commitments. I do not want to disclose any secrets—and I am not sure that there are any secrets—but one had only to phone the Wheat Board a few days ago to find out that it is having a terrible time trying to meet its commitments.

Is there any indication that things may be improving? Have your efforts in this regard resulted in any increased delivery of grain or transportation of grain by the railway companies?

Mr. G. Franklin, Member of the Executive, Canadian Federation of Agriculture; President, Manitoba Farm Bureau: I think there is every indication, within the last three or four days, or even three or four weeks, that the railways are now starting to get their system back into order again. I would think that by the end of July we are going to have enough grain out sufficiently to cover what the Wheat Board has to do. You must remember that we have moved out a major amount of grain; that a large part of the grain that we expected to move within the current year has now moved. I know that we had a seven-week strike last fall, and we have dropped back a certain amount of bushels, but I would say that there is no reason why the railways, in the next 16 weeks which are left, could not move that grain that is necessary to move the market. I dare say I could find a hundred people to suggest that what I am saying is crazy, but I would just like to say that there has been propaganda going around this winter saying that our railway system is out of business, that it is no good, and that is just not right at all.

The Chairman: They have been falling far behind, if you talk to the Canadian Wheat Board. I cannot give

you the figures, but I am sure they will tell you that they are many millions of bushels behind.

Mr. Franklin: Don't forget that we had a seven-week strike last fall...

The Chairman: I know; I know.

Mr. Franklin: ...right in the country where I come from, right in the Prairies, when the most grain moves, and we just could not get it out. Now, that is all there is to it, and that is right across Western Canada, and if you want to talk to some of the grain companies, there has been a two-year strike out of Vancouver. I could say that the Saskatoon and Alberta pools have never had a full day's cars to unload at either of their terminals in two years. This is something that never gets out, that is never told to us.

The Chairman: Whose fault would that be?

Mr. Franklin: I am not sure.

The Chairman: Is it the railways that did not deliver the cars?

Mr. Franklin: Well, yes; the cars did not get there.

The Chairman: Yes. Well, that is pretty bad.

Mr. Franklin: There may be many reasons why they did not get there. I think that sometimes we get a lot of information that may be not quite on the ball. I think they have every opportunity of getting it out. They may not be able to move all the grain the farmers have in their bins, but...

The Chairman: The Wheat Board say they are holding up sales because they cannot be assured of the transportation. They tell us that.

Mr. Franklin: Only a few years back—maybe five or six years ago—and Senator McNamara knows this better than I do, we were only moving out of this country 300 million bushels of wheat. It is only two years ago that we moved one billion bushels of grain with this decrepit system we have—1.2 billion, in fact, within a calendar year, not a crop year. So, I just do not go along with condemnation of our system. If people will work, we can move this thing along, and get this job done.

The Chairman: I do not want to get into too great an argument. I would not say the system cannot be improved, but I, for one, certainly think it has not been working, and I read every day when I get into my office the Saskatchewan Wheat Pool radio broadcast. Somebody is wrong, because every day they say the railways should improve things. They say we have got to have a lot more hopper cars, we have got to do a lot more things. I know how it is with such a large organization as the CFA; it is hard to get everybody in agreement.

Mr. Franklin: Mr. Forrest Hetland said here not long ago that last fall somebody said we had 80,000 cars a few years back, and now we have only 40,000. When they were talking about 80,000, they were talking about a few thousand bushel cars. Now we have changed, and today, instead of moving 2,000 bushels in a box car, you can sometimes move 2,400 bushels.

The Chairman: Yes, they are bigger.

Mr. Franklin: Mr. Burbidge said we have the same capacity on wheels now as we had back in the days when we had 80,000 cars.

The Chairman: Yes. Well, you know, I read Runciman's statements too, and it's pretty devastating.

Have you people a position on the Crows Nest rates? I think you have. You are against any removal of the Crows Nest rates. I think that is in your brief.

Mr. Franklin: Yes, it is, but we are against almost everything unless we get some bargain along with it, you know.

The Chairman: Well, you are not ready to bargain them off, are you?

Mr. Franklin: Not until we get what is going to be equitable some other way.

The Chairman: Well, anyway, it disturbs me. I read one paper, and one farm organization says, "Well, don't blame the railways. They are not hauling out the wheat because their rates are too low. We have got to get rid of the Crows Nest rates."

Then they invite a spokesman from the CPR to meetings, and the CPR are out to change the Crows Nest rates. Then you get another farm organization that says, "That's just as sacred as the Bible, and nobody should touch the Crows Nest rates." I am pleased to see that you want to keep them.

Mr. A. Smith, Member of the Executive, Canadian Federation of Agriculture; Vice-President, United Grain Growers: Of course, I am interested in knowing what farm organization is out to kill the Crows Nest rates. I am with the United Grain Growers, but, you know, I am not just sure—George has been defending the railroads and I will do the same thing. I think that anyone from western Canada this year will realize that because of weather conditions the railways have had an extremely difficult job to move grain. I would also say that there has been a lot more grain moved by rail into eastern Canada in the last couple of years, and more, perhaps, this winter, with the same amount of rolling stock. I am not defending the railroads one little bit, and I thought perhaps I might have to defend the United Grain Growers, because we have never said there should be any change in the Crows Nest Pass rates.

We have said that there should be a full accounting by the railroads of their costs, and we would like that brought forward. The government, I believe, has said the same thing, but has been unable, and has admitted that they have been unable, to get the railroads to disclose their costs.

Mr. G. Flaten, Member of the Executive, Canadian Federation of Agriculture; President, Saskatchewan Federation of Agriculture: Our understanding is that, well, we are something like 130 million bushels behind the movement for a comparable period of last year, but that the target of the Canadian Wheat Board was something in the order of about 100 million bushels less than a year ago, if my figures are right. They have not really fallen behind that much during the winter, even with

the snow conditions, but the real fly in the ointment was the stoppage last fall, right at the height of the movement of grain, the slow-down prior to the strike, the strike itself, and the long time it took to get going after the strike was over. That is where most of the loss occurred. I do not know if we can do it, but they are surely going to have to move in order to pick up before the end of July.

The Chairman: I know the Canadian Wheat Board are very worried. I do not know how long the life of this Parliament will be, but I would think that our committee would be well advised to hear the Canadian Wheat Board, as we have in the past, fairly soon, and see what their position is. If anybody would like to make a comment, they may. Perhaps you are not in a position to do so. But the thing that bothers me is that while our Canadian wheat prices are being kept high, the American prices have been going down very very rapidly—I think \$2.50 in the last five weeks; and it would seem to me that if the Canadian Wheat Board can sell our wheat at such a premium—and we are all hopeful that they can—we should do everything we can to see that the transportation is there to take advantage of the price.

Mr. Flaten: Apparently, they have been selling all that we, at the moment, are in a position to move.

The Chairman: And they are still making some sales, do you understand, at the present prices?

Mr. Munro: The only comment I would like to make in that regard, Mr. Chairman, is that in my opinion, with the wonderful position we are in in this country, we do have an organization that has reasonable control of the product, that is prepared to and can make sales, and fill the contracts, and keep the rip-off from the international traders.

Senator McNamara: Mr. Chairman, I did not intend to participate at all, but there is one point that should be made for the benefit of my colleagues. This grain movement is not all the railways'. The farm producers, notwithstanding more space in country elevators, have delivered less grain than the railways have moved so far this season. They have delivered less than last year, compared to the over-all grain movement position. Whenever you talk about grain movement, or the Wheat Board's inability to complete sales, you must keep in mind that the producers must first deliver the grain. It has got to come into the country elevator before it can be moved.

The Chairman: Does anybody wish to comment on the way the farmers are bringing it in?

Mr. Flaten: I think there is quite a bit of variation. The people involved in the grain trade probably know better, but from the information I can get in Saskatchewan, the elevator system is better than 50 per cent full, and that it varies between points. Some points are plugged; others—not many, I think—are just about out of grain.

Senator McNamara: The high moisture content had a lot to do with it.

Mr. Flaten: In the north, yes.

Mr. Franklin: In Manitoba we have about 50 per cent of our space full, and we are about the same as it is at the Lakehead. In fact, the Lakehead may be fuller than 70 per cent. There used to be 102 million bushels of space at the Lakehead. Now there is only 80 million, because several terminals have closed. There is more grain at the Lakehead than many people realize in comparison to the space. In the country there is all kinds of grain in position at the elevators, so if the roads are not good for the farmers to draw out, then the railroads can at least pick up the grain and move it.

In comment I have heard in the last few days, I have noticed the Wheat Board made a calculation of the number of cars they required, and Mr. Burbidge, about two weeks ago, made the comment that they would be able to move that amount of grain with that number of cars. That was in an 18-week period. They have missed two weeks, and they only have half of that number, and there is no reason, with that number of cars that they are going to move, that they will not be able to move that grain within the next while.

Now, in Manitoba we have a road restriction period of about six weeks, somewhere between maybe the first week of May until perhaps on into June, when our roads are restricted to half loads, and of course that is the time we put our crop in, so it is a period when farmers are not anxious to draw, so I would think there is enough grain loaded in the elevators for the time being, so that we will get over the problem.

The Chairman: Since you wanted to do some thinking in advance, and I am sure you have, have you given some thought—I see you have some taxation proposals—to a further extension of the government's policy which allows farmers, when they haul out grain, to postpone to next year the date on which they take their income? Have you given thought to, let us say—I made the suggestion that people on the Prairies, if they haul out their grain now, this year, should have the opportunity of leaving their funds with the Wheat Board, or some other way. I said Wheat Board certificates, not cashing those receipts, but cashing them at some later date, some later year, and taking them into income in that later year; because if I judge my neighbours correctly, I think there will still be quite a lot of them who will not clean out their granaries, because they are going to have ample income this year, and ample income next year, and they are not certain what the crops will be in the future, they are not certain what their prices will be, and while there may not be any difficulty in coaxing them to bring in their grain right now, or even up until July, if the prices continue good, as we all hope they will, my guess is that there is going to be a hard time getting them to deliver later this year.

Mr. Franklin: You see, any grain delivered on January 2, 1974 the payment could be deferred to January 2, 1975. Now, any farmer who has something over and above that has still got a five-year average...

The Chairman: To go back on...

Mr. Franklin: To go back on, or forward on, wherever he finds himself.

The Chairman: He cannot go forward, that I know of.

Mr. Franklin: Well, the forward years will come to him, as he gets to them. He can average back then.

The Chairman: Well, you people know him, and I had a letter from Louis Lloyd the other day, saying, "You're on the right track with this"; and I had a letter from Gleave, the M.P.'s brother, saying, "You're on the right track." I have a neighbour who is not a big farmer, and he said to me, "Hazen, if I had that program I could haul out all of my wheat. If I don't, I'm going to have to build storage, because I'm not going to haul it out and put it into next year's income, because the government said the final payment for this year will be made next year." So I would think there are some farmers who are getting choked with income for this year, and next year too. That's okay; it's a great way to have it. But are we going to leave the wheat in the bins; or are we going to coax them to bring it out in position at a time when the Wheat Board can sell it at a high price? I would appreciate your comments. If you do not agree with me, that is all right.

Mr. Franklin: The only difficulty is, some of us may find ourselves in the cemetery before we can take out our cheques.

The Chairman: I can see you are asking that farmers be allowed to use the value of their land as a sort of retirement savings plan, exempt from ordinary taxation.

Mr. Kirk: I would say the land question is on generations, it is not on a year-to-year tax calculation.

Senator Norrie: Everyone has been talking about the West, and the supplies going to the West as far as the Lakehead. What are we going to do for the rest of the way? That is all I am interested in. And have you enough storage at the Lakehead to supply the Maritimes and Quebec? Silence!

We don't want to have to go stretching all over Canada to find grains when the time comes. We would like to have the same storage facilities in Halifax, St. John's, Newfoundland, and elsewhere. I am talking about storage. That is our stability. Why cannot we have that as well as the rest of Canada? We are entitled to it.

Mr. Franklin: Mr. Chairman, storage at the Lakehead was bought and paid for by Western Canadian farmers—every last bushel of it.

Senator Norrie: But you would not want it there if there was no sale for it in the Maritimes.

Mr. Franklin: We started putting it there when the first grains moved out. It was for export and domestic sales. We offered, 15 or 20 years ago, to help people in the Maritimes to build storage facilities, and they would not accept the offer. Western farmers made that offer 20 years ago. Members of the three Prairie pools and the United Grain Growers offered to do it.

Senator Norrie: Don't look at me; I was just getting going then.

The Chairman: Senator Norrie is a farmer in her own right.

Mr. Franklin: We offered to do that, and it was turned down.

Senator Norrie: They were probably using quite a bit of their own grain—is that right? Maybe we will get back to that situation.

Mr. Franklin: I do not think the people of Western Canada would kick.

Senator Norrie: I do not know who turned you down. I do not know the details. I am just learning about this complex subject. I do not think that such an attitude is fair to the Maritimes.

Senator McNamara: The problem is, who will pay for the storage of the grain if it is moved to Eastern Canada and held for six months?

Senator Norrie: That is a problem that has to be worked out. I know there are problems.

Senator McNamara: The Western farmer should not have to move the grain.

Senator Norrie: I agree. We are getting a subsidy right now to move that grain from the Lakehead down to the Maritimes. It is much more expensive for us to get it than any other place in Canada.

Mr. Kirk: The federation's position is that if a case can be made—I do not know how solid it is—for additional storage to be built, we would be in favour of it. The existence of the Livestock Feed Board no doubt improved the situation for two reasons, one, because you had an active agency paying attention to the storage position. There was not much authority, but nevertheless it had a good deal of clout in terms of keeping on top of all the agencies and the elevator companies regarding storage. They also arranged a system of agreed charges with the railways, making it possible to take grain at not too excessive a premium.

This last winter, of course, the rail strike created rather terrifying shortages, and the danger of shortage of feed in the Maritimes. There is no doubt about that. They were down to a very few days'. Whether you build storage is the likelihood of a strike is one of the questions that arises in my mind.

Mr. McCullough, is it not correct that on the whole, if there were no transportation hold-ups, the grain has been getting to the Maritimes? I think that is true. I do not think there is a chronic shortage of storage.

Mr. L. McIsaac, member of the executive, Canadian Federation of Agriculture: The representative from Nova Scotia is more familiar with the details than I, but the Maritime position regarding the whole feed grain situation cannot be summed up too briefly. To outline it, firstly we feel that the new grains policy to be presented to Parliament in the near future should be carefully considered from our point of view. The following consideration should be given: Provision must be made to assist with a research program and land development program whereby new varieties can be developed, new land cleared, to produce as much as possible of the grain needed in the Eastern region.

Until this is done, we submit we have reason to expect the taxpayers of Canada to continue assisting us with some of the freight in moving Western grain down there to the point where we can maintain our present livestock and poultry operations.

The other matter about which we are concerned is that if the new feed grains policy, as proposed now, is based on the open market system, or on the exchange at Winnipeg, we are not sure that when we buy grain on the exchange we can be assured of delivery.

Senator Norrie: That is right.

Mr. McIsaac: We are asking for an orderly marketing system. We understand we have the support of the grain producers of Western Canada in this respect. We submit that an orderly marketing system cannot be based on a commodity exchange market in any sense of the word. We are asking that in order to be assured of supplies which we need, the authority of the Canadian Livestock Feed Board be extended and that they be permitted and allowed to purchase in advance the supplies which may be required by livestock producers in Eastern Canada, so that we can purchase in advance our grain requirements and be assured of delivery.

We should establish a price basis in favour of actual users who require feed grain to feed livestock, rather than permit speculators to buy feed grain for purposes of speculation.

If and when we can expand the production of feed grain in Eastern Canada—and we ask that you give this point careful consideration—if there is a national stabilization policy for grains, we ask that it be extended to cover grain producers in the Eastern region.

If the price of grain goes up or down, it will affect our grain producers. Possibly Senator Inman can back me up on this. On Prince Edward Island at the moment there are several farmers who are producing from 500 to 1,500 acres of grain in their own right, on their own farms. Should the price of grains in Canada fall to a low ebb, if they are not permitted to participate in a national stabilization program they will be badly hurt. We are asking that this, or some, provision be included in the new stabilization policy on grains for Canadian grain growers.

The Chairman: Would you be in favour of your Eastern feed board—whatever the correct name is—being able to buy feed grains from the Canadian Wheat Board—in other words, the two organizations meeting together, one on behalf of producers and the other on behalf of farmers?

Mr. McIsaac: Yes, we would be in favour of that. We do not favour going to the open market and competing with speculators in order to secure future supplies.

Senator Inman: I should like to point out that a lot of people are going into feed now as a market product. Is that right?

Mr. McIsaac: Yes. I do not want to continue talking too long about the Maritimes, but our beef industry is expanding, and although Dave Kirk suggested that we were only 3 per cent of the national figure, we are now getting to the point of producing something over 50

per cent of our beef requirements in the Atlantic region. The beef industry is not based on feed grains. It is based on better forage crops, corn silage and that sort of thing. We do have a basic industry there in hogs, poultry and dairy products where we have to have ample supplies of feed grain.

Senator Sparrow: Mr. Munro, the grains market, nationally and internationally, has been good. Do you have a forecast for the future, two, three, four or five years from now, of what we can look forward to with regard to the grains industry?

Mr. Kirk: That question reminds me of the fellow who asked J. P. Morgan, "What is going to happen to the market?" He replied, "It is going to fluctuate!"

My opinion is that whatever will be the impact of the whole resource, energy and inflation question on the developing countries' food production, has as much to do with it as anything. I certainly do not know what the market will be in two years. It is very hard to predict the future.

Senator Sparrow: The farmer must have some assistance and advice from the federal government, and from his farm organization, which in turn is the CFA. He must get direction from somewhere. That is what the individual farmer in Canada is looking for. Do you have any advice for him? Because we cannot all throw up our hands and say to the individual farmer, "That's your problem." He has to have some market analysis to go by, which I assume you people have.

The question is prompted by the fact that it appears that we are endeavouring to encourage farm producers in Western Canada to put as many acres as possible into rape, oats, wheat and barley; yet he seems to be cutting back, or at least not putting into production as many acres as he should.

It seems to me the only encouragement he has to increase his acreage is from the federal government. Farm organizations themselves have not taken any stand in this regard. I would like to hear a firm comment on what you see this year, next year and the year after.

Mr. Gordon Hill, Member of the Executive, Canadian Federation of Agriculture: There are a number of things that have encouraged farmers recently—the upsurge in the price of grains, and speeches by the Minister of Agriculture who has been talking farmers' language. Many farmers have accepted this. They felt that this was government policy. Many are now becoming a little disillusioned and think that perhaps Mr. Whelan's Cabinet colleagues are not listening to him, because the kind of policies they see coming forward do not follow through on what Mr. Whelan has been talking about. For example, the beef program, that ended up with a five-cent per pound subsidy and beef producers actually getting less from the market and the subsidy than they were previously getting from the market. Also with the new dairy policy, where farmers, through their organizations, have been saying they need at least an additional \$2 per hundred pounds for industrial milk, many of them will wind up getting less than a dollar increase per 100 pounds of milk.

The Farm Improvement Loans Act amendments that are now before the house amount to only about half of

what the farm organizations say is necessary to meet the current conditions. The legislation that is before the house now is out of date, even before being passed. It is inadequate.

The Chairman: You mean the amount of money involved?

Mr. Hill: That is right. It is \$50,000. That is out of date right now, because our costs of production are accelerating at such a fantastic rate, coupled with the fact that the prices we are selling at now are coming down. Our credit needs are increasing at a fantastic rate, and our ability to borrow is not keeping up with it. Many farmers are becoming a little frustrated, a little disillusioned. They hope that the Senate will help the Honourable Mr. Whelan in getting some better policies out of the government.

The Chairman: We are doing our damndest. We do not have many supporters either.

Senator Norrie: As I have said repeatedly, the people who should be concerned the most are the ones who talk to the farmers the least. They go to the farming communities and talk about the problems of the farmers and come back with the attitude that it is just another problem and it will work itself out. The public does not realize the predicament our food production industry is in. I think that is something we should work on too.

Mr. Hill: We have been saying for years that the people who should listen to the farmers the most do not even hear what the farmers are saying.

Senator Norrie: That is right.

Mr. Hill: That is one of the main concerns of the farm organizations. They keep telling it like it is, but the people who should be listening and who should be concerned, not only from the standpoint of adequate supply of food, but also because of the agricultural community's contribution to the Canadian economy, are not listening to the farmers at all. Those are the people who can have an influence on farming programs.

Part of our problem is that we have too many lawyers and too many farm economists who are being listened to. These people are busy thinking up reasons why the government should not spend any money to assist the agricultural community, or implement programs to assist the agricultural community. Rather than listening to the farmers themselves and together figuring out ways to do it, the government is listening to these farm economists who are figuring out reasons why things should not be done.

Senator Inman: Perhaps we should make them all live on a farm for a while.

The Chairman: We may invite some of you people to appear before our committee at times in between the presentation of your annual brief, so that you might help us in formulating some of our recommendations to the government. I have been around Parliament Hill for a long, long time, and I have never known a government that was paying as much attention to farm questions as has the present government recently. It may not always come up with the things we want, but

the Speech from the Throne at least recognizes that there is a farm industry. It recognizes that the farming community needs legislation. I think the government is listening more now than it has in the past.

Mr. Hill: That is perhaps so, Mr. Chairman, and we are certainly heartened by the things mentioned in the Speech from the Throne. However, the key to the whole thing is the legislation which follows from the Speech from the Throne.

We hear a good deal about stabilization. We are not too sure whether they are talking about stabilization of food production or the stabilization of prices, or producers' incomes, or just what it is, but all of a sudden there is a great deal of interest in an adequate stabilization program now. However, this government, and previous governments since 1958, have had a stabilization act that would have allowed them to stabilize farm prices at as high a level as they wanted. There was nothing in that act which insisted that support levels be low. The only reference to low prices in there was with respect to nine named commodities where the actual stabilization prices were not allowed to fall below 80 per cent of the previous 10-year average. That is just nonsense.

The Chairman: That was worth practically nothing.

Mr. Hill: But the legislation allowed them to support the prices at as high a level as they wanted. Any of these governments that wanted to support farm products at reasonable prices had the authority to do so.

The Chairman: I think the time is just about up for our visitors. On behalf of all honourable senators, I want to thank you for your presentation. We are certain it will be useful to us. We hope that we can work with you, and that together we may accomplish something. We are here to do all we can on behalf of the agriculture industry. We are delighted you gave us the opportunity to hear you.

Mr. Munro: Thank you very much, Mr. Chairman and honourable senators. As always, we appreciate this opportunity of appearing before you, and if we can assist you in your endeavours on our behalf through the year, I assure you we stand ready and willing to do so.

The committee adjourned.

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Mr. Hill: We have been saying for years that the people who should listen to the farmers the most do not even hear what the farmers are saying. The Chairman: That is right. Mr. Hill: That is one of the main concerns of the farm organizations. They keep telling us that it is not the people who should be listening and who should be concerned, not only from the standpoint of adequate supply of food, but also because of the agricultural community's contribution to the Canadian economy, and not listening to the farmers at all. These are the people who can have an influence on farming programs. The Chairman: In fact we have too many lawyers and too many farm economists who are being listened to. These people are back channeling up reasons why the government should not spend any money to assist the agricultural community or implement programs to assist farmers themselves and together finding out ways to do it. The government is listening to these farm economists who are channeling out reasons why things should not be done. The Chairman: Perhaps we should make them all live on a farm for a while.

up our hands and say to the farm... He has to have some market analysis to do by which I assume you people have... The question is prompted by the fact that it appears that we are endeavouring to encourage farm producers in Western Canada to put as many acres as possible into rape, oats and barley; yet he seems to be calling back or at least not putting into production as many acres as he should. It seems to me the only encouragement he has to increase his acreage is from the federal government. Farm organizations themselves have not taken any stand in this regard. I would like to hear a firm comment on what you see this year, next year and the year after. Mr. Gordon Hill, Member of the Executive, Canadian Federation of Agriculture: There are a number of things that have encouraged farmers recently--the increase in the price of grain, and speeches by the Minister of Agriculture who has been telling farmers, "hang in there, many farmers have accepted this. They felt that this was government policy. Many are now becoming a little disillusioned and think that perhaps Mr. Weisman's Cabinet colleagues are not listening to him because the kind of policies they see coming forward do not follow through. Mr. Weisman has been talking about, for example, the beef program that ended up with a five-cent per pound subsidy and beef producers actually getting less from the market and the subsidy than they were previously getting from the market. I think with the new dairy policy where farmers through their organizations have been saying they need at least an additional 12 or 13 hundred pounds for industrial milk many of them will wind up getting less than a dollar increase per 100 pounds of milk. The farm improvement bank Act amendments that are now before the house amount to only about half of



SECOND SESSION—TWENTY-NINTH PARLIAMENT

1974

THE SENATE OF CANADA

PROCEEDINGS OF THE STANDING SENATE COMMITTEE ON

AGRICULTURE

The Honourable HAZEN ARGUE, *Chairman*

Issue No. 4

WEDNESDAY, APRIL 10, 1974

Further study of certain agricultural problems in
Eastern Canada

(Witness:—See Minutes of Proceedings)

STANDING SENATE COMMITTEE
ON AGRICULTURE

The Hon. Hazen Argue, *Chairman*

The Hon. Hervé J. Michaud, *Deputy Chairman*

The Honourable Senators:

Argue	McElman
Benidickson	McGrand
Côté	McNamara
*Flynn	Michaud
Fournier	Molgat
(<i>Restigouche-</i> <i>Gloucester</i>)	Norrie
Haig	Petten
Hays	Phillips
Inman	Sparrow
Lafond	Welch
*Martin	Williams
	Yuzyk.

**Ex officio members*

20 MEMBERS

(Quorum 5)

WEDNESDAY, APRIL 10, 1974

Further study of certain agricultural problems in
Eastern Canada

(Witness:—See Minutes of Proceedings)

Minutes of Proceedings

Wednesday, April 10, 1974.

Pursuant to adjournment and notice, the Standing Senate Committee on Agriculture met this day to further study certain agricultural problems in Eastern Canada.

Present: The Honourable Senators Argue (*Chairman*), Fournier (*Restigouche-Gloucester*), Inman, Lafond, McGrand, McNamara, Michaud, Norrie, Petten, Sparrow and Yuzyk. (11)

Witness: Dr. Walter Fobes, Associate Professor, Department of Economics, University of Prince Edward Island.

Upon Motion of the Honourable Senator Yuzyk it was Resolved that the document intituled: "Draft of a Pamphlet on Farm Machinery Banks" be printed as an Appendix to these Proceedings.

At 11:30 a.m. the Committee proceeded *in camera*.

At 11:45 a.m. and after further discussion, the Committee adjourned to the call of the Chairman.

ATTEST:

ALINE PRITCHARD,
Clerk of the Committee.

The Standing Senate Committee on Agriculture

Evidence

Ottawa, Wednesday, April 10, 1974

The Standing Senate Committee on Agriculture met this day at 10 a.m. to study certain agricultural problems in Eastern Canada.

Senator Hazen Argue (Chairman) in the Chair.

The Chairman: Honourable senators, I am sure we are all happy to have with us this morning Dr. Walter Fobes of the Economics Department of the University of Prince Edward Island. Parts of his presentation have been circulated already to the committee.

In the back row, is Albert Chambers, who is our committee assistant. With him are two economists from the Parliamentary Library who are helping develop some papers for us. They are Mr. Len Christie, who has been with us before, and Mr. Frank Swedlove, who is with us this morning for the first time. If it is agreeable to senators, if they see that our question-and-answer session is lagging, or if they feel there is some ground that has not been adequately covered, they should feel free to interject.

So, now, without further ado I will call on Dr. Fobes to address us.

Dr. Walter Fobes, Associate Professor, Department of Economics, University of Prince Edward Island: Honourable senators, first of all I would like to thank you for asking me to come here to talk about farm machinery banks. I would like to give you some background to this topic. All my knowledge on farm machinery banks comes from published material. The first time I heard about the idea of a farm machinery bank was last spring when I was visiting West Germany. I did not manage to contact one then because there was not much time left before returning to Canada, but I wrote to some addresses and got material sent to me during the summer, which I did not read. I put it away and picked it out again last Christmas. I must say I was very fascinated by what I saw.

I have been interested in co-operation for a long time. I did my graduate work in England and in Germany on co-operatives, and for the last few years I have been interested particularly in co-operation in agricultural production as distinct from co-operation in marketing and purchasing of inputs, and also consumer co-operation. There are, perhaps, two types of co-operation in production. One might be called full co-operation, and there are some examples of this in Canada.

Perhaps, Mr. Chairman, you are familiar with the co-operative farms in Saskatchewan like the Matador farm. Then you have a type which you might call partially integrated farming, or partial co-operation in production. I have also started to call it group farming because I did a program for the CBC once and they objected to a clumsy term like "partially integrated production," and they wanted something easier or more appealing, so I call it "group farming." This is the kind of thing I have been interested in, and I have been looking at examples of this. I have been right across Canada once and have looked at examples of group farming.

Most of them are found out west, and we have some in Ontario. Very few exist in the Maritime provinces. An example would be feed lots with farmers doing their own farming and having their own private operation, but doing certain things co-operatively in production. The general principle behind this is to operate enterprises where economics of scale exist on a big scale and to do other things on a smaller scale.

We also have machinery co-operatives out west, particularly in Saskatchewan, where a small group of farmers put their land together and farm it as one unit, and the ones I have seen personally have impressed me quite a bit, but I think it only works when you have a mono-crop type of farming such as you have in Western Canada.

So I came across the farm machinery bank which is a type of group farming, I would say, which does not make very high demands on giving up your individuality, and I think that is very important, particularly in the Maritimes. All farmers are highly individualistic. It also makes a lot of sense where farms are small to medium-size; they do not necessarily have to be small. The main objective of a farm machinery bank is to put the exchange of machinery between neighbours on an organized basis. This is something that has been going on for a long time in the Maritimes. Farmers share machinery on a neighbourly basis, but with the machinery being very expensive nowadays it is often difficult to work this out satisfactorily. Usually there are no agreements made on paper or anything like this, no formal agreements.

The machinery bank makes it possible to exchange machinery between neighbours formally, to overcome such problems for example as payments and setting a price for machinery services. It is often very difficult for neighbours to agree on this. Neighbours do not

like to ask for a price that is necessary, because it is a neighbour and this sort of thing. All of you who know something about farming probably understand these problems. They are perhaps psychological problems.

The concept goes much beyond exchanging machinery and also labour. The machinery that is exchanged in a farm machinery bank comes always with labour: everybody takes out his own machine; it is not a question of lending your machine to a neighbour; you take your own machine and you work on the land of a neighbour.

There is no compulsion. The motto that is used in Germany, for example—and I am translating it—goes something like this: "Everybody may, nobody must." Nobody is forced to take his machine to a neighbour. It is the economic advantages which bring the exchange about.

The machinery banks also promote the exchange of straight labour. This is something which we are developing in Canada right now. Perhaps some of you are familiar with the fact that labour pools are being set up in the various provinces, except Newfoundland, on an experimental basis. We are setting one up in Prince Edward Island at the moment, for example. I think the Department of Manpower people work together with the Department of Agriculture on this. This is to mobilize available labour. For example, farmers who are under-employed may list their names with the labour pool and there may be jobs for them.

Perhaps I should name the person who more than anybody else in Germany has promoted this thing. His name is Dr. Geiersberger.

I am sure he is connected with, and might even be a director of, the Bavarian broadcasting system, and he used broadcasting to bring the idea to the farmer. An international meeting on machinery banks was held in 1972 in Berlin. The talks were given in three languages and I have the proceedings of this meeting. It seems that the machinery banks nowadays exist mainly in Bavaria and in Lower Saxony, Germany, and also in Austria and in Switzerland—mainly in German-speaking areas of Western Europe.

All the countries in Western Europe are working in co-operation on production. I have been to France and Holland, to the Scandinavian countries and Britain some years ago, studying what they are doing in this field. They are all working on this. But the machinery banks, as we want to discuss them today, were developed in West Germany.

I have brought along a draft that may serve as a pamphlet or brochure for farmers, to make them familiar with machinery banks. As a matter of fact, I am working with two of my students on this and they would hand something like this out to farmers to familiarize them with the concept. It is only a draft and it was finished just before I left for the plane to come out here. Perhaps we can follow these points and get a better idea of what a farm machinery bank is and what it attempts to do.

The Chairman: Are there any such banks in existence in Canada now?

Dr. Fobes: Not that I know of.

The Chairman: Honourable senators, are there any questions?

Out where I come from we might call this kind of thing "custom work," and it is on a very informal basis. You may be hired by a neighbour to come over and do some farm work and the man may be able to come. It is probably economically an arrangement where everybody wants to have their own machinery as an objective.

Dr. Fobes: With the machinery bank, you have a number of farmers who set it up. It consists of an office and a manager. Every farmer lists his own machinery with the bank. The bank has a filing system; there is a file for each member, and on that file you have a list of his machinery.

If one farmer needs some work done and has not the machinery or the time to do it, he phones in to the farm machinery bank manager and asks, "Could you plough a 10-acre field for me? Is there anyone who could plough it?" The farm machinery bank manager goes down his list until he finds someone who has the equipment, and he phones that man about ploughing the 10-acre field. If that man says he is up to his neck in work, the manager phones another person until he finds someone who says, "Yes, I have finished my own work and shall go out to do it."

Once a year the members have a meeting. They are organized more or less like a co-operative, certainly like a non-profit organization. They sit down and debate the prices that should be charged for the various jobs. There may be hundreds of members and the whole meeting cannot discuss all prices, but there is a committee looking into this aspect and it is also the responsibility of the manager. They put out a handy booklet. I have seen one of these booklets, which was sent to me. It lists all conceivable jobs in the area that farmers do with their machinery. This particular booklet I have lists over 100 jobs—combining grain on a steep slope, ploughing a stony field, heavy land, light land, et cetera. A price is agreed for any of these jobs.

When a man goes out and does the ploughing he has something like an IBM card that he presents when the job is completed. He presents it to the man whose work has been done, who then signs it saying the work has been done satisfactorily. There are four copies of it. One stays with the man whose work has been done and one with the man who did the work and requires to be paid. The worker goes back and mails the other two copies to the farm machinery bank manager. The manager keeps one for himself, and he sends the other copy to the commercial bank manager of the farmer who had the work done. This IBM card is then used to remit payment. It all happens automatically.

This is one of the problems, namely to get farmers, living in an area, to pay promptly. Often neighbours do not want to be bothered with getting involved with each other; they often become enemies because payments are not made or they think somebody is charging too much, and so on.

This is really the purpose of the machinery bank, to put this whole procedure on an organized and impersonal basis.

There are two types of these banks. One is a small, part-time managed type which prevails mostly in countries like Austria and Switzerland. Apparently, it does not work out too well because the part-time manager is one of the farmers who uses the machinery bank. They have had experience now with machinery banks since 1958 or 1959. I believe they have about 250 full-time managed and about 300 part-time managed machinery banks in Germany alone. It seems that the full-time managed banks are expanding whereas the part-time managed banks are not.

The full-time bank may consist of 300 or even 500 farmers spread over a fairly large area. It seems that the larger the number of farmers the better you can make a market, the easier it is to bring people together who have something to offer and other people who want something.

The main economic advantage, talking about dollars and cents, arises from the fact that the overhead cost of the machinery is very high. Those costs can be reduced per unit of acre or output, if the machine is used to its capacity. This is the main idea behind the farm machinery bank.

When a bank first starts, every farmer has a certain amount of machinery. Some may be over-mechanized; some may be under-mechanized; some may be part-time farmers not having any machinery. Hopefully, something happens and they start working for each other. In the long run it will be the objective of the farm machinery bank manager to manipulate the investment of machinery in his area. For example, if farmer "A" finds that his combine is worn out and he would like to buy a new one, normally he will get in touch with his farm machinery bank manager and will discuss buying a new combine. Naturally, the farm machinery bank manager knows the situation in his area and he will say, "Look, there's Joe down the road who bought a very large new combine recently. He can easily do your work. Don't buy one. Use your capital for something else."

So, where it would have cost him perhaps \$20,000 to buy a combine, he can put that money into land or into increasing his livestock herd or into another piece of equipment which is badly needed.

Another advantage is that the members can specialize on certain equipment, and, of course, modern farm machinery is complex and when they become specialists they can probably do a better job. You also do not have to hitch and unhitch your equipment all the time, which often takes up a lot of time. You have your machinery hitched to your tractor, if it is a pull-type operation, and you can leave it there for perhaps the whole season and just move it around.

You mentioned the custom operators. Well, even full-time custom operators would easily fit into a machinery bank, because they too would find that they had a better market than when they were on their own.

For example, I am not aware that in P.E.I. we have any full-time custom operators...

The Chairman: These were not full-time custom operators at all. It was just that I am a farmer out there, and I get a little behind in my work and there is a farmer a mile or two away who I know has finished his work.

It is the same kind of thing that you are doing here, except that it is not organized. You just go and say to him, "If you have a day or two, will you come and seed that acre or two of land that I am not able to get to right now?"

We have been down to the Maritimes and New Brunswick and, just casually looking around at some of the farms, they may not be under-equipped but they seem to be very poorly equipped.

Dr. Fobes: In P.E.I. we are probably over-equipped.

The Chairman: Well, perhaps that is true.

Dr. Fobes: Farm machinery per improved acre in P.E.I. increased between the last two census years, if I remember right, from something like \$30 to over \$70 per acre.

The Chairman: I was just wondering if this might be of some advantage in New Brunswick, where they might be able to upgrade their equipment. I am not sure, but have you been out and tried to set it up in the locality?

Dr. Fobes: Not yet.

The Chairman: No, it is all drawing board stuff.

Dr. Fobes: As a matter of fact, I am trying to go back to Germany at the end of the month and take a look at the actual operations to see how they work.

Senator McGrand: Have you discussed this in P.E.I. with any farmers or farm groups?

Dr. Fobes: Not yet, except that last Monday I taught a course to farmers for two hours and we discussed it briefly there, but we have not made any organized attempt to bring this to farmers there. I have been writing articles in the local newspapers to sort of warm them up to the idea, and I think that is where you got the idea also—from the newspaper.

Senator McNamara: I do not know too much about farming in the Maritimes. I think I can see some benefits in diversified farming and for smaller farms. I can see that it would be of benefit in Germany where there are small farms and large settlements in a community; but coming from western Canada, Mr. Chairman, where the farm units are very large, where the farming is practically all grain, where our farm work starts all at the same time, and where in the fall we have to rush into our harvest, and so on, I am not so sure that I see the practicability of this plan in an area like Saskatchewan.

I do not know about P.E.I. and Europe. I can see perhaps some hope for it working there, but would you not agree that it would be more practical in the Maritimes and in Germany, where they have heavily-populated small farms, than it would be in western Canada?

Dr. Fobes: Yes, I am interested in it mainly because I am from the Maritimes now. In Saskatchewan the form of machinery co-op that they are using makes much more sense so long as they have practically monocrop farming.

The Chairman: You mean mono-crop in the sense that it is a variety of grains?

Dr. Fobes: Yes, because you can use one combine or one type of machinery.

The Chairman: For different grains, yes. But we have had some custom combiners coming up from the United States, which is one point; and another point is that on paper it may look as if the western farmer has too much invested in machinery and that from an economical point of view he is wasting his money, but the question of timing is all important out there and it may be that you have only a few days in which to accomplish what you have to, and it may be that you would be far better off having a machine idle almost all of the time, which from an economist's point of view would be ridiculous, but which would be of value because it would save you, in one year, 5,000 or 10,000 bushels of grain which you would otherwise lose.

We have a late spring out there. We may need to be over-mechanized with machinery this year because we may have only six days to seed our crops. We do not know. We may have longer than that, but we may not.

Dr. Fobes: That is also a problem in the Maritimes but, as you know, the structure of farming is quite different there. In the Maritimes you cannot get away with mono-crop farming for long. That is my opinion, at any rate. I think in P.E.I., for example, it is well understood that you cannot grow potatoes continuously; you have to grow forage crops, potatoes and grain, and I think it would probably help to have livestock as well, because the soil is subject to erosion.

If you are in that position—and the farms are much smaller than out West—of course, then a farm machinery bank may be the answer. The season is also very short in P.E.I., but the problems could be overcome by having large-scale machinery.

The machinery they have out there is much smaller than out West, but if they were to switch to large-scale machinery and make certain adjustments to their fields and so on, it might be of some advantage in P.E.I.

Senator McGrand: In P.E.I. there is a plan for reshaping the agriculture on the Island under an arrangement with Ottawa. Will that not in itself, that re-arrangement of farm land, help to bring in this type of farm machinery bank?

Dr. Fobes: I am not sure exactly what you mean by a re-arrangement of land. Do you mean that there is a move towards larger farms, a consolidation of farms?

Senator McGrand: Well, I have not been there, but I know that the federal government and the provincial government of Prince Edward Island are spending vast sums of money on the restructuring of agriculture on the Island. That is what I meant.

Dr. Fobes: Well, that does lead to larger farms in terms of acreage, and that actually, you could argue, would make machinery banks less important.

Senator McGrand: I meant that it would make them more important.

Dr. Fobes: It would make them less important in the sense that the bigger the farm the more it can be self-sufficient in machinery—as out West. But I think even if you have a big farm, it is all relative, because in Prince Edward Island I think everybody would call a 300 or 400 acre farm a big one while that would be next to nothing in Saskatchewan.

The Chairman: Oh, I would not quite say that. It would be a small farm in Saskatchewan. There are many of them that small, but it would be considered quite small.

Dr. Fobes: I do not think the farms will ever be that big in P.E.I. unless we have large operators coming in, and this is quite an issue in PEI at the moment. We have some so-called corporate farms, which really means large-scale farms, coming in. There are several of these. Many people are up in arms against them, and if you have some of these farms in Saskatchewan, they would just be a drop in the bucket. But if you have a few 2,000 or 3,000 acre farms in PEI that is a different matter. We have one that has maybe 10,000 or 12,000 acres there, a livestock farm, and if farms of that type should come in, in no time they would have swallowed up the whole island and so it is a social issue and a political issue too.

Senator Inman: Well, I come from there, and I understand from a great many people down there that they are rather anxious to bring back the smaller family farm again.

Dr. Fobes: Yes, I think there is a lot of sentiment towards the smaller farm.

Senator Inman: And the big operators are finding it hard to get sufficient help, for one thing, while on the smaller farm the family can help. I know that because where I live there are two or three farms in the area.

The Chairman: In this committee we have taken quite an interest in the idea of having more farms and encouraging more young people to farm, and also following the suggestion that government agencies should be prepared to lend money to part-time farmers. I know you have written a paper or a number of articles on that, so while this would not be directly on the farm machinery aspect of what you are talking about, if you wished to make some comments on that I think the committee would be happy to hear them.

Dr. Fobes: There was some method in my madness. I started with part-time farming and pointed out some of the social implications of this, and the fact that part-time farming has been neglected. Then I wrote a number of articles pointing out in various ways how you can overcome the machinery problem through a custom operation or the type of machinery co-ops that you have out west. They have another type developed in England where a small number of farms work around a line of machinery, but they do not actually merge the land as in Saskatchewan. By that I do not mean that they merge the ownership of the land in Saskatchewan, but they merge the land for purposes of operation. But in England it is mostly silage co-operation. Grass is an important crop in England and farms are relatively small there too. They cut their grass for silage with one line of machinery and they plan their forage crop around

that one line of machinery. There might be three or four farmers who own that line of machinery and they plan their crop to have some early grass and some later grass and other forage crops and ending, perhaps, with corn. So they keep that line of machinery going round their farms almost all year round. I wrote an article on this aspect, and then I mentioned farm machinery banks as one type and I thought farm machinery banks were particularly important for the Maritimes.

I have read most of the proceedings of this committee, and I found it very interesting reading—and I am not saying that to flatter you. But I would like to make the point that these farm machinery banks go much further than merely economizing on the use of machinery. The role of the farm machinery bank manager is crucial. He acts as an adviser to the farmers. When I hear the report from Kent County, it seems that people have given up the ghost so that there is no initiative for them to work. They say they have no incentive. They do not see any point in going on any more. I think the farm machinery bank would become a dynamic centre around which these people would work and organize themselves.

You see, I would visualize the farm machinery bank manager to be on the road half of his time. He would be an ag. rep. It was mentioned that there were no ag. reps. in Kent County. Well, I think, a farm machinery bank manager could be a much better ag. rep. than the usual or normal ag. rep. A lot of farmers in the Maritimes are very suspicious of government people. That has also been pointed out in these proceedings. I think if farmers are involved with their own machinery and have hired the manager themselves, they would have confidence. The machinery bank would have to be financed with a lot of government help initially, which later could be phased out as the advantages emerge; for example, as the machinery investment goes down in an area.

Taking other things connected with machinery, Mr. Chairman, there is the problem of getting machinery parts and the problem of shoddy machinery. If you had machinery banks, and they were to work together in a federation, they would have much more market power and they could put some pressure on farm machinery dealers to produce good machines. They would test the shoddy machinery and so it would be shown up. Parts would be standardized. That is another problem with farm machinery. They could also put pressure on farm machinery manufacturers in this respect. So I think there is a lot of work that could be done. You must not forget that we are not talking here about collectivizing agriculture; we are talking about family type operations that would only do what they have been doing for a long time. That is, they have been working with each other, but machinery banks would put it on an up-to-date basis so that it can work in today's world. We are not just dealing with the question of borrowing the neighbour's team of horses. We are talking about sending a \$20,000 machine on the road and it has to be run by a man who knows what he is doing, and he can cover a lot of ground. We are also talking about 200 or 300 acre farms, which I still call small farms.

But, as I say, I have not actually seen machinery banks work in reality; I have read about them, and I have

been very much impressed by them in theory. I wish somebody would give me the funds to finance a trip out there so that I could speak with more authority.

Senator Yuzyk: From your own knowledge of these farm machinery banks in Germany, how many are there now in existence, more or less?

Dr. Fobes: About 250 full-time and I think 300 part-time operations.

Senator Yuzyk: What is the minimum number of members in one of these banks?

Dr. Fobes: Quoting from memory now, as I said, there are some part-time operations and they could be very small, maybe 10 members or so. But they do not advise the promotion of these. They advise the promotion of farm machinery banks having enough members to support a full-time manager. They call these full-time farm machinery banks.

Senator Yuzyk: How many farmers are involved here to make this work?

Dr. Fobes: There are 300 to 500.

Senator Yuzyk: And these are all small farmers in a particular area?

Dr. Fobes: Yes, Senator Yuzyk, the banks actually operate better in an area where farms are not so small, and that is probably related to the fact that perhaps the larger farmers are also better educated. You have a sort of a vicious circle there. I could well imagine, from what I have read, that it would be very difficult and also very challenging in Kent County to set up farm machinery banks simply because people may no longer be motivated to do anything. It seems that the larger farmers by European standards are also the better co-operators. One thing that interests me, and if I could go over there, I would like to go to Bavaria and Lower Saxony because these are two different types of area. I understand that in Bavaria they have fairly small farms while in Lower Saxony they have fairly large farms and the whole farm structure is very similar to the one you find in England and Eastern Canada or throughout Canada—farms that are spread out in the open countryside. For example, in Bavaria, although I am not all that familiar with the area, I travelled through by train and saw many farmsteads clustered in villages, which presents a different picture.

I could imagine that in Prince Edward Island if we had a farm machinery bank with 300 members, they would have an average of 100 acres of improved land, so we would have 30,000 acres in that farm machinery bank. We then have to finance the expenses of the manager and his office and so on.

Senator Yuzyk: How about the financing organization for such a bank?

Dr. Fobes: You need to have an office, which does not cost a lot and you have a farm machinery bank manager whose salary has to be paid and he has to have a car and so on.

I would say that if a levy were paid on these 30,000 acres at \$1 per acre, at a rough guess that \$30,000 would pay the expenses per year.

There are two ways of financing this. One would be to have a levy per acre, whether the bank is used or not, and the other way would be to charge a commission of, say, 5 per cent on every job, on top of the price that is charged.

Personally, I think the levy is the better way because if you charge a commission it can happen that farmers get use to working with each other and there is a black market developing making them by-pass the farm machinery bank manager to save the 5 per cent. That is actually happening and it tends to defeat the whole thing. Also, there is a no direct incentive to make use of the bank.

On the other hand, if there is a flat fee, which everybody pays, there is more incentive to make use of the bank. Some farmers may pay the fee as an insurance in case they might be sick and then they would know a place to go to. There may be some larger farmers who would support this thing simply because they think it is good and they like to help out their neighbours. There is this kind of co-operative spirit still prevalent in Europe more than it is here, because they have had a long history of this.

Senator Yuzyk: Following that up, I am still interested in the process of setting up such a bank. I am not a farmer, but I have worked among farmers. I have worked 16 hours a day during harvest time and during the depression of the 1930s in Saskatchewan I was very active. I think I should inform the members here that I was active in trying to set up the Canadian Co-operative Implements Limited, in order to make it possible for farmers to purchase machinery at a rate much lower than that at which it was on the market at that time. As you know, farmers always complain about the exorbitant price of machinery. I did considerable work in one year and found it most difficult. The farmers were interested, some of them would actually sign up, but then when you called them to a meeting not very many would show up. In the end the whole thing folded up because we just could not get the full co-operation of these farmers, in spite of the fact some of us, such as myself who was a teacher at that time, did this as a service to the community and therefore there was no charge of any kind.

I am wondering now whether it is possible to set up some co-operative arrangement, for this is what it is, without hiring a person who would really go around to the farmers and discuss the advantages of such a scheme.

Therefore, there is the initial output that is necessary. To me, it seems obvious that there are advantages, particularly for the smaller farms. I do not know whether this would be feasible in Saskatchewan where we have a square mile or thousands of acres in farm operation. I can certainly see that this would be to the advantage of farmers even in southern Ontario or in the Maritimes. That is why I asked the question, how many farmers would be necessary really to set up a bank of this kind. Then, if we recommended it in our committee, we would

also have to recommend the approach to the whole problem and how to set it up.

Dr. Fobes: I think it would take a lot of work to set this up. I could see in Prince Edward Island maybe five of these banks. I think it would have to be set up with government help, by public money paying most of the expenses in the first year and then it could be phased out over a five or seven-year period and become self-supporting.

If you ask who should do it, well, I have been working along these lines ever since I went to Prince Edward Island. I used to live in Ottawa at one time and had a farm in the Ottawa Valley. I personally would be quite interested, and there are people at the University of Prince Edward Island who would be interested in doing this sort of thing.

As a matter of fact, I have a little proposal here, which I brought along, to set up an institute of rural studies at the University of Prince Edward Island. If you like, I will give you copies, and if any of the honourable senators would like to give this moral support in a letter I would like to receive it. It would help us to get funds to finance this sort of thing.

Universities and schools of agriculture should be involved. In the Maritimes we have universities which would be interested. I feel that St. Francis Xavier University would be interested. The University of Moncton have developed a course in co-operation. It is French speaking, and they should be interested. There is an institute of social studies at Memorial University in St. John's, Newfoundland. I think these could work together.

I find the Co-operative Movement, I must say, a bit stuffy, in the way it is operating at the moment. I think it does not have the necessary dynamics to get to the people. The whole emphasis is on the business side of co-operation, which is very important, but co-operation is a two-pronged thing, it has a social-psychological aspect, and also a business aspect. These two always have to be kept in balance, and at the moment it is all business and little on the other side.

Senator Yuzyk: Do you have field representatives of the Department of Agriculture, in the Maritimes?

Dr. Fobes: We have Ag. Reps. now in Prince Edward Island. It was established under the development plan.

Senator Yuzyk: They could do a very good job along these lines?

Dr. Fobes: They could, if they wanted to.

Senator Yuzyk: Combined with universities.

Dr. Fobes: Yes, in principle, it is very difficult to get anyone to work together. It is the same as anywhere else.

Senator Inman: They are very independent down there; they like to work for themselves. I remember that some years ago, when we were living in a summer cottage, there were 10 or 15 farmers who did buy some machinery between them, but it did not last long. If it looked like rain one day some of them did not want to work. They were all supposed to work together. One man would not

go and he would take his helper back; he would take his hay from one farmer and pick potatoes for another. Then, if it looked like good weather for hay and he had long hay and they all wanted to come, and the other farmer wanted his taken in, they did not get along, so it all disintegrated in a short time.

Dr. Fobes: This is one of the reasons why smaller groups will not work. The larger the group the larger the market and the greater the chance of finding someone who has his work done. Also, it would have to be done very scientifically. There is a lot of information available.

For example, the potato-harvesting season in Prince Edward Island is quite short because the weather plays havoc there. We know that over a ten-year period, I am not saying that these figures are correct, because I am just making up an example, but maybe in the worst year you would have 20 days in which to harvest the potato crop. Therefore, if we have a farm machinery bank we must make sure that we have machinery which is able to cope with harvesting potatoes over a 20-day period, if that is the worst year. If there are only 15 days in which to harvest them, then you would have to take some kind of chance. But you all know that you cannot get anything without taking some risks and the long-run advantages should compensate for this.

Senator Norrie: Do you have anything to do with the agricultural college in Truro?

Dr. Fobes: Nothing formally.

Senator Norrie: Why?

Dr. Fobes: Well, I am just an Associate Professor of Economics in my department.

Senator Norrie: But have they nothing to offer? That is what I mean.

Dr. Fobes: In what way?

The Chairman: You mean, offering any courses.

Dr. Fobes: I am not familiar with that, no, but I have suggested often enough, personally, that there should be much more co-operation between the two. As a matter of fact, I have written articles in our student newspaper—because students want to revolutionize everything and I thought I would give them something to revolutionize—saying, “Why not have the Truro college become part of the University of Prince Edward Island?” Most of the farming action in the Maritimes is in P.E.I., but we have no institution of higher learning concerned with agriculture, really. I think there are people in the Maritimes who would like to see a degree-granting agricultural institution in the Maritimes. It would be nice if we could pick up the Truro college with a helicopter and drop it between the University of Prince Edward Island and the Experimental Farm there, because we would have a whole agricultural complex. Of course, I am in the process of becoming an Islander.

Senator Norrie: You are talking to somebody who lives in Truro, too.

The Chairman: I think Nova Scotia would like to keep its agricultural college.

Dr. Fobes: We could still work together. They could send their students to P.E.I. to get their final education. We have a faculty of science and economics, and I think a lot could be done in that respect.

For example, with the help and support of the economics department, I have set up a primary resource committee in P.E.I. to develop primary resources. The committee consists of people from various organizations, such as the Co-Operative Union of P.E.I., the P.E.I. Credit Union League, the Rural Development Council, the university itself and Holland College. We even tried to get the Women's Institute but they never answered. However, the committee has never amounted to anything, and I am almost convinced from what I have seen that often one or two men just working on their own can achieve much more than these organizations, because they mistrust each other. They think somebody is trying to get ahead of somebody else. So you just waste all your time setting the thing up and setting up meetings and you don't get anywhere. That is what I have found.

The Chairman: Senator Michaud, would you agree with my observation that in Kent County much of the land has already been abandoned so that the machinery is not being used at all on it, and, moreover, some of the machinery is inadequate. Do you see any possibility of owning machinery co-operatively or having a machinery bank there? Would that have a good effect in Kent County? Would the farmers work together? Is it worthwhile promoting?

Senator Michaud: Mr. Chairman, I am sorry for being late, but since I have been here I think I have come to understand the import of the suggestions made by Dr. Fobes. Did I understand Dr. Fobes to say that at one time he thought the operations in Kent County might be a little small to support an organization like the one we are discussing?

Dr. Fobes: No, I did not mean that. What I meant was that although a farm machinery bank should be superbly suited to help small operations, often the owners of small operations are hesitant to use it because they are the hardest ones to motivate. They may not understand the thing as easily as a large farmer. There seems to be a bit of a paradox there, but it is one of the things that I read more or less between the lines from some of the information I have got from Europe.

As a matter of fact, I am now pestering the provincial government to help me to go out there by paying my expenses. Then I could tell you a lot more, I think, because I could speak with more authority after having seen what is really going on. I think it would take a tremendous educational input to motivate these small farmers, but they could benefit more than anybody else.

I was interested to see somebody mention sheep in the former proceedings. It seems he almost blushed when he mentioned that sheep might be a possibility. But, for example, in P.E.I. not so many years ago there were more sheep than people. Now there are fewer than 10,000 sheep, of which only about 3,000 are ewes. It was also mentioned, and it is true, that grass is the easiest crop to grow there. Perhaps the comparative advantage lies in growing grass; it is easy to grow grass and difficult to grow grain in many areas of P.E.I. More-

over, lambs grow up with the grass cycle, whereas cattle need grain, particularly when you want to fatten them. So I think there must be a future for sheep.

Now, with respect to a machinery bank it is not just a question of machinery; it is promoting the agriculture of the whole area, injecting new life and new ideas into it. I think the farm machinery bank manager would have to be well paid, would have to be a very knowledgeable person and would have to have leadership qualities, and it would not do at all to get somebody cheap, because he would be the key person.

Also in this organization—and I mentioned this in my pamphlet on the farm machinery bank—you would not have only a general meeting of members and the board of directors, but you would have an advisory council, and the advisory council would consist of anybody in the community interested in promoting agriculture. Hopefully, you would have farm machinery people on it. Farm machinery people might object to this sort of thing in the beginning, but they should support it. I have seen one of the machinery bank price lists published, and the multi-national farm machinery people, like International Harvester, are advertising in it. They are supporting it by buying advertising space. In the long run it is good for them because if the agriculture in the Maritimes is reactivated and revitalized they will be selling more machinery. It is no good for them to sell machinery to farmers who go bankrupt using it. So they should be on these advisory councils. Any organization, like Women's Institutes, and anybody who wants to support it should be on there too. Service clubs Chambers of Commerce, et cetera, should help out with direct or moral support.

I found in Manitoba, for example, when I was at Winnipegosis, that they had a farrow-to-finish swine operation. Maybe you are familiar with that. It was the businessmen in the area who got together with the farmers to set it up as an industry. I would call that an example of group farming or partially-integrated farming.

The farmer members still have their private farms. I am not advocating that we have something like the Matador farm in Saskatchewan. It happens to be very successful, but usually these things do not work out at all.

The Chairman: I wonder if I might make an observation about the time, at this point. I understand both the House of Commons and the Senate want to adjourn today, and we still have quite a few committee meetings, so we are really quite pressed for time.

You will pardon me for just talking on our agenda at the moment, but when the Minister of Agriculture spoke to the meeting the other day he made a request to us to provide him with any recommendations we might wish to make so far as credit policies and interest rates are concerned, and I believe Mr. Chambers has a paper on that, and we might deal with it later this morning—as you wish. If we think we can conclude with Dr. Fobes satisfactorily, we might have 15 or 20 minutes to look over these suggested recommendations to the minister. I am in your hands. But how would it strike you if we endeavour to conclude this part of our deliberations this

morning at 11.30 and then sit *in camera* and discuss our recommendations, if any, which we wish to make to the Minister of Agriculture on credit policy? Does that sound reasonable?

Hon. Senators: Agreed.

Senator Michaud: In your original question, Mr. Chairman, you asked me if I thought that a plan like this would fit in with conditions in Kent County. My answer to that is, yes, decidedly so. I found Dr. Fobes' presentation this morning extremely interesting because it is through new means like these that we must seek the answer to our agricultural problem in our area. I also want to underline the suggestion that the approach to this project should be on a co-operative basis. I feel that a new approach to the farming situation is required in lieu of the traditional approach to solve the present local problem, and it is a fact that Moncton University has also opened a co-operative department. So the suggestion made by Mr. Fobes, the whole approach to this project of farm machinery banks, makes good sense. I know that because the people in my part of the country are what I would describe as "co-operative-oriented."

The Chairman: If that is all you got out of the committee this morning, Dr. Fobes, then I think your trip was very well worth it.

Dr. Fobes: I am very pleased to hear it, Mr. Chairman.

The Chairman: Any further questions? Mr. Christie?

Mr. L. Christie, Research Officer, Library of Parliament: Earlier in the proceedings, Dr. Fobes mentioned that the investment in farm machinery in Prince Edward Island was high, and having regard to the figures I have seen, it is perhaps high in relation to other provinces in Eastern Canada for roughly comparable farm sizes.

Now, in regard to machinery banks as you have defined them, how successful are these organizations in reducing investment in machinery, or bringing it into some balance with the amount of land work involved, in comparison with more closely organized syndicates such as we know in Western Canada?

Dr. Fobes: I would be very happy if I could answer that question directly, but I do not have the information. You are asking for very specific information. It would be interesting if we had this information, and this is something that could be done by a rural studies institute, because then we could go out and get answers to these questions. At the moment I can only speak in generalities. I also hope to get some more information from Europe if I can go there. When I was in Western Canada I found that some of these machinery co-ops had only recently been set up, and the farmers did not really have much quantitative information. I know the machinery banks were all using CI equipment Volvo tractors with the slogan "The Farmer's Own" written on them. I know that this does not answer your question, and I am sorry I cannot answer it more completely because it is a very valid question.

Mr. F. Swedlove, Research Officer, Library of Parliament: You mentioned that large-scale machinery would be needed to meet the shortage at harvesting time, and

that, I think, would mean a large initial capital investment on the part of the farmer. Do you think the farmer would be willing to invest this kind of money without any proof of success of the plan?

Dr. Fobes: Well, we heard that there is probably already over-investment, at least in provinces like Prince Edward Island, and we have machinery to farm much more land than we are farming at the moment. We also have a lot of idle land. In the Maritimes, unlike other areas in Canada, not only were farmers taken out of production but also a great deal of land was taken out of production so I think we could probably farm a lot of the land we have with the existing machinery. As machinery wears out it has to be replaced. If a farmer cannot replace it, it only shows that he was on the wrong track because there should be a depreciation allowance to replace the machinery he had. So there should not be any problem if farming is profitable at all, and it should become more profitable with a lower investment in machinery. The fact that the investment would be lower is the whole point. You might have a farmer who has machinery that is sitting there and is obsolete and which should have been depreciated and replaced many years ago. There are probably many instances of this. Now that may be a problem for him, I agree, but the fact that this situation exists only shows that there is a problem, and maybe, when you will discuss credit, something should be done to help him finance new machinery. If you take a man with little education and not much experience in running machinery, and you give him a \$10,000 or \$20,000 machine, you are taking a chance, but if farm machinery banks are well organized, then you remove much of the risk. Then you have the manpower courses. In Prince Edward Island I have seen farmers being taught how to draw a square root, and they were paid for this. It is no wonder we have inflation, when people sit there and are being paid for learning this. I do not know how to draw a square root, but I know there is a table where I can get it, if I want it. So what help is it to a 50-year old farmer to learn drawing a square root? What is that to him? I think if you had something closer to the farm and dealing more directly with his problems, then that would be much more beneficial to him and the money spent would bring much better dividends.

The Chairman: Are there any other questions?

Mr. Christie: In relation to farm machinery banks as they might be organized in Prince Edward Island or the Maritimes, do you foresee any problems in connection with farm credit legislation, particularly as to how the corporation must consider such an organization? Would they consider it as a syndicate or would they consider it on an individual basis? How would this fit in with present legislation?

Dr. Fobes: There should be no problem at all because one of the main features of the farm machinery bank is that everybody owns his own machinery. It is not even owned in the form of a syndicate. So the owner takes his own machinery out when he goes on somebody else's land. I have this on page 1 of the distributed notes where it says:

Machinery as such is not loaned out. Every member runs his own machinery at all times. Machinery and labour come together.

But I would hope that any advantages that exist under the farm machinery syndicate setup would be extended to farm machinery banks in the form of lower interest rates if they exist, and I am not quite sure of that at the moment. I think perhaps they are a bit lower. Farm machinery syndicate loans are very good for the type of machinery coop you have in Saskatchewan where the farmer has one line of machinery, or the British type where you have silage co-operatives.

Mr. Albert Chambers: From your reading of the German literature, is it possible for the members of the farm machinery bank not to have machinery?

Dr. Fobes: Oh, yes.

Mr. Chambers: Does it work for them to rely exclusively on the other members to do all their work?

Dr. Fobes: Whether it works or not I cannot say, because I have not been there, and I have not read about this. It is easy to understand that the market will be the better the more mixed the clientele or the group is. I think you should have everybody in there—small farmers, large farmers, part-time farmers, farmers with machinery or without machinery, hobby farmers. Then there will be a mixture. If all farmers grow the same crop and have the same machinery, there cannot be much of an exchange.

This brings us also back to the total development in an area. Perhaps we have come to a change right now. It is difficult to say. The picture has been for farmers to move out of agriculture over the last 20 years because there was too much labour in agriculture. We know that. The problem was: Where could these people go? I think the reason why, in a country like Western Germany they promote this—and I think they promote it all over the Common Market and that it is Common Market policy—is that they do not want to take the farmer away from his locality but want him to stay on his holding and, possibly, farm part-time and get a job in industry which is brought into the rural region.

The farm machinery bank makes it possible for him to farm part-time, because it is very difficult to farm part-time if you try to do all the work yourself. It is not worthy of a human being, it is worse than living like an animal, trying to do part-time farm work and also hold a full-time job, and usually people cannot stick with it.

As I said in the beginning, there are social implications attached to this farm machinery bank that go far beyond the exchange of machinery.

Mr. Christie: I would like to pose a question about the part-time farmers. I am thinking back to Dr. Fobes' remarks earlier about the experimental labour banks or pools that are set up now. Most part-time farmers may have problems getting a job in industry that fits in with their part-time farming operations. Would there be any opportunity to use their under-employed time in such a labour pool, so that it would fill out their income in connection with their own farming operations?

Dr. Fobes: Yes. The labour pool idea could be married to this. If you wanted to take this up, it could be combined with the farm machinery bank idea.

The labour pool idea is already here. The labour pool idea also came from Europe. Labour pools are prevalent in Holland where they run their farming mostly with labour pools and custom operators. I am not saying that the farm machinery bank is the only way, of course.

I see the labour pool as follows. First of all, anybody in the area who thinks he could make some extra money has his name listed with the farm machinery bank, just like the machinery. A young farm wife who has no children yet may list her name. Then some other farmer who may be a bit more advanced may find that his wife has to go to hospital to have a baby and may need some home help. He phones in and asks for a home helper. The girl who is available goes out and helps. Some other farmer may want to go on a vacation. In a livestock area, as in Eastern Canada, farmers are tied down to livestock. Young people leave the farms because they like the amenities of the city, where they can take a holiday when they wish. If the farmer wants to take a holiday, he would know that there is somebody else he can get, through the farm machinery bank, to take his place.

The farm labour pool would consist of these part-timers who would put their names down. From my reading of this subject, I believe that a well developed pool would also have some full-time specialists. For example, a pool of 500 members may have some specialist dairy men who would be available to relieve a farmer because he wants to go away or he is sick. Therefore, there would be full-time labour which would be paid by the machinery bank. It would be part of the expenses of the farm machinery bank, but if it is well managed and works well the fees collected for this labour would probably cover the expenses. It may take some time to warm up, especially when it starts from scratch and farmers have not been farming their farms. In that case it may take 10 or 15 years.

The Chairman: I see it is 11.30. We have had a most interesting discussion.

Senator Yuzyk: Mr. Chairman, this document is a very useful one and contains much more information than we were able to get out of the good professor. I

think this should be appended, with his permission, to today's proceedings, and I so move.

Dr. Fobes: This is only a draft, and some typographical errors have occurred because of the rush. I could have a final copy in three weeks.

The Chairman: We can correct this and if it is to be appended to today's proceedings we would need to have it today.

Senator Yuzyk: Perhaps Dr. Fobes could add a fourteenth question. I see there are 13, and I know some farmers are superstitious!

The Chairman: Honourable senators, we have had a very interesting discussion this morning. I am sure you have noted, Dr. Fobes, from the response of the members of the committee and others, that your information has been very well received.

I know that from an economic standpoint the hiring of machinery to do work on a farm is an economic and practical thing on the Prairies. A large number of them are pretty small farmers and do their entire operations by custom work. So, from an economic standpoint this farm machinery bank might be quite practical.

Dr. Fobes: If that is true, these banks may be useful even in Saskatchewan, just to organize the market for custom operators.

The Chairman: My father died many years ago, my mother was left a widow and she happened to have three quarters of good farm land in Saskatchewan. She was the farm manager, the farm machinery bank operator and everything else. She went out and hired help to farm the land and even with low prices she was able to make enough money to pay the mortgage and make a reasonably good living. So, from an economic standpoint it is practical. There are other things to be considered, but from the economic standpoint it is feasible.

On behalf of the Senate committee I wish to thank you very much, Dr. Fobes. We might have gone a little longer, except for the bind we are in today, on an adjournment day, and the Minister of Agriculture wants a document from us. We thank you for coming.

The committee adjourned.

APPENDIX

DRAFT OF A PAMPHLET ON FARM
MACHINERY BANKS

By Walter Fobes

Economics Department
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1. What is a Farm Machinery Bank? (FMB)

— It is a member-owned non-profit organization promoting the exchange of machinery and labour services among its members.

2. How does a FMB Function?

- It keeps a detailed list of all member-owned machinery in the form of filing cards—one per member.
- It also keeps a list of prices for all kinds of jobs involving farm machinery and labour.
- Members requiring work to be done phone the FMB manager. He, in turn, contacts members having the required machinery until he has found a member willing to do the job.

— NOTE:—Machinery as such is not loaned out. EVERY MEMBER RUNS HIS OWN MACHINERY at all times. Machinery and labour come together.

— There is no compulsion to use or provide services. The FMB's motto is: EVERYBODY MAY—NOBODY MUST. However, if advantages flow from FMBs, one would expect members to utilize them.

3. How are Services Paid for?

- Payments are effected between members, without the use of cash, through the intermediary of the FMB.
- The FMB has records of each member's bank connection (current account).
- This works as follows:

(a) Farmer A completes a job for farmer B;

(b) B signs a standard form indicating that the job has been carried out satisfactorily. Automatically, the price in the FMB price list for this particular job applies;

(c) The standard form comes in four copies: one each for the two farmers, one for the FMB and one for the Bank with which farmer A (the one requiring payment) keeps his current amount (initially two copies go to the FMB who keeps one and sends the other to farmer B's bank).

(d) Upon receiving the signed and countersigned (by the FMB manager) form, farmer B's bank will remit payment to farmer A. (Details of such a system would have to be worked out with the commercial banks and credit unions.

— Payments occur automatically upon receipt of the work form by the FMB and debtor's bank respectively. The FMB manager can check the availability of funds in the account of the farmer requesting work to be done. Large FMBs use computerized payments systems.

— Anybody taking his machine to another member's field is assured of prompt payment.

4. How is a FMB organized?

- The administrative organs consist of:
 - (a) the General Meeting of members—it has final authority;
 - (b) the *Board of Directors*—elected from the membership, it lays down general policy and answers to the General Meeting;
 - (c) the *Manager*, hired by the Board of Directors and responsible to the Board for day-to-day management (his position is crucial as outlined below);
 - (d) an *Advisory Council* consisting of persons favourably disposed to and generally able and willing to further the long run aims of a FMB. Members of the Advisory Council are appointed by the Board of Directors. They need not, and generally won't be, members of the FMB. Typical members of a FMB Advisory Council may be representatives from federal and provincial governments (ag. reps., etc.); farm machinery companies; other agri-business; educational institutions; Chamber of Commerce; the press; municipal government, service clubs; industries operating in rural areas (e.g. tourism); women's institutes; farm organizations; coops and credit unions; commodity marketing boards; commercial banks; other financial institutions; etc. Membership of the Advisory Council should not be limited and may be fairly large—say 20-30. Its main functions are to advise the Board and General Meeting on activities in which the FMB may get involved, and generally promote the objectives of the FMB in the community.

(e) appropriate committee should be formed from the membership.

— the legal forms most suitable for a FMB may be that of registered union, non-profit corporation or co-operative society.

5. Aims and Advantages of a FMB.

- The aims of a FMB are essentially *long term* in nature, although advantages to members will appear immediately.
- An immediate advantage will result from more extensive use of existing machinery, especially if idle land will be put into production without increasing overall machinery investment in the area.
- The long run objectives of a FMB are as follows: (the A-Z of FMBs)—
 - (a) *lower machinery investment* per unit of output;
 - (b) *quicker wearing out* of existing machinery—obsolete and outmoded machinery will no longer be used;
 - (c) *machinery repairs* will be at a *minimum* thus preventing costly delays;
 - (d) *high capacity* machinery, that would be too large for one farm can be used (but it will be owned individually);
 - (e) high capacity and up-to-date machinery will lead to *greater labour productivity* and thus *higher labour and management income*;

(f) farmers need not specialize to the same degree as if they were using only their own machinery (specialization is probably not conducive to conservation of soil fertility although the ill-effects of specialization may only appear after a good number of years)—hence “mixed farming” need not be abandoned;

(g) with assistance from the FMB-manager, neighbourhood work teams may be organized, and perfected over the years; for example, for seed bed preparation and planting; harvesting of silage, hay, potatoes, turnips, grain; manure spreading; etc. This would speed up operations and overcome an important disadvantage of the one-man farm;

(h) similarly, neighbouring farms may, if they wish, amalgamate some of their fields to really benefit from using large scale machinery which needs large fields to be efficient;

(i) even small farms can afford and enjoy the advantages of full mechanization, thus often eliminating back breaking and economically unproductive labour (e.g. ditching, post hole digging, etc.);

(j) machinery loans can be amortized properly due to greater productivity of machinery;

(k) since prices for machinery and labour services are based on total costs and going market rates, farmers find it easier to realistically cost various farm enterprises open to them;

(l) greater labour productivity should result in more leisure time, thus making farm work more competitive with jobs in other industries;

(m) the availability of more time, and savings in machinery investment, may be utilized in expanding or improving profitable farm enterprises (livestock, forage and cash crop production);

(n) farmers may also be able to devote more time and put more capital into farmer controlled vertically integrated agri-business enterprises such as coops, marketing boards, farmer-owned companies, and group activities in agricultural production such as cooperative feed lots, pastures, etc.;

(o) since FMBs also pool “straight farm labour” (not attached to machinery, see below), the one-man farm can be relieved when the operator is sick, away on business or taking a vacation;

(p) similarly, the farm wife can be given a break by female members of the FMB labour pool;

(q) less reliance needs to be put on unpaid family help (probably no longer acceptable to the younger generation);

(r) the improved social and economic conditions in rural areas prevailing under a FMB set-up lead to more young people taking up farming;

(s) farmers not wishing to expand their small farms may be able to take on full-time outside employment and supplement their income with part-time farming activities that do not become a drudgery for the part-time operator and his family;

(t) custom operators find a better organized market for their services if they are members of a FMB. They won't have a collection problem either;

(u) FMB collects data on machinery performance and is thus able to weed out poor machinery from the market (this is a social benefit spilling over the private benefits going to the membership);

(v) similarly, a Federation of FMBs can induce farm machinery manufacturers to standardize equipment and parts (another social benefit)—reputable machinery manufacturers will not fear this and give their support, because the long run objectives of farmers and machinery manufacturers (as those of other agri-business industries) do not diverge.

(w) specialization in farm machinery ownership should make farmers become better machinery operators—thus repairs and losses from faulty operation should be lower;

(y) fewer machines per farmer mean lower machinery housing costs, or the possibility of housing machines at all—machines left in the open deteriorate faster;

(z) generally, interaction between members of a FMB, advice from the FMB manager, involvement of the community through the advisory council, etc. will increase the dynamics of farming in an area.

6. What should be the size of a FMB?

—Size may be measured in number of members and total business volume; business activity may be expressed in terms of business volume per member.

—Business volume per member must be developed over time through promotion and education.

—Membership size is geared to the number of members a manager, perhaps helped by an assistant, can handle; it also depends on business volume per member, of course.

—Both small neighbourhood FMBs and large FMB with members scattered, say, over a 50 mile radius, exist.

—Small neighbourhood FMBs can only afford part-time management which has proven to be ineffective.

—Full-time managed FMBs are the desirable type.

—To afford full-time management, between 300 and 500 members are necessary. Depending on business volume, an assistant manager may be needed.

—The larger the number of members, the better the market for machinery and labour services.

—It may be necessary to operate a radio equipped float service to move machinery swiftly (custom operators may provide such a service).

7. Who Qualifies as Members of FMBs?

—Anybody requiring farm machinery and labour services.

—The more heterogeneous, or mixed, the membership is, the easier it is to make a market for the FMBs services.

—Thus all kinds of farmers should be members, including full-time farmers, hobby farmers, part-time farmers, family farmers, large scale corporate farmers, and also full-time custom operators.

8. Pricing of FMB Services.

—Labour will be priced at going hourly rates.

- In principle, machinery prices should cover all costs—fixed and variable.
 - No allowance for profits need be made since it is assumed that eventually most farmer-members will work for each other.
 - Obviously, with respect to fixed costs (depreciation, obsolescence, interest, shelter) estimates on usage must be made (part of the FMB manager's job).
 - Numerous government publications on machinery costs and suggested custom work rates are available and should be utilized in arriving at FMB prices.
 - Any price will be a *standard price*, i.e. a price acceptable to members in the light of their current state of mechanization, type and age of machinery, etc.
 - Such a standard price will make it possible for the innovative and efficient operator to make a profit from taking his machine out to work. (Other's will make accounting losses which will induce them to switch to better machinery—hopefully with the advice of the FMB manager).
 - All prices will be published in a handy booklet also listing the names and addresses of members.
9. Who is Suitable for the Post of FMB—Manager?
- He needs to be trained in agrology and agricultural engineering to college degree standards.
 - In addition, he needs to have training in Business Administration, Economic and Social Psychology—in short he must possess business acumen and above all leadership qualities.
 - Special courses and in-service-training for FMB managers exist in countries where FMBs operate.
10. Equipment of a FMB?
- Absolutely necessary is an office with telephone.
 - A car is also a necessity, since the FMB Manager should spend half his time on the road keeping personal contact with members. (Hence, an assistant or secretary would be very useful).
 - In special cases a FMB may own floats for moving equipment, repair shops, etc. (However, as a rule such specialized jobs are better left to private enterprise).
11. Who Bears the Costs of FMB?
- In principle the members.
 - In fact, a case can be made to have government pay most of the costs initially.
 - The Government's share would be reduced each year, over, say, a seven year period, until the long-term objectives of a FMB have been achieved.
 - Since many benefits of FMB's spill over to society as a whole, a case can be made for public support.
 - The advisory work of a good FMB manager may be as effective (or more so because of better opportunities) than that of a regular Ag. Rep.—another reason for public support. Ag. Reps. themselves should be involved.
 - Support would also be expected from municipal governments and local business, if the FMB leads to a revival of local agriculture with the result of economic benefits accruing to the local community in particular.
12. Where Does the Labour for the 'Straight' Labour Pool come from?
- The bulk comes from members who have spare time, e.g. a young wife not having any children of her own; a middle aged wife; an underemployed farmer. These *part-time* 'farm assistants' may function as mother's helpers, baby sitters, farm managers, etc.
 - In addition, a large FMB should have a pool of *full-time* professional labour on hand, particularly specialists such as dairymen, poultrymen, tractor drivers, and farm managers. The mix depends on the enterprises prevailing in a given locality.
 - Experience will tell the number of full-time farm assistants required; say one per hundred members. Their wages are part of the FMB costs, but they should all be retrieved from service charges paid by the users of labour. (Note that the Federal Manpower Department is currently setting up farm labour pools on a pilot scheme basis).
13. Disadvantages of FMBs
- Any kind of collective action entails giving up a certain amount of individual freedom of action. However, a FMB keeps limitation of individualism to a minimum since everybody takes out his own machinery—"everybody may—nobody must".
- In the end, the main support must come from the membership. Two forms are possible, either singly or in combination:
 - (a) a percentage mark-up on business volume;
 - (b) a fixed levy, e.g. per improved acre, regardless of FMB utilization;
 - The mark-up system has two important disadvantages:
 - (a) no immediate incentive to utilize FMB services exists;
 - (b) once certain members have got used to co-operate with each other, they might by-pass the FMB to save the commission (this would be short-sighted and would destroy the FMB).
 - The fixed levy has the disadvantage that it may deter prospective members from joining. But many farmers, especially the bigger ones, may be persuaded to join as an insurance (against breakdown of machinery or health). The greater the membership, the lower the fixed fee (somewhat analogous to the Direct Charge Coop principle).
 - Let us say, 300 farmers have 30,000 improved acres between them, or 100 acres each on average. A one dollar/acre levy would raise \$30,000 which might be sufficient to pay for a FMB manager's salary and other current expenses.
 - In a well functioning FMB a one dollar per acre levy would be absolutely negligible in comparison with production cost reductions accruing to members due to spreading the overhead of large scale high capacity machinery.



Extract from the Minutes of the Standing Senate Committee on Agriculture, 8, 1974:

SECOND SESSION—TWENTY-NINTH PARLIAMENT

1974

THE SENATE OF CANADA
PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON
AGRICULTURE

The Honourable HAZEN ARGUE, *Chairman*

Issue No. 5

TUESDAY, APRIL 23, 1974

Annual Presentation of the National Farmers Union

(Witnesses and Appendix:—See Minutes of Proceedings)

STANDING SENATE COMMITTEE
ON AGRICULTURE

The Hon. Hazen Argue, *Chairman*

The Hon. Hervé J. Michaud, *Deputy Chairman*

The Honourable Senators:

Argue	McElman
Benidickson	McGrand
Côté	McNamara
*Flynn	Michaud
Fournier	Molgat
(Restigouche- Gloucester)	Norrie
Haig	Petten
Hays	Phillips
Inman	Sparrow
Lafond	Welch
*Martin	Williams
	Yuzyk.

20 MEMBERS

(QUORUM 5)

The Honourable HAZEN ARGUE, Chairman

Issue No. 5

TUESDAY, APRIL 23, 1974

Annual Presentation of the National Farmers Union

(Witnesses and Appendix—See Minutes of Proceedings)

Order of Reference

The Standing Senate Committee on Agriculture

Extract from the Minutes of the Proceedings of the Senate, April 8, 1974:

With leave of the Senate,

The Honourable Senator Langlois moved, seconded by the Honourable Senator Martin, P.C.:

That the Standing Senate Committee on Agriculture which was empowered by the Senate on 28th March, 1974, without special reference by the Senate, to examine, from time to time, any aspect of the agricultural industry in Canada; provided that all Senators shall be notified of any scheduled meeting of the Committee and the purpose thereof and that the Committee report the result of any such examination to the Senate, have power to engage the services of such counsel, staff and technical advisers as may be necessary for the purposes of such examination; and

That the Committee have power to sit during adjournments of the Senate.

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

ROBERT FORTIER
Clerk of the Senate

Minutes of Proceedings

Order of Reference

Tuesday, April 23, 1974.

Pursuant to adjournment and notice, the Standing Senate Committee on Agriculture met this day at 10.00 a.m. to consider the Annual Presentation of the National Farmers Union.

Present: The Honourable Senators Argue (*Chairman*), Fournier (*Restigouche-Gloucester*), Inman, Lafond, McElman, McGrand, Michaud, Molgat, Norrie and Yuzyk. (10)

The following witnesses were heard.

National Farmers Union: Mr. Roy Atkinson, President, and other members of the Executive.

Upon Motion of the Honourable Senator Yuzyk it was Resolved that the document intituled: "Statement on Farm Policy Issues - presented to Members of Parliament and the Senate" be printed as Appendix "A" to these Proceedings.

At 12.00 p.m. the Committee adjourned to proceed *in camera*.

ATTEST:

Mrs. Aline Pritchard,
Clerk of the Committee.

Excerpt from the Minutes of the Proceedings of the Senate, 1974, 8, 1974.
With leave of the Senate.
The Honourable Senator Lafond moved, seconded by the Honourable Senator Fournier, P.C.,
That the Standing Senate Committee on Agriculture which was empowered by the Senate on 28th March 1974 without special reference by the Senate to examine from time to time any aspect of the agricultural industry in Canada provide that all reports shall be notified of any scheduled meeting of the Committee and the purpose thereof and that the Committee report the result of any such examination to the Senate, have power to engage the services of such counsel, staff, and technical advisors as may be necessary for the purpose of such examination; and
That the Committee have power to sit during adjournments of the Senate.
After debate, and
The question being put on the motion, it was
Resolved in the affirmative.
ROBERT FORTNER
Clerk of the Senate
(5 MURQU)

The Standing Senate Committee on Agriculture

Evidence

Ottawa, Tuesday, April 23, 1974.

The Standing Senate Committee on Agriculture met this day at 10 a.m. to give consideration to the annual presentation of the National Farmers Union.

Senator Hazen Argue (Chairman) in the Chair.

The Chairman: Honourable senators, we are delighted to have with us the President of the National Farmers Union, Mr. Roy Atkinson. A little later I will ask him to introduce those who are with him.

We welcome you here today. I believe this is your first appearance before our Standing Senate Committee on Agriculture.

Mr. Roy Atkinson; President, National Farmers Union: That is correct.

The Chairman: We have heard the Canadian Federation of Agriculture a couple of times. You may be interested to know that it is the first time in 40 years that the Senate has had a standing committee on agriculture. We think agriculture is important and that we should be working for it. We have a special inquiry going on into New Brunswick agriculture. We have made some recommendations along the lines of encouraging young people to go farming, to make it possible perhaps for someone in the city to go farming on a part-time basis. We have made certain recommendations on credit policy to the Prime Minister. While we have not made all that many recommendations so far, the response to those recommendations we have made has been, I might say, quite excellent, and we feel that we are in a position to be useful to the agricultural movement in this country. We are members of our respective caucuses, so we have a chance to have an input at various levels.

The National Farmers Union is a national organization of farmers and farm families. I can say that it is a voluntary organization; you have to put in your money before you get membership. We are delighted to have you here. I would ask you, Mr. Atkinson, to address us, and perhaps before doing so introduce the people who are here with you.

Mr. Atkinson: Thank you very much, Senator Argue.

Honourable senators I would like to introduce our delegation. We have our Executive Secretary, Mr. Stuart Thiesson; Brian Walker,

Junior Vice-President, from Alberta; William Dascavoch, Regional Coordinator, from Mundare, Alberta; Wayne Easter, Junior President, from Prince Edward Island; Mr. Blake Sandford, Coordinator, from Kingsville, Ontario; the National Women's President, Mrs. Evelyn Potter, from Saskatchewan; Mr. Harold Proden, Coordinator, from Minnedosa, Manitoba; Mr. Walter Miller, National Vice-President, from Tara, Ontario; and myself, Roy Atkinson, from Springwater, Saskatchewan.

The Chairman: I omitted to say one thing that I was asked by the senators to say. There are some senators here who are also due at another meeting. They have said they are here initially, and if you should see one or two of them leave, they are not leaving from lack of courtesy or interest, but because they feel they need to go to another meeting at that point. That meeting is on transportation, and this one is almost on transportation too.

Mr. Atkinson: I would suggest to those senators who have a meeting on transportation that they should participate in this one first.

The Chairman: Right, to get the background.

Mr. Atkinson: We are very pleased to have had the invitation from Senator Argue to appear before this committee. As Senator Argue pointed out, this is our first submission of this nature, although we did appear before the Senate when the bill for incorporating the National Farmers Union under a federal charter passed through the house, supported by the Senate.

You have had our submission. It is a long one. We have not put every item that we might have into it. We have attempted to deal with what we see as major issues on the basis of principle, and to reinforce our position with some documentation.

Basically, agriculture lives not in isolation from other economic activity and economic implications that affect the general economy, but rather as part of that economy. We have been buffeted in the last couple of years with rapidly changing economic circumstances, partly brought about by the world wide situation, and much of it brought about by our internal situation.

We have indicated certain areas of major importance, not only to the farm community but to the Canadian economy, and therefore to the whole of society in general, which are at play. We have indicated the paradox between, after a number of years of very low world grain prices, the rapid strengthening of those grain prices and the sort of contradiction that we are exposed to as a result of the

strengthening of grain prices in terms of executing our world responsibility in providing grain for both the developed and the emerging world's peoples; also our internal needs, grain being the main motor of economic activity in agriculture; that is to say, meat production, dairy production, poultry and egg production flow from grain. There is even the cultural influence. Much of the vegetable areas of the country are affected by grain production, and grain is used as a soil conditioner on a rotation basis. There are the effects of rapidly increasing livestock prices last year, and then a de-escalation of those prices equally as rapidly.

Then there is the very major economic crisis in terms of maintaining even the current level of meat production in this country which, in our view, so far as finished beef is concerned, has turned around rather sharply, creating the potential for shortages. There is also the question of pig meat, and the difficulties in dairying. A large number of dairy producers, notwithstanding the very large federal support programs, are going out of business.

Intertwined in the whole proposition is the lack of capacity on the railroads for moving cargo, both internally and externally, not only the situation that we currently face in terms of moving our grain for export, but also earlier on this year in moving grain for domestic needs.

We have made some observations based on our own experience and research with respect to rail transportation, which you may wish to pursue, stating that the railways have in fact sabotaged the movement. It is our view it was either sabotage or bad management, one of the two. In my opinion we can back up what we say.

We also raise the question of another very large-scale multinational corporation entering the area of grain handling and physically handling cargoes, taking over national grain. We know that many of you have insights into the practices and behaviour of large-scale economic organizations, having had some experience. Therefore, we make the assumption that you understand the implications of these kinds of movements in light of the international situation.

I think with that brief introduction, Senator Argue, we are ready for questions.

The Chairman: Thank you very much, Mr. Atkinson. I am not sure how well acquainted the senators in this room are with the business organizations of this country. Looking them over, I would not think that we have many members of the boards of directors of Canadian corporations. We may have some, but it is a very tiny sprinkling. This is not like another committee I might mention.

Thank you for your brief, which I am sure contains much very useful information. We have all been concerned about the movement of grain, and it has been bad. We raised it at our meeting with the Canadian Federation of Agriculture, and I wonder, Mr. Atkinson, if you see some improvement. I know it has been bad, I know there has been a lack of movement, but do you see any chance of any major improvement right now, or in the next few weeks?

Mr. Atkinson: On the contrary, it is our view that for the next few weeks the situation will continue to be tight. We must bear in

mind that there has been a good deal of water moving within the Prairie region and some flooding, which will, of course, affect railways, largely because they have not modernized their transportation network to provide for grade-free snow, if you understand what I mean, by raising grades or back sloping the ditches, as highways have. They have also failed to modernize their snow removal in terms of rotary equipment for taking snow off the lines. They have been doing the same thing as was done for the last 70 or 80 years, I suppose, in the Prairie region, using the push plough, which just really moves the snow off; it blows again and gets back in and the cuts become deeper and deeper. This, in my opinion, says something about the innovative ability of the railway management. It would be a terrible way to run a farm.

Senator McGrand: On page 7 of your presentation, in section 40, you refer to the railroad situation, and you mentioned it this morning. What, in your opinion, are the short term and long term of the railway problems in transportation?

Mr. Atkinson: Senator McGrand, I have experience of being involved in union work since 1959 on a continual crisis basis. I am now dealing in the movement of grain. Also I believe the same to be true in the movement of vegetables from the Maritimes. For example, the Canadian Pacific Railway, I am told, has not had one of its own refer cars, to use the terminology of the trade. For instance, in New Brunswick they have rather depended on using American cars, notwithstanding the fact that there is a substantial volume of potatoes and other vegetables moving every year, notwithstanding the fact that they have a substantial freight rate. It was 57 cents a hundred and has recently been increased to approximately 65 cents.

However, in answer to your question as to the short run and the long run, I am really saying that we are into that kind of situation, and unless there is very substantial investment made in railway capacity in order to move all kinds of cargo in and out we will be in a continuing crisis. In my opinion, therefore, it is no longer a long-term, but a short-term situation which must be considered. Much has been said of the Prairie region and the Crows-nest Pass rates, statutory rates being too low to attract railway investment in rolling stock or power units. Much has been said to the effect that there are too many branch lines, and therefore the proposal has been made to abandon 5,500 miles of branch lines. That now has become a trap in this sense, that if we are only to concentrate on the question of statutory rates or rail line abandonment, that would in no way correct the fundamental problem, which is lack of railway capacity to move cargo. This is particularly true to the west coast, although it is also true moving from Winnipeg over the Shield into the industrial heartland. Therefore, in the short run, to correct capacity means a major capital investment within the vicinity of west coast ports, Vancouver in particular, in just getting access to the port.

Senator McGrand: Would that involve both CN and CP?

Mr. Atkinson: Both CN and CP; the two of them. We cannot deal with one without dealing with the other. The nature of our country is such that we have that peculiar problem of transportation, because of the breadth of our country, the access to

water and the mountainous regions. Therefore, I would suggest that the first priority is massive capital investment in roadbed from the ports back into the interior and the provinces, through the mountains basically. It means marshaling yards and large investments in roadbeds through the mountains. For example, to understand the courage of a railwayman just running a train through the passes, you have to see it to understand it. It was on about March 25 that two engine crews at Spencer's Bridge, which is on the Canadian Pacific Railway, hit a large rock that fell out of the mountain; it was sitting on the track and derailed the engines, which went into the gorge under Spencer's Bridge, and a couple of the crew were killed. No one should have to work in that kind of environment. I am saying that I do not believe that the Canadian Pacific Railway is prepared to make that kind of investment, and unless that kind of investment is made we will continually carry through in this crisis situation.

You may want to pursue some questioning on that, because it is a major issue in terms of Canada's economic future.

Senator McGrand: You say that CP is not prepared to make that investment. Doesn't the railway commission—I believe it is now called the Canadian Transport Commission—have something to say on the amount of investment necessary in order for the railways to give the public service?

Mr. Atkinson: You may recall that in 1967 the Railway Act was amended. It really changed the philosophy of the act, which said that every service provided should be remunerative to the provider of the service, and the philosophy of competition in rates would generate and allocate resources properly, so railways would automatically do the correct thing.

Given that philosophy and the functioning of the Canadian Transport Commission, the Transport Commission operates only within that legal framework.

I would submit that the 1967 act really changed the philosophy of the 1880 agreement and subsequent agreements, in which the railways were directed to provide the public with service. It is now service for a reward, and if they do not get a reward for every service they eliminate the service.

I think the policy that we are now operating under is such that the Canadian Transport Commission do not have that kind of power. If they were to follow that, they would say to the Canadian Pacific, "You invest X number of dollars here."

As near as I can determine, Canadian Pacific, as also Canadian National, for example on grain transportation costing, have refused to expose it. So far as I am aware at the moment, in terms of other costing agreements, while Mr. Marchand has said he is going to get it, I am not aware that it has, in fact, been released.

It really puts Canadian Pacific Railway a little above the Parliament of this country and its agency, which is the Canadian Transport Commission. I guess the answer is, no.

The Chairman: In your general presentation about the railways, and in your general ideas regarding lack of equipment, et cetera, to

what extent do you think you have the people of the country and the organizations behind you? I take it that the wheat pools on the Prairies would be in somewhat general agreement. I am not trying to tie them to the Farmers' Union, but your support for this kind of thing, even among organizations, would be more broadly based than your own?

Mr. Atkinson: Yes. I would say that the support for major changes in transportation—for example, merging the two railroads—is major. It cuts through organizations, through business organizations, through political parties, and that sort of thing, because it has now reached crisis proportions. It is now being revealed what the problems really are.

That is not to say that there are not some spokesmen who believe that the thing to do is to free the rates and abandon all branch lines, and all will be corrected. The facts are, when you look to capacity, that it would not change one damn thing, except place a greater burden of costs on the rural community and the farmers with respect to transportation.

The Chairman: If I might ask a supplementary to my own question, two or three weeks ago I heard the chairman of the Canadian Wheat Board on the radio. He was dealing with the question of Crows Nest rates, and the question of the abandonment of them came up. He was asked to estimate the amount of loss to grain producers that would probably result if the rates should be removed. I hope they will not be removed. I heard him say on the radio that he felt it would cost something like 50 cents more to haul out a bushel of wheat than it had before.

As a farmer, I recall the time not too long ago when 50 cents a bushel was that about one third of the total price a farmer was getting for wheat at the elevator. To my mind, it would be a very big increase, and I would not want to see that come about.

Mr. Atkinson: I think his estimate of 50 cents is rather modest and understated. It may be fairly accurate in the short run, but if one follows the tariff practices of American railroads it would rapidly be greater than 50 cents because they have had a number of increases. Recently, on a 756-mile haul they were quoting a tariff rate of 90 cents a hundred.

The Chairman: And it could go up from that. Are there any further questions?

Senator Yuzyk: I notice, on page 11 of your brief, that the National Farmers Union advocates as follows:

Only through public ownership and management of the railway system for the public good is it likely that railway service will become functional to economic development.

You are also advocating integration of the railways. This essentially means nationalization, does it not? Could you explain how this would benefit the farmers more than the present situation?

Mr. Atkinson: I would like to extend that, Senator Yuzyk, and explain how it would benefit Canadians, beyond the farmer. In

order to do that, one has to look at the practices of the private railway systems, for example, not only in Canada but in other countries, and basically in the United States.

The Department of Transport in the United States has done some very extensive and detailed studies. They have concluded that in terms of the conglomerates, the profits that have been made by the railways over the course of time have been transferred out of the railway operations into other areas of investment. The companies have developed in a conglomerate way and they have, in fact, pursued areas in which return on investment, either through capital gains on real estate or other kinds of investment, has been larger than they could have expected in the short run from the railway operations. As a result, the services on that railway have deteriorated.

For example, to give you another look at that, one study had to do with the transportation of coal, which is different from grain in one way but in another way it is still a bulk commodity. The railways were arguing for an increase in rates on the grounds that the rates were not compensatory to them. When the study was completed, it was documented that two-thirds of the revenue that contributed to their profit position came as a result of cargo that was interdependent on the coal movement, and that if you removed the coal movement the economy would collapse entirely.

I think that same kind of principle holds true in terms of grain because, if you examine the document that we have, you will find that on the second yellow page there is a chart that gives you the railway revenue, the net operating revenue, and the tons of grain hauled. The bottom line refers to the tons of grain hauled, the middle line refers to net operating revenue, and the top line refers to the operating revenue. You will note the direct correlation of the increase and decrease of net operating revenue to the flow of grain cargo. In other words, when grain cargo went up, railway net operating revenue responded almost immediately and almost to the same extent. This appears on the fourth-last page of the brief.

Let us take the example of the Canadian Pacific Railway and examine what has taken place. It started off as an instrument of public policy, as honourable senators are aware, and was given certain land grants amounting to 43 million acres from both the federal and provincial governments, as well as a large amount of cash. It has developed into a large industrial complex with interests in minerals, investments, real estate companies, and so forth.

As a matter of fact, Marathon Realty controls very large areas of access to the Port of Vancouver running up into Indian Arm. Be that as it may, it is quite clear that Canadian Pacific has concentrated on non-railway activities. When Pine Point was proposed to be opened up it required the building of a railway from Manning, Alberta, to Pine Point. Canadian Pacific declined to build the railway line. The Government of Canada had it build through the Canadian National Railway.

Our submission is that the very nature of the enterprise is such, and the responsibilities of those who are in charge of management to the shareholders are such, that all profits generated have to be directed into areas of economic activity that will return to the shareholders the greatest rewards. In this instance, they have demonstrated that they have not chosen to re-invest it in the railway system.

Turning now to the Canadian National Railways System, it was brought into being by merging quite a number of railways that were in financial difficulty. Given that fact, as well as the fact that it carries a very large deadweight debt that is carried, basically, by the people of Canada, and given the nature of the railway transportation policy as enunciated in the 1967 act, it is not probable that Canadian National is going to invest the kind of capital in the railway system that is needed. As a matter of fact, I think one can say with great certainty that they are not going to invest the kind of capital in the system that is needed to serve the whole country.

Given the nature of our country—the distance between the two coasts and the area in between that has to be served—we see some strange things occurring. I made reference earlier to the fact that grain hauling cars are taken from Swift Current on the CNR line and moved up through Saskatoon, which is an extra 500 miles; other cars are taken from Prince Albert and moved from Edmonton down to Calgary, another 500 miles, to get back on the CPR main line. That is completely irrational.

In order to get efficiency and economy into our railway system, the logical answer is to integrate the two railway systems and put them under a national policy setting up railways as instruments of national policy for the purpose of providing sufficient capacity to move all kinds of cargo.

Taking the energy situation as we now see it, regardless of what we think at the moment, we know that it is much more efficient to use energy on railways than it is on trucks or air transport. That is another fact that reinforces the proposition of a national transportation system as an instrument of national economic policy integrated under a central management, if you want to call it that, as a publicly-owned crown corporation.

Senator Norrie: Can you give us some idea of the percentage of investment that goes into non-railway activities?

Mr. Atkinson: I am sorry, senator, but I do not have that material with me.

Senator Norrie: Can you give us a general figure?

Mr. Atkinson: One would have to go back to the beginning of the railway system to see how the capital has flowed from transportation into these other economic activities.

Senator Norrie: Can you give us a general idea of what the activities are? Are they necessary to the railway system?

Mr. Atkinson: If one accepts the 1880 railway agreement, which I do, and the fact that 25 million acres of land were given to the Canadian Pacific Railway Company, as well as \$25 million and mineral rights, and then takes into account the 1897 Crows Nest Pass Agreement, which gave the Canadian Pacific Railway an additional 3½ million acres of land, a six square mile area of coal and \$3.5 million as a package, what we should be looking at now is a policy whereby the railways take the revenue generated in its non-rail activity and direct it back into the railway system in order to execute their agreed responsibilities to the Canadian public in providing the Canadian public with an efficient railway transportation system.

Senator Norrie: That is not in the act any longer.

Mr. Atkinson: That is a matter of correction. If one looks at their generated revenue last year, it was something in the order of \$160 million. When you get into that, you get into Canadian Pacific investments, and Canadian Pacific investments are in such areas as Marathon Realty, C.P. Air, hotel chains, Cominco, oil and lumber operations, and so forth, and then off to the side you have Canadian Pacific Rail.

Senator Norrie: Can you provide us with a list of those areas of investment which are outside the rail system itself?

Mr. Atkinson: Yes, I will be pleased to provide that. Incidentally, the researcher claimed that it took Canadian Pacific seven years to sort out exactly what it had jurisdiction over and set it up in a corporate way, separate and apart from its rail system.

Senator Norrie: Does the Canadian National Railway Company operate in the same way?

Mr. Atkinson: Canadian National is not involved in a great amount of non-rail activity. I believe they have some hotels and one short line in the United States.

Senator Molgat: One of the railway companies is appearing before the other committee which is sitting this morning. It is unfortunate that we could not have had a joint meeting.

Mr. Atkinson: Why not? I would be delighted.

Senator Molgat: Well, such is not to be. In any event, I wonder if I could go over some of the statements you make in your brief, as I will be attending the other committee later. I presume that when you make a general statement to the effect that the railways have been deliberately and flagrantly obstructing the course of grain movement, they simply deny that?

Mr. Atkinson: Well, the Canadian National Railway Company prepared a fairly thick paper explaining the reasons why they interpreted what we said in our major submission on rails released in Vancouver as being in error, or why the situation was as it was. The Canadian Pacific Railway was much more brief, but in a number of spots they admitted that they did not do a very good job. For example, the 60-some-odd cars that were held over at Wilkie.

Senator Molgat: The general statement I was referring to a moment ago is on page 7, item number 40. That one they deny. However, when you make a specific statement such as appears on page 10 of the brief, as follows:

Boxcars, loaded with grain, were frequently left sitting on branch and main lines of the railways for periods up to seven weeks and in one instance remained sitting for 80 days.

obviously you would not make that statement without documentation from your side.

Mr. Atkinson: We have documentation down to the number of cars. That is absolutely documented.

Senator Molgat: What explanation do they give for that?

Mr. Atkinson: They do not really give an explanation, except to say that many of their motors or power units were engaged in the removal of snow on the branches. The question that arises out of that is the one I raised earlier. Having railroaded in this country for as long as they have, why have they not created some snow-free conditions on their branches, like back-sloping the grades or the cuts, or using a rotary machine rather than push-plow? This is not the first year we have had a very high snow pack.

Senator Norrie: Where did this happen?

Mr. Atkinson: All over the Prairies.

Senator Norrie: I am referring to these grain loaded cars.

Mr. Atkinson: Perdue, Saskatchewan, which is on the Canadian Pacific line between Saskatoon and Edmonton, in Saskatchewan.

Senator Norrie: I heard that down our way they were using rail cars for storage of grain because they did not have proper storage facilities. Is that true?

Mr. Atkinson: That is not a correct statement. If it was made it was either because someone misunderstood or deliberately misrepresented the facts. As a matter of fact, one could conclude that they did in fact use boxcars for storage this winter, because there were hundreds of boxcars sitting loaded for many weeks.

Senator Norrie: A delegation of CNR people came to me two weeks ago about the cars stalled and not being picked up in the station in Truro, Nova Scotia. They were just left idle there for months on end; because of the new computer system being put in they just do not get called out.

Mr. Atkinson: It is very difficult to conceive that cars could sit, even with a computer system, for months on end, because there are railway people viewing those every day, and in their work people will obviously start asking questions.

Senator Norrie: Don't worry, they are just in an uproar; they are just crazy.

Mr. Atkinson: Exactly.

Senator Norrie: That is the reason they came to me.

Mr. Atkinson: I think again that what that really demonstrates is that the economic growth of this country has reached a point at which there are some real incapacities in railway transportation, which can be corrected only by some major increase in the capacity to move products.

Senator Norrie: They thought it was because they were poorly instructed about the computer system and did not know how to handle it.

Mr. Atkinson: If that is the case, again that goes back to our point that it is bad management.

Senator Norrie: Sure, it is bad management. They all agree with that.

Senator Molgat: I had not previously had a copy of your statement on rail transportation. I have just been handed one, so I have not had time to read it in detail. The situation you have referred to is documented in this statement?

Mr. Atkinson: Yes.

Senator Molgat: It is not an isolated thing; there are a sufficiently large number of instances.

Mr. Atkinson: As we stated in the brief, our examination was a fairly hurried one. Based on this examination and the reports we have received since that time, it is not isolated; it is the rule rather than the exception. For example, on the Canadian National Railway it was reported to us last Friday in Regina, where we had a meeting of our officers of various locals across the Saskatchewan region, that in excess of 50 boxcars have been sitting there for 10 weeks. That is on the main Canadian National Railway between Saskatoon and Edmonton.

Senator Molgat: What do they answer to that?

Mr. Atkinson: I think you should put that question to the railways. As near as I can gather, their real answer, the "wooden leg" they are using, is that it has been a bad winter, that there has been a lot of snow. It is true that it has been a winter with a high snow pack, but I can tell you that on those lines I am now talking about, which are main lines, snow has not been a problem. Canadian Pacific 901 and 902, the container train from Halifax to Vancouver, has been on time consistently. I think the point I should make is that the period at which these cars began to sit along sidings was not in January or February or March; it goes back to December.

The Chairman: Would you say that part of the reason they were sitting on those lines was that the railways really do not want to use some of those branch lines, and that they are just part of the mix?

Mr. Atkinson: These were main lines.

The Chairman: Some of them were sitting on the branch lines.

Mr. Atkinson: Some of them were sitting on the branch lines, that is true.

The Chairman: You don't think that was a factor? It was just that they were not being properly used—period?

Mr. Atkinson: I think, in terms of branch lines, they just decided they were going to abandon them. I have pictures here, if any senators wish to see them, of different locations, outlining the subsidy these companies are getting for using these branch lines. At the same time, while they did plow a number of miles, they finally just abandoned them. They now argue that they were short of power units. If they are in fact short of power units, then why have they not put sufficient power units into their system to take care of these kinds of developments?

Senator Molgat: You are referring now to 50 cars being on the main line between Saskatoon and Regina?

Mr. Atkinson: No, at Landis, which is between Saskatoon and Edmonton.

Senator Molgat: They are presently there?

Mr. Atkinson: They were last Friday.

Senator Molgat: Is that CP or CN?

Mr. Atkinson: That is CN.

Senator Molgat: Has there been a significant difference between the two railways in this regard, or have the two gone hand in hand?

Mr. Atkinson: I would have to say the difference would be marginal, except that on the main lines I think the Canadian Pacific Railway has shown a greater incidence of cars sitting on the main lines, either loaded or unloaded, for whatever reason, than Canadian National. For example, the Canadian National had sitting at Radville between February 24 and March 18 in the order of, I would say, 54 cars. We have the numbers here. I would say it would be around 54 cars sitting there.

The Chairman: Would the railway line have been blocked at the time they were sitting there?

Mr. Atkinson: It was blocked west of Radville. It was blocked around, I would say, March 1 or March 10. As a matter of fact, there is a train sitting down there somewhere where they went in and abandoned it; they took the engine out and left the cars. Again, I submit that is for optics, to make the public believe the winter was really worse than it was. Why would they go in and leave their train sitting there? They can always pull them out somehow. I have seen pictures in papers showing boxcars in cuts with the snow blowing over them.

The Chairman: Is there any way the farmers could open their lines for them?

Mr. Atkinson: If you asked the farmers to develop some technology to open those lines, they would open them.

The Chairman: I know that is true; that is 100 per cent right. If the farmers had a year's notice and had a modest return they would get the equipment to open the lines.

Mr. Atkinson: May I just ask a question? Mr. Proden, could you tell us how many miles of school road were kept open by bus compared to the number of miles that were plowed by the railways in your school division?

Mr. H. Proden, Regional Co-ordinator, Manitoba, National Farmers Union: In our municipality we have 250 miles of road that were plowed continuously this winter. As you know, our rural municipality is made up of six farmers who operate this structure. They had two snowplows and lost 2 1/2 miles to the weather last

winter. In our school division, 1,160 miles of bus route were kept open. This took in parts of 15 or 16 municipalities. In the municipality, according to the 1971 subsidy figures, the railroads picked up in the neighbourhood of \$75,000 to maintain 30 miles of subsidized line. In the school division there was 160 miles of subsidized line, and they received in the neighbourhood of \$400,000 to supposedly keep this line open. One line in particular was re-opened three times this winter and then left to snow again.

Senator Norrie: In what areas? Would you name the places?

Mr. Proden: This was the rural municipality of Saskatchewan, which is in Manitoba. The school division is the Rolling River school division in Manitoba. It was very seldom all through this winter that the bus lines were blocked in for more than two days, and we received somewhere in excess of 50 inches of snow in that area.

Senator Yuzyk: Were there any official protests from the municipalities regarding this matter?

Mr. Proden: Yes. The Canadian National attempted to abandon the line through Rapid City in January, and there was sufficient protest that they did open it up twice after that. However, its condition is such that at this time of the year it is impossible to use it because the roadbed has been so neglected that equipment cannot be operated over it in the spring break-up. In fact, in all probability it would not be usable until July.

Senator Molgat: In case you think my question is biased in any way, I assure you it is not; I have an open mind. If you tell me that CN and CP give roughly the same service, one being a nationalized line and the other not, why would it improve the situation to nationalize both?

Mr. Atkinson: That is a fair question, and one that many really ponder. Basically because they are both operating under the same national policy, which is that each service they provide must be remunerative to the railway, which develops a psychology that tends to get them looking at the areas of what they term remunerative servicing.

The other point I wish to make in that regard is that the Canadian National Railway is labouring under that dead weight debt, and the accessibility to capital is limited to whatever the public makes available to it, because generally the generation of profit goes to pay their debt. I would say, therefore, that it is operating under a very heavy burden but within the general context of conventional wisdom in terms of railway operations. The Canadian Pacific, on the other hand, I would say has access to the most lucrative areas of payload. It just seems to have happened that way, and therefore I suppose one would say that puts them into a more favourable position and enables them to behave in a more responsible manner. They also have access to revenues from their subsidiaries, which came into being as a result of the general agreement, which they have not been executing.

Why would I think that to merge the two railways and put them under national ownership would change the performance? In my

opinion, it would do so in a number of ways. Of course, it would only do so if national policy were structured so that railways would become part of the national economic development, so that railways are dedicated to provide the community with service toward that end.

For example, from Saskatoon to Edmonton there are two main lines, Canadian National and Canadian Pacific. In some areas they operate, not on the same rails, but on the same roadbed; they are that close together. In other areas they are only two or three miles apart. If they integrated them, we could increase their capacity because we could put certain cargo on one set of rails and other classes of cargo on another. I think there is a major need in many areas to achieve a flow of traffic in both directions without interference of stop-off.

Let us consider, for example, how public investment improved capacity, and therefore improved economies and generated revenues. You will recall the Blackball Ferry that goes between Vancouver and Sidney, on Vancouver Island. It was in a state of bankruptcy and a public corporation was formed. The ferry now moves more material and passengers than any other ferry in this country, and generates revenue. You may say there is an awful lot of difference between that and the railroad. I concede that there is, but I say that the public is perfectly capable of operating the system in the most efficient manner. It has been proven in other sectors, such as Hydro and Eldorado Mining and Smelting, and I suppose the take-over of the steel plant in Glace Bay, Nova Scotia, or Sydney. There is no mystery as to how the public can operate, if they wish to do so.

Senator Inman: You have the wrong company.

Mr. Atkinson: I think it is Dosco.

The Chairman: You refer to increasing the capital required by the railways, which may well be something that needs to be done. I notice that there are some farmers . . .

Mr. Atkinson: Just before you go to that, just on that point, \$2 billion has been made available to finance railways in the private sector in the United States. In my opinion, that is a misuse of public funds so long as railways are permitted to take capital. That is another argument for integrating the two railways; the capital is used, regenerates itself and is available for reinvestment into plant and facilities. At present they can do what they like with it. That is one of the problems. The shareholders of necessity—and it makes sense—naturally wish to be rewarded for their investment. Therefore there are certain dividends paid out.

The Chairman: Thank you, Mr. Atkinson. There are some farmers and farm organizations who feel that there should be more capital in storage facilities and handling facilities on the Prairies than there are now.

If a group of farmers in a given locality come out and attempt to put up money, generate money, to put in terminal facilities, you have to give them full marks for trying. At least they are busy trying to establish that kind of facility. I am wondering whether or not

those farmers who do that are, in a sense, duplicating the facilities, even though the facilities may be somewhat different. They are certainly generating amongst themselves large amounts of capital in order to provide that facility. In doing that, is there any danger, in that, on the hand, it may lead to a destruction of the capital that some farmers and their neighbours have already invested in their farm elevator organization? I know that my neighbours have equity in the Saskatchewan Wheat Pool. They may have to wait until they retire or be near death in order to cash in on it, or the estate may get it. Nevertheless, there are many farmers who have some thousands of dollars of equity. Is there a danger in setting up an alternative system and getting the capital in that different system, and farmers thereby losing at least part of their equity which they already have in the existing system?

Mr. Atkinson: The answer is, yes. I think it is important for me to background the situation. You are talking about a group of farmers at Weyburn who are proposing to establish an inland terminal and finance it. They are discussing it. I think that really reflects their degree of frustration in the current situation, and lack of understanding of the area that needs to be looked at to correct that situation.

Let me give you some figures which I think will put this matter into perspective. It goes back to an earlier statement that I made, that you can do away with the statutory rates, you can abandon the branch lines, but that would not correct the capacity of the railways to put cargo in and out of the port.

We looked at this in order to discover the area of the problem. We examined the capacity of the terminal elevators. There has been some discussion that we have not sufficient storage at terminal elevators to meet the need. At Thunder Bay, their capacity to unload—this is a very modest estimate—is 1,500 cars a day. That is to unload from the railway cars into the terminal.

Their capacity to load boats is a very high figure. When we saw it we were shocked. The figure is 32.8 million bushels per day. That is the equivalent of 16,400 railway cars.

Senator Norrie: How many bushels in a car?

Mr. Atkinson: Two thousand. Let us take the West coast, which is Vancouver, Prince Rupert and Victoria. We know that they can unload 952 cars a day. We also know that with some adjustment in terms of how you use terminals, how you sequence cars in, that figure can go to over 1,000 cars a day.

The West coast can receive approximately 1,000 cars per day, or 952 cars. They can discharge from the terminal elevators into boats 9.9 million bushels a day. That is the equivalent of 4,950 cars. We also know that with a little capital investment in their ability to discharge, they can increase that figure.

If you look at the cleaning capacity of the elevators at Thunder Bay—because when grain goes in it has to be cleaned—they have a capacity of cleaning 3.7 million bushels per day or 1,800 cars per day. On the west coast they have a capacity to clean 2,400,000 bushels a day or 1,200 cars.

So, clearly, the problem is not a terminal elevator problem in terms of capacity, throughput. When you look at the ability of the

elevator system and the rail system in the interior to handle grain, we know what our record was in 1971-72. We moved 831.6 million bushels. That means, in terms of railway capacity in the interior, or elevator capacity in the interior, that we have sufficient capacity.

We have to remember that since 1971-72 there has been a real increase in the movement of other cargo. The movement of grain in 1974 has decreased about 22 per cent.

I want to make this point, because it has to do with inland terminals. To establish new works in the way of new capital investment in inland terminals would not in any way correct railway capacity.

These people who are proposing it are frustrated and also they are being sucked in by some of the big international grain trading companies like Cargill or Dreyfus.

As a matter of fact, one of the people who was a consultant to the people at Weyburn was a former representative of Dreyfus. They have also had consultations with Cargill.

If, for example, the recommendations of the grains group are accepted, where they are talking about flexible freight rates and flexible handling charges, they will wind up being taken captive by the big organizations and destroying the system that already exists, meaning the capital investment that farmers have through United Grain Growers and pool elevators.

I have taken quite a little time to describe the situation, but I thought it necessary to do so in order that you could look at it in all its dimensions and not just deal with it at the one level.

Senator McGrand: I do not want to interrupt this discussion on the railways, but I wonder if this problem has anything to do with what you discuss on pages 13 and 14 in connection with the feed grains policy. Before we discuss this, is there any connection between the problem of feed grains and the problem of transportation?

Mr. Atkinson: I would say, yes, but my description might surprise you. The proposal that we are now seeing in the feed grain area—at least, it is presentationally made—is to move feed grains for domestic use into what they call an open market, and also to free all the rates.

We are seeing in both of these things the application of a principle in which there are those who believe that if you break loose all the rules and allow it to go into what they call a market economy, it will correct all the problems. The answer is that it will not.

Senator McGrand: I refer you to page 14, sections 73, 74 and 75. I am very poorly informed on this matter. I have listened to this question of grains coming to the Atlantic provinces for 40 years. I am rather confused.

In paragraph 74 you say:

The proponents of an open system of marketing point to the fact that only one bushel in ten of feed grains produced in Western Canada actually enters the domestic market in areas outside the designated area of production.

Would you discuss that?

Mr. Atkinson: What we are saying is that about one bushel in ten of feed grain produced in Western Canada is actually consumed outside of the Prairie region, if I may put it that way.

Senator McGrand: Out of every ten bushels, nine are consumed . . .

Mr. Atkinson: Yes, either consumed within the Prairie region or exported. But that taken by itself does not really tell the whole story. When we examine the amount of grain grown on farms and converted on those farms or directed through commercial channels into meat, dairy or poultry, we find that it amounts to approximately 750 million bushels a year. Of that 750 million bushels, about 100 million goes into the commercial channels; that is, it goes through the trade on an interprovincial basis. Therefore, approximately 650 million bushels is converted on the farm.

What we are saying is that one cannot make a judgment of the effect of an open market system on that one bushel in ten that goes into the commercial market; one has to look at the total. One also has to conclude that domestic utilization, being approximately 750 million bushels a year, is almost equivalent to our total exports. In fact, if we include feed, it would be equivalent. The equivalent exports in 1971 amounted to 834 million bushels. So our domestic utilization is very important.

If we allow a so-called open market to determine what happens to the 650 million bushels of grain which goes into the livestock, poultry and dairy industries, then we are going to have some real problems. Our submission is that it has to be maintained as part of a central selling agency, which, again, would be a functional national economic development agency, to avoid it becoming proliferated with traders who would add costs to the system and distort it.

An open market system is not, in the long term, an open market, because such organizations as Cargill will begin to contract production for their elevators, contract movement through to facilities in other parts of Canada, and even contract for meat and egg production. You will find a total closed system, which is not a market economy.

The Chairman: One of your recommendations is that the Eastern Feed Board and the Canadian Wheat Board, together, should maintain and set the prices for feed grains rather than having a so-called open market system. I am wondering what support there is for that general idea across the country.

The Canadian Federation of Agriculture appeared before our committee and there was at least some measure of support within that organization for that idea. I am not positive as to whether or not there was unanimous support, but certainly some of their spokesmen spoke in favour of this being done.

To put the question the other way: To what extent is there opposition to this idea among farm organizations or others across the country?

Mr. Atkinson: The Canadian Federation of Agriculture was unable to deal with this question at their last annual meeting because of the differences of opinion within that organization. Having said that, one has to understand the nature of that

organization. It is made up of commercial organizations, commodity organizations, and so forth, all of whom have views that become conflicting. I would say that any farm producers, whether they are grain growers in Western Canada, or producers of other commodities in the Maritimes, Quebec or Ontario, understand that in order for their operations to operate successfully there has to be stability and predictability in both their costs and supplies.

As a matter of fact, the province of Manitoba held a plebiscite on this question, and 93 per cent of those who voted were in favour of the Wheat Board as the marketing agency for their grain. I would say that approximately the same would hold true in the province of Saskatchewan.

The question, really, is one of policy. It is a question of whether we want to build stability into livestock production in Canada or whether we want to build instability into it; also, whether or not we want to have such outfits as Cargill move in and take over production or whether we want to spread it amongst farmers all across the country.

Mr. Chambers: I wonder if we could have clarification on your recommendation as contained in item number 95 on page 18, as follows:

1. The Canadian Wheat Board becomes the sole marketing agent for western feed grains domestically (intra- and inter-provincially).

Does that mean farm to farm? It is a little difficult to understand.

Mr. Atkinson: So far as possible.

Mr. Chambers: It does mean from farm to farm?

Mr. Atkinson: It could mean that, yes. Certainly, farm to feedlot, farm to feedmill. We believe that is possible. Some people have said that if that is done a policeman will be required at every gate. We do not believe that to be correct. We know farm people are fairly resourceful, but like other groups in the country, they do recognize rules and regulations.

We conducted a survey in 1970 when this whole movement was rampant and in one municipality, by February of that year, four bushels of wheat per acre had gone through the non-board system. There is only so large a market, and had it gone through the board system that grain would have moved into the system at a price double what it moved for outside the system. It would not have created the buildup of livestock production in the Prairie region that depressed the price of meat both outside the Prairie region and in the Prairie region. In other words, there has to be a system in which planning and managing takes place to the benefit of all. An open market system does not meet those criteria.

There is just one further point I should like to make. What we are really saying is that given science and technology, there are two kinds of situations: a market economy and a planning system. If organizations such as Cargill are operating a planning system, and they are—that is, an internal planning system and managing their own economy internally—they do not allow for those kinds of variables known as market economy. Their purpose is to integrate as much of that market economy into their system and capture it.

That is the nature of the organization. We feel such a policy is detrimental to the public as well as to the farmers. If that is a fair assumption, and we believe it is, then in order to protect the public we feel there should be a public planning system. The public planning system we have had up until now in terms of grain, which is the major economic motor in agricultural production, is the Canadian Wheat Board. We go so far as to say that the Canadian Wheat Board should become the Canadian Grains Board; in other words, it should operate right across Canada. In the interim, we say that everything should be through the board; the Canadian Livestock Feed Board should come in and be the buyer and also the seller of the grain that they buy.

Senator Inman: I thought we would leave wheat for a minute or two and speak about beef. In view of the subsidies and one thing and another, why did beef go up 15 cents a pound yesterday?

Mr. Atkinson: I do not know. I can only assume that the retailer is making another grab.

Senator Inman: To whom is the subsidy paid? Is it to the farmer, the grower?

Mr. Atkinson: Senator Inman, the purpose of the subsidy was to support the losses that growers were sustaining. In the application of the subsidy, because it was not paid direct to the grower or pinned to a minimum price, the subsidy was confiscated by the processors. It is purely and simply that. For example, the day the subsidy came into being, on Monday, the Calgary market did not operate at all, the price at Toronto dropped to the equivalent of Omaha, which normally is \$5½ below Toronto, which meant that \$5½ of that subsidy was taken by the packer. That is it, pure and simple.

The Chairman: How much is the packer getting today?

Mr. Atkinson: Of the subsidy?

The Chairman: The subsidy is \$5 per hundred, five cents a pound.

Mr. Walter Miller, Vice-President, National Farmers Union: He is getting it all.

The Chairman: You would think so now, that he is getting it all.

Mr. Miller: It is paid to the packers.

The Chairman: I know, but how much of it is passed on? How much is benefiting the farmer?

Mr. Atkinson: I have not checked the market in the last few days so I cannot say, but I can say that up until a week ago he was getting the lion's share.

The Chairman: A.I. steers yesterday in Montreal were around 44 cents a pound.

Mr. Atkinson: I would accept Walter's answer that they are getting it all.

Mr. Miller: The market has not risen substantially to the farmer at all in the last few weeks, so there has been no material evidence to justify the increase.

Senator Inman: In view of the fact that I have seen a lot of upheaval among other things, I am surprised that the beef grower did not make more fuss about this.

Mr. Atkinson: You see, there is a problem with the spokesmen for the cattlemen. They have traditionally taken what we call a free enterprise stance; in other words, they are opposed to any kind of intervention by the government. That means that they really did not face the world of reality. First of all, the government of this country removed the tariff on American beef coming into this country last spring, which was a strategical error. Then the build-up came in the summer. The Americans introduced their freeze. Products began to flow back into Canada; our market prices dropped; feed prices rose. The usual spokesmen for the cattle feeders, who appeared to be the real spokesmen for the cattlemen, had a great argument over whether there should or should not be a tariff. Then you get into the whole question of the General Agreement on Tariffs and Trade. Finally, the crunch came—and it is always after the fact—and they decided to introduce a subsidy. The cattlemen's association was in disarray. We constantly—although we are not quoted in the press too often in this sense—made the point with the minister that in order to overcome this there should have been a subsidy which was considerably larger than the one they had, fixed to a price and paid directly to the farmer.

The Chairman: On a limited number of head of cattle.

Mr. Atkinson: So that the trade could not pocket the money. I think we are getting into another subject now. You are getting into the very important subject of: What about the retail food trade in this country? Does it act responsibly?

Senator Inman: I noticed on the TV last night that beef had gone up 15 cents a pound yesterday.

Mr. Atkinson: There is no reason for it.

Senator Michaud: On the 11 o'clock news a gentleman representing the retail trade made the statement that the profit had not increased.

Senator Inman: I heard the 6 o'clock news.

The Chairman: My wife went out shopping last Friday and bought excellent looking pork chops at 89 cents a pound in Ottawa and excellent bacon at 89 cents a pound. I would suggest that those are reasonably fair prices at the moment for retail prices.

Mr. Atkinson: For retail prices?

The Chairman: That is right, they were retail prices, under 90 cents a pound.

Mr. Atkinson: But there are retailers who are charging much higher prices than that.

The Chairman: And beef at about \$1.35. This was Steinbergs.

Senator Inman: I paid \$2.50 a pound for tenderloin.

The Chairman: Where?

Senator Inman: Prince Edward Island.

The Chairman: It partly depends on where you shop too. The farmer is getting a very low price for pork, and perhaps now it is being reflected to some extent in the retail price.

Mr. Atkinson: It has taken an awfully long time to reflect. At the same time, when you get back to the retailer of beef, if you examine his margins he has been constantly taking a very substantial margin since these prices declined to the producer. I want to repeat that the idea of it going up 20 cents a pound to the consumer, given the price that the packer is paying, and therefore presumably the wholesale price to the retailer, is unexplainable. Was the price of \$44 a hundred in Montreal yesterday with the subsidy?

The Chairman: I am not sure. That was in the *Montreal Gazette* this morning.

Mr. Atkinson: I checked and could not see it. It would be five cents a pound less if that included the subsidy, which would be down to 38 cents.

The Chairman: Are you seeing the Minister of Agriculture while you are here?

Mr. Atkinson: We have not made any arrangements to see him. He declined meeting us this year.

The Chairman: He did?

Mr. Atkinson: No, the government itself, Mr. Trudeau.

The Chairman: The Minister of Agriculture is certainly endeavouring to do everything he can in a very conscientious way to help the beef producer. I just know that. Gene Whelan is just as much a farmer as anybody in this room, and I suggest he has the interests of the farmer at heart just as much as anybody in this room. He is up against this same thing. I do not think he would deny that at least part of it has not been passed on. I cannot speak for him, but my impression is that he is almost ready to throw up his hands and say, "Well, if nobody wants the subsidy, if it isn't doing any good, let's take it off." Is that what the National Farmers Union want?

Mr. Atkinson: For the record, we supported the minister continuously through this whole exercise in terms of what he attempted to do. It is our feeling that he was sabotaged. Probably with a little more experience we will understand how the corporate sector bites when it gets you into position. Having said that, we think that with that experience the government should be in a position to make some decisions about how it handles these kinds of income supports and how it handles the corporate sector. For

example, it is on view that the packers behaved irresponsibly. They knew as well as anybody that the people they depended on for their supplies were in financial difficulty. Our figures prove that the feeders were losing from \$75 to over \$100 a head. Right at the moment it is costing in feed grain alone 56 cents a pound to put a pound of finished beef on. That is without all the other costs involved. In light of that, I think the government has justification to bring the packing companies of this country and the retailers under strict public regulation. We are proposing here that we establish a national meat authority, because people cannot any longer tolerate the kind of abuse that we have just experienced.

Senator Yuzyk: All of us are victims of inflation; some Canadians suffer more, others less. Those who suffer the most are those on fixed incomes who probably do not even have any union to increase their wages. I am already getting sick and tired of all this inflation. Almost every day you hear about these prices going up.

I notice that the NFU advocates price stabilization. I think Canadians in general would be very happy if we could have some degree of price stabilization, but this, of course, is very much involved in the economy as such.

Could you briefly explain how you think this price stabilization could be implemented? Would it involve definite controls for retail prices and producer prices, as an example?

Mr. Atkinson: Let me back off a little on that, because I think you must look at inflation and identify its sources, which are both external and internal. In this morning's newspaper, for example, and also in last night's news, the announcement was made that Imperial Oil's profits so far this year have doubled. When we consider the amount of energy used in food production, both directly and indirectly in intensive farming—corn, for example, requires 80 gallons per acre, probably a little more—that type of increase in a basic cost product such as fossil fuel has a multiple effect throughout the whole economy.

Let us look at interest rates. The outflow of capital from this country in the last ten years has been such that we have had to go abroad in order to finance development internally, either by direct investment in the public sector or private investment.

Again, this gets us into the position of how the multinational corporation—and I think it is just now being understood—is able to manage its resources around the world. If we are going to deal with inflation, then, first of all, we will have to come to grips with that question. We have already done so in a marginal way in terms of oil, but not nearly effectively enough.

If one looks at what happened in the international grain market, part of that has to do with international stock manipulation, and I am now talking about supply manipulation for purposes of speculation or profit. Another part of it had to do with shortages which developed as the result of droughts, and so forth. That had a great impact domestically.

To get down to the business of stabilizing farm income, there are two levels in which agricultural economic activity have an effect, one being at the provincial gross national product level and the

other at the federal gross national product level. Of course, we cannot forget the farmers themselves and also the consumers. Therefore, it is in the interest of everyone to maintain an adequate food supply at stable prices. We also have to bear in mind that there are many people on fixed incomes, as well as the fact that agricultural cost production is now more intensified than it has ever been. At one time the cost of production was attributed, for the most part, to human labour, whereas now it is generated from other methods. So, there are three levels which we feel should be involved in stabilization—the farmers themselves, the various provinces and the country as a whole. The formula to be used should be a flexible one, which takes into consideration those increasing costs. In some areas, based on our recent experience, the costs should be adjusted on a monthly basis.

Those increasing costs should be reflected in the return to the producers, so that his income remains stable and predictable, and he has sufficient funds to maintain his production. It also should be limited so that the large integrated operators do not really take over all of the chicken production, egg production or cattle production, because once that happens it goes into their private planning systems where they then begin to fix the market and set the price, the result being that the consumer is going to pay.

Senator Yuzyk: This would involve a program of subsidies in many cases.

Mr. Atkinson: In many cases, it would, yes. For example, if you look at beef and hogs, or even milk, there are large public subsidies being paid in those areas.

With the recent escalation in costs, we find, for example, some 2,200 dairymen in the province of Ontario going out of business last year alone. We had a meeting a couple of weeks ago and their estimated cost of production is now between \$10.60 and \$11 a hundred, and the price is just a little bit below that. Then the consumer has to pay, or the public has to pay by way of subsidy. We are saying that there has to be a balancing off of costs and revenue.

Senator Inman: Do you see any end to this?

Mr. Atkinson: I think there has to be an end to it. The kind of waste that we are engaging in, society can no longer justify. If we are looking at future generations, this planet is finite unless we get some sensible planning into the whole thing. One can see an end. We are sensible people, and we can adjust, modify our behaviour and practices and accept new ideas, when you talk about transportation or a national grain policy. Really, when we say that the open market does not work, let us face it, it does not work. There is no such thing as a market economy any more.

The Chairman: Senators, I hope that after we thank our visitors this morning we can hold a brief *in camera* meeting to discuss one matter. I hope we can deal with it at that time. It might be easier to deal with it then, as we have a quorum, rather than hold a special meeting. Therefore, after we thank our guests we shall meet for a brief time.

I have one final question for Mr. Atkinson. He has raised it privately with me before, and Mr. Chambers has made inquiries

about it. He has had some information, but I am sure he has not had all the information that is available.

I understand, and I know from reading the newspapers, that within the last year or more you have had an exchange of young farm people from the province of Quebec or the Maritimes going out to the Prairie region or Western Canada, and young people from farms in Western Canada have in exchange gone East. Personally, I think that is a laudable arrangement. It is good for the country that as many young people as possible see the rest of the country.

From what you have told me privately, I know that this year you have not been able to get the same kind of grant. Perhaps you would explain to us briefly what you did with the money and what purpose it might serve in the future. I think the senators would be interested in the subject. If we feel that it is something that warrants our support, we might be able to help.

Mr. Atkinson: Thank you, Senator Argue.

The National Farmers Union felt that really rural people, farm people from the various provinces, had no effective instrument through which they could come together and get to know one another. We tended to remain in our provinces, even within the organization that we used to have, which was our provincial unions.

One of the things that we have had in mind is to attempt to unify, to develop processes through which people could come to know one another and unify as Canadians—not basically as Canadian farm people, but, as Canadians, get to know ourselves.

One of the useful projects that we had developed, and which was financed by the Secretary of State—not completely but in very large measure—was the youth exchange program.

We had expanded that program, with the direct assistance of the Secretary of State in financing it. We had 360 young people, aged from 15 to 21, 22 or 23 years old last year, and at the end of the exchange they had travelled right across the country.

They were kids from New Brunswick, Prince Edward Island, Quebec, Ontario. The UPA joined us last year with 25 young people, which made a great contribution to the process.

We installed simultaneous translation, which was very important for the kids from outside Quebec, the French-speaking young people. We wanted to get a feeling of how they saw things. It was also important from the point of view of Quebec young people.

We presumed that we would carry it on this year. After all, many rural young kids have been disadvantaged in terms of getting to places. It was a way to develop their understanding of the country.

Last fall we began again to approach the Department of the Secretary of State for a grant. We were informed that grants this year would be cut by 50 per cent. Based on that, we assumed that those were the rules and, therefore, we cut the numbers participating by 50 per cent, and proceeded with it. We were then informed, I think in March, that we would be unable to get the grant.

Rather than pursuing that question myself, I would like Wayne Easter, our junior president, to discuss the issue. After all, he is one of the young people responsible and he knows the situation better than I.

Mr. Wayne Easter, Junior President, National Farmers Union: As Mr. Atkinson has said, we were asked to cut by one half the number of participants who would be involved in the exchange. We did this, and indications from correspondence we had with the Department of the Secretary of State led us to believe that we would again be receiving a grant this year, although a reduced amount from other years.

So we went through the process of selecting participants at the local level. We selected one individual from each local, which gave us a figure of approximately 200 young people to take part in the exchange.

At this point we have had orientation rallies, just before spring, where we have meetings with the young people on a regional basis and discuss what is expected of them during the exchange—that they should take some of the messages from their community to other communities throughout the country, so that not only the participants in the exchange itself can get an understanding of Canada, but so that the families who are hosting them can get some idea of what is going on in the rest of the country.

On March 15 we received a letter from Robert Simond, the person in charge of the travel and exchange division of the Secretary of State, stating that we would not be getting the grant this year.

That came as rather a shock to us, because other indications were that we would be getting the grant.

We have tried to arrange a meeting with the Secretary of State himself, but we are not sure whether that will come off this week. That is where the situation stands right now.

It is a disaster that young rural people can be turned down on a grant of that nature. It is the only exchange that rural young people have taken part in. It is important not only to the kids themselves and the families who host them, but it also helps to foster national unity and gives them an idea of nationalism and what Canada is all about. If we do not receive this grant, it will be very difficult to hold the exchange and there will definitely be a lot of disappointed young people.

Senator Yuzyk: Are you sending a delegation to the Secretary of State to discuss this matter?

Mr. Easter: We have asked for a meeting with the Secretary of State.

Senator Yuzyk: I think it would help a great deal.

Mr. Easter: Yes, if we can get that meeting.

The Chairman: If there are no further questions, I thank you very much, Mr. Atkinson . . .

Senator Yuzyk: Mr. Chairman, on a point of order, has anyone made a motion that we append this statement to the proceedings of today's committee?

The Chairman: The Internal Economy Committee has said that it is a fairly expensive proposition. However, the committee is responsible for what it does, and if you care to move such a motion, then I will put the question. As I say, it does involve a considerable expense.

Senator Yuzyk: I think this is very important material, Mr. Chairman, and should be made available to anyone who is interested in this whole agricultural problem.

Therefore, I move that the statement on farm policy issues presented by the National Farmers Union be printed as an appendix to the committee proceedings of today's date.

The Chairman: Is there a seconder?

Senator Inman: I second the motion.

The Chairman: All those in favour?

Hon. Senators: Agreed.

The Chairman: I declare the motion carried.

(For text of Appendix see pp. 5:18)

The Chairman: Again, Mr. Atkinson, I wish to express the committee's thanks to you and your colleagues for having appeared before us this morning.

Mr. Atkinson: On behalf of the delegation of the National Farmers Union, Mr. Chairman, we wish to express our thanks to you and the committee for having given us this opportunity to present our submission to you this morning. We have had a very wide ranging discussion, and we appreciate having had this opportunity.

The committee adjourned.

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national farmers union

In Union is Strength

Statement

on

Farm Policy Issues

presented to

Members of Parliament and the Senate

at

Ottawa, Ontario

April 23, 1974

National Farmers Union**Statement**

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Ottawa, Ontario**April 23, 1974****INTRODUCTION**

1. We welcome and appreciate the opportunity this meeting provides to discuss some of the major issues facing the farmers of Canada.
2. It has been past custom that the general policy views of the organized farm movement presented in this manner are first addressed to the federal cabinet and discussed in the accepted traditions of "participatory democracy". It is with regret that we report our request for a meeting with the cabinet this year has been denied.
3. Notwithstanding this circumstance, we are nonetheless convinced that the serious problems facing our farming communities as a result of national economic policy require and deserve discussion and understanding on the part of all those who bear legislative responsibility to the people of Canada.
4. These are difficult and uncertain times for farmers.
5. While grain prices have maintained relatively high levels in the past year, there are now signs of downward trends appearing. Few farmers believe that current export prices for grain will be maintained indefinitely. They are concerned over the future prices at which grains may level out.
6. A paradox exists between opportunities for realizing high grain prices and grain movement. It is now evident that our farmers may lose up to 100 million

bushels in sales because of the lack of capacity and unwillingness the railroads have demonstrated in extending the required priority in grain movement this past winter. This may represent a loss of some \$500 million in Canada's export trade position this year. Canada's credibility and reputation as a reliable supplier of grain has been tarnished.

7. An ill-advised interim feed grains program has contributed toward a badly dislocated and damaged livestock industry.

8. Beef and hog producers have suffered serious financial setbacks and in some cases have discontinued the production of these necessary products or have simply discontinued farming.

9. Dairy producers have not registered enthusiasm over latest proposals for support prices and subsidy payments in the 1974-75 dairy year. Their situation and needs are unique and must be met if our dairy industry is to survive and grow.

10. Although farm cash receipts for 1973 reached an all time high of \$6.9 billion and is predicted to reach \$8.9 billion in 1974, farmers are seriously concerned over the unprecedented rises in costs of production currently crippling a number of the sectors in the farming industry.

11. Farm instinct knows that the pressures of public policy urging them to be more productive are designed to lower prices at the farm gate with the objective of being reflected in lower consumer prices. Farmers will, in turn, be left bearing higher costs of production and lower realized net incomes because nothing effective is being done to roll back farm costs. Farmers know that the continuing pressure they feel coming from agri-business and governments to inject more capital into higher investments in facilities, machinery and land resources is self-defeating for them and the survival of the rural community.

12. Farm instinct knows that the Cancers of Inflation in our economy currently reflected by unparalleled increases in the costs of interest on borrowings, high costs of production and for goods and services are now at levels easily recognized

as negative forces to the national good and hence their security.

13. Farm instinct knows that the unprecedented levels of profits being reported by large, multinational corporations are contributing to the anguish of the impoverished people of Canada and the world.

14. Farm instinct reflects the belief that the economic destiny of farmers and the destiny of this country are largely being dictated and directed by forces outside of this country.

15. Farmers are apprehensive about their future and the future direction of Canada as a nation.

THE CHALLENGE OF INFLATION

16. We cannot overemphasize the concern over the present inflationary cycle in which we are caught and its consequences to the farm economy.

17. Government actions in fighting inflation are primarily being directed against the weak, the poor, the wage earner and the unorganized in our society, among whom we include farmers.

18. The recent increase to 8 1/4% in its lending rates to chartered banks announced by the Bank of Canada will do nothing to bring down the costs of farmers' production. It will result in less consumer credit buying which, in turn, will lead to higher unemployment.

19. The experience of the previous occasion this tactic was applied during the fall of 1970 is still fresh in our memories. The large corporations did nothing to restrain price increases other than earn a few merit points through "voluntary restraint" with which to justify higher prices early in 1971.

20. The inevitable end to the present directions of current government policy is therefore predictable. Less capital investment in secondary industries from corporations prompted by higher interest rates and lower consumer purchasing power and demand leading to higher levels of unemployment with relatively no effect on basic prices.

21. The illusion of lower prices may appear from time to time as a result of greater competition for sales in some areas. However, the root causes of inflation will remain within the system because of the manner in which prices are set and controlled in our economy.
22. The government can therefore be expected to commit itself to greater spending to offset the economic imbalances in our society created by its economic policies. Wage earners will pay higher taxes to provide funds for redistribution to the unemployed and the disadvantaged. However, the major benefactors of government spending by the fall of 1974 will unquestionably once again be the corporate welfare recipients who, through economic blackmail, will plead the need for tax concessions and incentives for new plant investments to create winter employment and get the economy rolling again.
23. Our critique may be considered pessimistic and cynical. However, we seriously question whether the ability to direct the economic destiny of Canada is any longer possible within the framework of the present conventional economic policies being pursued by this government.
24. It seems increasingly apparent that the economic directions of government policies, past and present, are more functional to the needs of industrial corporations than they are to the long-run needs of the nation. If this conclusion is not correct, the current inflationary crisis in which we find ourselves ever deeper engulfed should be more easily corrected.
25. The problem relates to the question of who possesses power to control economic growth through control of resources, production and the power to fix prices which will, in turn, maximize profits.
26. John Kenneth Galbraith*, the Canadian-born economist and now a leading economist in the United States, sheds important light on this aspect of the question. He states:

* "Economics and the Public Purpose", published by Houghton Mifflin Co., Boston, 1973.

"It is through prices that the neoclassical monopoly or oligopoly exploits the power that goes with being one, or one of the few, sellers in the market. Such power allows of prices and profits that are higher and output that is smaller than would be the case were sellers more numerous. In consequence consumers pay more and have less product or service than is necessary or desirable. And smaller amounts of labor, capital and materials are committed to the product or service than would be ideal. And more workers must find employment elsewhere. And the distribution of income is distorted in favor of the monopolist. Prices, in the neoclassical model, are thus the prime clue both to the perfections and to the imperfections of the economic system. Not surprisingly the way prices are established is a major preoccupation of neoclassical economics. Until comparatively recent times the study of economics consisted of learning how prices and incomes were set, and not much else.

"In the market system -- in the real world of the small firms that are barred from the planning system by their inability to use organization -- the role of prices is less pure. There is an admixture of monopoly, competition and -- as in the case of agriculture -- government regulation. The very different world of the planning system is also adjacent -- with powerful effect on resource distribution. Still the small manufacturer, retailer or service enterprise has power to control prices only within narrow limits. And the price which the United States Department of Agriculture establishes for wheat or corn is beyond the influence of any individual farmer. Accordingly prices remain a datum external to the firm. It must accommodate its production to what it cannot control. In inducing entry into, expansion, contraction or abandonment of, the business, prices still guide, however imperfectly, the distribution of resources as between products and services. So prices in the market system remain important.

"In the planning system the role of prices is greatly diminished. They are much more effectively under the control of the firm. And they are only one -- although still the most visible -- of the forces which are beyond the influence of the firm in the neoclassical model or the market system but which are subject to its influence in the planning system. In the market system consumer behavior, costs, the response of suppliers, the behavior of the state are all beyond the reach of the individual firm. In the planning system the firm seeks and wins power or influence over all of these things.

"It follows that prices are no longer of unique importance in telling how resources are distributed. What counts is the whole deployment of power -- over prices, costs, consumers, suppliers, the government."

27. Staggering increases in pre-tax corporate profits continued throughout 1973. The fourth quarter rise of 13.5 per cent was the biggest quarterly advance in more than twelve years. By the end of the year profits had reached a level of

47 per cent higher than a year ago and 133 per cent above the fourth quarter of 1970. The share of the national income going to profits was higher than at any time since 1951.

28. The exercise of economic planning, in short, rests largely in the hands of the powerful private governments of the large, multinational corporations and is a major contributing factor to inflation not only in Canada but throughout the world.

29. Failure to come to grips with the reality of this situation in such a way as to reclaim national sovereignty which is rightfully ours as Canadians, in determining the future economic and social goals of our country, can result only in a continuing and agonizing escalation of the problems which are now upon us.

TRANSPORTATION AND GRAIN HANDLING

30. Transportation and transportation policy forms the linchpin to economic development and expansion throughout the country and for the balancing out of regional disparities. While in this submission we are confining our remarks to rail transportation, a national transportation policy must take into account all modes of transport.

31. Rail transportation is and will continue to be the principal and only practical means of transportation for a large number of raw commodities and manufactured goods.

32. In the instance of transportation needs for bulk commodities such as export grains, the railways have a monopoly.

33. It has long been the position of the NFU that service in meeting the needs of national and regional development must be regarded as a first priority for the basic transportation system and that the criterion of shareholder profit as the yardstick for the development of a transportation system functional to economic development must assume a secondary role in national policy.

34. It is because the profit criterion has been permitted to motivate the decisions of the railway companies, that the current needs of farmers and the country in meeting export targets for grain are in their present dismal state.

35. It is evident that if profit must form the criterion for the provision of service, the railways will continue to provide increasingly diminished services to economically disadvantaged areas of the country regarded as marginal or negative contributors to their net revenues.

36. Such reduction in service will be in direct proportion to rising market rates of interest and alternate opportunities for return from their investment funds and profits.

37. In the face of this criterion the taxpayers of Canada, through the federal government, will be increasingly burdened with the costs of subsidy payments in order that the expectations of the shareholders and creditors of the railway companies can be adequately appeased.

38. The principle of permitting the rules of a market economy to determine whether or not an essential service is to be provided is a false concept when the national welfare is at stake.

39. There is no more classic example of poor rail performance on the pretext of unprofitability than the experience this year in the meeting of national commitments for export grains.

40. The railway companies in general and the CPR in particular have this past winter conducted a campaign of harrassment, coercion and outright blackmail against the farmers of western Canada, the Canadian Wheat Board and the federal government.

41. The whole problem of grain movement has been obscured in a gigantic snow job of the facts by the railway companies.

42. They have claimed inability to move grain because of snow-plugged branch lines. They have suggested country and terminal elevator employees work seven days a week when no trains were running. Some country elevators were filled

to capacity and loaded grain cars were left unmoved. They have not lived up to their own minimum targets for grain movement. They have claimed they suffer losses in grain movement when the facts do not bear this out. They have a scandalous record in failing to modernize and up-grade snow removal equipment or take necessary precautions to avoid blockage on certain sections of their rail lines.

43. The railroad companies have failed to provide cost data to prove claimed losses in grain haul promised by the Minister of Transport to the provinces attending the Western Economic Opportunities Conference in July, 1973. The accompanying data in Appendix A illustrates the close relationship which exists between net operating revenues of the CPR and tons of grain hauled over a period of years.

44. This country has been involved in an undeclared rail strike by the companies as part of a vicious campaign directed toward extracting greater public subsidies as ransom for meeting national needs and to act as a lever for destroying the statutory freight rates for grain under the Crows Nest Pass Agreement.

45. The railways have indicated that there were 25,000 cars in grain service last year, compared to 22,000 boxcars presently in service. On March 14, the Toronto Globe and Mail reported:

"In 1973 freight tonnage loaded by railways in Canada totalled 240.5 million tons, up 12.5 per cent from 1972, according to Statistics Canada. Major increases were recorded in the movement of iron ore and concentrates up 52.4 per cent; sand and gravel, up 31.3 per cent; sulphur, up 31.1 per cent; piggyback and container traffic up 25.2 per cent. The movement of wheat and other grain in 1973 was down 16.3 per cent, with carloading off 20.2 per cent and tonnage loaded down to 26.2 million tons, compared with 31.3 million in 1972."

46. In a statement to the National Transportation Conference in Ottawa, April 10, 1974, the Chief Commissioner of the Canadian Wheat Board, G. N. Vogel, reported as follows:

"I have said that the problems existing in the Western Grain Transportation sector are in crisis proportion. During the period of the railway strike last fall approximately 45,000 boxcars representing about 95,000,000 bushels were lost.

"At the present time, not including the cars lost in the strike, the railways are 26,515 boxcars representing approximately 56 million bushels, behind their own indicated minimum targets since January. The new targets of 10,300 per week will not be met until some time in May, if at all. We have sales contracts, sales commitments, up to that level and if we do not have the grain, the farmers of Western Canada, through our Board, must face all the costs and charges of contractual default.

"At the West Coast there are presently 15 vessels waiting and 11 vessels due this week. Even if the targets set by the railways are met starting immediately to the West Coast backlog will not be cleared away until the end of July. The vessel demurrage will continue to cost the producers in Western Canada hundreds of thousands, if not millions, of dollars until the situation is rectified.

"The Lakehead situation is equally as serious but will not become visible until the middle of May when stocks disappear and vessels may be waiting in the St. Lawrence. If the railways continue to fail to meet their targets, not enough grain will move to the Lakehead to be moved by lake vessel to meet our commitments. Once lake freight is lost, it is not recoverable, and we will be facing the same costs and charges of contractual default as are already inherent in the West Coast situation.

"The railways have stated that they will meet their targets by July 31. This is not satisfactory to our customers who expect to lift their grain in February, March, April, May and June as well as July. It is no satisfaction to them that they will have the supplies by the end of July, It is a tragedy in the case of people who may be starving in May to be told that they will be fed by July."

* * * * *

47. How can this situation be described as anything less than criminal? How can any thinking person, without offence to his own sensibility, condone, justify and sanction the performance of such a corrupt system on the basis of needs to serve shareholder profit motives?

48. Transportation Minister Jean Marchand has termed the whole transportation system as being "a mess". He has publicly admitted that the criterion of profit rather than service is wrong for the rail transportation system, that he has changed his former views on the question and he has stated he would not be adverse to nationalizing the CPR.

49. In its research study on grain car movements this past March, our organization documented the overwhelming evidence of flagrant and widespread abuse in the use of rolling stock for grain movement by the two railway companies.

Boxcars, loaded with grain, were frequently left sitting on branch and main lines of the railways for periods up to seven weeks and in one instance remained sitting for 80 days.

50. Our warnings to the Minister in Charge of the Canadian Wheat Board last fall of the impending crisis developing in grain movement were ignored with a degree of apathy matched only by that of the railway companies themselves.

51. But it is clear the federal government is not yet committed to do the logical thing. It has named a new federal monitor of railway operations, which can be regarded only as a short-term measure for improved rail utilization. It must immediately address itself to more long-term goals and objectives.

52. Once again the ransom is being paid by direct subsidies for the repair of 2400 boxcars; for the construction of another 4000 grain hopper cars at an estimated cost of \$120 million and through incalculable losses to farmers resulting from lost sales, costs of contract defaults and demurrage charges which could easily amount to \$600 million. In addition the chairman of the Canadian Wheat Board has publicly proposed that farmers, through monies owed them by the Board on grain sales, purchase a further 4000 grain hopper cars; a suggestion for an expenditure of \$120 million of the farmers' money he could hardly have made without prompting from the federal minister in charge of the Wheat Board.

53. We believe if Canada is eventually to have a rational, efficient rail transportation system, it will only be accomplished by the integration of the two existing systems under public ownership and control together with a massive public investment in road facilities and rolling stock.

54. Any action less than this as a beginning toward meeting the rail transportation needs of this country is simply begging the question and inviting continuing crises in the future.

55. The CPR has demonstrated a pathetic degree of irresponsibility in permitting the depletion of its rolling stock and the depreciation of its rail facilities.

56. Only through public ownership and management of the railway system for the public good is it likely that railway service will become functional to economic development.

57. Only through integration of the two systems are the railway bottlenecks and problem areas in the movement of grain and general cargo through the Port of Vancouver and other West Coast ports likely to be resolved through the necessary up-grading of facilities. The same holds true for the movement of cargo between the industrial heartland of Canada and the hinterland.

* * * * *

58. A further issue in the problems of grain movement is related to the needed rationalization of the country elevator grain handling system. A high-handed and arrogant approach to this issue on the part of a branch of the federal government is very much in evidence.

59. The recommendations of a "State of the Industry" report prepared by a sub-committee of the Grain Handling and Transportation Committee of the Canada Grains Council is prematurely being advocated as public policy by the so-called "Grains Group" constituted under the federal Department of Agriculture (but who are responsible to the Minister in Charge of the Canadian Wheat Board), in spite of the fact that the report in question has never been endorsed by the parent committee.

60. This may be in part understandable when one considers that this same Grains Group had an important input into the report through its representation on the sub-committee in question. Its function was "to propose, not impose".

61. The major recommendations of the report are that the railroads be allowed to set their own flexible freight rates for hauling grain by doing away with the statutory Crowsnest rates and that elevator companies be allowed to establish their own flexible tariffs for handling and storing grain rather than having those rates regulated by the Canadian Grain Commission and the Canadian Wheat Board.

62. An apparent "experiment" in rationalization is currently in progress. The railway companies on the pretext of heavy snow conditions (which no longer exist), have announced the temporary suspension of rail service on some 50 prairie branch lines currently affecting some 218 grain delivery points.

63. Upon the request of the Honourable Otto Lang, Minister Responsible for the Canadian Wheat Board, all delivery provisions requiring grain producers to deliver wheat, oats and barley to their primary and alternate delivery points, have been suspended for all producers for the balance of the present crop year ending July 31.

64. Farmers feel the broad application of this policy is a conspiracy which will result in grain movement being conducted out of only a restricted number of delivery points coercing many farmers to haul much greater distances in order to complete their 1973-74 crop year grain deliveries whether or not their own rail lines are operative. It is seen as a blunt instrument to bludgeon them into an experimental grain handling rationalization program functional to the railway and elevator companies rather than to the needs of farmers and rural communities.

65. A further part of the brainwashing campaign on farmers being employed by the federal bureaucrats of the "Grains Group" has been the suggestion that an open-ended, flexible system of rate setting by railway and elevator companies might be used as a future rate pattern for grain handling and movement as follows:

	<u>Light Density Rail Lines</u>	<u>Medium Density Rail Lines</u>	<u>Main Line</u>
Elevator Rate Cost to the Farmer	19.4¢/bus.	11.5¢/bus.	7¢/bus.
Rail Rate Cost to the Farmer	<u>64.1¢/bus.</u>	<u>31.2¢/bus.</u>	<u>16.2¢/bus.</u>
Total Cost to the Farmer	83.5¢/bus.	42.7¢/bus.	23.2¢/bus.

66. The implications of these proposals are self-evident. While extremely functional to the needs of the railways and elevator companies, the impact upon those farmers farthest removed from low-cost delivery points would result in transfers of heavy burdens of cost in moving their grain to market.

67. A recent study undertaken on grain haul costs by the University of Saskatchewan, Saskatoon, reveals that the average costs to a farmer of hauling grain to elevators under typical Saskatchewan conditions is \$397.91 annually. A two-mile increase, estimates the study, would raise average costs by approximately 22 per cent. These costs, reports the study, could be expected to rise much more sharply if the length of haul were increased substantially since many farmers would likely have to obtain a larger and newer truck than they now own.

68. Before a proper rationalization of the grain handling system can occur in the prairie region the primary condition must be the development of a grain transportation system functional to the needs of farmers which will result in the transfer of the smallest possible cost burden in the delivery of grain to country elevators.

FEED GRAINS POLICY

69. One of the basic needs in agriculture for the development of a sound livestock, dairy and poultry industry is a sound feed grains policy which can meet the following objectives:

- a) To provide equitable prices to the users of feed grain.
- b) To function in a way which permits livestock and related production on a balanced, sustained growth basis.
- c) To protect the primary value of grain converted into secondary production on those farms on which such grain is produced. This does not mean that feed grain prices in the domestic market at any given time need be equivalent to export price; but rather, domestic utilization should always be valued and priced at levels that return to producers of feed grain production costs plus a reasonable profit.
- d) Feed freight assistance must be maintained in those regions in which livestock and related production has developed as a historic result of feed freight assistance, and where self-sufficiency in grain production has not or will not emerge.
- e) Under no circumstances should grain producers be compelled to subsidize the production of secondary farm produce because of national policy, nor should grain production be subsidized by the producers of secondary farm products.

70. We do not believe that there can be any serious disagreement by any party or organization in meeting these stated objectives.

71. The point of departure quite obviously has been and continues to be on the manner in which these objectives will be realized.

72. The choices in principle are basically two in number:

- 1) A completely open grain market free from all public regulations.
- 2)
 - a) Complete intervention by government agencies. The Canadian Wheat Board's function would be to purchase and market all feed grains entering commercial channels intra-provincially in the designated area and in inter-provincial trade.
 - b) The Canadian Livestock Feed Board would purchase all feed grain supplies required for domestic commercial needs from the Canadian Wheat Board subject to terms negotiated between the two agencies.
 - c) These negotiations would be subject to the terms and conditions of a national feed grains and livestock policy. The CLFB would be responsible for marketing these feed grains, from point of transfer (Vancouver and Thunder Bay) to users of feed grain outside of the designated area.

73. We cannot accept that the basic needs of either feed grain producers or the users of feed grains can be met by the open market system. Neither continuity of supply nor stability of price, both basic to producers and users, can be assured through a speculative market structure. Such a system lends itself to manipulation and exploitation of both the producers and users of feed grains since the nature of the speculator is counterproductive and parasitic.

74. The proponents of an open system of marketing point to the fact that only one bushel in ten of feed grains produced in western Canada actually enters the domestic market in areas outside the designated area of production. The implication is that open market pricing cannot affect the economic decisions of a farmer who produces his own grain and has the choice of feeding it.

75. Quite the contrary, as we have witnessed under the present interim feed grains policy, the decision of whether or not to feed grain to animals has been very much influenced by the open market price in a circumstance of a short grain supply situation.

76. Price instability and manipulation in an open market system cannot assure price stability for the end user of the product.

77. For these reasons the objectives we have outlined as being necessary for a feed grains policy cannot be assured.

78. Clearly the Federal Government's open market policy position on feed grain marketing lends itself not to a so-called open market, but to contracting and vertical integration.

79. It is the last step in the process members of the Canadian Feed Manufacturing Association have been working toward since 1960 when the then Minister of Agriculture, the Honourable Alvin Hamilton, ordered the release of feed mills in Western Canada from the control of the Canadian Wheat Board in respect to delivery quotas and therefore price.

80. One can expect all grain companies to become buyers and sellers of feed grain on a straight line contractual basis with different contracts covering different phases over the complete cycle (production to consumer).

81. The effect of this will be to bypass the so-called open market. Therefore an open market is not the real target. "Contracting and vertical integration" is the real objective of federal government policy -- the grain trade, feed manufacturers, integrators and those vested interests who understand and support those objectives.

82. If the basis of these assumptions is correct, clearly the emerging process will have profound effects on future production, the basis upon which production takes place and where it takes place in Canada.

83. As the integrating process evolves, grain producers producing under contract will be integrated, livestock producers producing under a feed contract will be integrated, livestock production will be integrated with the processor and/or retailer to complete the cycle.

84. Those who in the short run function outside the market framework of the integrator in the agricultural market economy will, in the long run, become part of the industrial planning system, or perish.

85. Members of the industrial planning system do not operate within an economic environment which can be described as a market economy. Together they have eliminated or are in the final stage of killing off the last vestiges of the agricultural market economy.

86. For those farmers who are now producing grain and livestock or poultry on their own farms, it means, as the industrial planning system extends its control over all sectors of production, those farmers will be forced to join the planning sector, subsidize the planning sector or lose money in production.

87. It makes little difference how they are affected, they will become completely dominated by the planning sector or go bankrupt. In the long run they will be eliminated, for the planning sector, being dominant, will determine the allocation of resources within the system -- therefore the location and nature of production.

88. Indeed, an example of the pattern for gaining economic control of production for oilseeds has already been created. The recent acquisition by the Cargill Grain Company (one of the world's largest privately owned grain companies) of the assets of National Grain Company can be attributed as a direct result of a vote by producers favoring the continued open market trading of rapeseed.

89. Cargill's strategy in purchasing National has been to gain market penetration through contracting for acreage with producers of flaxseed, rapeseed, sunflower seed and mustard. An open-ended ceiling price is offered based on daily market price quotations.

90. The important consideration for Cargill is control of production through contract acreage. Through a contract, a producer extends to a buyer a monopoly control position on his production. Once in control of a large volume of supply, the contracting agency can also control price. (See Appendix C)

91. The same principles can be applied to any other forms of production, including feed grains for the domestic market.

92. Short Run Implications:

1. Continued price increases for feed grain in times of short supply and low prices in times of high inventory.
2. Does not guarantee price equity.
3. Guarantees loss of bargaining power by producers through the Canadian Wheat Board over feed grains entering commercial channels interprovincially.

93. Long Run Implications:

1. Functional to vertical integration.
2. Transmits market power directly to agri-business corporations oligopolistic in nature.
3. Eliminates independent producers from production.
4. Does not guarantee price equity between users or between producers of grain.
5. Guaranteed transfer of livestock production to areas surrounding centres of population growth, metropolitan cities.

Situation for Grain Growers and Livestock Producers:

94. In Western Canada, buyers of feed grain will be elevator companies who currently operate grain handling systems, feed manufacturers and any other person or firm who functions as a buyer.

1) Elevator companies

Currently a number of elevator companies operating in Western Canada operate agencies for buying and selling feed grains outside the designated CWB area. Some of these firms are contracting feed supplies to producers and/or now producing their own broilers, turkey, eggs or indirectly operating production units through contracts.

2) Feed Manufacturers

Basically the same conditions apply as apply to some elevator companies for in some instances they are one and the same corporation.

3) Feed lot operators, etc.

Producers who purchase part or all of their feed grain supplies.

95. The appropriate national approach to sustain balanced growth in livestock, dairy and poultry production can only be assured through orderly marketing.

1. The Canadian Wheat Board becomes the sole marketing agent for western feed grains domestically (intra- and inter-provincially).
2. The Canadian Livestock Feed Board becomes the sole purchasing and selling agency for feed grains domestically beyond the Canadian Wheat Board designated area, at points of transfer, Thunder Bay and Vancouver.

96. All matters of volume, class of grain, delivery dates, would be negotiated between Canadian Wheat Board and Canadian Livestock Feed Board at agreed intervals on formulae bases.

97. Farmers are concerned and apprehensive about the continuing signs of erosion and undermining of the orderly marketing system for grain already imposed or being proposed by the Minister in Charge of the Canadian Wheat Board.

98. The views of the organized farm movement on this vital issue have been deliberately shunned by the Minister. The continuing absence of meaningful consultation is an eventual invitation to confrontation.

NEED FOR PRICE STABILIZATION

99. In a period of rapidly rising inflation, a major concern of any responsible government must be to control the ill effects of rising food costs to the thousands of consumers whose incomes are fixed or cannot adjust to inflationary pressures.

100. This can be accomplished through the use of consumer subsidies for basic food commodities which must be administered in such a manner as to assure that the burdens of cost will not simply be transferred to primary producers.

101. There are currently a number of consumer subsidies in effect in Canada including subsidies for bread, fluid milk, skim milk powder, other manufacturing milk products and beef.

102. Although the subsidies for bread and fluid milk were conditional upon processors and manufacturers maintaining consumer price freezes on these

commodities for one year, it is now evident that those objectives are not being met and consumers once again will bear the brunt of a new round of price increases.

103. From the producer's point of view, price stabilization programs in a period of rapid inflation are essential and must be fashioned in such a manner as to enable increased costs of production to be reflected to the farmer in the prices of the stabilized products.

Livestock

104. An integral part of a successful stabilization program and livestock industry is a feed grains policy which enables the farmer to produce livestock at a profit.

105. Livestock producers are experiencing a disastrous period of price instability, a large measure of which can be attributed directly to an ill-conceived feed grains policy which has been disruptive and disorderly for the producers of both livestock and grain.

106. It is evident that the arbitrary removal of import duties on beef announced by Finance Minister John Turner in his Budget Speech of February 19, 1973, was designed to reduce the prices for cattle on the domestic market to satisfy consumer protest over rising meat prices.

107. The policy failed to bring about the desired results.

108. A series of moves and counter moves followed.

- a) The U.S. imposed price ceilings on finished beef.
- b) Canada applied export permit regulations in August.
- c) The U.S. consumer boycotts on beef resulted in build-ups of finished cattle in that country.
- d) Higher Canadian prices attracted heavy U.S. imports.
- e) Canadian market prices slumped sharply in September.
- f) The import duty on U.S. cattle was reimposed to protect beef prices to producers in Canada.

- g) The reimposition of the duty did little to stem the flow and a special 3¢ per lb. surtax on live cattle and 6¢ on processed beef was applied in November.
- h) The surtax eventually slowed down imports. The surtax was phased out in January and February and imports again flooded in, forcing cattle prices to new low levels with little or no price relief in evidence for consumers.
- i) The Minister of Agriculture introduced a beef subsidy program of 7¢ per lb. for A grade cattle on March 15 and market prices to producers promptly dropped by near to or equivalent amounts within days.
- j) The policy was altered to 5¢ per lb. and extended to lower grades of cattle.
- k) Having failed to remedy the disastrous losses experienced by beef producers, the Minister reverted to requiring certification from U.S. health officials guaranteeing that U.S. imported cattle and beef had not been administered the growth hormone DES.
- l) With imports of U.S. beef virtually shut off, market prices are once again rising in Canada.

109. We make the following observations in respect to these events:

1. The ad hoc policies of the federal government in attempting to stabilize beef prices to both producers and consumers through tariff manipulation have been largely unsuccessful because the control over markets and prices has rested elsewhere. As a consequence, price patterns for livestock have been extremely unstable. (See Appendix B)
2. While one cannot quarrel with its intent, the introduction of the beef subsidy program without the safeguards of:

- a) Floor prices to producers;
- b) Assumption of administration for direct payment of subsidies to producers; and
- c) Restricting the sabotage of the program and effective confiscation of the subsidies by packing companies;

indicates the program was introduced as another measure of desperation rather than as a firm commitment to stabilization policies.

3. The certification now required from the U.S. to guarantee that imports from that country are free from DES should have been enforced last February when the Minister of Agriculture stated on February 18 that the U.S. would be required to certify its exports of cattle and beef weren't fed or implanted with the hormone.

It is perfectly clear that the regulation was not enforced at that time in the manner in which it is now being interpreted.

If the DES certification had been insisted upon earlier, the subsidy program would not have been necessary and the Minister's recently expressed concerns for the health of consumers which has now been used as the pretext for insisting certification would have borne greater credibility.

In short, it seems perfectly obvious the DES certification is now, in fact, being employed as a non-tariff barrier to salvage the remnants of the disastrous beef subsidy program.

In this regard we want to make it clear that DES certification is a right policy for the purposes of protecting public health but the reason for its imposition at this time has been rendered highly suspect.

4. Finally, the problems of economic loss encountered by livestock producers over the past year are in large measure attributable to the introduction of a feed grains policy last August that legalized an exploitive system of pricing to that area of Canada where the Canadian Wheat Board retained jurisdiction for orderly marketing.
110. The intent of the policy introduced on the pretext of creating "equity", was to permit grain producer exploitation by buyers outside the CWB area on the same basis as had been practised within the CWB area. However, the policy backfired on the government because world market conditions for grain were too high to permit profitable production of livestock based on open market prices. The federal government abrogated its responsibility for keeping its own house in order by exposing the livestock industry to exploitive forces similar to the ones which had for years been imposed upon grain producers in the prairie region.
111. The experience of inflationary feed grain prices to which livestock producers have been exposed was not necessary nor desirable. It has created widespread hardship and has cost the producers, consumers and taxpayers of this country countless millions of dollars.
112. A rational and orderly marketing system for feed grains can end exploitation and establish a true cost-price relationship through which a proper program of price stabilization can function.
113. As is well known, the losses being experienced by beef producers are also being experienced by the producers of hogs. The four western provinces have all initiated measures designed to cushion the effects of disastrously unprofitable prices being experienced by their respective hog producers.
114. It is evident the so-called law of supply and demand of the market economy is not being permitted to destroy an important segment in the economies of these provinces. To this extent producers in provinces where no similar programs exist are disadvantaged.

117. Although present circumstances are an obvious indication that the federal government lacks a sound agricultural policy or philosophy, subsidy programs must be national in scope in order that producers in one region are not economically disadvantaged over producers in other regions.

118. We recommend that a price stabilization program for hogs be implemented which will include a cost of production formula for the purposes of periodic price adjustments.

119. Further, Canada must introduce at the earliest possible time a national meat authority in order to administer a proper stabilization program and to regulate prices and markets both domestically and internationally.

DAIRY PRODUCTS

120. Dairy production dropped by 4.7 per cent from 1972 levels. This was the sharpest percentage drop from year-earlier levels since Statistics Canada began gathering milk statistics in 1920.

121. In the province of Ontario about 8% or 2,179 producers left the dairy industry in that province in 1973.

122. Nationally, every province in Canada, with the exception of British Columbia, registered declines in milk production in 1973 compared with the year previous.

123. In light of this fact, one cannot take too much to heart from the Minister of Agriculture's statement to the Standing Committee on Agriculture on April 2, 1974, when he stated:

"The production of milk is coming back into its own. I am sure that the figures can be given, even for the month of February, that show a one per cent increase, which is at least a little bit better and gives you a better feeling that people have some more confidence in the dairy industry than they had before."

124. The problems within the dairy industry are far from being resolved. Rising costs are badly outstripping gains made from recent increases in support prices and subsidy payments.

125. The most recent announcements of the new dairy policy for 1974-75 dairy year do little to provide needed incentives to either existing producers or to

encourage new entry into the dairy business.

126. It seems evident that existing policies will lead inevitably to greater concentration of milk production into fewer hands and eventually into possible total integration. The current upper limits have been increased to 900,000 lbs. from 700,000 and indicate a continuing upward trend.

127. The shortcomings of federal dairy policies of the past ten years are coming increasingly back to haunt us.

128. Thousands of small producers with whom the potential for increased and stabilized production existed, were driven out of production. We may be reaching the point where economy of scale will no longer economically permit present established producers to expand. Once a dairy producer has gone out of milk production, there is very little possibility for his re-entry at a later date.

129. In our view, present levels of support are too little to encourage a dairy producer to expand production on a narrow margin of return. With rapidly rising interest rates, the alternative opportunities for income simply become more tempting.

130. The latest increases in manufacturing milk prices will come primarily from consumers. The net increase in federal subsidy payments after allowing for an increase in the export holdback of 5¢/cwt. will only be 24¢/cwt. on his previous subsidy eligibility quota, although the increase to the producer is to raise his price to a target level of \$8.50/cwt. (from \$7.44/cwt. in Ontario) with the subsidy now applying to total market share quota. The extension of subsidies to the market share quota has been a positive move.

131. It is our view that at the earliest possible time prices for all milk of top quality, both fluid and manufacturing, must be pooled in such a way as to reflect a blended price return based on weighted price averages resulting from the end use for which such milk is utilized.

132. A cost pricing formula must be developed which will enable increases in subsidy payments to producers to reflect rising average costs of production. The

aggregate increases to producers in the most recent announcement fall far short of accomplishing this objective. And aggregate increase in the magnitude of \$4.00/cwt. was justified.

133. We believe efforts must be made to expand milk production in Canada for the purpose of utilizing dairy products as an important instrument in social development for such purposes as:

- a) A comprehensive school milk program.
- b) Supplementing the diet of low income groups in society.
- c) Expansion of food aid contributions through FAO in addition to the development of bilateral aid programs for minimum periods of five years with developing countries now deficient in milk production.

134. The role of the Canadian Dairy Commission might be expanded to form an aggressive sales department to maintain and promote the consumption of dairy products in both domestic and foreign markets.

135. We believe it is imperative that the federal government develop stringent controls to prevent large dairy corporations such as Kraftco from gaining market control of the milk industry, a trend that is already well developed.

FRUIT AND VEGETABLE POLICY

136. The Tariff Board of Canada is currently reviewing the tariff structure as it pertains to the imports into Canada of processed and fresh fruits and vegetables.

137. The impact upon fruit and vegetable producers resulting from imports of fresh produce, primarily from the United States, just prior to harvesting in this country, is well known.

138. The current tariff structure is cumbersome and delays are the norm before federal government action results in the imposition of a surtax to maintain basic price levels at crucial times.

139. Evidence before the Board, presented by a representative of the federal Department of Agriculture, indicated the span from time of application for a surtax until it was actually put into effect averages 43 days. When imposed, the damage to growers generally is an accomplished fact.

140. Our recommendations to the Board called for the adoption of a system of variable levies on all fruits and vegetable imports. Funds accumulated through this program would be employed to guarantee growers basic price levels for all classes of fruits and vegetable production. We believe this could be accomplished without the degree of adverse effect upon consumers of high ad valorem tariff rates on specific products which have been proposed by the Canadian Horticultural Council.

141. Canada, in 1972, had a net trade deficit in fruit and vegetables of \$381 million. Recent preliminary statistics indicate our fruit and vegetable imports from the U.S. alone in 1973 totalled \$340 million out of total food imports from that country of \$1.03 billion.

142. This country has the potential for a vastly expanded fruit and vegetable industry given the proper economic climate which will assure producers of price and market stability. Expansion of the industry must be encouraged.

143. Fruit and vegetables must be considered as high priority items in any new farm stabilization program being considered by the federal government.

144. Potato producers are presently discriminated against in respect of Canada-U.S. trade policies. A tariff of 37 1/2 cents per cwt. applies on movement in both directions across the border with the exception that the U.S. doubles the tariff against Canadian imports once a quota of 400,000 cwt., seed and table stock combined, has been filled. No similar restriction on U.S. imports into Canada exists. We believe this discriminatory situation must be rectified immediately.

ENERGY

145. A key consideration in the current world wide inflationary crisis evolves around the energy issue. Its severity has prompted the Secretary General of the United Nations, Kurt Waldheim, to warn of the impending possibility of a world wide depression.

146. The Developing Countries of the world face extreme hardship in acquiring the needed energy supplies to uplift their economies and the appalling standards of living, malnutrition and starvation which characterize the daily lives of millions of people. The high costs of energy simply negate their hopes for a brighter future.

147. Within the context of this whole situation, Canada, as a country self-sufficient in energy resources, has a unique opportunity to develop a national energy policy that can protect our citizens from the artificial price forces now being imposed upon the world by the OPEC countries and the multi-national oil corporations.

148. Food production is greatly affected by the rising costs of energy. Certain types of production annually require up to 80 gallons of fuel per acre to produce. The increase to producers of from 8 to 10 cents per gallon in fuel oil costs represents a major increase in input costs.

149. We have recommended to the Prime Minister that the prices for farm fuels to farmers west of the Ottawa Valley be frozen at pre-April 1st levels and that the prices of fuels to farmers east of this line be rolled back to such similar levels.

150. This proposal has gone without response.

151. The energy producing provinces have implemented measures to offset the full impact of price increases to farmers. The Saskatchewan government has announced a farm cost reduction program under which farmers will be able to apply for up to 7 cents per gallon in compensation for purple gas and diesel fuels. The Alberta government will allow 5 cents per gallon.

152. As can be well understood, these types of assistance programs permit a considerable cost advantage to producers of like products in other areas of Canada. A national program is needed.

153. The energy policy of our organization as adopted at our 4th annual convention in December, dealing with the energy crisis as was then apparent, agreed upon the following recommendations:

- a) The federal government take immediate steps to assure that Canadian energy needs receive priority from Canadian resources.
- b) The federal government extend immediate priority to the development of an All-Canadian system of transport for energy resources to efficiently service the energy needs of all provinces within Canada, and to assist in the equalization of energy costs between the various regions of Canada.
- c) The federal government in co-operation with the provinces take immediate steps to control the prices of all forms of energy.
- d) The federal government in co-operation with the provinces immediately develop a comprehensive all-inclusive energy policy for Canada which will encourage the exploration, production, conservation and allocation of energy in Canada.
- e) The federal government in co-operation with the provinces take all necessary measures to halt the departure from this country of exploration technology to the detriment of development of domestic resources.
- f) The federal government initiate all necessary areas of research to improve efficiency in the conversion of energy and demand automobile manufacturers install more efficient carburetion systems in automobiles.
- g) Failing to effectively resolve the current "energy crisis" and Canada's energy needs by the preceding measures, the federal government nationalize all energy resources as an appropriate measure to protect the economic and resource interests of Canada.

154. Fertilizer costs and availability of supplies are closely allied to energy and the production of food. Prices have already increased by 20% over levels of one year ago. In spite of assurances of the Minister of Agriculture to the contrary, many farmers face the prospects of fertilizer shortages this year.

155. Exports of manufactured fertilizers will drain needed supplies from this country. Government needs to be particularly concerned over recent announcements by Alberta Ammonia Ltd. and Farmland Industries Inc. of Kansas City on plans for the construction of a \$325 million project in the Lethbridge area including a

200 mile ammonia pipeline. Four plants will be constructed which will make the project the largest fertilizer plant in the world, ultimately producing 1.5 million tons of nitrogen fertilizer products each year. Alberta gas will be used, estimated at 2.6 trillion cubic feet in the next 30 years. The products will be exported to the U.S.

156. It is a situation of the U.S. utilizing a Canadian energy resource which it will export indirectly to produce crops which will compete on world markets against the production of Canadian farmers.

157. Baler twine prices have increased by 300 per cent over last year. The circumstances behind these astronomical increases need to be investigated immediately.

158. The prices of farm machinery have been steadily rising in a situation that must certainly violate the "double ticketing" practices which the Minister of Consumer and Corporate Affairs has said his department will not tolerate in food retail sales.

159. Farmers badly need protection against the "double ticketing" racket in farm machinery, which reports we have received state are as high as \$2000 and \$3000 per unit from the time of order to the time of delivery.

WOMEN'S RIGHTS

160. Farm women are apprehensive over the implications of recent court decisions in Alberta and Saskatchewan which have disinherited two farm wives who experienced marriage breakdown from any claim to the value of farm assets they had over the years assisted in building.

161. We strongly recommend that legislative actions be taken which will deal justly with women in these circumstances.

162. Similarly, farm wives who assist actively as partners in building farm assets are disallowed participation in the Canada Pension Plan.

163. This discriminatory feature in the CPP must be corrected.

IMMIGRATION

164. In a country as rich in resources and as vast in area as Canada, national policy needs to be directed toward an immigration policy which will provide a more evenly dispersed pattern of population growth to the country.

165. Immigration patterns, it appears, have resulted primarily in the expansion in the populations of major urban centres. Efforts need to be made to encourage immigration into more sparsely settled areas of the country where skilled craftsmen or professionals are often in short supply.

166. Farm labour needs are a particular case in point. Very little encouragement is given to the entry of skilled farm labour needed in our dairy and livestock industries.

167. We believe this situation needs to be rectified.

CONCLUSION

168. We express our appreciation for the opportunity of discussing a number of our policy views with you. It is our hope you will find them useful and beneficial.

All of which is respectfully submitted by
THE NATIONAL FARMERS UNION.

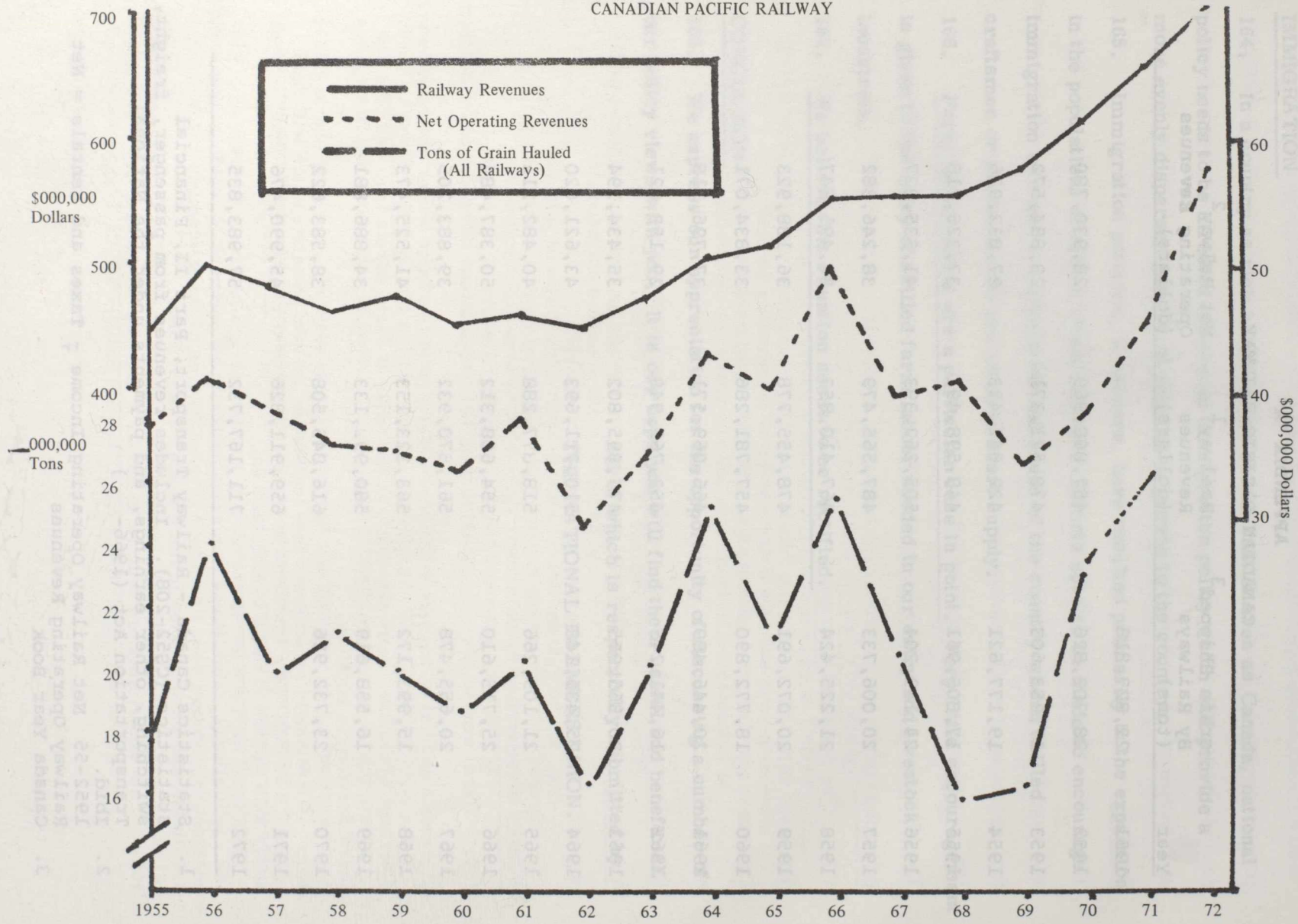
APPENDIX "A"

CANADIAN PACIFIC RAILWAY

Year	Grain Shipped ³ By Railways (tons)	Railway ¹ Revenues (dollars)	Net Railway ² Operating Revenues (dollars)
1951	22,827,818		
1952	28,702,826	457,808,969	28,930,780
1953	27,953,603	470,571,371	28,884,572
1954	19,177,621	422,642,423	27,032,926
1955	17,805,961	448,598,491	37,326,718
1956	24,149,204	505,262,393	41,335,827
1957	20,006,733	487,565,479	38,246,382
1958	21,225,424	467,410,853	36,491,847
1959	20,072,691	478,455,778	36,188,923
1960	18,772,890	457,781,286	33,834,071
1961	20,446,489	466,069,571	37,796,715
1962	16,441,245	453,761,948	29,153,021
1963	20,365,955	477,895,802	35,434,394
1964	25,436,148	510,711,693	43,621,020
1965	21,109,266	518,377,288	40,482,211
1966	25,715,610	554,608,312	50,387,484
1967	20,655,478	561,570,932	39,883,205
1968	15,993,172	563,323,153	41,525,473
1969	16,558,619	580,992,133	34,886,881
1970	23,732,926	616,845,508	38,583,622
1971		659,911,826	45,990,476
1972		711,167,732	57,983,835

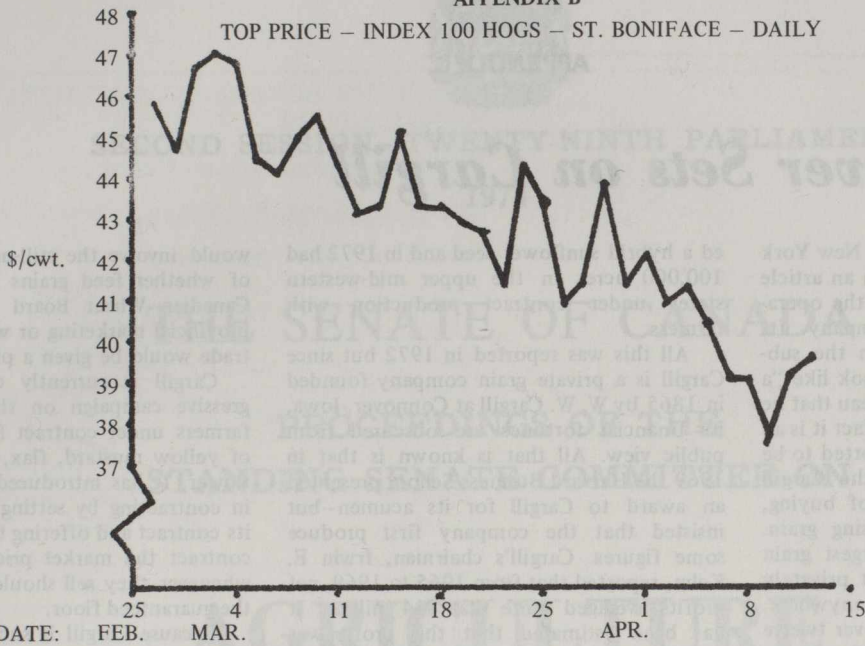
1. Statistics Canada - Railway Transport, Part II, Financial Statistics (CS52-208). Includes revenues from passenger, freight, switching, other earnings, and payments under the National Transportation Act (1966-)
2. Ibid.
1952-55 Net Railway Operating Income - Taxes and rentals = Net Railway Operating Revenues
3. Canada Year Book

CANADIAN PACIFIC RAILWAY

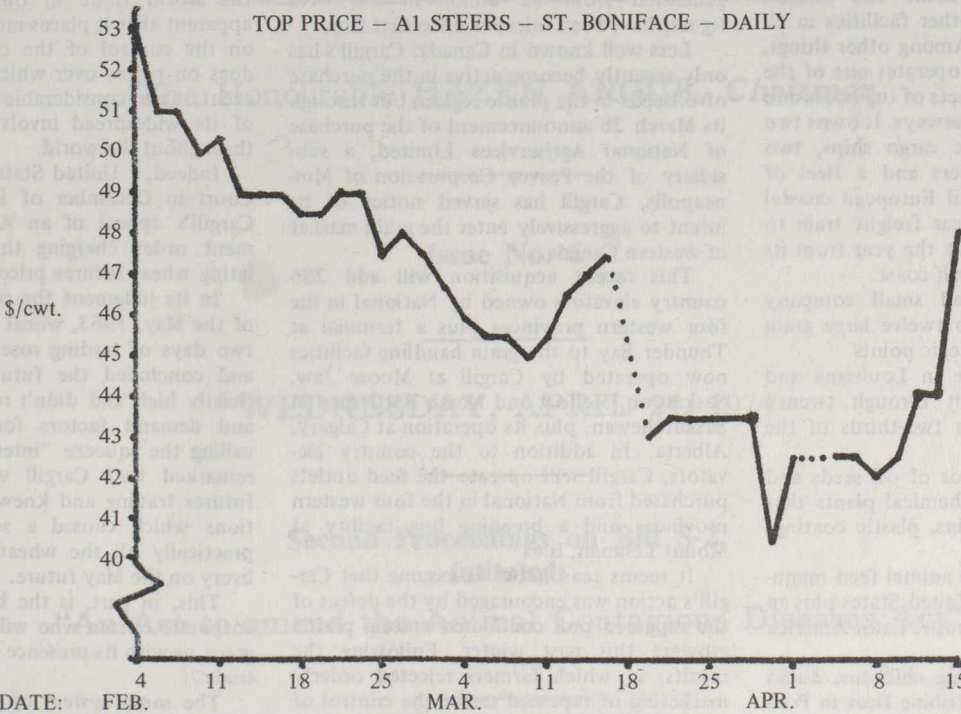


APPENDIX B

TOP PRICE - INDEX 100 HOGS - ST. BONIFACE - DAILY



TOP PRICE - A1 STEERS - ST. BONIFACE - DAILY



APPENDIX C

The Sun Never Sets on Cargill

This headline appeared in The New York Times of September 25, 1972, in an article which described in some detail the operations of the Cargill Grain Company. Its headquarters building, located in the suburbs of Minneapolis, is said to look like "a rich man's idea of a French chateau that he had seen in World War I, and in fact it is an architect's exact copy." It is reported to be the compact nerve centre of the Cargill empire—a world-wide network of buying, selling, transporting and processing grain. Cargill is one of the world's largest grain dealers and is one of the largest privately owned companies in any business anywhere.

The company has a staff of over twelve thousand, working in some 350 offices, plants, terminals and other facilities in all quarters of the world. Among other things, the company owns and operates one of the United States' largest fleets of tug-boats and barges on the inland waterways. It owns two large Great Lakes bulk cargo ships, two ocean-going cargo carriers and a fleet of small "bulklers" that sail European coastal waters. It rents a 115-car freight train to haul its grain throughout the year from its Illinois elevator to the Gulf coast.

Cargill's one hundred small company grain elevators feed into twelve large grain terminals located at strategic points.

It owns a salt mine in Louisiana and distributes its own salt through twenty terminals in the eastern two-thirds of the United States.

It is a large processor of oil seeds and operates a number of chemical plants that manufacture paints, resins, plastic coatings and fibregrass.

It also has thirty-five animal feed manufacturing plants in the United States plus an additional twenty in Europe, Latin America and Asia.

Its also raises breeding chickens, ducks and turkeys. It owns a fishing fleet in Peru whose catches are processed by Cargill for animal feed, a kopra processing plant in San Francisco to make coconut, and it even operates a fast-food restaurant in Antwerp, Holland.

At its experimental farms in Fort Collins, Colorado, Cargill is developing a hybrid wheat strain. It has already develop-

ed a hybrid sunflower seed and in 1972 had 100,000 acres in the upper mid-western states under contract production with farmers.

All this was reported in 1972 but since Cargill is a private grain company founded in 1865 by W. W. Cargill at Conover, Iowa, its financial fortunes are obscured from public view. All that is known is that in 1969 the Harvard Business School presented an award to Cargill for its acumen—but insisted that the company first produce some figures. Cargill's chairman, Irwin E. Kelm, reported that from 1965 to 1969, net profits averaged more than \$14 million. It has been estimated that this profit was generated from \$2 billion in sales. No figures have been released since that time.

Less well known in Canada, Cargill's has only recently become active in the purchase of oilseeds in the prairie region; but through its March 28 announcement of the purchase of National Agriservices Limited, a subsidiary of the Peavey Corporation of Minneapolis, Cargill has served notice of its intent to aggressively enter the grain market of western Canada.

This recent acquisition will add 286 country elevators owned by National in the four western provinces plus a terminal at Thunder Bay to the grain handling facilities now operated by Cargill at Moose Jaw, Saskatoon, Melfort and North Battleford in Saskatchewan, plus its operation at Calgary, Alberta. In addition to the country elevators, Cargill will operate the feed outlets purchased from National in the four western provinces and a breeding hog facility at Mount Lehman, B.C.

It seems reasonable to assume that Cargill's action was encouraged by the defeat of the rapeseed poll conducted among prairie growers this past winter. Following the results, in which farmers rejected orderly marketing of rapeseed under the control of the Canadian Wheat Board, the president of Cargill Grain Canada Limited, Mr. Roger Murray, was quoted in the Financial Post of January 26 as stating: "The private trade has taken considerable heart from the result."

Mr. Murray was reported to have seen the rapeseed poll as Round 1 in the private trade's come-back battle. Round 2, he said,

would involve the still-unresolved question of whether feed grains will remain under Canadian Wheat Board control for inter-provincial marketing or whether the private trade would be given a piece of that action.

Cargill is currently conducting an aggressive campaign on the prairies to sign farmers under contract for the production of yellow mustard, flax, rapeseed and sunflower. It has introduced a new innovation in contracting by setting floor prices under its contract and offering to pay farmers who contract the market price for the product whenever they sell should it be higher than the guaranteed floor.

Because Cargill is such a large factor in the world trade in oilseeds, it is quite apparent that it places much greater priority on the control of the commodity than it does on prices over which it would, in any event, have considerable influence because of its widespread involvement in markets throughout the world.

Indeed, a United States Federal Appeals Court in December of 1971 turned down Cargill's appeal of an Agriculture Department order charging them with manipulating wheat futures prices in May of 1963.

In its judgment the court said the price of the May, 1963, wheat futures in the last two days of trading rose a record 18 5/8c and concluded the future price was artificially high and didn't reflect basic supply and demand factors for cash wheat. In calling the squeeze "intentional" the court remarked that Cargill was no novice in futures trading and knew of market conditions which caused a squeeze. It owned practically all the wheat available for delivery on the May future.

This, in part, is the background of the corporate citizen who will now increasingly grace us with its presence in the prairie grain trade.

The same system of grain trading used by Cargill in 1963 to price manipulate in the U.S. exists in Canada. Contracting of production by farmers simply makes it that much easier to control supply and consequently the price. It is one step closer to corporate domination and control of agricultural resources.

Reprinted from April 1974 Edition of "Union Farmer".



SECOND SESSION—TWENTY-NINTH PARLIAMENT

1974

THE SENATE OF CANADA

PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON

AGRICULTURE

The Honourable HAZEN ARGUE, *Chairman*

Issue No. 6

WEDNESDAY, APRIL 24, 1974

Second Proceedings on Bill S-2,
intituled:

“An Act to amend the Animal Contagious Diseases Act”

(Witnesses:—See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON AGRICULTURE

The Hon. Hazen Argue, *Chairman*

The Hon. Hervé J. Michaud, *Deputy Chairman*

The Honourable Senators:

- | | |
|--|----------|
| Argue | McGrand |
| Benidickson | McNamara |
| Côté | Michaud |
| *Flynn | Molgat |
| Fournier (<i>Restigouche-Gloucester</i>) | Norrie |
| Haig | Petten |
| Hays | Phillips |
| Inman | Sparrow |
| Lafond | Welch |
| *Martin | Williams |
| McElman | Zuzyk |

**Ex officio members*

20 MEMBERS

(Quorum 5)

The Sun Never Sets on

The Standing Senate Committee on Agriculture

WEDNESDAY, APRIL 24, 1974

Second Proceedings on Bill S-22

Witnesses: See Minutes of Proceedings

Minutes of Proceedings

Wednesday, April 24, 1974.

Pursuant to adjournment and notice, the Standing Senate Committee on Agriculture met this day at 3.00 p.m. to consider Bill S-2, intituled: "An Act to amend the Animal Contagious Diseases Act".

Present: The Honourable Senators Argue (*Chairman*), Fournier (*Restigouche-Gloucester*), Inman, Lafond, McElman, McGrand, McNamara, Norrie and Yuzyk. (9)

Also present but not of the Committee: The Honourable Senator Greene. (1)

The following witnesses were heard.

Canadian Cattlemen's Association:

Mr. Charles Gracey, Manager.

Canadian Federation of Agriculture:

Mr. Charles Munro, President.

Canadian Pacific Railway:

Mr. Don Locke, Marketing Analyst.

Mr. D. S. Collings, Director, Transportation projects.

W. D. Brent Manufacturing Ltd.:

Mr. W. D. Brent, President.

In attendance: Officials of the Departments of Agriculture, the Ministry of Transport and Mr. Bill Hamilton, Associate Executive Secretary of the Canadian Federation of Agriculture.

At 4.45 p.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Mrs. Aline Pritchard,
Clerk of the Committee.

The Standing Senate Committee on Agriculture

Evidence

Ottawa, Wednesday, April 24, 1974.

The Standing Senate Committee on Agriculture, to which was referred Bill S-2, to amend the Animal Contagious Diseases Act, met this day at 3 p.m. to give further consideration to the bill.

Senator Hazen Argue (*Chairman*) in the Chair.

The Chairman: Honourable senators, we have a lot of work to do and many witnesses.

Today we have with us Senator Joe Greene, a former Minister of Agriculture. We are very lucky to have you with us today, Senator Greene, and we certainly welcome you here. I do not know why you did not put your name in to be a member of our committee, but it is our practice that all senators are invited to attend all committee meetings, and they have a right and, indeed, are asked to participate. So we are delighted to have Senator Greene with us today.

Senator Greene: On a point of privilege, Mr. Chairman, I would like to answer that question while it is fresh in my mind. They told me that I was so junior I had to go where I was pushed, not where I chose.

The Chairman: You have not changed, Joe.

We have four organizations represented here today: the Canadian Cattlemen's Association; the Canadian Federation of Agriculture; a joint brief from the CNR and CPR; and W. D. Brent Manufacturing Ltd., represented by Mr. Don Brent, its President.

If you are agreeable, first we will hear Mr. Gracey of the Canadian Cattlemen's Association; and then Mr. Munro, the President, and Mr. Hamilton, the Associate Executive Secretary, of the Canadian Federation of Agriculture. Then we will take questions on their two briefs, since they are agricultural organizations. Following that we can hear the submissions of the other two organizations and then have general questions.

So, without further ado, I would ask Mr. Charles Gracey, the Manager of the Canadian Cattlemen's Association, to speak to us, and then Mr. Charles Munro, President of the Canadian Federation of Agriculture, and Mr. Bill Hamilton, its Associate Executive Secretary.

Mr. Charles Gracey, Manager, Canadian Cattlemen's Association: Honourable senators, we appreciate the opportunity to be here. We believe very much in the principle of preparing briefs and bringing them to you in the two official languages. We have had only a short time in which to prepare the brief, and not only did we only prepare it in English but you will also notice a few spelling mistakes as well. However, it is a pleasure to be here.

I do not know if you want me to read the brief, Mr. Chairman, or just to touch on its highlights. It is quite a brief statement, and it does summarize our views.

The Chairman: I would say, summarize it as briefly as you can, but do an adequate job so that we have a picture of what you are trying to put before us.

Mr. Gracey: Very well. Our response will be brief, for the simple reason that we wholeheartedly support much of the intent of this necessary legislation. More specifically, our group is concerned with sections 31 and 32 of the act, which deal primarily with the transportation of livestock. This is not to say that we are not interested in the rest of the act, but the time has been too short for us to digest fully all the rest of the act, and we want to address ourselves today primarily to the transportation question.

Before getting into specific points, we want to take this opportunity to thank the Senate and this committee for the initiative you have shown in drafting this bill. For the past four or five years we have sought to have the legislation pertaining to the transportation of livestock transferred from the Criminal Code, section 404, altered significantly, and re-introduced in a more appropriate form under the Minister of Agriculture. We believe the transfer of this legislative authority to the Animal Contagious Diseases Act is a progressive step.

Honourable senators may also be aware of the encouraging degree of agreement that has been reached between the Canadian Federation of Humane Societies, the beef producers as represented by our Association, and the Ontario Beef Improvement Association, and the two major railways, on the need for new and more appropriate legislation to govern the transportation of livestock. We appeared before the Minister of Transport in this connection.

Now, getting into specifics, it is noted that sections 31 and 32 of the draft bill are somewhat general in nature, leading to the conclusion that the more definitive requirements will appear in regulation form. We will thus be vitally interested in the development of these regulations. We are hopeful that these regulations will be firm enough to require the safe and humane transportation of livestock, and practical enough to permit maximum efficiency and speed in livestock movement. We reiterate a position stated within our earlier brief that minimum total elapsed time in transit is one of the most important considerations to the well being of livestock in transit.

Naturally, while we support the obvious intent of sections 31 and 32, we cannot state unconditional support for the various clauses, in ignorance of the regulations alluded to but not stated.

To get down to specifics, I refer first to section 32 (a), which refers to preloading examination. We would like to point out that cattle presently originate from more than 150 points in western Canada and anything more than random inspections would be quite impractical. Random or spot checks may be quite appropriate so that Health of Animals officials may be satisfied that animals are being loaded in good condition and, if not, so that corrective action can be taken.

Just a footnote to elaborate on that. We would also like to emphasize the fact that livestock receivers are very conscious of loading animals in safe condition. There are no economies in shipping animals that are not in good condition.

I now refer to section 32 (b). This is in respect of prohibiting the transport of animals affected with or suffering from an infectious or contagious disease.

We support this. We just wonder if grammatically the words should be "infected with" rather than "affected with," but we naturally offer full support for the intent of this clause.

I now come to section 32 (c), which is an important one. It has to do with area allocation. It says:

(c) establishing the area to be allocated to each animal being transported in relation to the mode of conveyance;

Area per animal is important but it is difficult to define, in view of the varying sizes and weights of animals. For our part, we have long advocated the principle of "safe loading levels" for various sizes of cattle, and we trust that this principle may be embodied in subsequent regulations. Also, while we do not anticipate problems, we would point out that air space, may be just as critical as floor area. This becomes critical if decks are too low. We have previously expressed views about minimum height of decks in stock cars, and the railways have co-operated with us to pretty well standardize the height of decks; but the only point we are making here is that if we are going to talk about area per animal it will have to be broken down into various sizes and weights of animals.

I now turn to section 32 (d). The principle of segregating livestock as to class, age and sex should not be too rigorous. Obviously, bulls should not travel loose with females but, beyond that consideration, size and weight would be the major consideration. For example, there is no hazard in moving heifers and steers in the same car provided weights are uniform. While this is not a common practice, we urge that this type of movement should not be arbitrarily restricted in that section.

I now turn to section 32 (e) (i) and (ii), dealing with disinfecting and maintaining facilities. Again, pending the specific regulations, we are in full support of the principle of these requirements.

Next is section 32(f), standards of care. Again, we believe that standards of care should be stated in regulation form and understood by all parties. It is important that the regulations in this respect be as practical as possible, and that the views of livestock shippers and receivers be considered prior to the finalization of regulations.

Quite an important point is section 32 (g), dealing with the maximum number of hours in transit. Just as a footnote, I might comment that the present section 404 of the Criminal Code establishes 36 hours as the maximum time in transit that animals may be loaded in a car without being off-loaded for rest, feed and water. We were most concerned about this clause. One of the conclusions both cattlemen and officers of the humane movement have reached is that a declaration of maximum hours in transit may not be the best way to assure the safety and humane treatment of livestock. This matter has been the subject of intensive investigation, and the evidence available fails to shed light upon the question. In addition, there are wide variances as between cattle, which are ruminants, and hogs, which are non-ruminants, in their ability to withstand extended periods in transit.

We are concerned that if any time is stated, especially if it is a long period of, say, 50 hours, this single consideration may become the only criterion whereby compliance with the law is judged. The emphasis thus shifts from one of humane transportation to one of compliance, and is not in the interests of the stock. This was certainly the case under the 36-hour provision, where the emphasis was on compliance with the 36 hours and not on the humane treatment of the stock.

If, on the other hand, the figure is set too low, as it was in the Criminal Code—that is, 36 hours—unnecessary and inhumane delays were forced in order to comply with the law.

Experiments have been conducted whereby newly weaned calves were stressed for up to four days by withdrawing all feed and water, that is, fasting, and crowding into a truck which moved over unimproved roads for the duration—that is, four days and nights—without rest, food or water. This rigorous treatment was found to have no measurable effect on the performance of the calves during the growing period. Such treatment, which covered an elapsed time of up to 96 hours, is far more rigorous than may be expected in the transportation of cattle in Canada by rail. We therefore question, not the intent but the benefit of such requirement. In other words, we are opposed to stated maximum hours.

Section 32 (h), minimum hours for rest, feed and water. Once off-loaded, cattle should have adequate time to consume feed and water, and we believe the present requirement of five hours is adequate.

Section 32(i), construction standards. As long as the operative principle of this clause is the safe and humane treatment of livestock, we agree in principle. However, we would oppose arbitrary standards which impose uniformity but which cannot be shown to be essential to the safe, humane handling of livestock.

In conclusion on these points, Mr. Chairman, implicit in our general support for these sections of the act is our desire to be given full opportunity by the appropriate authorities to be consulted during the development of the necessary regulations pursuant to this act.

Livestock people have practical experience, as do the railway people who transport the cattle, and we are very concerned. Perhaps our main point is that we would like to have input into this construction, or at least consultation, as the regulations are prepared.

Briefly, some other matters in conclusion. We have not had time to study the other sections of the act with great care, but we would like to make some observations. In general, we strongly endorse the strengthening of many sections of the act, so our observations are really suggested refinements.

In regard to clause 3(2) and (3), we would prefer that the term "flesh" be deleted from subsection (2) and be replaced in subsection (3) by the term "meat" of "flesh." Our view is that meat should be regarded as a livestock product rather than as a byproduct. We recognize that the distinction between the two subsections is that by-products generally are obtained only through the process of slaughter—wool is an anomaly in this respect—while products are obtained from living animals.

However, we consider meat to be a principal product of animals and would prefer the suggested alteration. The same should apply to wool, wool being a livestock product and not a byproduct, in our view.

A question perhaps for other people to respond to is with regard to clause 3(9). Should not railway cars be added to this definition of a vehicle? Section 31 refers to railway cars and vehicles, but we do not understand why a railway car is not included in clause 3(9). There may be a simple explanation.

Section 14(1). It appears to us peculiar that an appeal under this act must be brought to the assessor appointed under Part II of the Pesticide Residue Compensation Act. It appears to us that the majority of appeals which would come under this act may have nothing to do with pesticide residues and that therefore a more general appeal procedure should be provided. Again, perhaps it is our lack of understanding.

Sections 37 and 38. We question whether or not these sections are strong enough. We fully endorse the intent of the act to eliminate or regularly reduce the incidence of infectious, contagious, and especially reportable diseases. That being the case, we propose that persons who knowingly violate the provisions of sections 37 and 38 should forfeit their right to compensation, where compensation is applicable. I question whether that is strongly-enough stated.

Mr. Chairman, we respectfully submit these brief views for your consideration. Again, we commend the Senate for pressing forward with a bill which, while not of great public interest, is nonetheless of great importance and significance to the livestock industry. We remain concerned about other parts of the act, but our principal recommendation, in addition to what we have said here, is that the industry really wants to have input into construction of the regulations pursuant to this act.

The Chairman: Thank you.

Mr. Munro, we will now hear your brief.

Mr. C. G. Munro, President, Canadian Federation of Agriculture: Honourable senators, we are happy to have the opportunity, on behalf of the Canadian Federation of Agriculture, to appear before you on these amendments to the Animal Contagious Diseases Act. I would like to say, as did Mr. Gracey, that we are sorry we did not have time to have this brief translated into the French language.

I would like, with your permission Mr. Chairman, to suggest that I read this brief. It is not very long.

The Chairman: Please do so.

Mr. Munro: The Canadian Federation of Agriculture appreciates this opportunity to appear before this committee to comment on the Animal Contagious Diseases Act generally, and particularly on Bill S-2 which proposes some amendments to the act.

The Canadian livestock industry, in particular, and Canadian agriculture, in general, have been and are well served by the high standards of health maintained in our livestock population by the requirements of, and the rigorous administration of, the Animal Contagious Diseases Act, and no effort should be spared to maintain and, if necessary, improve the protection it provides. The Canadian livestock population is, we believe, one of the healthiest in the world—a situation which has been of inestimable value to Canadian producers and consumers in terms of the provision of a continuous supply of meat and meat products from healthy animals. In addition to the significant value which this is to the domestic meat market, it also has afforded the opportunity for Canadian livestock and livestock production to find expanded export markets for both meat and seedstock. These high standards of health are obviously in the interests of the whole of Canadian society, and society as a whole must recognize and support the maintenance of the kind of health requirements and standards which are necessary to ensure maintaining the position which the industry has developed.

We note with approval the proposed amendments regarding the transportation of livestock, particularly the amendments included in section 35 through 41, which would tighten up procedures to ensure control when animals and/or carcasses are, or might have been, exposed to reportable diseases.

We note too that sections 31 to 35 further provide for dealing in this act with a number of matters about transporting livestock which have previously been covered in the Criminal Code, and we support the inclusion of them in this act. We concur with the general direction of these sections regarding the transportation of livestock. However, we would note that the actual regulations to be developed and used for application of the legislation will be all important on such points as the number of hours such animals may be in transit without being let off for food and water, the segregation of sexes, space per individual, and so on.

In order that there may be regular opportunity for producers' input into the regulations, we recommend that the legislation should provide for the setting up of a consultative committee which would include producers and any other interested groups to review the regulations periodically and thus ensure that the interests of all concerned were continuously represented in the regulations.

For the most part, the other proposed amendments are in the direction of extending surveillance and mechanisms to keep reportable contagious diseases in check, and, as indicated, we support such further elaboration and enunciation of the general intent of the legislation.

Our specific concerns about the proposed amendments have to do with compensation when animals are directed

to be destroyed. We would underscore again our support for the general intent of the legislation and the rigorous administration of it. However, it is our view that, when a decision has been made by officials of the Health of Animals Branch that animals should be destroyed for the protection of the livestock industry and Canadians generally, the cost should be borne by the society as a whole and, correspondingly, the compensation should be such that the producer does not alone have to bear the burden of loss.

Looking, first of all, at the amendment to section 10, wherein it is directed that a producer would forfeit his claim to compensation in the circumstances where an animal had to be destroyed if he had failed "on perceiving the appearance of any reportable disease" to so advise the minister, we believe this is a rather harsh penalty to lay against producers. We submit that the average producer cannot, and certainly should not, be expected to have the ability to diagnose, on sight, all of the reportable diseases defined in the act and to be penalized the extent of compensation if the animals have to be destroyed because of not reporting such diseases on their appearance. We believe that is unrealistic. We appreciate the intent of assuring openness of information regarding the possibilities of contagious diseases being found, but in our view the legislation at present is unrealistic and should be modified.

Regarding compensation when it has been directed that animals be destroyed, the act provides that "excepting for cases involving Brucellosis, Tuberculosis and Johnes disease," which would be dealt with under area or herd eradication programs, the compensation is the market value of the animal immediately before it was destroyed. To the extent that the market value can be realistically appraised when the animal is dead, we would agree that market value would be an acceptable value. It does fail, however, to recognize that value depends on the relative appraisal of the animal in terms of an operator's own program and the potential of the market. Nonetheless, if our understanding is correct that it would be the market value of the animal for either production or for meat, the "market" value would appear acceptable.

With regard to compensation for animals which have been destroyed as part of an eradication program—that is, Brucellosis, Tuberculosis, or Johnes disease—the compensation is paid on the basis of "maximum amounts as may be prescribed by the Governor-in-Council for purebred and grade animals". If the carcass is saleable, the producer receives the salvage value; if the carcass is unsaleable, the producer receives the additional value equivalent to the market value that carcass would have had on that day.

The current compensation prescribed in the regulations is \$300 per purebred and \$150 for grade animal. It is compensation for animals which are destroyed in Brucellosis eradication programs with which producers have had the most experience, and it is out of this experience that the bulk of the complaints arise regarding the adequacy of compensation. A \$300 compensation for a high quality dairy or beef cow is utterly unrealistic. Equally, or even more unrealistic, would be the compensation of \$150 for a high producing grade dairy cow, or a grade crossbred beef cow carrying a major proportion of breed-

ing from one of the recently imported exotic breeds. In these cases the value is the value of the carcass which, together with the regulated amount of compensation, represents the total compensation. This could conceivably be less than "market" value for animals destroyed for other reportable diseases. If our interpretation is correct, this is an inequitable situation which should be rectified.

We propose that instead of maximum flat amounts for purebreds or grades, the legislation should provide for compensation which would be the "replacement" value. Replacement value would recognize the differentials of age, the quality of the animals, and their likely usefulness in the producer's operation. Such a procedure would also recognize the cost involved in importing new breeds of animals, as well as the crossbreeding programs which are currently a large part of the beef industry, involving both traditional beef cows and dairy stock. In short, we believe that there has to be more flexibility, range and realism to the levels of compensation.

Again, we propose that the act should provide for a mechanism to provide for producer participation on updating the regulations in conformance with developments in the industry.

Another element of the provision of compensation if an entire herd is wiped out is taxation, and although it is not part of the legislation at hand, we draw it to the committee's attention. It is our understanding that compensation received in a given year is fully taxable in that year. The Federation would suggest that where compensation is paid there should be no taxation of the proceeds until such time as the producer has a reasonable chance of reconstituting his operation with a clean health slate and/or has the opportunity to restock the herd. In other words, there should be provision for roll-over of receipts without attracting taxation so long as the receipts are invested in another livestock operation within a prescribed period of time.

Accompanying me this afternoon, Mr. Chairman, is Mr. Hamilton, Associate Executive Secretary of the Canadian Federation of Agriculture. Mr. Hamilton has done a good deal of work on this brief. Again, we thank you for giving us this opportunity to appear before your committee.

The Chairman: Thank you, Mr. Munro.

Honourable senators, we have heard two excellent briefs. I am wondering, first, whether one of the representatives from the department would care to enlighten us on what kind of consultation there may be with organizations prior to and during the formulation or regulations.

Dr. A. E. Lewis, Health of Animals Branch, Canada Department of Agriculture: It is our intention to meet with interested parties, for example, in animal transportation, Mr. Chairman, and have a full and consultative discussion on the proposed regulations.

The Chairman: Would you care to make any comment on the suggested setting up of a consultative committee that might be available to consult with interested parties from time to time?

Dr. Lewis: I do not think I can make any comment on the consultative committee at this time, Mr. Chairman.

The Chairman: Very well. I believe Senator Greene has a question.

Senator Greene: I have a question for Mr. Munro, Mr. Chairman. Although I prepared the question very carefully, Mr. Chairman, I hesitate to ask it because I thought perhaps Mr. Munro was representing the horse-racing interests when I first saw him today in his new jacket. I trust my question is not addressed in the wrong direction.

Having prefaced my question in that way, Mr. Munro, I should like to know whether you can give us some idea of the percentage increase in costs which may accrue as a result of the new standards proposed in this bill. Clearly, this is a "motherhood" bill; everyone is in favour of the principle. However, whether the increased costs are borne by the public treasury or by the producers themselves, they will ultimately be borne by the consumer, and I should like to know whether, without having seen the regulations, the Federation is able to assess a percentage increase in costs in transportation which will result from the provisions of this bill?

Mr. Munro: I think perhaps Mr. Hamilton should answer that question, Mr. Chairman. However, I should just like to say that insofar as Brucellosis and Tuberculosis are concerned—and I defer to the gentleman from the department for a correct answer—I understand that the eradication program has been primarily completed in Canada for some time now and we are now on a maintenance program in the area of Brucellosis and Tuberculosis. In a maintenance program it becomes a matter of catching up to any incidence of the disease that does arise. In those areas I would not suspect that the increased costs would be great. We are now over the high cost area, really, and the producers have borne a good deal of the expense.

Again, bearing in mind that this affords protection to the Canadian consumer, we do not feel badly about asking for additional funds that may come from the federal treasury.

Perhaps Mr. Hamilton can develop that further. Whether he has given any thought to the additional costs, I do not know.

Mr. W. Hamilton, Associate Executive Secretary, Canadian Federation of Agriculture: Mr. Chairman, as I understand Senator Greene's question, it is whether we can tell him what the increased costs will be without knowing what the regulations are. I have no way of knowing, Mr. Chairman. I have not considered it.

The Chairman: Can anybody enlighten us on that?

Dr. Lewis: I am afraid I do not have any information on that point, either.

Mr. Gracey: May I ask, was the question on increased costs of transportation, or the health control aspects?

Senator Greene: I think it was with regard to transportation in particular.

Mr. Gracey: There should be, under these provisions, no increased costs in transportation other than if the railway decides to increase its rates; but sections 31 and

32 of the act deal only with transportation, and the provisions of this act covering transportation should not increase the cost in any way, because for the last two or three years we have been observing safe loading levels, cattle have been moving non-stop and exceeding the 36-hour provision under the Criminal Code. There should be no change in that respect.

Dr. R. J. McClenaghan, Health of Animals Branch, Canada Department of Agriculture: Mr. Chairman, I do not want to try to pose questions, but I think one of the questions that was raised was that it was felt by one of the persons presenting a brief that it was unrealistic to ask a farmer to report diseases. Now, there is a very good purpose behind this requirement, and I know that I have some legal people in the audience, and it is only when a person knows that an animal is suffering from a reportable disease, and fails to report it or perhaps sends it to market, that this arises.

You can see that if there were no penalty this one man could cause undue hardship to many, many livestock people. As an example, not so long ago we had an outbreak of hog cholera here in Ontario, and a man knew he had sick hogs, but he shipped them to a community auction and, as a result, in our tracing procedures we found that pigs from this original sale went through 44 different changes in ownership, and six community auctions. They travelled from eastern Ontario to Stouffville. We were not in a position, really, to do anything to this man, and this is why we want some authority to deal with it—probably not harshly, but knowing that he is breaking the law, he may not be inclined to do so.

In addition to that, if the man does not know that his animal is sick, then he cannot be charged; but if he has a sick animal, it would appear to be logical that he would call in a veterinarian, and then the onus of the diagnosis of the disease falls upon the veterinarian, who in turn is responsible for reporting, and it is only when there is a failure on the part of these people that the minister may withhold compensation.

I do not want to take up your time, Mr. Chairman, but I did want to mention two or three points in regard to section 32, to allay some of the fears that appear to be giving some concern to those who presented a brief.

Inspection of livestock is not mandatory in every case, but we will do spot checking, as has been indicated by one of the speakers.

Then there is the establishment of areas to be allocated to each animal being transported. We do not intend to make use of square feet as being an area, but you will be interested to know that we already have given some serious thought to the standards which the Canadian Cattlemen's Association have already drawn up for various ages of animals. Another one is a standard established by the Hartford Livestock Insurance Company, and in discussing this matter with shippers they generally felt that these were reasonable standards.

Then, I think, the one other point requiring livestock to be segregated during transport according to class, age and sex, meant that you could not put calves in a railroad car with horned, mature cattle because they would be hurt, and this is a standard requirement even in the

Criminal Code as it presently exists. Of course, there would be no thought of segregating steers and heifers.

The other point was, the feeding and watering requirements. I think this will be discussed when we meet together to draft the final regulations. We had thought, based on some experimental studies last fall, that it was quite humane and safe to transport livestock from Winnipeg to Toronto. We were toying with a 48-hour in transit movement. Unfortunately, we have found that in some cases cattle have been on railroad cars for as long as 96 hours from Winnipeg to Toronto because priority trains had the right of way and the cattle were placed on sidings. Therefore, we thought that some consideration should be given to maximum hours, and that perhaps a clause could be added that even if 48 hours had elapsed, if the shipment could arrive at destination within six hours from that time, then this would be acceptable; but there should be feeding and watering facilities at least at Winnipeg and at Toronto, and that would be where most of our inspections would be done.

I am very sorry to have taken up so much of your time, but I thought that it would be wrong to let you go away from this hearing without giving you some assurance that there would be good common sense, we hope, written into the regulations; and, as Dr. Lewis mentioned earlier, there will be consultations and the regulations will be reasonable for all the parties involved.

The Chairman: Thank you very much. Does anybody at the table want to make a response to that?

Mr. Hamilton: Mr. Chairman, and Dr. McClenaghan, I think we would concur with that. We do not profess to be lawyers, or to be able to interpret the language of the law necessarily in the same way that everybody else will; but I think we would agree with you that if a producer knowingly has contagious diseases among his animals, the law should ensure that they cannot be peddled around, as you suggest. I think we agree with that wholeheartedly. That is why we suggested that the language that is here does not necessarily say that, and in fact we quote what it does say, and that is that you shall perceive the appearance of a reportable disease. It does not say what the penalty should be if you do not perceive it, and we leave it with you, Mr. Chairman. The point has been registered. We agree with the intent, certainly, as it has been expressed, but we are not sure that those words say it. They did not say it to us.

The Chairman: The Justice Department might look at that again.

Senator Inman: Mr. Gracey, what percentage of unhealthy animals do you find are transported in public vehicles during each season, and is there not an inspection by a professional veterinarian before animals are transported in public vehicles?

Mr. Gracey: To answer the question properly, I think I would have to speak about the various species. The species we are most interested in is, of course, all forms of cattle, especially feeder cattle, which is the heavy movement in the fall of the year. The safeguard that exists is an economic safeguard. It is the economic persuasion on the buyer that he buy and ship and receive healthy cattle.

With regard to death loss, the railway people can tell us—and I did not bring the figures with me—but the death loss in transit is less than half of one per cent, so that, yes, there is inspection; but not always at origin, for the simple reason that there are 150 originating points in western Canada. There are Health of Animals officers at the main gathering yards, particularly Winnipeg and Toronto, and they could explain it better than myself, but they not only inspect, they have authority to take action. The Humane Society, I believe, as well, has some authority in this area, but as far as inspection at origin, it can only ever be a spot check measure. However, the safeguard that exists for the cattle is the sheer selfish instinct of me, the shipper, to make sure I am buying and shipping healthy cattle, and to make sure that they are arriving healthy, so as to make money for me.

Senator McGrand: You mentioned priority on the railway. I would think that cattle would be considered a perishable product, and that they would have rather a high priority on the railroad, as compared with iron ore or most other things—grain, and so on—that are being shipped. Is there a priority?

Dr. McClenaghan: Perhaps I used the wrong term when I said "priority." At least these cars are put on sidings. I do not know why they are put there.

Senator McGrand: That is what I mean. Is there not something riding on the value of the freight? Perishable freight?

Dr. McClenaghan: I think perhaps the representative of the railroad people could explain.

Mr. D. S. Collings, Director, Transportation Projects, Canadian Pacific Railway: You are quite correct. Livestock is a high priority commodity and there are no circumstances where a train handling livestock would be put on to a siding for any other thing to go by. The only time a train carrying livestock would go to a siding is when trains have to meet. If it is on a single track, they meet, but there is no way that a train carrying livestock would take second place to any other freight train. I do not understand the remark about the 96 hours. I would like to know more about it.

Senator McGrand: You said that experiments had been conducted whereby newly-weaned calves were stressed for up to four days by withdrawing all feed and water. They were then shipped on unimproved roads, but showed no ill effects. When were these experiments carried out, and by whom?

Mr. Gracey: We are prepared to table the reports. Let me explain firstly that the four-day stress was the shipping period. These calves were taken from their mothers, loaded on trucks and driven around unimproved roads for up to 96 hours. It seems a cruel experiment, but the people who did it were watching the cattle consistently to ensure there was no undue hazard to them.

This was an experiment conducted by Dr. Bruce Young of the University of Alberta Physiology Department for the Department of Justice in the preparatory work leading up to our argument that it should come out of the Criminal Code and be transferred to Agriculture.

Dr. Young, as well as another veterinarian, from Saskatchewan, Mr. Frank Lowe, were retained by the Department of Justice to advise them. This was one of the pieces of research that Dr. Young did and presented to the meeting of the Humane Society and ourselves last fall. I have quoted from his conclusions. I perhaps should have brought the whole study, but it is available to you, sir.

Senator Greene: Without judging the issue, may I ask whether the burden imposed by the new impetus in this bill will be conducive to the result of a greater proportion of cattle being fattened in the West than is presently the case, or will it have any effect on that question? There is certainly a dichotomy of which I have been made aware, that the Western producer should finish more in the West than is presently the case, and certainly the Eastern farmer who fattens the cattle would not agree with that. I do not think we should do by the back door what we are not doing by the front door. Will this bill be conducive to a greater proportion of cattle being fattened in the West than is presently the case?

Mr. Gracey: It should be completely neutral. The situation is that I work for an association that tries to represent the entire country, so we do not enter into the argument of whether or not the cattle should be fed in the West or East, except as economics dictate. At the present time we move about 350,000 to 400,000 feeder cattle from Western Canada, mostly into the feed lots of Ontario. This will expedite the movement of those calves, but it does nothing to frustrate the feeding of calves in the West. So it will be completely neutral in this effect. It will ensure more expeditious movement of those 400,000 feeder cattle that are coming East.

Mr. Munro: I would just like to say that I heartily agree with Mr. Gracey on this point.

Senator Greene: We are not stepping into a hornets' nest on that issue?

Mr. Gracey: No, not at all.

The Chairman: When you say you are not sure whether a particular clause in the bill means a certain thing, and perhaps there should be some other wording, I would suggest, from experience, that even though you are laymen it would be helpful to the committee if you could draw up in your own language what you think should be in the legislation. We could then take your ideas to the law officers of the Senate and the Department of Justice and put in correct form the ideas that you have. I do not think you should hesitate to draw up the kind of amendments you think should be in the legislation. Sometimes those amendments by a layman get into a bill exactly the same way they are drafted.

Mr. Gracey: I am sure the intent of the department is sincere in this respect, but I have had continuing difficulty with definitions. Section 37 of the act, which we support, states: "No person shall bring or attempt to bring into any market," et cetera, "any animal known by him to be infected with or suffering from infectious or contagious disease;" and then section 38 follows, which has to do with reporting.

If you look at the definitions section, "reportable diseases" is clearly defined. Infectious and contagious diseases are not defined. The intent of section 37 would say that I cannot sell without a licence an animal that is infected with an infectious or contagious disease. If I understand it right, foot rot is an example of an infectious disease. I am wondering about the three definitions infectious, contagious and reportable.

Dr. McClenaghan: Firstly, a reportable disease is one which causes serious economic loss to the livestock industry, such as foot-and-mouth disease, hog cholera, brucellosis, tuberculosis and a number of others. Infectious and contagious diseases are such things as ringworm, mange, scabies, animals suffering from shipping fever, and various other diseases.

We felt, in preparing this proposed draft to amend the act, that it was a wrong practice to bring animals suffering from an infectious disease, and in many provinces the provincial government maintain veterinary inspection of livestock markets. But some provinces do not have as sophisticated a program as others.

This was the purpose, that you should not bring sick animals to the market because the disease could then be spread to other animals at the market and someone might unwittingly purchase an animal, healthy at the time of purchase, but which had been exposed to an infectious or contagious disease in the market, in the ring, or in the pen where it was kept. Does that answer the question?

Mr. Gracey: We supported the waiving of the right to compensation if someone unknowingly markets an animal that has a reportable disease. Presumably, it is unlawful in your interpretation to take to market an animal infected with an infectious disease even though it is not serious enough to be called reportable. But the question does not arise anyway. The definition of infectious and contagious disease should be more complete. On page 2 it is not a definition, but simply says:

"infectious or contagious disease" includes, in addition to other diseases generally recognized as infectious or contagious diseases, reportable diseases;"

That is where I am hung up.

Dr. McClenaghan: As you know, the proposed amendment to the act takes only certain sections that are to be amended, and the balance of the information already exists in the old act. So the bill here is not a complete amendment to the whole act.

In the past every owner was required to report any infectious or contagious disease, and it was then considered the responsibility of the regulatory officials, the Health of Animals Branch in this instance, to decide whether or not any action should be taken. It was felt that this approach was rather unrealistic. One would not expect a livestock owner to report foot rot. So we felt that if we were to reduce the number of diseases where there was compulsory reporting, it would make it much easier for both the livestock owner and the practising veterinarian.

I suggest that at the majority of livestock auctions and markets all animals are inspected and any animal

suffering from an infectious or contagious disease considered by the inspector to be of sufficient importance is generally rejected and returned to the consignor.

Senator Lafond: Could Dr. McClenaghan give us the definition of infectious and contagious diseases as contained in the basic act, which I believe he has in his hand—if there is such a definition as opposed to enumeration?

Dr. McClenaghan: It says:

“infectious or contagious disease” includes, in addition to other diseases generally so designated, glanders, farcy, maladie du coit, pleuro-pneumonia, contagiosa, foot and mouth disease, rinderpest, anthrax, Texas fever, hog cholera, swine plague, mange, scab, rabies, tuberculosis, actinomycosis, and variola ovina.

“Contagious” disease means communicable by close contact from inoculation, and “infectious” means communicable by any manner.

I do not want to be critical of those sections, but some of the terminology goes back to 1884.

Senator Lafond: But they will still remain in the basic act and be effective unless otherwise amended by this bill?

Mr. Gracey: For the purposes of clarification, we are assuming that the definitions of all of the things we have talked about in connection with transportation relate also to truck transportation. Would this be the intent of the draft?

Dr. Lewis: Yes, that is the intent.

The Chairman: If there are no other questions, we will thank those who have given us their briefs. If you want to ask one another questions, feel free to do so. You are experts and sometimes an interchange between experts may be very helpful.

I now call upon Mr. Locke and Mr. Collings, of the railways, and Mr. Brent, of Brent Manufacturing.

Mr. Locke, Marketing Analyst, Canadian Pacific Railway, will present the brief on behalf of CN-CP.

Mr. D. F. Locke, Marketing Analyst, Canadian Pacific Railway: Mr. Chairman, our basic approach to Bill S-2 in the brief before you is an interdisciplinary approach. Mr. Collings, Mr. Rabin and myself collaborated in preparation of this brief. Mr. Collings is Director, Transportation Projects, CP Rail, and Mr. Rabin is a solicitor for Canadian National. On reading the brief it will be painfully evident that we had the input of a lawyer in its preparation.

At this point I would ask Mr. Collings to make the presentation.

Mr. Collings: Honourable senators, we are certainly appreciative of the opportunity of appearing before the committee this afternoon. Perhaps I could just read the brief.

Canadian National Railway Company and Canadian Pacific Limited are in basic agreement with the provisions of Bill S-2, to amend the Animal Contagious

Diseases Act and with the consequential amendments to the Criminal Code set out therein and support the desire of the government to reduce the incidence of disease and sickness in livestock and to promote the humane treatment of animals.

CN-CP are of the view that the objectives of the government in this area can best be met through regulations as opposed to criminal sanction, and that such regulations must be in accord with humanitarian practice, the requirements of the industry and the capabilities of the carriers.

It is the understanding of CN-CP that the carriers will be given full and adequate opportunity to present their views and recommendations as to the content of the regulations to be made under Bill S-2, in particular the regulations to be made under clause 32 of the bill dealing with the transportation of livestock, and that such views will be considered by the government prior to the drafting and passage of specific regulations. Accordingly, it is the intention of CN-CP at this stage simply to indicate its support of the objectives of Bill S-2, and to place before the government certain factual considerations which ought to be considered in the drafting of any legislation covering the transportation of livestock.

At present the transportation of cattle by rail is governed by sections 404 and 405 of the Criminal Code of Canada, being chapter C-34 RSC 1970, which provisions provide, *inter alia*, for what is known as the 36-hour rule, which means that cattle may not be confined in a railway car for more than 36 hours without unloading for rest, water and feeding for a period of at least 5 consecutive hours.

In practice, this requirement has necessitated transit times from Winnipeg to Toronto and Montreal of between 50 and 60 hours due to off-loading and reloading of cattle in Northern Ontario in order to comply with the 36-hour rule.

As can well be appreciated, such lengthy transit times result not only in inconvenience to the carriers and shippers, but in detriment to the health and well-being of the cattle.

As a result of discussions held in 1972 with Agriculture Canada, The Canadian Federation of Humane Societies, The Canadian Cattlemen's Association and The Ontario Beef Improvement Association, CN-CP agreed to implement, on an experimental basis, run-through schedules from Winnipeg to Toronto and Montreal without off-loading in transit. Such amended schedules resulted in substantially reduced transit times which, according to tests conducted by Drs. B. A. Young and F. M. Loew on behalf of the Department of Justice and monitored by The Canadian Cattlemen's Association and The Canadian Federation of Humane Societies, enabled the cattle to arrive in improved condition. In addition, by eliminating the mandatory rest and water stop in Northern Ontario, the carriers were able to avoid exposure of cattle to the extreme winter weather normally experienced in such areas.

The success of this operation is supported by the brief dated January 17, 1973, presented jointly to the Ministers of Justice and Agriculture by the Canadian Federation of Humane Societies, The Canadian Cattlemen's Associa-

tion and The Ontario Beef Improvement Association, which brief is entitled "Statement on Livestock Transportation."

CN-CP concur in the findings of the studies referred to in clause 3 hereof, and conclude that proper and humane treatment of animals is not solely a question of length of transit but encompasses many and diverse aspects such as quality of facilities, adequacy of inspection, proper loading practices, et cetera, which matters can best be covered by regulations which met the objectives of the legislation, the requirements of the industry and the capabilities of the carriers.

In conclusion, CN-CP support the objectives of the government in this regard, and look forward to the opportunity of making a suitable and more detailed submission to the Health of Animals Branch, Agriculture Canada, in reference to the content of the regulations to be made under Bill S-2.

The Chairman: Thank you, Mr. Collings. Are there any questions at this point?

Senator Norrie: If one has a complaint, does one require such proof as dates, witnesses, and so forth?

Mr. Collings: I do not think we require witnesses. In order to investigate a complaint we would certainly like to have dates and, if possible, car numbers. We would certainly entertain a general complaint and determine if anyone has knowledge of it.

Senator Norrie: I do not think there is enough co-operation in this regard. I had a personal experience of this type some six or seven years ago. I have forgotten the space of time involved, but time was not allowed to get the water tanks refilled. At that time I brought all of the quotations, and so forth, to Ottawa, but I heard nothing further about it. We did not have a leg to stand on. If anyone comes to me now with a similar complaint, I advise them to make sure they have their dates straight, witnesses, the hour, and everything else.

Mr. Collings: I do not think we need all of that, senator, but in order to investigate a complaint we would certainly like to have the date and the car number, if possible.

Senator Norrie: My goodness, we had all that.

Mr. Collings: I can only speak for CPR, but I am sure CN does the same.

Senator Norrie: This was CN.

Mr. Collings: I am sure that if you were to write to us we would certainly investigate it as fully as we could.

Senator Norrie: I am sure I could dig out the correspondence, but that is past history. I am just wondering what can be done in this regard in the future.

Mr. Collings: If you are made aware of any such instances, senator, we would certainly appreciate your passing on the information to us and we shall try to satisfy the individuals involved.

Mr. M. Rabin, Solicitor, Canadian National Railways: I can say the same for CN. It is simply a matter of having sufficient information as opposed to any lack of co-operation on our part. Assuming we have the proper information to make an adequate investigation, there should be no reason why these matters cannot be settled.

Mr. Collings: Perhaps I could give you a specific address to write to, senator.

Senator Norrie: Well, I am not really concerned about to whom one should write. What I am really interested in is how many witnesses and pertinent information one has to have in order to get satisfaction.

Mr. Collings: The more information we have about a complaint, senator, the more helpful it will be, but I do not think we need witnesses. Certainly, we would like to have the date, the train, the car number, and that type of thing, so that we can pinpoint the actual case that we are trying to investigate. I want to assure you that we do investigate these things thoroughly. We are as concerned as you are, or anyone who writes you, that these animals arrive in good condition.

The Chairman: Are there any other questions? Everybody seems interested mainly in the regulations that are going to be forthcoming, and I wonder over what period of time the department would expect to consider possible regulations. Over what period of time will there be consultation? Will there be some considerable period before the regulations are in fact promulgated?

Dr. Lewis: We have been giving consideration to the regulations, so that after the bill has been passed, and after it receives royal assent, which hopefully will happen, then it should not be more than a matter of months, of maybe even weeks, before we will have the regulations ready for discussion.

The Chairman: And supposing this bill were to become law in a month's time, when would you expect the regulations to be finalized?

Dr. Lewis: Well, in a month's time—this is into May. During the summer, or by September at the latest.

The Chairman: With time, anyway, for consideration. If there are no other questions at this time...

Mr. Gracey: Would a question be in order from me?

The Chairman: Very much so.

Mr. Gracey: A question occurred to me, and I do not know if I am out of order.

The Chairman: No; you are in order.

Mr. Gracey: We wonder about the fate of this bill, if it reaches a certain point, should the House of Commons rise.

The Chairman: If there is an election, say?

Mr. Gracey: Yes. We would like to see the regulations in place before the annual fall movement starts. If there is an election, would this sit where it is, or start all over again?

The Chairman: It would start all over again in the new Parliament. We would have the evidence here—that is public; but, in practice, if there is dissolution before there is royal assent, than it is just wiped out and you have to start all over again, brand new; but perhaps the work that has already been done would be helpful in speeding up the process.

Mr. Gracey: It concerns us, of course.

The Chairman: Yes; but we are hoping to have this through the Senate, I would say, early next week. That is our hope, anyway, and if they do not pull the plug over there, there should be ample time, I would hope, for it to become law.

Senator Greene: Mr. Chairman, I would like to address to Mr. Collings a question that I should have reserved for him, which I posed to an earlier witness. I think the brief is consonant with the earlier evidence that from a humane standpoint the bill does achieve objectives that appear to be the subject of agreement by everyone. From a transportation standpoint, can you help me with the question of costs? Do you see any area where achieving these objectives will appreciably add to our present transportation costs to do these things? Are we under the delusion that this can be achieved buckshee, or is it in fact going to cost more money, transportation wise, to do it?

Mr. Collings: I would think, in the over-all, senator, there would be savings. I think the claims would be down because the animals, first of all, would be getting better inspection at shipping points, and secondly, they would be arriving at destination in better condition. I think we will get better utilization out of our equipment, and this is one thing that interests us very much. We found in this experimental period that we were getting better use out of our equipment, which, in effect, protects the fleet, and enables it to make this big movement. I think last fall it went off very well, did it not, Charlie?

Mr. Gracey: Yes.

Mr. Collings: So I think there will be savings in the long run.

The Chairman: Any other questions?

Mr. Gracey: This means he is going to reduce his rates.

The Chairman: Well, that's great. It never happened before.

If there are no other questions, without closing off these witnesses, we will ask Mr. Brent for his presentation.

Mr. W. D. Brent, President, W. D. Brent Manufacturing Ltd.: Honourable senators, I am president of a company known as Brent Manufacturing Ltd., and we are located adjacent to Toronto International Airport, which, for our purposes of air freight is a very desirable location. We have developed over the years a container system for the transport of live animals in aircraft, principally charters, where you are involved in a whole aircraft

load. We have been involved mostly with Holstein dairy cattle, using the Douglas DC-8 and Boeing 707-320 freighters. These aircraft are similar in inside cubic dimensions, weight-lifting capacity and range, making them the most useful aircraft available for this type of trade. Each of these aircraft has a handling system, consisting of 13 pallets. These are approximately 7 feet by 10 feet. Our container system has been approved and used by the following airlines, and is patented in Canada and the United States. It is used almost exclusively by Air Canada, Air France, KLM, Pan Am and Lufthansa. In designing a container system, the following priorities must be taken into consideration:

1. The safety of the crew. It is important that the container be leakproof, so that any excrement cannot contaminate or corrode the aircraft. Pressurized aircraft can and have blown up from corrosion. We all know from a recent incident in France involving a DC-10 what can happen when an aircraft suddenly decompresses.

2. The safety and comfort of the animal must be taken into consideration. The animals must have sufficient floor space and height to travel comfortably.

3. The systems in the aircraft must be able to provide adequate heating, cooling and ventilation for the comfort of the animals. Air Canada provides additional fans in the aircraft for the movement of air.

4. Each container must contain an absorbent material to soak up excess urine. This material must be compatible with the animals. Pigs will inhale sawdust into their lungs. Calves will eat sawdust and wood chips, which can be fatal. Veterinarians should decide what materials are compatible with each type of animal.

Since our first flight of animals in 1967, we have modified and up-dated our containers, until we have a lightweight container which is disposable. The container weighs approximately 550 lbs. It costs \$220 and will contain up to 6,000 lbs. of live animals. As these containers are leakproof and disposable, when they leave the aircraft the aircraft is clean and ready to receive a return cargo. There is no cleaning of containers in foreign countries, where facilities may not be available, thus insuring that no contamination is going to be returned with the aircraft. The airlines like this system, as there is no tying up of the aircraft to clean or collapse the containers. Also, no room is needed on the aircraft to return empty containers. The pallet loading system of the aircraft is free and available to receive a back haul load, thus making the price of the charter more economical.

There are other systems in use in aircraft which do not require containers. These aircraft are fitted out similar to a barn, with stalls. These are generally made with aluminium tubing; some are satisfactory, some are not. This system is in use by several small airlines, but it has some disadvantages. The aircraft is very difficult to clean, and all absorbent materials and waterproof films, etc. must be removed and destroyed. Dr. Morrissey can perhaps make some comments about that; I think he is quite familiar with one airplane.

Some of these systems do not have FAA approval, and are being used. KLM had an experience of some animals being speared with aluminum tubes that came apart. There was another instance of pigs falling through an upper deck. Airlifting in the United States is now going

through the FAA approval process on one set of gates, as they are known in the trade.

Another disadvantage to this stall system is that there is no upward restraint on the animals in the event that they hit some type of a bump. As the aircraft is fitted out as a barn, it is not as useful for a return load as an aircraft with a pallet loading system. One aircraft came back from Czechoslovakia, I believe, loaded with shoes, where all the shoes had to be hand-loaded on to the aircraft and off again because they had no loading system.

We have found the lightweight disposable system to work the best, and the airlines mentioned above will use no other method.

Over the years we have moved thousands of animals by air in containers, and fatalities have been almost nil. On 24 flights of pigs by Air Canada to Cuba we moved 17,600 animals. The fatalities were 10 animals, of which we know some were killed on the ground in Cuba when a container was accidentally dropped. They tried to pick up a 5,000-ton container with a 3,000-ton fork truck. In my opinion the handling and flying of animals in Canada is handled in a humane way, causing a minimum of stress to the animals.

I would here like to make a comment on some sections of the act. Section 32 paragraph (c) establishes the area to be allocated to each animal being transported in relation to the mode of conveyance. We have a square foot formula, which works per 100 lbs. of animal. We get this formula from the United States Department of Agriculture. We use it as a guide only. They thought it was enforceable in their country, and did enforce it for years until they found out it applies only to other methods of transportation. When this legislation is being drafted, I hope that for aircraft a different square foot formula will be used. For instance, the thrust of take-off of a jet aircraft is somewhat different than with a train. The hours of exposure to these conditions are not as great. Therefore the animals can and must be packed closer together. In other words, there should be about as much room as you have in an economy seat!

The Chairman: That is torture!

Mr. Brent: It is very important that we do not get stuck with perhaps the square foot formula that is needed for a 36-hour train ride.

Paragraph (d) requires livestock to be segregated during transport according to class, age and sex. This rule would have to be applied rather flexibly, because animals have to be placed on the aircraft sometimes according to the centre of gravity of the aircraft. In other words, if you put all the heavy ones in the tail you will not get off the ground, so there will have to be some flexibility here.

Under paragraph (f) care, food and water during transport must be available. During short duration flights this is not necessary. An animal attendant on flights is not necessary nor is one provided. We would not like to see a rule where an aisle must be left up the side of the aircraft, such as is provided for by the law of one country. It is not necessary. If you lose 13 cows at 1,000 lbs. apiece, 13,000 lbs. of payload will be lost. We do not feel this is necessary.

You will hear quite a bit tomorrow about animal quarantine areas on airports. These will be known as animal hospitals or Trudeau hotels, or whatever else you want to call them. The only holding area for animals that I am familiar with is at Miami International Airport. There are separate quarantine areas for incoming and outgoing animals, with a separate veterinarian in attendance at each station. Incidentally, these are two doctors both named Campbell, who are not related, so there is always some confusion whether you want the import Dr. Campbell or the export Dr. Campbell. These men are not allowed to go to each other's office unless they have a bath inbetween. These quarters work well and are used full time, but the number of animals contained at any one time would not be adequate here. The facilities are rather small. This facility is not used for pets, laboratory or zoo animals. If Canada were to provide these facilities, they would be very expensive to build and maintain, and are probably not necessary at this time. The size and use of such a facility, and the location, will have to be studied over a long period. These areas produce contamination in sewage systems and odours in the air, and the environment problems and others will have to be solved.

Thank you for letting me make this presentation, and I will be pleased to answer any questions you may care to ask.

The Chairman: Is there some comment from the department? Is there any comment on the statement we have just heard, as to how the regulations might apply to the movement of livestock by aircraft? There would be some necessary differences.

Dr. Lewis: This will be taken into consideration when the regulations are drawn up. As I said before, anyone concerned will have an opportunity for consultation and discussion. Certainly I feel that transportation by air is quite different from transportation by rail for animals, in the same way as it is for people. They are not on an aircraft for any long length of time, so there is not the same requirement as for transportation by rail.

Dr. Morrissey will probably comment on his activities at the Toronto International Airport with respect to containers.

Dr. J. B. Morrissey, Chief, Transportation of animals, Canada Department of Agriculture: I think Mr. Brent has adequately summed up the use of the containerized system for shipping large animals at Toronto. The other system he mentioned is the boat-loading system, which is used by a number companies. I think the pros and cons have been outlined by Mr. Brent. The containerized system permits us, certainly at Toronto, to do a clinical examination of each of the animals before they are loaded into the container.

One of the difficulties which we have experienced with the bulk system is that the examination must be done on the farm and the animals must be trucked to the airport. This is a two-edge sword from the pros and cons point of view. From the pro point of view of the farmer, if an animal is not eligible for export it would not have to be trucked back to the farm.

As regards bringing back contaminants from overseas on bulk-loading aircraft, the requirements on these are

that disposable materials should be left in the country where the cattle are discharged and that all equipment be taken and disinfected before the aircraft is returned to Canada.

Senator McElman: On page 2 of Mr. Brent's submission, where he refers to the recent incident in France, he is not suggesting that it was as a result of corrosion, is he?

Mr. Brent: No, I was suggesting that an aircraft decompressed in a hurry. There was an incident of a passenger aircraft in Quebec, a Canadian carrier, where there was corrosion caused by humans around the toilets. The aircraft crashed and some people were killed. We are vitally concerned that we do not corrode an aircraft. That is the number one consideration, even before the animals.

Senator Norrie: Is transportation by aircraft very much more expensive than by rail?

Mr. Brent: At the present time I believe it is cheaper. The insurance is about 25 per cent of what it is—Did you say by rail, as opposed to ships?

Senator Norrie: I was thinking about rail, but I would like to have the comparison with ships also.

Mr. Brent: In comparison with rail from Western Canada, I know of three flights that were tried, but it was not done again, so, obviously it was not very economical. If Air Canada had a freighter coming back from Vancouver, all it had to do was drop in at Calgary, pick up a load, and they would pick up \$6,000 for free. But somehow it did not work out that way.

Compared with a ship overseas, it is a better arrangement. The fatalities are about nil, the loss of weight is about nil, the insurance is about 25 per cent. The big

thing now with world money changing rapidly is that you have to book a ship six months or more ahead. This means that you have to sell your animals before you have bought them, tie up about \$1 million and wait six months or more to get your money back. With air you can make your deal, the money is not likely to fluctuate so quickly, and you are tying up only \$90,000 to \$150,000. We find more customers with that much money than we do with \$1 million. Most of the freight is now by air.

Senator Norrie: But farmers cannot afford it, can they?

Mr. Brent: We do not deal directly with farmers. We deal with cattle buyers, who are actually brokers; they buy and sell.

The Chairman: We have had a very good discussion. The evidence we have received has been most helpful. I hope senators will be able to study the presentation and perhaps have further discussion with officials on whether additional amendments might be made. We shall try to include in our report recommendations that the government follow up some of the points raised. The response from the administration seemed to indicate that there has been general co-operation all along. We do not anticipate any particular difficulty.

Mr. Brent: If there is any question about the square-foot formulae, I would be pleased to sit down with the department and discuss the guidelines which we used. They are not mandatory; they are used as guidelines.

The Chairman: I think, from Dr. Lewis' comment, that they would be delighted to do that. Thank you very much, gentlemen. We appreciate your taking time to come here.

The committee adjourned.

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SECOND SESSION—TWENTY-NINTH PARLIAMENT

1974

THE SENATE OF CANADA
PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON
AGRICULTURE

The Honourable Hervé J. Michaud, *Deputy Chairman*

Issue No. 7

THURSDAY, APRIL 25, 1974

Third Proceedings on Bill S-2, intituled:

“An Act to amend the Animal Contagious Diseases Act”

(Witnesses:—See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON AGRICULTURE

The Honourable Hazen Argue, *Chairman*

The Honourable Hervé J. Michaud, *Deputy Chairman*

The Honourable Senators:

- | | |
|--|----------|
| Argue | McGrand |
| Benidickson | McNamara |
| Côté | Michaud |
| *Flynn | Molgat |
| Fournier (<i>Restigouche-Gloucester</i>) | Norrie |
| Haig | Petten |
| Hays | Phillips |
| Inman | Sparrow |
| Lafond | Welch |
| *Martin | Williams |
| McElman | Yuzyk |

*Ex officio members

20 MEMBERS

(Quorum 5)

THURSDAY, APRIL 25, 1974

Third Proceedings on Bill S-1, intituled:

"An Act to amend the Animal Contagious Diseases Act"

(Witnesses—See Minutes of Proceedings)

Order of Reference

Extract from the Minutes of the Proceedings of the Senate, March 28, 1974.

"Pursuant to the Order of the Day, the Senate resumed the debate on the motion of the Honourable Senator McGrand, seconded by the Honourable Senator Basha, for the second reading of the Bill S-2, intitled: "An Act to amend the Animal Contagious Diseases Act".

After debate, and—

The question being put on the motion, it was—

Resolved in the affirmative.

The Bill was then read the second time.

The Honourable Senator McGrand moved, seconded by the Honourable Senator Basha, that the Bill be referred to the Standing Senate Committee on Agriculture.

The question being put on the motion, it was—

Resolved in the affirmative."

Robert Fortier,
Clerk of the Senate.

Dr. H. C. Rowell, Executive Director, Canadian Council on Animal Care: Thank you, Senator Michael, for the opportunity of being able to come today to present the thoughts of the laboratory animal scientist community on Bill S-2. I am taking a little longer time than just presenting the aspects concerned with laboratory animals, because I will also be extending my remarks to the overall work of a committee which the Canadian Council on Animal Care has developed in the past three months. This is a committee on transportation involving animals.

When one first reads Bill S-2 it appears that it is concerned mainly with livestock, and more particularly with commercial breeding, dipping and transportation of livestock. On closer examination, however, particularly proposed section 22, where regulations may be drawn up, it brings to the fore the question of humane treatment of animals and, in subsequent sections, allows for expansion into all animals being transported. We would like to look upon this bill as being an omnibus bill to cover the transportation of all animals.

So far as the research animals are concerned, it is extremely important to us that animals be humanely treated and be given proper care because, if they are not, then they are not going to be the research subjects that we hope they will be, and we may not avail ourselves of the results from experimentation if the animals are not healthy and have not been cared for in a proper manner.

So, our wants in the laboratory animal field are similar to the wants of the entrepreneur. They want their animals shipped from the

Thursday, April 15, 1974

Pursuant to adjournment and notice, the Standing Senate Committee on Agriculture and Forestry met at 10:00 a.m. in the Senate Chamber, Ottawa, Ontario, for the second reading of Bill S-2, An Act to amend the Animal Contagious Diseases Act. The Honourable Senator McGrand moved, seconded by the Honourable Senator Basha, that the Bill be referred to the Standing Senate Committee on Agriculture.

The following witnesses were heard: Dr. H. C. Rowell, Executive Director, Canadian Council on Animal Care; Dr. J. G. Bennett, Director, Canadian Council on Animal Care; Dr. J. G. Bennett, Director, Canadian Council on Animal Care; Dr. J. G. Bennett, Director, Canadian Council on Animal Care.

Chairman, Air Transportation Committee: The Committee on Air Transportation has the honour to inform you that it has received the Bill S-2, An Act to amend the Animal Contagious Diseases Act, and has completed its study of the Bill.

The Committee on Air Transportation has the honour to inform you that it has received the Bill S-2, An Act to amend the Animal Contagious Diseases Act, and has completed its study of the Bill. The Committee has found that the Bill is in the public interest and recommends that it be passed.

Mrs. Allan Farnham, Chairman, Air Transportation Committee: The Committee on Air Transportation has the honour to inform you that it has received the Bill S-2, An Act to amend the Animal Contagious Diseases Act, and has completed its study of the Bill. The Committee has found that the Bill is in the public interest and recommends that it be passed.

The number and type of problems associated with air transport did not appear to be as great within Canada as had been reported in the continental United States or in other countries. However, it was considered worthy enough that some action be required to bring the problem into the public's attention.

This developed the consultation that we had with the Canadian Federation of Humane Societies and the Canadian Association of Laboratory Animal Science, and the best approach we decided would be to convene a meeting between the various organizations that could be listed as concerned with the common interest.

Minutes of Proceedings

Thursday, April 25, 1974.

Pursuant to adjournment and notice, the Standing Senate Committee on Agriculture met this day at 10.00 a.m. to further consider Bill S-2, intituled: "An Act to amend the Animal Contagious Diseases Act".

Present: The Honourable Senators Michaud (*Deputy Chairman*), Fournier (*Restigouche-Gloucester*), Inman, Lafond, McElman, McGrand, McNamara and Norrie. (8)

In attendance: Officials of the Department of Agriculture, Ministry of Transport and Air Canada.

The following witnesses were heard:

Canadian Council on Animal care:

Dr. H. C. Rowsell,
Executive Director.

Canadian Federation of Humane Societies:

Mr. N. Nunn,
Executive Secretary.

Dr. A. Hefferman,
Member of the Board of Directors and
Chairman, Air Transportation Committee.

Canadian Association for laboratory Animal science:

Dr. D. Neil,
Chairman of the Education Council.

At 12.10 p.m. the Committee adjourned to the call of the Chair.

ATTEST:

Mrs. Aline Pritchard,
Clerk of the Committee.

Extract from the Minutes of the Proceedings of the Senate Committee on Agriculture
28 April 1974

Pursuant to adjournment and notice, the Standing Senate Committee on Agriculture met this day at 10.00 a.m. to further consider Bill S-2, intituled: "An Act to amend the Animal Contagious Diseases Act".

After debate, the Honorable Senator Michaud moved that the Bill be referred to the Standing Senate Committee on Agriculture. The motion was carried.

The Honorable Senator Michaud moved that the Bill be referred to the Standing Senate Committee on Agriculture. The motion was carried.

The question put on the motion, it was resolved in the affirmative.

Ex officio members:

20 MEMBERS

(Quorum 5)

The Standing Senate Committee on Agriculture

Evidence

Ottawa, Thursday, April 25, 1974.

The Standing Senate Committee on Agriculture, to which was referred Bill S-2, to amend the Animal Contagious Diseases Act, met this day at 10 a.m. to give further consideration to the bill.

Senator Hervé J. Michaud (*Deputy Chairman*) in the Chair.

The Deputy Chairman: Honourable senators, in the absence of our Chairman, Senator Argue, who has been called home on a matter of urgency, I have been asked to chair this meeting.

On the agenda today is Bill S-2, to amend the Animal Contagious Diseases Act. I understand that we have a few witnesses this morning who would like to make presentations on this matter.

First, I should like to call on Dr. Rowsell, Executive Director of the Canadian Council on Animal Care, and Dr. Neil, Chairman of the Education Council of the Canadian Association for Laboratory Animal Science.

Dr. H. C. Rowsell, Executive Director, Canadian Council on Animal Care: Thank you, Senator Michaud. I am grateful for the opportunity of being able to come today to present the thoughts of the laboratory animal science community on Bill S-2. I am taking a little larger bite than just presenting the aspects concerned with laboratory animals, because I will also be extending my remarks to the overall work of a committee which the Canadian Council on Animal Care has developed in the past three months. This is a committee on transportation involving animals.

When one first reads Bill S-2 it appears that it is concerned mainly with livestock, and more particularly the commercial breeding, shipping and transportation of livestock. On closer examination, however, particularly proposed section 32, where regulations may be drawn up, it brings to the fore the question of humane treatment of animals and, in subsequent sections, allows for expansion into all animals being transported. We would like to look upon this bill as being an omnibus bill to cover the transportation of all animals.

So far as the research animals are concerned, it is extremely important to us that animals be humanely treated and be given proper care because, if they are not, then they are not going to be the research subjects that we hope they will be, and we may get invalid results from experimentation if the animals are not healthy and have not been cared for in a proper manner.

So, our wants in the laboratory animal field are similar to the wants of the cattlemen. They want their animals shipped from the

west to the east, or wherever they are going, to arrive in a condition that they will provide the best so far as the market is concerned, and humane treatment is synonymous with good management. This is the aspect that I would like to touch on today with respect to laboratory animals and other animals.

In the brief I have introduced you to the Canadian Council on Animal Care, in case there are members of the Senate who wonder whether or not the Canadian Council on Animal Care is in fact an animal welfare agency or not.

As our brief points out, we are a committee of the Association of Universities and Colleges of Canada. We are concerned with improvement in the care and use of experimental animals in Canada, and we are sponsored, financed, by the Medical Research Council and by the National Research Council of Canada.

We have representatives from all the granting agencies supporting research and teaching and testing programs involving experimental animals, and we have representatives from the Canadian Federation of Humane Societies to express public concern over the care and use of animals in research.

The Council has, since its beginning in 1968, received information from universities, pharmaceutical companies and government agencies on problems associated with the transportation of animals. Most of the problems were related to transport by air, many of them in the international scene, particularly in the U.S. continental scene. In 1973, 19 universities, seven pharmaceutical companies and three agencies of the federal government reported problems to the Canadian Council on Animal Care associated with the transportation of laboratory animal species.

At the same time as we were carrying out our studies, the Canadian Federation of Humane Societies were being informed of problems associated with the transport of animals, particularly companion animals. The Canadian Association of Laboratory Animal Science were also involved in the collection of information concerning the transportation of animals.

The number and type of problems associated with air transport did not appear to be as great within Canada as had been reported in the continental United States or in international travel. Nevertheless, it was considered serious enough that some action was required to define the problem and seek solutions.

This developed the consultation that we had with the Canadian Federation of Humane Societies and the Canadian Association for Laboratory Animal Science, and the best approach, we decided, would be to convene a meeting between the various agencies, associations that could be listed as consumers, the common carriers

and departments of the federal government involved in and responsible for the transportation of animals. We have attached a list of delegates that came to that first meeting as an appendix to our brief.

We discuss in this some of the opinions, whether about conditions on the ground or in cargo holds of planes, which produce suffering and distress for animals.

In general, there was evidence that improvement was necessary in handling animals on the ground as well as in the air, although there was little direct evidence of problems produced in the air in Canada.

We outlined the problem and then we decided that the best way to attack it would be to have a working committee formed which could look at some of the problems that we have listed on page 4 and going through to page 5. Some of the other speakers this morning will speak more on the problems that have developed in this respect.

We have had on our committee both Air Canada and CP Air, and they have indicated that they follow practices which would prevent some of the problems that have been listed in the air, such as that they place animals in cargo holds in accordance with aeroplane manufacturers' recommendations; no animals are placed in cargo holds where conditions would not support life; and cargo nets prevent the shifting of cargo during flight.

We have had excellent co-operation, assistance and input from the air carriers on our committee. They have been a very important part of our discussions.

I am not going to go into the international report from London and the United States, which is referred on page 6. As I say, this will be mentioned by some of the later speakers.

Some of the recommendations that developed as a result of our animal transportation committee are as follows:

First, that animals should be shipped only in distinctive shipping cases and the carriers should not accept improperly packed animals.

Second, airports should have facilities for routine handling, housing, feeding, examination and, if necessary, veterinary medical care. In addition, incoming and outgoing animals should be kept separate from each other if possible.

Third, aeroplane holds in which animals are to be carried require investigation in order to determine the feasibility and economics of equipping aircraft cargo holds with environmental controls optimal for the transportation of live animal cargo.

We talk about the advance notice of expected shipments to ensure animals arriving during business hours; the responsibility, in other words, of the consignor or consignee so that they have a part to play in ensuring the animals are adequately handled.

Again, the necessity for setting up training programs on handling live cargo. Dr. Neil of the Canadian Association for Laboratory Animal Science will discuss this proposal in greater detail later this morning.

The role of the Canadian Council on Animal Care in this process is to help to develop a voluntary program which would encourage

co-operation and collaboration with the users, the carriers and the government agencies involved. The CCAC has no specific involvement with the government and is without any authority in the development of legislation. The work of the CCAC would be based on developing co-operation between users and the carriers. The development of a program of co-operation and mutual understanding and respect for the problems peculiar to the users and those of the carrier require definition in order to find solutions. Voluntary involvement, we feel, will assist in finding solutions.

The transportation committee of the CCAC met on March 20, and some of the outcome of that meeting is listed on pages 10 and 11. One of the important things in here is that Bill S-2, to amend the Animal Contagious Diseases Act, which is being considered by this committee, provides an opportunity for the CCAC animal transportation committee to offer its services and expertise in the review of the requirements of this legislation and to propose any amendments or additions that would strengthen the purpose of the legislation.

The following are areas which require further definition in the bill or in the regulations. This is concerned with containers for animals. Committee members representing air carriers indicated that the IATA Live Animals Manual, the revised 4th edition which is still in preparation, will be given resolution status by IATA. This, in effect, will make it mandatory for IATA members to abide by the manual's recommendations for containers and the handling of live cargo.

Member airlines of IATA would request that their respective governments make the IATA Live Animal Manual a part of existing legislation or new legislation.

The IATA Live Animal Manual is a very complete document providing all of the necessities required for containing and handling a variety of animals from agouti to zebu. It is recommended that Bill S-2, under discussion today, consider developing as regulations the recommendations and requirements for containers and handling animals as listed in the IATA Live Animals Manual, 3rd edition, and those amendments or alternations which will be contained in the forthcoming 4th edition.

I think that another aspect of the bill which requires examination has to do with the need for research into developing proper methods, and I think we have a lot to learn about the needs and requirements of animals in transportation. There is no question that there is stress placed upon these animals in transportation, and I would like to see the act include something about the development of new methods for handling animals through research. It is considered important that the act allow and encourage research in the improvement of containerization for the shipment of animals in order to provide an adequate environment which will maintain the wellbeing of the animal during transport.

It is a possibility that, as new methods are developed in the raising of laboratory animals through controlled environment systems, portable controlled environment containers may be developed which will provide optimal housing for the animal during transportation, through the provision of necessary filtration of the air in order to prevent the transfer of disease. It is possible that adaptation to the aircraft or to ground services will require little modification for such containers. The animal will be provided with

its preferred environment both in the air and on the ground. Such containers would not only ensure the protection of the well being of the animals contained therein, but also would serve to protect the aircraft from unnecessary and dangerous contamination from natural waste, infectious or contagious micro-organisms.

Coming to requirements of aircraft for suitable accommodation of animals, there has been a considerable amount of discussion in existing news reports and briefs presented in other countries that the environment in which animals are located in the aircraft may be unsuitable. Unfortunately, the transportation committee of the CCAC cannot at present provide expert opinion on this subject because sufficient information on the suitability of all areas of the aircraft in which live animals may be carried has not been made available. The CCAC committee will continue to investigate this.

It is known that if animals could be maintained on the level of the flight deck, the same area where passengers are carried, adequate environmental controls exist, consistent with the maintenance of comfort for most animal species. The Animal Disease and Protection Act, Bill S-2, should ensure that proper cargo space is provided to ensure the comfort and safety of the animal being transported.

It has been brought to the attention of the committee that priorities of loads is followed only when there is not ample room on the aircraft for all of the cargo available. When there is sufficient space there is no problem and the animal, and whatever else is presented, are placed on the aircraft. If, however, a maximum payload must be reduced because of the requirements for additional fuel, then the priority of loads requirements are followed. The load planner decides what will make up the cargo and the location of the cargo in the aeroplane.

The present priority of loads calls for first, passengers, passenger baggage, airmail, air express, films, and then animals. It is considered by the committee that the priority of loads given to the animals is at too low a level.

This legislation concerned with animal disease and protection should ensure that living animals have the highest of priorities next to passengers and their baggage. It is considered a living animal can be more adversely affected by the extremes and pressures placed upon it during transportation than can inanimate baggage such as mail and films.

Additionally, it is recommended that, once the animal is loaded as cargo, it not be removed from the aircraft, except in emergency situations where the welfare of the animal is endangered, until it reaches its destination. Animals should not be "bumped" off aircraft during stop-overs.

We must recognize that one may have the best piece of legislation or the best program on paper, but unless that program is sensibly applied by all those involved in the shipment of live animals, the program may prove to be worthless. The committee recognized there is a need in any legislation to ensure that there are means of educating the users as to their requirements in order to ensure safe carriage of the animal without unnecessary distress and discomfort. Those personnel employed on the ground at all levels, as well as load planners, must have an understanding of requirements of the animal and be knowledgeable concerning how to meet the

needs of the animals being shipped in order to minimize the stress associated with transportation.

Dr. David Neil, a member of our committee, and chairman of the Education Committee of the Canadian Association for Laboratory Animal Science, will discuss this in more detail later this morning.

Dealing with airport facilities for animals, based on preliminary observations at air terminals in Canada animals during transportation are housed under less than adequate conditions in air cargo or air baggage terminals. In some cases animals remain in the general cargo or baggage area exposed to a variety of environmental conditions and noises common to such areas.

Legislation should ensure that adequately equipped facilities are provided to ensure the animals are protected from sudden and extensive changes in temperatures as well as distressing noise factors. Animals, in general, are more sensitive to a wider range of noise levels than human beings. Additionally, suitable arrangements should be provided to ensure that the transfer of disease is eliminated or minimized.

Adequate animal care facilities should allow for examination of the animal, and if professional opinion is required this should be readily available from a veterinarian experienced in the care and treatment of the species being transported.

In airports, animals during transit to proper animal care areas, or being loaded on or off an aircraft, should not be placed on automatic conveyer belts which could cause injury or harm to the animals. Therefore, as far as possible, legislation should require the hand handling of animals, and here I am talking about these small laboratory animals and companion animals, particularly those species that are known to be sensitive to strange surroundings or loud and unfamiliar noises.

In summary, Mr. Chairman, Bill S-2, to amend the Animal Contagious Disease Act, to be known as the Animal Disease and Protection Act, represents a major step forward in animal welfare legislation and should be expedited to become law as quickly as possible. It is recognized that the act, for the most part, is concerned about the spread of animal disease into Canada which may have a significant deleterious effect on the Canadian livestock industry. Nevertheless, the act appears to contain the ability to extend itself into all areas relating to the importation of any animal or species into Canada.

Section 32, page 12, for the purpose of reducing the incidence of disease and sickness and livestock entering and leaving Canada or being transported within Canada and to provide for humane treatment of animals, allows the Governor in Council to make regulations.

Section 34, page 14, states:

In sections 31 to 33, "livestock" means cattle, horses, sheep and swine and includes such other animals as may be prescribed.

In order to provide the act with the range to cover all species transported, it is suggested section 34 be amended to read "In sections 31 to 33 "livestock" means "any non-human vertebrate animal including cattle, horses, sheep and swine".

There is ample evidence that exotic and wild animals imported into Canada as pets are related to outbreaks of human and animal diseases. It is well established also that these animals as pets are subject to inhumane treatment, pain and death. Therefore, it is recommended that this act be modified to prohibit the importation of exotic and wild animals as pets. These animals should only be imported to bonafide zoological gardens or for research under special licenses ensuring provision for necessary quarantine and health examinations.

The CCAC committee considers the following areas should be covered by this legislation.

1. Priorities
2. Containers and handling requirements.
3. Training of personnel handling animals.
4. Requirements of the consignor and the consignee.
5. Research in improvement for containers.
6. Requirements of aircraft.
7. Requirements for animal facilities on the ground, and handling methods.
8. Emergency requirements, assessment by veterinarians experienced in the care and treatment of the species being transported.
9. Exotic and wild animal transportation and importation.

I acknowledge again the opportunity of presenting this brief to this Senate committee.

The Deputy Chairman: Thank you very much.

At the beginning of our sittings this morning I understood you to say that there are other witnesses here who are going to testify in one capacity or another. I would not like our committee to miss the opportunity of hearing any of these witnesses whom I am glad to welcome in the name of our committee.

So, in the name of the Canadian Council on Animal Care, Dr. Rowsell, do you have any witnesses you would like to introduce?

Dr. Rowsell: Mr. Chairman, the other witnesses here are Dr. David Neil and the other people you have mentioned who are associated with our committee.

The Deputy Chairman: Would you introduce them?

Dr. Rowsell: I have on my right Mr. Norman Nunn, the Executive Secretary of the Canadian Federation of Humane Societies, and also a member of the CCAC Animal Transportation Committee; Dr. Angela Hefferman, who is the Chairman of the Animal Transportation Committee of the Canadian Federation of Humane Societies, and also a member of our CCAC Animal Transportation Committee, and Dr. David Neil, who is the Chairman of the Education Council of the Canadian Association for Laboratory Animal Science, and is a member of our CCAC Animal Care Committee.

Mr. D. S. Whittet, Marine Safety (Cargo), Ministry of Transport: I am David Whittet from Transport Marine Services.

Mr. W. Don Brent, President, Brent Manufacturing Ltd.: I may have some comments later on.

Mr. Wayne P. Morrison, Airport Operations Division, Land Operations Section, Ministry of Transport: I am Wayne Morrison, Ministry of Transport, Air Operations, and here as an observer.

The Deputy Chairman: Could some of the other witnesses identify themselves please?

Dr. K. F. Wells, Veterinary Director General, Department of Agriculture: We also have here Dr. A. E. Lewis, Director of the Contagious Diseases Division of the Health of Animals Branch; Dr. R. J. McClenaghan, Health of Animals Branch; Dr. Ross Reid, Health of Animals Branch; and Dr. Brian Morrissey, Health of Animals Branch, Canada Department of Agriculture.

Dr. Rowsell: May I add that some of these other gentlemen are members of our Canadian Council on Animal Care Committee on Transportation, but they are not here today at our specific request. If they would like to say something about the Animal Transportation Committee's work, we would be very happy to have them say what they wish to.

The Deputy Chairman: Now I would ask Dr. Neil, from the Canadian Association for Laboratory Animal Science, to address us.

Dr. David H. Neil, Chairman, Education Council, Canadian Association for Laboratory Animal Science; and Head, Veterinary and Technical Services, Health Protection Branch, Department of National Health and Welfare: Thank you very much for asking me here today to testify. I am in actual fact really supplementary to the Canadian Council on Animal Care, being a member of the joint committee of all those concerned with it under the Canadian Council on Animal Care. I will today talk specifically about training associated with the care of animals in transit.

In order that you can see the full scope of the organization I represent, I have had handed out two booklets on CALAS, one in English and one in French, in which you can find the basic things that we do in Canada. In the copy I have also had handed out today about some of the things I will say, I start off by saying that this organization is principally involved in the transportation of animals for research. What I mean is that today that is what we are principally involved in; this is specific to today. The general aims of CALAS are laid out in the booklet.

We have established that the vast majority of the problems occurring in transportation of laboratory animals—I stress laboratory animals—happen where transportation by air is the mode of travel. This was done by asking all our regional chapters to get about to all the different animal facilities and let us know the precise details of what had happened, the situation all over Canada. We collected this information, which was presented by CALAS to the Canadian Council on Animal Care, and was one of the things that formed the basis on which the Committee on Transportation was formed under the CCAC.

However, we have also clearly established that the actions giving rise to the problems occur on the ground. As far as air transport is concerned, it is not in the air that we have found our problems exist; it is on the ground at the airports, before they are loaded or after they have been unloaded, not in the air.

Our organization's specific concern today is to discuss the necessity for training all personnel handling animals for research in transit, and to demonstrate how such training can be implemented quite simply and cheaply, using existing training systems and human resources.

If we examine animals for research in three phases of transit, then the main areas of concern will be covered adequately:

1. Transportation of animals by the producer to the airport—transportation by road.
2. Transportation of animals by air: (a) holding before loading; (b) loading on to aircraft; (c) unloading from aircraft; (d) holding before collection by user.
3. Transportation from the airport to the user's animal facilities.

In all the phases above we recommend that all personnel directly responsible for handling the animal shipment have sufficient knowledge of the elementary requirements of the animals in their charge, and that they are aware of:

- (i) Specific steps which must be taken to ensure adequate care;
- (ii) Specific actions which must never be perpetrated when handling live animals, e.g., exposure to excessive heat, strong sunlight, et cetera.

The ideal situation for the transportation of animals for research would be:

(a) The breeder or supplier of research animals is responsible for transporting their animals by road direct to the airport. The vehicle should be operated by a person with specific knowledge of the basic environmental requirements of animals—and when I say "animals", note again I am speaking about animals for research, laboratory animals.

(b) The person on the vehicle should consign the animals to the care of airport personnel who also have specific knowledge on the requirements of the animals. This might apply principally to ramp supervisors.

(c) The airport of destination should inform the users of the arrival of animals on a specific flight. The onus is on the user to collect the animal as soon as possible.

In the case of laboratory animals this could be achieved very easily. It is realized however that some producers consign their animals to carriers or to expert shipping agents—and we have a representative of that industry here today—where special crates are prepared for larger animals specifically, but this could apply also to small animals in certain circumstances. Whereas the use of carriers cannot be condoned for reasons made clear later on in this, special acceptance—licensing, if you like, or something of this nature—of shipping experts would be essential, and this could be partially dependent on the specific requirement for adequately trained personnel to be involved in the subsequent transportation to the point of embarkation.

Legislation in the province of Ontario, the animals for research Act, 1968-69, O Regulation 141/71—of which I handed out two pages copied from that with this brief—already requires a vehicle

transporting animals to "have therein a person who is competent to care for the animals while in transit," et cetera. You can see that on pages 15 and 16, particularly section 11(1) at page 16.

Please note also in the aforementioned legislation the specification for road vehicles carrying animals for research, particularly section 3(5) on page 15. This immediately eliminates general carriers and should have a nationwide application to be meaningful.

If it exists only in the province of Ontario and animals take off from Ontario and land in Saskatchewan, the whole thing becomes a complete waste of time, so far as the nation is concerned.

It is at the present time common practice to transport animals for research in trucks and station wagons from transport pools in general use—vehicles that are in general use. The federal government is particularly lax in this matter, even when operating in the province of Ontario, since it is not held to legislation of the Province of Ontario.

Trucks are invariably unsuitable in the inclement extremes of our climate. Station wagons are favoured therefore for the majority of the year and where they are large enough. These will be used for the transportation of articles destined for close contact with humans, for personnel conveyance, and for animal transportation. Such practices must be criticized for the following reasons:

- (1) Environmental unsuitability of the vehicles.
- (2) Vehicles such as station wagons cannot be adequately sanitized after each animal load, which leads to
- (3) Cross-contamination of animals transported in vehicles at separate points in time. You get infection which could be left in residual excrement in a vehicle, and animals put in there subsequently could be contaminated with that; and
- (4) This may lead to contamination of articles in the same way, which will come in close human contact.

Realizing that one must be practical, and not go overboard by developing fantastically superb vehicles costing \$25,000 a piece just to run animals to the airport once a day, the question arises as to whether such hazards are of major importance.

The hazards may be viewed from two distinct aspects.

1. From the research scientist aspect—that is, the user, the person who is using these animals in a research project:

(a) The animals he will use may be contaminated with material transmitting infectious diseases, resulting in severe curtailment or total failure of the research project. This can be extremely costly in both time and money, as you will appreciate;

(b) environmentally stressed animals—those which have been subjected to extreme temperature or poor handling or a great deal of rough treatment—may take a considerable amount of time to stabilize for experimental purposes, which could cause unnecessary delay; and the keeping of animals daily is an expensive proposition.

2. From the human health aspect:

(a) In this we come to the word "zoonoses", those diseases which may be transmitted from animals to man, or the other way

around, for that matter. Examples of this are B-virus infection in monkeys, which, of course, if it affects man is invariably fatal; secondly, tuberculosis in monkeys, which can be in the excrement and which could be transmitted in this way by using not properly sanitized vehicles; and third, ringworm in cats, which is quite a common thing these days and can be very unpleasant but by no means dangerous. It is certainly not the sort of thing that we want passed around all the time by contaminated items which have been in contact with animals and subsequently in contact with people.

Therefore, vehicles which can be properly decontaminated—routinely decontaminated, that is—are essential. These vehicles should not be used for other purposes.

(b) Contamination by animal excrement of contact items—I mention here somewhat humorously that it is theoretically possible to stain the deputy minister's mailbag with rat urine, and that could cause great personal danger to a person like myself who happens to work in the government.

It is apparent from the information presented so far that knowledge—I stress the word "knowledge"—and training are essential if animals for research are to be transported properly.

Implementation of training. Let us talk about how it can possibly be achieved. Firstly, proper use of existing training programs in Canada—for example, in the organization that I represent today, the Canadian Association for Laboratory Animal Science, we have an Education Council which is responsible for running training programs for personnel involved whole time in laboratory animal care, and the expansion of these programs which are already in existence to embrace special areas such as airport personnel.

Secondly, legislation to ensure that all persons handling or caring for animals in transit are properly trained and/or knowledge of all the requirements of the animals in their charge. This may be essential in such cases as traffic hold-ups, accidents and other unforeseen delays. In other words, these people should not only be able to act within a perfect environment, but they should also be prepared to take emergency measures where necessary. This is mentioned in Dr. Rowsell's brief.

Legislation enforcing the use of proper vehicles and facilities for animals in transit so that trained personnel have something satisfactory with which to operate. All the training in the world—I am speaking about training, and you may be surprised, because I may have appeared to have wandered; but this is where I bring the thing together—would be useless unless certain basic standards already referred to here are included in the legislation. It is pointless training anybody to do anything if they do not have the tools with which to work.

Firstly, let us talk about these training programs. CALAS has, since 1968—you can see this in the introduction—operated a nationwide education program for laboratory animal technicians.

There are three levels of certification offered and the regional chapters of CALAS run training programs leading to these levels each year. Certification is granted following successful completion of a written, oral and practical examination, and specified time of on-the-job experience. We have three levels.

The majority of universities and colleges, research institutes, government establishments and laboratory animal suppliers use the CALAS education scheme to train their laboratory animal technicians. It is important therefore for the advancement of personnel within those companies or organizations.

The means of training personnel necessary to transport animals from the supplier to the airport and from the airport to the user is already in full operation therefore, since these people are those whom we are at the present time training, examining and certifying. So as far as the suppliers and users are concerned, trained personnel exist. All that is required to ensure that such personnel are used to ensure proper implementation of transportation. If those people are in charge of the vehicles, going to and from the airport, then automatically a trained person is on the vehicle and that is a problem solved. The CALAS Education Council is already ensuring the maintenance of good educational standards across Canada.

CALAS has further committed itself, in the first meeting of the Canadian Council on Animal Care committee on animal transportation, to assist the airlines to develop the training programs specifically for ramp personnel. Air Canada and CP have been most co-operative in this venture and the program is in the planning stage. The CALAS delegation is led by the Director of Animal Care at Connaught Laboratories, Dr. Mike Walcroft, who is also President of CALAS. He has extensive knowledge of international and national transportation of animals. In actual fact, at the time of that first meeting, it is rather interesting to note that he was in Kenya, Africa. He was extremely worried to hear—he is particularly concerned with sub-human primates in Canada and the importation of sub-human primates—that Kenya was seriously contemplating legislation preventing the exportation of sub-human primates from Kenya, which is an important source, to any country which had an inclement climate. For instance, Canada would come into this. Any country with a severe winter would. The reason for this was that they could not guarantee the transportation of the animals. They could not guarantee that the animals in transit would not be exposed to these severe climates; and they would seriously consider that for humane reasons they should prevent the exportation of these animals.

It would have very serious consequences on research in this country, if this were to happen. Therefore, he said, "Well, my goodness, under the CCAC a committee is being formed right now to discuss this very problem," and he was able to convince them sufficiently for them to back off on this legislation.

But I am afraid that, eventually, if we do not do something about it, this is going to happen and we will not get our animals from elsewhere.

I should just mention that the final stage of the training program development will be done in conjunction with the air lines, and we hope to commit it finally to an audio-visual training program which will be used continuously throughout the country to educate new trainees or anyone who might handle animals at the air terminals.

With respect to legislation, it is necessary to require that all animals be transported in proper vehicles and be attended by persons competent in animal care. Those two things go together. There is no point in having one without the other.

The legislation should ensure that captive animals in transit are not the victims of ignorance. I think we all must accept that point.

CALAS reiterates its previous commitment that it will do all in its power to co-operate in the training and education of all concerned in transportation of animals for research in Canada. Government support in the form of legislation is essential however.

Finally, we would stress that if such legislation is possible it might well incorporate specific designation of those who are permitted to transport animals to and from airports.

The Deputy Chairman: I understand that all of the briefs we are to hear this morning are interrelated. We will therefore finish hearing the briefs before opening the meeting to questions.

I will call upon Mr. Nunn now to present the brief of the Canadian Federation of Humane Societies.

Mr. N. Nunn, Executive Secretary, Canadian Federation of Humane Societies: Thank you, sir.

Honourable senators, the Canadian Federation of Humane Societies wishes to express its thanks to the members of this committee of the Senate of Canada for the opportunity to present its views on the proposed amendments to the Animal Contagious Diseases Act so that it will be more in keeping with current thinking dealing with the care of animals during periods in which they are being transported.

Perhaps as an aside I should inform you that the Canadian Federation of Humane Societies is the acknowledged voice of the humane movement in Canada. It is composed of member societies, humane societies and societies for the prevention of cruelty to animals, from coast to coast. As such, it is authorized to speak for the humane movement in Canada.

I might also say that the Canadian Federation of Humane Societies is in complete agreement with the suggestions which have been made by Dr. Rowsell this morning, which is only natural owing to the fact that the Canadian Federation of Humane Societies has representatives on the committee which Dr. Rowsell was referring to.

Now I should like to make one or two further observations, honourable senators.

The provisions of the amendments have been studied and the federation is in agreement with most of them, with certain reservations, however, and we wish to draw the attention of the honourable members of the Senate to the following.

We welcome the change to the title of the act, as outlined in clause 1 on page 1, which brings in the protection of animals. In section 32, which is on page 12 of the bill, you will notice that it says:

For the purpose of reducing the incidence of disease and sickness in livestock entering or leaving Canada or being transported within Canada and to provide for humane treatment of animals, the Governor in Council may make regulations

(a) requiring, in such circumstances as may be prescribed, the examination of livestock before being loaded on board any aircraft, railway car, vehicle or vessel for transport;

We feel that in paragraph (a) the words "transportation from the original point of shipment to final destination" should be added after the word "board" and before the words "any aircraft", et cetera.

Also in that same paragraph (a) we feel that before the word "examination" the word "veterinary" should be inserted in order to ensure that a professional opinion is obtained prior to the making of any shipment. In other words, if you leave the wording as it is, just "the examination", the thought arises, "Examination by whom?" It might be an examination by a Humane official or by a drover or by anybody appointed on the spot, and we feel that it is absolutely essential that a professional examination be afforded the shipment before it is allowed to move.

In section 32, subparagraph (i) the wording should also include the words "crates, cases, boxes, kennels, and all items of containment". I think that has been covered in Dr. Rowsell's brief already, but I would stress that that is a feature desired by the Canadian Federation of Humane Societies as well.

The Federation also recommends that reference should be made in the bill to the priority to be afforded to shipments of animals and all livestock over all types of inanimate cargo, including mail. This is rather a far-reaching provision, but, on the other hand, it is felt that life should take precedence over inanimate objects.

In section 34—and this point has already been covered but we feel that it should be stressed—the term "livestock" should be enlarged to name the many types of smaller animals. At the present time it lists only "cattle, horses, sheep and swine". That is also something which Dr. Rowsell stated in his brief, but it is something which we also wish to stress.

The provision of section 4(4)(1) should be extended by adding after the words "contagious disease" the following words, "and to provide for humane treatment of all such animals".

The Canadian Federation of Humane Societies considers the legislation should be sufficiently embracing to provide for regulations covering transportation of livestock of all descriptions, both large and small. It considers that all methods of transportation should be enumerated, such as rail, road, sea and air, and that the regulations should cover the transportation of exotic animals and those in danger of extinction. The Federation considers that the regulations should also allow for the prohibition, if necessary, of such types both in and out of Canada. That is not to say that we disapprove of the importation and transportation of these animals in Canada. It is simply to make sure that these regulations are applicable, particularly to exotic animals.

It may well be that most of the amendments to the draft bill enumerated herein can best be inserted in the supplementary regulations which will enable the provisions of this measure to be made effective. However, our purpose at this time is to bring our recommendations before this committee to ensure that they receive consideration at all levels of study which will be afforded them before the amendments to the act are presented for further reading.

And the brief is signed by myself, on behalf of the Canadian Federation of Humane Societies.

The Deputy Chairman: Thank you, Mr. Nunn.

Next we have Dr. Hefferman.

Dr. A. Hefferman, Member, Board of Directors, Canadian Federation of Humane Societies: Honourable senators, my main reason for being here today is to present material concerning the treatment and care of animals in airports. However, there are one or two observations I should like to make first.

Some of you may be wondering where some of the information which has been presented came from. As far as the Canadian Federation of Humane Societies is concerned, this is an on-going investigation. When we began it about a year ago we found that there was very little documentation available as to the situation in Canada, with the result that our earlier reports were based on information coming in from the United States and Great Britain, particularly, and these indicated the serious and worldwide abuse of animals in connection with air transportation that was taking place, and also that action was being taken to control it.

So, the early reports were based on documentation and private communication from outside Canada and, on my own part, many hours of exploration and conferences during a recent visit to England. Now, however, our efforts to collect information from sources inside Canada are showing results. So far the complaints of Canadian consumers in animal welfare organizations are closely parallel to those in the United States and Great Britain, with the same patterns of abuse and death on the ground and in the air. In some cases, Canadian shippers or air carriers are to blame; in other cases the fault lies with persons outside this country. Either way, the onus is on us to alleviate the suffering of the helpless animals involved.

The Federation particularly wants to stress that a suffering animal has little interest in the name on the ticket, so that the moment it enters our jurisdiction it is up to us to protect it and care for it. There is not much room for narrow parochialism in this.

The traffic in live cargo is very large. It runs to hundreds of thousands per annum in North America alone, and several millions, in international terms. Pets and small private breeding stock travelling on the same plane as the owners constitute a relatively small proportion. The great majority of livestock is shipped unaccompanied on a plane en route to pet shops and other retail outlets, laboratories, farms and zoos, and, as has already been stressed by Dr. Rowsell and Dr. Neil, they pass through a number of procedures and hands, and abuse can occur anywhere along the line.

With reference to the question of legislation to control this abuse, the matter of who is to blame and where they come from has always been a stumbling block. The two most interesting overseas developments, which, I think, are well worth bringing to the attention of this committee, are the Transit of Animals Order No. 1377 of the United Kingdom of Great Britain and Northern Ireland, which came into force September 1, 1973, and the Transit of Animals Order No. 292 of the Republic of Ireland, which came into force December 1, 1973. These orders, which are virtually identical, lay down in concrete and precise detail most of the requirements as to crating, padding and partitioning of aircraft, adequate ventilation and protection on the ground and in the air from extremes of

temperature and excessive noise. There is also an important new definition of duty and responsibility to animals in transit.

Briefly, it is laid down that whoever has charge of an animal at the time it is found to be distressed will be held responsible for its condition. In the case of aircraft, it is specified that, "the member of the flight crew designated as commander of the aircraft" by the airline, or simply the pilot of an aircraft, will be considered to be in charge of the animal and responsible for its condition.

For example, no longer can a foreign airline land in Great Britain with dead or diseased animals and evade prosecution by claiming that the event was committed when the animal was crated in another country which is out of reach of British law. It is felt that this will encourage pilots and airlines to refuse to load animals which are unfit or in unsuitable containers and to take an active interest in the welfare of the animals during transit.

Although the real aim of this legislation I have mentioned is to prevent cruelty, it is felt that the best way to advertise the new regulations is by vigorous and well publicized enforcement in the early stages, and some prosecutions are already under way.

In the United States animal abuse during transportation is a very live issue. We have copies of some of the recently proposed legislation, but we are advised by United States sources that the complex governmental structure in the United States makes their legislation much too cumbersome to provide any useful model. Canada can surely do better.

It should also be mentioned that the European Community has produced a document entitled "European Convention for the Protection of Animals During International Transport," in which there are only three brief sentences which relate to transport by air, and there are no provisions for enforcement.

For these reasons there are indications that other members of the European Community will follow the lead of Great Britain and the Republic of Ireland in introducing enforcing legislation. Unofficially, West Germany particularly was mentioned in this connection.

Among the various recommendations which have been made to safeguard the travelling animal, we feel that high priority should be given to the provision of animal care centres at every airport of a size relative to the number of animals customarily shipped through that airport. It is to the subject of the airport animal shelter that I should now like to direct your attention.

The Minister of Transport designates nine airports as international, those being at Gander, Halifax, Montreal, Toronto, Ottawa, Winnipeg, Calgary, Edmonton and Vancouver. It also designates 23 others as major domestic airports. Not one of these has an animal shelter or, in fact, any suitably equipped accommodation for the travelling animals.

In presenting the case for the construction of animal airport shelters in Canada, therefore, again I have had to draw on a number of outside sources. These fall into three groups: written material, printed and personal communications concerning airport shelter operations in other countries, particularly the United States, and personal, verbal communications and my own quite extensive investigation of facilities in the United Kingdom.

I should like to discuss the matter under seven headings, the first of which is the functions of animal shelters. It is important to emphasize that such a shelter can do far more to provide humane care for animals—and for the sake of convenience I am using the word “animals” to cover all living creations. The shelter, apart from its humane function, can also bring together under one roof a variety of official and public services producing increased efficiency and reducing dispersal of effort.

Firstly, the humane function. Every live cargo should be routinely taken to the animal shelter, which would then take over the responsibility for its welfare until it resumed its journey or was picked up by the consignee. This would end the baggage-room problem for all concerned, the animal, the carrier or the owner. Also, there should be inspection available on a 24-hour basis of all live consignments in relation to adequate crating, labelling, time in transit and condition of the animal. This inspection would not necessarily involve uncrating. There should be supportive care available—exercise, cleaning, food and water according to need, re-crating and relabelling when indicated. There should also be treatment of any injuries, illness or nervous condition. That is the humane function.

The second function relates to quarantine and public health. Resource material contains much complaint about the difficulties and inconvenience surrounding the transportation of animals to meet the Department of Agriculture and Department of Health and Welfare requirements in Canada. This problem also exists in the United States. On the one hand, dealers complain bitterly when cattle, dogs, et cetera, are delayed for hours under extremely bad conditions while awaiting the arrival of a government veterinarian. The unfortunate veterinarian, on the other hand, may have to interrupt another job or get up in the middle of the night. There are also complaints about official veterinarians and these, fortunately, are uncommon, who will ignore the ill condition of the animal as long as there is no disease communicable to a human being—this being his actual function. In an airport shelter there could be a well organized service plus proper conditions for the waiting animals.

The third function would be Customs inspection. In our source material this is another unsatisfactory area. The average Customs officer has no training in the handling of animals, and may be unwilling, quite understandably, to risk opening a container. It has therefore occurred that animals have entered Canada and been in transit for hours or days without examination of their containers for verification of contents, for the exaction of excise duties or for health and quarantine examination.

In a previous presentation to Dr. Rowsell's committee, I described the prevalence of the smuggling of animals. One example I gave was that of a cat which was sent to the United States via London on British Airways. This cat was taken to the RSPCA shelter by the British Airways staff for routine watering and exercise. The container looked suspiciously large, and they found four little monkeys stuffed into a tiny secret compartment underneath the cat. Two were dead and two had collapsed but were revived. Apart from the suffering and death which results from this smuggling, there is the risk of infection to human beings or to the animal population of the importing country, plus the loss to the excise department of the country. Also they are finding in London

that in the smuggling of illicit drugs a very popular place to put such drugs is inside the container of an animal or even attached to the fur of some animals. This would be of interest to the Customs authorities.

Coming to the question of service, here I am speaking not of official bodies but of the public and commercial carriers themselves. The information here comes from the shelter at London's Heathrow Airport. This shelter, for those who are not aware of it, was set up in 1952 when nobody really believed in such a thing. It is the oldest in existence, and its turnover now is approximately one and a quarter million animals per year, which is estimated to be about 50 per cent of the total number going through London Airport.

This shelter serves any member of the public or the personnel of the road or air transportation carrier who run into any kind of problem concerning an animal. They only have to lift a telephone at one of the information counters and contact the shelter. The shelter then sends an animal handler plus an ambulance, if necessary. A passenger may have forgotten his ticket and may have to dash home to get it. He may have with him a big dog, and in that situation he can just park it in the shelter. A crate may break at a crucial moment or at boarding time. A carrier may be faced with an animal which has broken loose in the hold, and in that case the trained handler will go in and capture the animal and take care of it. Some of the animals are simply sent to the shelter by airline staff because they are concerned about the animal's condition or because they know there is going to be a long stop-over between connecting flights. At present the use of the shelter is voluntary.

In addition, sometimes there are paper problems. An owner may arrive with any kind of animal and find that he does not have the right quarantine papers or that the papers have been lost. In that case the animal can be boarded at the shelter and kept in quarantine until all the paper work is straightened out. These services are of a very practical value and they add up to excellent public relations.

The second heading I should like to deal with is connected with the location of the shelter. I shall not take up your time by listing the deficiencies of having to fit suitable accommodation into an already existing airport, as has happened in many United States cities. I shall assume that we are talking about animal care centres to be provided for in the plans of new airports such as Mirabel and, dare I say, Pickering. This can serve as a model to be varied depending on the circumstances with regard to existing shelters. The shelters should be within the perimeters of the airport, but close to the periphery, giving vehicular access from both within the airport and from the public highway. The area allotted to the centre must include a large area of fenced-in open space.

Coming now to facilities, and particularly human facilities, I shall not take time to deal with such obvious items as office, washroom and eating provisions for the staff. There must also be suitable accommodation for overnight attendants. It is advisable to have a lounge for owners, press and visitors.

I would like to dwell for a moment on the manager of the animal shelter and his housing accommodation. I should mention, perhaps, that there is a large shelter in the blueprint stage for London Airport at Heathrow. There it is particularly stressed that in order to get an adequate and suitable manager his accommodation should be

carefully thought out. This consists of a comfortable family home and garden, located within walking distance of the animal centre. The construction includes special soundproofing because of "overflies" and the home has direct access to the public highway and to the airport. Incidentally, the ambulance garage has a similar double access.

Then, coming to the question of animal facilities, I am certainly not qualified to venture into the technical fields of quarantine or segregation. We have many experts available on this. The question of the size of the animal centre would depend on whether it would be used for large herds of cattle, for instance, or whether they would have a special and separate facility. That is the case in London.

On the basis of the shelters now operating at Heathrow and New York International Airport—there are a number in large cities in the United States, but this is the one I have particularly picked to get information on—the following are some of the facilities which would be required, over and above the standard quarters for cats and dogs and the loose boxes for large quadrupeds. There should be a pool, large enough to allow free swimming. Our Canadian airports will probably not entertain many manatees, dugongs or hippos, despite the steady increase in zoos. However, we may well export and import penguins, turtles and large oceanic mammals. To save space, the pool would be covered in the manner that we lay boards over an ice-rink, and the area used as an extra loose box for large animals. There should be climate-controlled rooms for reptiles, tropical birds, et cetera. A large indoor area, easily hosed down, is needed to exercise horses, elephants and so forth, in bad weather. It is desirable to have numbers of release cages of various kinds. It has been found that nothing rehabilitates a distressed animal more quickly than restoring its mobility—setting it free to walk, climb, swim or fly. Heathrow has some ingenious convertible cages which save money—for example, a pyramid of cages which stack, one on top of another, and which can be used separately, or, by sliding out their floor trays, can be converted into one tall cage in which a monkey can climb or swing.

The shelter should have a complete clinic unit, including an operating room. There must be resuscitation animal cages, tanks and bird cages, with oxygen piped in plus provision for warming or cooling the creatures, as required. An autopsy room is desirable. The animal kitchens and food storage areas have to encompass a wide range of exotic and regular foods. The large fenced-in area I mentioned in connection with the shelter would serve as an escape area in case of fire. In the new London blueprints they have large doors, like garage doors, which swing open and the whole "Noah's Ark" can be rapidly evacuated into the open. An ingenious arrangement of gates and divisions can separate contaminated animals from non-contaminated animals and can keep incoming and outgoing animals separate for quarantine purposes. The cages for dangerous species, such as the big cats, are permanently on some kind of wheels for easy movement. The building should be sprinkler-protected and, actually, this fire-escape area serves a dual purpose in that it can be used for garbage trucks to come in and out.

Coming now to the consideration of staff, apart from the clerical and support staff, the shelter manager, the animal handlers and the veterinarians are all specialist staff. The manager should live on the premises, in the home provided, and he should be chosen from

among the experienced managers who are currently operating shelters across Canada. The animal handlers should be similarly recruited. Some technical colleges in Canada—St. Lawrence College, for example—already offer courses in animal handling, and their graduates are very good.

As to the veterinary aspect, I will not trespass into that area. However, the present haphazard system of calling up a private vet in case of trouble would presumably be replaced by a regular "on-call" system, or perhaps a form of veterinary resident internship.

Now we come to administrative authority. In Canada, at present, the ports of entry are under federal control, and this, I believe, is very fortunate because we can avoid the overlapping and the potential gaps which can occur in other systems, as, for example, in the British system.

The situation with regard to the control of smaller airports, frankly, we have not yet had time to research thoroughly, but no doubt the Minister of Transport knows all about this. The basic point at issue, however, is whether the animal shelters will be run on a day-to-day basis by Humane Society personnel or by public service personnel.

After studying the British system together with the hearings of the recent sub-committee of the U.S. House of Representatives, which went thoroughly into the airport matter, I believe personally, and it is our opinion, that the airport shelters should be operated by the government, but that the animal handling staff should be recruited from persons experienced in shelter work. I do not believe that the local Humane Society, in whose territory the airport may happen to be, could be expected to engage in operation of a full-time airport centre, as has occurred in the United States. Even in Britain, where the RSPCA is the accepted national body, and the geographical area of the country is far smaller than Canada, time and money—wasting difficulties occur.

Finally, we come to funding. Again, it is most desirable that an airport shelter should be funded by government and that its use should be compulsory. For historical reasons, the existing shelters in the United States and in Britain are provided from Humane Society funds, with fees for service being recovered from the users. However, when use of the shelter is not compulsory, it is not easy to recover costs from foreign users. No Humane Society in Canada is wealthy enough to assume such a burden. Under a system of government funding and compulsory use and payment, together with increased efficiency of quarantine and customs enforcement, the shelter should pay its way.

The question of compulsory usage brings us to the subject of legislation and enforcement. Throughout our investigation of animal transportation problems, as you have heard, it has been found that legislation and enforcement is essential to ensure that humane practices are carried out. The use of airport shelters is no exception. We do not need to waste time learning from our own experience while the animals suffer; we can learn from the experience of others. The American literature describes how, in the absence of compulsory use, Humane Society volunteers have to patrol the airport buildings. They literally have to search for distressed animals and bring them into the shelter. At Heathrow, the RSPCA estimates that they receive only about 50 per cent of the animals which pass

through the airport. Moreover, they point out that there are "good" airlines which use the shelter consistently and others which never come near. The "good" lines range from the giant British Airways to a very small Far Eastern line. Some large and wealthy lines never make use of the shelter at all. So common sense suggests, and they estimate, that probably only half the animals who need this help are in fact receiving it. There is general agreement that it should be made compulsory for all livestock to come to the airport shelter, whether they are for import, export or in transit. The true aim of legislation is prevention of cruelty or suffering. As the knowledge that every consignment will be opened and inspected, and that abuse will result in legal action, spreads back along this chain of handlers between seller and buyer that you have heard about today, a general up-grading in packaging and handling should result.

Thank you very much for listening.

The Chairman: Thank you, Dr. Hefferman. I think this concludes the reading of the briefs which were intended to be presented here this morning.

Are there any other comments which any of our observers would like to make at this time? Mr. Brent? You are with Brent Manufacturing?

Mr. Brent: Yes. I am a container manufacturer. I would just like to make some comments.

First, with regard to the IATA manual, it has been suggested that the IATA manual become law. This is just a series of sketches which do not have sufficient specifications of materials to make it the basis of a law. I think it should only be used as a guide, at the discretion of the airlines. For instance, the container which we use, or most of it, is not even there, and in fact it is not even going to be in the next edition. The other bulk loading systems which are used by Trans International, Pacific Western, and Air Lift are not in there, so they would not be approved. If this became law, I do not know how we would develop new types of containers such as prototypes. How would we be allowed to use them? It would be against the law. The people who write this manual are in Geneva. We have little or no contact with them, since they left their office in Montreal. Miss Millie McFadden, who was their specialist, is no longer with them, and I think she wrote most of that book, so we have no contact with them. We would not be able to fly any prototypes; we would not be able to develop any new types of materials or containers; we would be hamstrung with a lot of laws we do not need. Therefore, I feel that that book should only be a guide, which, really, it is.

In the matter of priorities on shipping of animals, we have discussed in Canada that the mail and films go first, and live animals will come next. It came as quite a shock to me, in Miami last week in a meeting with PanAm—and there were other Americans who were quite shocked, too—when, in asking about priorities, they found out that the mail in the United States does not have priority. Whatever space is contracted for, for any product, it has priority on that airline. I just confirmed this with Fernie Bell. So, if you are inter-lining an animal it would come after whatever space has been contracted for, including the United States mail, and in particular, United States military mail which comes ahead of regular mail. I think this should be taken into consideration.

My next comment is directed to Dr. Neil. Dr. Neil has mentioned the need for special transport vehicles to and from the airport. These would have to be licensed and operated by somebody. At the present time I believe there are three licensed carriers who are allowed to bring commercial goods into Toronto International Airport. They are licensed by the Department of Transport of Ontario, under the PCV Act, and we have ten provinces in Canada, so I do not think that you can make a federal law to overlap provincial jurisdiction concerning who is going to deliver what to the airport.

If the product, or the animals, are owned by the owner of the vehicle, then he can bring anything into the airport; but Dr. Neil is talking about a special set-up of some kind, and I think consultation would certainly have to be undertaken with the provincial departments of transport on this matter.

I would like to direct this next remark to Dr. Hefferman. Dr. Hefferman mentioned the new laws which have been passed in the United Kingdom. These require an aisle down the side of the aircraft and an attendant on board, which we do not use here and which we do not feel is necessary. There are 13 pallets in the system, so you would lose one animal of a thousand pounds, or 13,000 pounds of payload, out of a total of approximately 65,000 pounds, and we do not feel that this is necessary or economical. In practice we have proved it is not necessary to carry an attendant on the aircraft, and if we did have an aisle to get down there, what could he do anyway?

I would also like to comment about pilots being responsible for what they have on board. I recently talked to pilots of Air Canada and CP Air, who both told me they never know what is aboard their aircraft, that nobody tells them. This also includes hazardous materials. We had occasion to package and ship a gas to Norway, I believe. We delivered it to the harbour, the ship refused to take it, so we shipped it by Air Canada. The ship owner said it would blow the ship right out of the ocean, but Air Canada took it, and the pilot probably never knew he had it aboard, nor would anybody tell him. This is an actual instance with which I am familiar.

There is one question I should like to ask. Why should the manager of this hostel live on the airport? Nobody else does. The control tower operator does not, the manager of the airport or the airlines does not live there, so I should like to know why anybody else should live there.

Mr. Ernie R. Bell, Transportation Specialist, Air Canada: I should like to say a few words about the Live Animals Manual. The reason that the United Kingdom order originally came into effect was because the carriers themselves were reluctant to make the manual of mandatory status, and as a result it is, as Mr. Brent said, a guide. Several carriers in certain parts of the world would not follow the guide because of the materials available; they wanted to make the product as cheaply as possible to make it saleable in the countries to which they were being shipped.

If, as Mr. Brent suggested, a specification were forced, it would eliminate future developments in certain areas. Prototypes could be delivered, could be made available and could be used to determine their effectiveness without breaking the law, as apparently was indicated. A great deal of work has gone into the Live Animals

Manual, and making it in resolution form is one way of ensuring that the airlines will abide by it and have good containers moving to protect the animal and other cargo being loaded near it.

I would like to refer to the animal port, which Dr. Hefferman mentioned. I agree that the one in London does a tremendous amount of business, but I wonder how useful it would be in any airport in Canada. A lot of the commodities that Air Canada handles are of the baby chick variety, large animals, tropical fish, cats. Following Dr. Hefferman's suggestion that all these would go through the animal port, delivery to the airline would not only cause delay but would get a lot of shippers and consignees very up tight because of extra handling. Once delays are built into the movement of any traffic, the shipper and/or consignee are not too happy about it.

There are several things I should like to draw to the committee's attention. In paragraph (a) of clause 32 you refer to:

... the examination of livestock before being loaded on board any aircraft . . .

How soon would "before" be? I understand that if cattle are coming they are examined at the farm. Does this mean they would have to be examined again before going on the aircraft?

Paragraph (c) requires livestock to be segregated during transportation. At what time during transportation? Once they are on the aircraft this is transportation, and it is utterly impossible to have a segregation then. They would have to be segregated before the transportation even begins.

The Acting Chairman: Are there any further comments from any of our observers at this time? If not, we will receive questions from the committee members.

Senator McGrand: I should like to ask Dr. Rowsell two questions.

On page 5 of your brief you say that often animals are refused by the man who purchased them. You say:

If this happens, they must be sent back to the original shipper often without rest, food, water, or adequate examination.

On the next page you say:

If the hold is not air conditioned, its temperature can rise well above 100°F.

You mention that at other times it can go below zero. In your experience, does this happen very often?

Dr. Rowsell: I do not have any specific instances of this happening in Canada, but it has been mentioned in international reports, and also reports from the United States. Dr. Hefferman may have specifics of the occurrence of such things in the air in Canada. Our evidence from the Canadian Association for Laboratory Animal Science and the Canadian Council on Animal Care suggests that most of the problems related to laboratory species occur on the ground and not in the air. Our committee hopes to investigate

further the conditions existing in the aircraft. Mr. Bell of Air Canada has promised that he will attempt to bring to our meeting an engineer experienced in the environment on the aircraft to discuss the matter with us. At the moment we are not experts and are just recording what has been happening and reported in international and United States literature.

Senator McGrand: It has been suggested that exotic animals are at times a danger to humans. Snakes escape and monkeys do carry tuberculosis. Often the owner gets tired of them in a very short time and simply turns them loose. What change to the bill would you suggest would eliminate the trade in exotic animals, which a lot of people object to?

Dr. Rowsell: I have proposed in this presentation, as has Mr. Nunn on behalf of the Federation of Humane Societies, that the bill include a provision prohibiting the importation of exotic and wild animals as pets. I emphasize the term "as pets", because this is where the problems occur. This act does state that it is to prevent disease and is for the humane treatment of animals. I feel that the basis is there to make this statement of prohibiting the importation of exotic and wild animals as pets and that they only be allowed to come in under special licence to bona fide zoological gardens or for research purposes. That is where the act needs strengthening, to prevent the importation of exotic and wild animals to the pet trade.

Mr. Bell: Could I answer Senator McGrand on the question of temperatures?

Air Canada and CPAir have a compartment in their aircraft which is heated. That is to make sure that we have the proper temperature to transport animals. This is basically because of the environment and weather conditions peculiar to Canada which are not peculiar to all parts of the United States. Some of the American commercial carriers do not have this requirement in their aircraft and, as a result, you will get the fluctuation of temperatures that Dr. Rowsell has mentioned in his brief. I should be honest and say that, if there is a malfunction in the aircraft, then the temperature could go low but in no way would it go below freezing point. This has been our experience since we have been operating the jet aircraft.

Senator Norrie: Do I understand that ringworm is contagious to man other than by direct contact?

Dr. Neil: Yes, indeed. I am speaking particularly in the case of cats. Cats have been transported and they are very susceptible to ringworm and quite frequently have it, and the disease is transmitted. Therefore, if this is transmitted by the disease spore then it is possible when humans come into contact that the humans would be affected by it.

Senator Norrie: I was not aware of that. Thank you.

Senator Inman: I was rather shocked to think that cargo that would not be taken by a ship would be taken by an aeroplane.

Mr. Brent: This is true. In discussing this with PanAm there are certain hazardous materials which they are operating with where a licence is required to carry them. They do not refuse to take them,

provided that they are properly identified and packaged and labelled and identified on the waybill. PanAm is very concerned with this problem because they lost an aircraft last Christmas at Boston. There was a quantity of nitric acid packed with the wrong type of container, marked with the wrong type of gas and with the wrong type of absorbent material. The outer containers were labelled "This side up" and then put on their side. The nitric acid burned through the caps, ignited the sawdust, and the crew was lost in trying to get back to Boston. This happened about last Christmas.

Mr. Whittet: I should like to comment on that to a small extent. In carrying these cargos by sea, there are these Dangerous Cargo Regulations, which definitely say that the master of the ship must be advised of any dangerous cargo on board, if they constitute a danger to the manner in which the ship is navigated. This is not applicable to aircraft.

Senator Inman: I should think it should apply.

Mr. Bell: It is in our company regulations that the acceptance of restricted articles is governed by the Restricted Articles Regulations which have been adopted by the CTC. In our own company regulations, the captain is advised when a restricted article is aboard our aircraft, the quantity, and where it is located on the aircraft. So we do have it for aircraft.

The Deputy Chairman: Dr. Rowsell will have some comments now on the previous question asked by Senator McGrand.

Dr. Rowsell: The question actually came up rather in the discussion amongst our observers about the IATA manual and the recommendations that I have made in this brief. The IATA manual will, in all likelihood, be adopted by IATA itself, and subsequently the member countries of IATA will ask that their government agencies develop this as legislation.

I know some of the people involved in the development of the IATA manual. I have great respect for their competence, and while Mr. Brent feels that it may have limitations with respect to the types of materials used, it does give excellent advice, and I think it is more than a guideline. I certainly do not think that we can improve upon the recommendations for the various pieces listed in that manual. It does allow private industry to use various materials as containers, et cetera.

I have also submitted in my brief this point about research development on prototype containers. I support very much what Mr. Brent has said. I think any legislation should allow for the development of prototypes through research into containerization or other methods for producing environment for shipping animals.

Dr. Neil: I should like to add a word about the research and development in the field of containers. This is essential. It may not be necessary to develop separate rooms in this very complex situation. A complex shelter may not necessarily be required, because from the point of view of animals for research and many other animals too, one of our greatest concerns is cross-contamination. That would include also the case of chicks. Animals could come from different sources and one group of animals may be

carrying an infectious disease and the other group may be specified free of this disease, and they could come into contact anywhere in transit. We have documented cases where infections have been transmitted, and this can be very confusing and also disastrous in a research project.

Therefore, if containers were developed in which an environment suitable for animals could be contained within it, that would also prevent the contamination coming from one container to another container. It would not be necessary to have these animals housed in separate rooms with barriers, because the total environment would be the container itself. Therefore, I would reiterate it is most important that development occur in this area because this would be the cheapest way to achieve an excellent result.

Mr. Brent: Dr. Neil, in the legislation in which it is provided that containers can be used, it would take about two years to get the new type of container in the manual. I understand it is proposed you could not use it if it is not in the manual, and you cannot get it into the manual unless you can use it.

Senator Norrie: I wonder if we could discuss a little more this idea of the pilot being responsible for the animals. It seems to me that the pilot has enough responsibility without having responsibility for the animals also. If they are going to carry live animals on the planes, I think there should be some steward to look after the animals exclusively and not burden the pilot with it. Am I wrong in that?

Dr. Hefferman: May I make a comment on that? The special subcommittee of the committee of the House of Representatives in the United States, which met for five days, went into this question. First, I think Mr. Bell will uphold me in saying that only the captain is allowed to give orders, such as sending an aircraft back to its start, opening and closing doors, and such things as that.

There was a discussion on the question of the pilot having or not having been made aware of special cargo. There is a long section on loading regulations. One which brought this matter up states in rather refined language that an animal such as a dog will not be capable of sustaining life in temperatures outside of 85 to 90 degrees in the summer, should it remain on the ground with the cargo doors closed—they refer to it as "the bin"—for 30 minutes.

In contrast, they named two airlines, one of which always informed the captain of any special cargo including animals, and the other did not. They describe a cautionary tale, because the one that did not was carrying a load of 15 valuable and live German Shepherds. The craft had taxied right to its take-off point when, for some reason, the control tower held it. It remained there—it was in the summer—for about 45 minutes before it was allowed to take off. Of the animals, 15 were dead of suffocation and heat exhaustion on arrival and the rest were in very poor state.

Senator Norrie: But that would be the job of the steward, would it not?

Dr. Hefferman: No, because they stated that the captain, had he been aware, should then have informed the tower; and in that case he would have had to return and open his cargo doors.

The other airline, which made a habit of informing the captain, was carrying two very valuable beagles. He first inquired of the tower whether he was carrying any type of goods packed in dry ice. The danger of dry ice is known. It is in the list of loading regulations. They said no. Over the PA system he addressed his passengers and asked if anyone happened to have any dry ice in his luggage. One man piped up and said, yes, he did. He was carrying some fish that he had caught and he had a dry ice container. The captain ordered the doors opened, the luggage searched, found and taken into the cabin, the dry ice removed, and he then took off. The danger of dry ice is that the carbon dioxide that is exuding from it causes suffocation. People die from CO₂ poisoning and if they are close enough to the ice, of course, they become frozen.

This was very widely discussed. The captain cannot exercise discretion if he does not know what he is carrying, and only a captain can give certain orders.

May I ask Mr. Bell whether he knows if Air Canada and CP Air captains are told if they are carrying special cargo?

Mr. Bell: I cannot say what CP Air does, but I know that our regulations say that when there is a shipment of live animals on board, the captain is advised what it is and where it is.

Mr. Brent: I would like to make a comment on that. In the past week I had lunch with an Air Canada captain, who told me he had

never been told at any time what he had on board. I asked him if he knew of the restricted articles in the manual and he said, "I don't think we have one". On the way down here, on a flight to Ottawa from Toronto, I rode with a CP Air captain who was taking a flight from here to Rome. We discussed this matter and he told me that he had never been advised of any peculiar product that he had on board the aircraft. So there were two particular instances in the last week.

The Deputy Chairman: If there are no further questions or comments, this will conclude the sitting of this committee. I would like to thank everyone here this morning who assisted us with their comments and information. It will be the duty of the committee to get acquainted with all this material which has been submitted. I would hope that the committee could meet again to consider Bill S-2 next Tuesday, April 30, at 2 p.m., if that is satisfactory. May I hear from honourable senators in that regard? Is it agreed that we meet next Tuesday, April 30, at 2 p.m.?

Hon. Senators: Agreed.

The Chairman: Thank you, gentlemen.

The committee adjourned.

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The other airline, which made a habit of inflicting the search, was carrying two very valuable beings. The crew appeared to be nervous whether he was carrying any special parcels or not. The danger of dry ice is known. It is in the list of loading regulations. They said no. One of the crew members, one of the managers and asked if anyone had seen any suspicious activity in his baggage. One man piped up and said that he had seen a man carrying some fish that he had caught recently, and he was nervous. The captain ordered the electric search equipment searched, frozen and taken into the cabin, the search equipment was taken back off. The danger of dry ice is the fact that it is not so obvious from it unless sufficient time is taken to check it out and if they are taken care of in the bag, it is not a problem.

The way was not to be changed. The airport control exercise showed that the search equipment was being carrying, and only a search of the baggage.

The search of the baggage was carried out by the captain and CP air search equipment. The search was carried out by the captain.

The search of the baggage was carried out by the captain, but I know that our search equipment was not used. The search of the baggage was carried out by the captain and CP air search equipment.

The search of the baggage was carried out by the captain. In the past, the search of the baggage was carried out by the captain, who told me he had

never been told at any time what he had on board. I asked him if he knew of the restricted affairs in the manual and he said, "I don't know what you're talking about". On the way down here, on a flight to Ottawa from Toronto, I rode with a CP air capsule who was taking a flight from here to Rome. We discussed this matter and he told me that he had never been advised of any peculiar product that he had on board the aircraft. So there were two particular instances in the last week.

The Deputy's statement: If there are no further questions or comments, this will conclude the sitting of this committee. I would like to thank you for the time you have spent with us with their comments and information. It will be the duty of the committee to get acquainted with all the material which has been submitted. I would hope that the committee could meet again to consider Bill S-2 next Tuesday, April 30, at 2 p.m., if that is satisfactory. May I hear from honourable senators in that regard? Is it agreed that we meet next Tuesday, April 30, at 2 p.m.?

Hon. Senators: Agreed.

The Chairman: Thank you, gentlemen.

The committee adjourned.



SECOND SESSION—TWENTY-NINTH PARLIAMENT

1974

THE SENATE OF CANADA
PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON
AGRICULTURE

The Honourable HAZEN ARGUE, *Chairman*

Issue No. 8

TUESDAY, APRIL 30, 1974

Fourth Proceedings on Bill S-2, intituled:

“An Act to amend the Animal Contagious Diseases Act”

(Witnesses: See Minutes of Proceedings)



STANDING SENATE COMMITTEE ON
AGRICULTURE

The Honourable Hazen Argue, *Chairman*

The Honourable Hervé J. Michaud, *Deputy
Chairman*

The Honourable Senators:

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Benidickson	McNamara
Côté	Michaud
*Flynn	Molgat
Fournier (<i>Restigouche- Gloucester</i>)	Norrie
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Hays	Phillips
Inman	Sparrow
Lafond	Welch
*Martin	Williams
McElman	Yuzyk—(22)

**Ex officio members*

20 MEMBERS

(Quorum 5)

Issue No. 8

TUESDAY, APRIL 30, 1974

Fourth Proceedings on Bill S-2, entitled:

"An Act to amend the Animal Contagious Diseases Act"

(Witnesses: See Minutes of Proceedings)

Minutes of Proceedings

Tuesday, April 30, 1974.

Pursuant to adjournment and notice, the Standing Senate Committee on Agriculture met this day, at 2.00 p.m. to further consider the amendments to Bill S-2, intituled: "An Act to amend the Animal Contagious Diseases Act".

Present: The Honourable Senators Argue (*Chairman*), Benidickson, Fournier (*Restigouche-Gloucester*), Lafond, Martin, McGrand, McNamara, Michaud, Norrie and Sparrow. (10)

In attendance: Mr. E.R. Hopkins, Law Clerk and Parliamentary Counsel.

The following witnesses were heard:

Department of Justice:

Mr. W.G. Johnson,
Legislation Section.

Department of Agriculture:

Dr. K.F. Wells,
Veterinary Director General,
Health of Animals Branch;

Dr. R.J. McClenaghan,
Special Project Officer,
Health of Animals Branch;

Dr. I.R. Reid,
Executive Assistant,
Health of Animals Branch;

Dr. J.B. Morrissey,
Chief, Transport of Animals,
Health of Animals Branch.

After debate, and upon Motion of the Honourable Sparrow, it was *Agreed* to further consider said amendments.

At 3.50 p.m. the Committee adjourned to the call of the Chair.

ATTEST:

Mrs. Aline Pritchard,
Clerk of the Committee.

The Standing Senate Committee on Agriculture

Evidence

Ottawa, Tuesday, April 30, 1974.

The Standing Senate Committee on Agriculture, to which was referred Bill S-2, to amend the Animal Contagious Diseases Act, met this day at 2 p.m. to give further consideration to the bill.

Senator Hazen Argue (*Chairman*) in the Chair.

The Chairman: Honourable senators, we have before us a sheet prepared by Mr. Chambers, which, I take it, is an itemized summary of the various suggestions made by the groups that appeared before the committee. They are concrete suggestions which can be referred to item by item. Perhaps the officials present could comment on the practicability or otherwise of the suggestions, and the committee will then decide whether it wishes to pursue them any further.

The Canadian Cattlemen's Association suggested that in clause 15, the words "affected with" appearing in section 32(b) should perhaps be replaced by the words "infected with". That is a technical matter, and we might have some advice on it.

Dr. R. J. McClenaghan, Special Project Officer, Health of Animals Branch, Canada Department of Agriculture: Mr. Chairman, down through the years the term "affected with" has been used within the act. In examining the various dictionaries available, it seemed that the term "affected with" or "infected with" were very similar. In the phrase "infected with . . . an infectious or contagious disease" there seemed to be an excessive use of the word "infectious." However, no real exception has been taken, except that the term has been used down through the years. The interpretation is very similar.

The Chairman: Speaking as a layman, the word "affected" would seem to be a wee bit broader than the word "infected." I do not know whether or not that is correct. However, I doubt whether the committee will consider it important enough to change it. The wording has existed for a long time, and I presume the practice has grown to use those terms. There may have been some court case in which those words were used. If there is no objection, we will go on to the next suggestion.

It is suggested that in clause 3 the word "flesh" be deleted; that the words "meat" or "flesh" be added; and that "railway cars" be added. Do you wish to give an explanation on that, Mr. Chambers?

Mr. Chambers: They deal with separate paragraphs. It is felt that the word "flesh" should be deleted from animal by-products and be included in animal products. Possibly, the list was not inclusive enough under subclause 9 to include "railway cars."

Whether it is justified that the word "meat" should be referred to as an animal product, is a matter of definition.

I think they were asking for it mainly in terms of how "classy" they felt their product was, and whether it related in the act.

Dr. McClenaghan: We would agree that perhaps the words "meat" or "flesh" might more accurately be described as an animal product. However, as to which is to be preferred, we would prefer the term "flesh" instead of "meat," because while meat is flesh, all flesh is not necessarily meat.

The term "meat" is generally applied to the edible portions of animals slaughtered for human consumption. We would agree that perhaps it would be better to add "meat" or "flesh" under animal products.

The Chairman: That is under "animal product", subclause (3). Then it would read:

"animal product" includes cream, eggs, milk, semen, meat and flesh.

Is that the point at which it would come in?

Dr. McClenaghan: The next point that has to be raised concerns railroad cars, and I am wondering whether you would agree to have Mr. Johnson, from the Justice Department, comment on these two items before we proceed.

The Chairman: The one we are now talking about plus another one?

Dr. McClenaghan: Yes.

Mr. W. G. Johnson, Legislation Section, Department of Justice: When we refer to "animal products" we are referring to products from animals. It can be seen from the list we have given that there are cream, eggs, milk, semen and things like that, which are derived from a live animal as opposed to a dead animal. When we talk about animal by-products, that relates to the care and control of disease among the animals, so we are not really concerned with meat products. The reason we have used the term "flesh" is to cover all parts of the animal. A distinction should be made, because it is meat as opposed to meat meal. Both are flesh, but they are a by-product from an animal, in our context. That is why we have separated them. Under "animal product" we have those things that the animals produce when they are living; and by-products are things that occur after the animal has died.

The Chairman: You feel the wording is quite adequate as it now stands?

Mr. Johnson: I would respectfully suggest so, sir.

The Chairman: Are there any comments on that point?

Senator Norrie: What about a glue factory?

Mr. Johnson: Those would be by-products.

Senator Norrie: They would not be carriers?

Mr. Johnson: That is right. The by-products would be covered by the terms "flesh, hair, hoofs, horns". That is how by-products are defined. It is meant to cover the situation you have just mentioned.

The Chairman: Are there any other comments on this point?

Now would you like to refer to the suggestion about railway cars in subclause (9)?

Mr. Johnson: In discussing whether to put "railway cars" in the definition of "vehicle", in the Department of Justice we decided that railway cars are something separate from a vehicle. In some of the acts—I cannot think of the name of any of them at the moment—they refer to "vehicles and railway cars", so for that reason we have listed them separately. In each case where "vehicles" occurs we have put "railway cars" in as well.

The Chairman: Adding "railway cars" to this subclause would not increase the scope of the bill in any way?

Mr. Johnson: No.

The Chairman: In a sense, it would be redundant or repetitive.

Mr. J. Russell Hopkins, Law Clerk and Parliamentary Counsel: We have added "railway cars" in the body of the bill in each case.

Mr. Johnson: Yes.

The Chairman: Are you satisfied with those explanations?

Mr. Johnson: Perhaps I might explain this a little further. You will see that in some clauses there is mention of "aircraft, vehicles, railway cars or vessels." That wording is repeated wherever there is reference to a vehicle, vessel or railway car, so they are all used together.

The Chairman: On clause 11, the Canadian Cattlemen's Association questioned the appropriateness of appeals to the Assessor under the Pesticide Residue Compensation Act. Is there any comment on that?

Mr. Chambers: They seem to feel that possibly there should be some other form of appeal, and they wondered whether the Assessor under this act was the most appropriate place for an appeal to be made. There may be some justification, in that the reason an appeal is made there is for economy of cost.

Dr. McClenaghan: This bill was first introduced at a time when animals had died as a result of having consumed residue from pesticides. It was felt that there should be some mechanism to provide compensation in these cases. It was also felt that there should be a right of appeal, should the compensation be considered inadequate by the owner of the animal that had died. At that time it was thought that there was a close similarity between the compensation that would be awarded to the owner of an animal that had died or been destroyed under the Pesticide Residue Compensation Act and under the Animal Contagious Diseases Act, and therefore a single piece of legislation was introduced. However, the actual appeal procedure would be the same, in that there would be a person named to hear the appeal, and provision would be made for the slight differences between the two situations,

where animals had either died or been ordered to be slaughtered, as would be the case under the Animal Contagious Diseases Act.

This is rather complicated, and I would ask Mr. Johnson to comment, but before he does, perhaps I might say that up to the present time we have never had a request for an appeal, although the mechanism is there.

Mr. Johnson: The Appeal Board is the Deputy Chief Justice of the Federal Court of Canada, and the other justices who are also deputy assessors. These are the people who make up the Pesticides Appeal Board. It was felt that there was no reason to duplicate this sort of arrangement when we could refer to another act. For that reason, we have referred to the same board by the name of the assessor under the Pesticide Residue Compensation Act. I would point out that this is not an amendment to the act. This has been in since time immemorial. In that respect the only word change is to have "destroyed" as opposed to "slaughtered."

The Chairman: So there have been no appeals under this act.

Mr. Johnson: There have been no appeals.

The Chairman: The set-up appears to be satisfactory. Are there any comments on this?

The next recommendation by the Canadian Cattlemen's Association is:

(d) in clause 15: that compensation should not be paid to those violating Sec. 37-38.

Can you explain that?

Dr. McClenaghan: As I mentioned, following the presentation of the brief recommending such action, we feel that we must have some authority to deny compensation where the owner was aware of these animals having suffered from infectious or contagious diseases.

In sections 37 and 38 there is provision for the movement of these animals. One is for the main diseases and the other is for infectious diseases.

As far as I can determine, this section 37 really has nothing to do with compensation. It simply requires that a person obtain a licence if he is to move animals for slaughter.

Mr. Johnson: Mr. Chairman, in this respect the power to grant compensation under the act is a permissive power to the minister, subject to section 10, so he "may" grant compensation in any of these cases, if he wishes.

The Chairman: Even if somebody knowingly does it.

Mr. Johnson: Yes, that is part of the expression, whether he wants to grant it or not. Some of these diseases may not be so serious. Salmonella could possibly be one of the diseases within this section, yet it may not be serious enough for the person to get total compensation. So, if you say in the act that he shall not receive compensation, that means that even for a relatively minor infraction he could not receive the compensation.

Senator Lafond: It removes the permissiveness.

Dr. McClenaghan: Yes.

The Chairman: I think it would be a mistake to remove it myself.

The next point is a recommendation by the Canadian Federation of Agriculture:

(a) that a consultative committee should be established on the regulations.

My impression, from what was said at the meetings of the committee, is that there is a good deal of consultation going on now. The department intends to consult on proposed regulations in the broadest way, and perhaps the setting up of a formal consultative committee might be rather difficult, as to how wide a scope it would cover. It might, in fact, not add to the consultative process but might hinder it. I am appreciating your comments both on this suggestion and on my own remarks at this point.

Dr. McClenaghan: I think this is true. There will be consultation with the various segments of industry, but I feel that we could hardly be bound by the committee's view in developing a regulation.

The Chairman: I do not think that would necessarily follow, but it might seem to follow and it might be hard to structure the committee. That would mean organizing the number of representatives, how long they should be members, and the terms of their appointment to such a committee. Have you had any major criticism from any of the organizations, or have you consulted widely enough?

Dr. McClenaghan: I think it has been the policy that wherever there is a change in regulations the segment of the industry most involved is consulted. Dr. Wells has called a meeting of those interested in the artificial insemination industry, for May 5 and 6, to review the existing regulations, and to hear any suggestions which the industry might feel would be beneficial to them as operators. There has been consultation in connection with the proposed transport regulations as intimated in sections 32 and 33. Two meetings have been held with the various people involved—the railroads, the Canadian Cattlemen's Association, the Humane societies. There has been a commitment that a further meeting will be held when this bill, as we hope, becomes law. Therefore, I think there is continuing consultation with the various segments of the industry.

Dr. I. R. Reid, Executive Assistant, Health of Animals Branch, Canada Department of Agriculture: With respect to the meeting at the beginning of May on the artificial insemination situation, those who have been invited to attend are all of the licensed producing units in the country, plus all the breed associations, so we expect 50 or 60 delegates.

The Chairman: So a consultative committee would be a much smaller body and therefore restricted. My opinion would be that the kind of consultation you are having now could hardly be improved upon. You are inviting everybody involved.

Senator Sparrow: Who licenses these semen producing firms?

Dr. McClenaghan: The Health of Animals Branch. Dr. Reid can explain that. There is a double licensing agency, but from the disease standpoint the Health of Animals Branch operates the licensing system.

Dr. Reid: In the Health of Animals Branch we deal with the licensing of animals in Canada from the point of view of disease control, and we also require that the facilities be such that they are capable of maintaining them in a clean and sanitary fashion. The provinces get more involved in

it from the standpoint that as well as licensing the units themselves, from a similar standpoint of their own, they are also involved in the licensing of technicians to work in the units. It varies considerably from province to province. In Alberta there are something like five grades of technician, from the man who is doing the technical work in the laboratory unit down to the farmer-operator who is inseminating his own cows.

Senator Sparrow: Thank you.

The Chairman: Are there any comments?

We will go on to the next suggestion from the Canadian Federation of Agriculture:

(b) compensation: that market value should be understood as for either production or for meat; and that instead of maximum flat amounts for purebreds or grades, compensation should be at replacement value.

I take it this means that compensation should be at an amount more nearly equal to the actual or real value of the animal involved.

Dr. McClenaghan: I think Dr. Reid is more closely connected with that.

Dr. Reid: The position the department has taken over the years has been that it should not be profitable for an individual to own diseased animals.

Neither is it felt he should bear the entire loss. There should be a slight penalty for it. They have attempted to set the compensation rate with this in mind. The owner receives the beef value or the salvage value of the animal when it is shipped for slaughter. If it should be condemned as unfit for food at the time of inspection, then the government pays for the beef value of the animal by what is called condemnation compensation, which is the going rate in the market place.

In addition, if the compensation is awarded, the rates of this are going to be raised here. With brucellosis and tuberculosis, this has been the situation, the rates have been fixed from time to time and amended, and they have been amended just recently. This is the second time in the past year. The rates for purebreds have been established at a maximum of \$400 and the rates for beef at \$200. It is felt that this will be adequate to assist the owner in regard to the replacement of the animals and for attention to his premises.

With the other diseases, such as foot and mouth disease, we are getting into a different situation. We have taken the position that there is no salvage value. We have taken the whole cost of it. Perhaps Dr. Wells would wish to comment on that. He has just arrived and I know that he was involved.

The Chairman: Dr. Wells, do you wish to come up here? Is this \$200 the maximum that can be paid?

Dr. Reid: This is over and above the salvage value.

The Chairman: What is the highest amount that you have ever paid for a grade animal in this kind of formula? Or up until now?

Dr. Reid: Up until now the previous maximum was \$150. A few have received the maximum. The rest were roughly in around 90 per cent of the maximum.

The Chairman: I am curious as to what the maximum would be.

Dr. Reid: The average in most cases would be about 90 per cent of the maximum.

The Chairman: But 90 per cent of the \$150?

Dr. Reid: Yes, but we are talking now on the new rates, which would be \$180, which would make it about 90 per cent of \$180 on the average.

The Chairman: What would the market or salvage value then be? I am trying to get a concrete example of what a farmer would expect.

Dr. K. F. Wells, Veterinary Director General, Health of Animals Branch, Canada Department of Agriculture: Mr. Chairman, this would depend upon the grade of the carcass. The owner would receive the going rate for the grade of carcass. The majority of these animals are sold to packing plants on a rail grade basis.

The Chairman: There is not necessarily any discount.

Dr. Wells: There is a small discount. In the past there has been a discount of about one or two cents per pound. You see, when reactor animals are being killed in this situation the kill has to be slowed down in order to permit adequate inspection of the carcass, because precautions have to be taken with respect to the possible spreading of brucellosis or tuberculosis among the plant employees themselves. Therefore, the kill is slower than in normal animals.

We are now discussing this with the meat packers council to see if it would be possible to arrive at a flat rate deduction for the handling of the reactors in order to make it uniform across the country. The meat packers council would be willing to recommend to their members such a flat rate deduction, but by virtue of the combines provisions they are not allowed to establish among themselves, or even in agreement with us, a flat rate which could be deducted. But they would recommend such a rate to their members.

The Chairman: Senator Sparrow, do you know if these rates would be adequate from a producer's point of view?

Senator Sparrow: I think they are probably adequate for the straight commercial breeder, Mr. Chairman, but in a number of cases they would not be close to the replacement value in the top breeding stock in the country. Perhaps what the CFA were talking about was the top line breeding cattle that would certainly be worth much more than the \$400 stated. Perhaps Dr. Wells would care to comment on that.

Dr. Wells: I think the senator is correct, Mr. Chairman, that it would be difficult in the case of a very valuable breeding animal to establish a rate which would in fact pay for the value which that animal would have had in the market had it not been diseased. But one must remember that the animal is in fact diseased and, therefore, its true breeding value is considerably reduced by that fact. Therefore, it would be difficult to establish in many cases the true value of an animal and pay that as compensation, because the true value of a breeding animal could be anywhere from \$2,000 to \$50,000. The worth of the animal is dependent entirely on what someone is willing to pay for it; and value without a buyer cannot be established for those kinds of animals. That is why such animals are sold at public auction.

Dr. McClenaghan has reminded me that in the case of valuable breeding animals private insurance schemes are

available to the owners to cover them for these kinds of emergencies.

Senator Sparrow: Very good.

The Chairman: I am not well acquainted with this field at all, but I would think the government department would be very wise to see that compensation is as adequate as possible, because I think it is unfair to provide compensation which might be considered a good deal less than the value of the animals. Also, it would seem to me to be generally an encouragement to producers to do everything they can to clean up their herds.

Senator McNamara: Mr. Chairman, I will state at once that I know nothing about this matter at all, but once a quality breeding animal has been found diseased and has to be sold to a factory, why should it be considered to be worth any more than an ordinary animal? Why should there be extra compensation to me if I am unfortunate enough to have lost a real breeding animal because it has to be slaughtered? Why should it be worth more to me than an ordinary animal?

Dr. Wells: In raising a purebred animal for breeding purposes there are certain initial costs and there are inherent costs in the breeding of the animal, in the purchase of the semen, if it is to be artificially bred, in the cost of registration of the animal and maintenance of the purebred herd and so on. All of these costs are fundamentally built into the cost of the animal.

Therefore, of two animals of equal quality and appearance, if one has known genetic background, by virtue of its pedigree and registration, and the other does not, the one with the pedigree does have a basic value higher than the one which is not registered.

Senator McNamara: I can understand that, doctor, as peculiar to that owner, but once that animal becomes diseased, however, it seems to me that that is just the owner's tough luck unless he has had it insured. Why should somebody compensate him any more for that diseased carcass, which goes right back to being the same as any other diseased carcass?

Dr. Wells: The purpose of the compensation, senator, is to assist the owner to replace the animal. It is not necessarily to replace the animal but to assist the owner in the eradication of disease and, if necessary, to help replace the animal. If there is an inherent increased cost factor in the production and maintenance of the purebred animal, then this is automatically recoverable.

Senator McNamara: I think it was said earlier that the difference is not very great. You do not try to offset the \$50,000 animal as compared to another one?

Dr. Wells: No, that is correct, sir.

Senator McNamara: Thank you.

Senator Sparrow: Dr. Wells, how many dollars are involved per year in compensating for diseased animals? And could you tell us, outside of the scope of the dollars which have been increased, if there has been an increase or a decrease in the number of animals which have had to be destroyed?

Dr. Wells: For the last number of years there has been a gradual decrease from an annual compensation vote of about \$2 million—and I am just guessing on this, sir, and I

will get you the exact figures later—down to about \$350,000 in the past year. Unfortunately, in this past year we have had an upsurge of brucellosis which has created the necessity of having a greater number of animals ordered to be slaughtered. This year compensation has risen from about the \$350,000, which was in the estimates a year ago, to about \$500,000. That outbreak is in the process of being eliminated and, of course, it will gradually go down again.

I must point out, Mr. Chairman, however, that this does not take into account the possibility of an unfortunate outbreak of foot and mouth disease, or anything else which would necessitate increased funds. And that, of course, is not considered or provided for in the estimates.

Senator Sparrow: Is brucellosis, then, the main disease in cattle for which compensation is paid?

Dr. Wells: Brucellosis, tuberculosis and Johnes disease would be the three main diseases in that order, probably.

Senator Sparrow: I appreciate that disease problems are a concern all the time, and I appreciate the job that your department does in preventive measures. Is disease under control in Canada in those areas? Are you satisfied that we now have sufficient control over those diseases? The reason I ask that is that, as you seem to have suggested, it would appear that in the last year these diseases have been getting a little out-of-hand. But is this back under control now, would you suggest?

Dr. Wells: Yes. With the fear of sounding perhaps a little boastful, I would say that the health status of livestock in Canada is the equivalent of, and better than, most in the world. During the past year we have exported livestock and livestock products under veterinary certification to 121 countries around the world. These all require veterinary certification. More countries will accept Canada's veterinary certification than that of any other individual country. However, as the senator has indicated, it still bears day-to-day watching.

Senator Norrie: Do we have any control over rabies?

Dr. Wells: Yes, Senator Norrie. Rabies is controlled. It is a named disease under the provisions of the act you are considering. The problem is that rabies in Canada today has a reservoir in wildlife, and it is impossible to eradicate it from skunks and foxes. These are the two major wildlife carriers and these are the animals, of course, that bite livestock and spread it to livestock.

Now, through vaccination programs carried on by the department and individuals, but especially where there is any upsurge of the disease in any particular area, the department puts on free rabies vaccination clinics for all dogs and cats in the area. Through this kind of program we prevent rabies from becoming generalized, or having dogs infected—what is known as "street rabies"—and, as a result of this, of course, the extension to humans is practically nil.

The Chairman: Are there any other comments at this point?

There was a suggestion by the Canadian Council on Animal Care that the act should allow and encourage research in the improvement of containerization for the shipment of animals in order to provide an adequate environment.

Dr. Wells, do you have a comment on that?

Dr. Wells: Certainly, the department is prepared at any time to discuss and, if necessary, assist in the development of containers; but how one would go about encouraging it, other than being susceptible to any innovation and encouraging such innovation, I would not quite know. I think we would be unwise to have any specific program which said that we would in fact provide funds for anyone who just decided to come along and say they wanted to improve containers.

The Chairman: There are no funds under this act for that purpose.

Dr. Wells: Not for that purpose.

The Chairman: It would be under the National Research Act, or some other act.

Dr. Wells: Yes, unless it is a research operation; but certainly it would not be encouraged.

The Chairman: I see. Is there anything further anyone wishes to add on that?

Dr. Reid: That may have arisen from a suggestion which came up in the discussion the other day, whereby it was suggested that the IATA Manual be written into the act as a requirement, and the subsequent discussion brought out that this would not leave room to try new types of container. The suggestion was brought forward at that time that the act should not tie it down so tightly that there was not this room to try something new.

The Chairman: So what is your opinion—that perhaps there should be a little change in the act?

Dr. Reid: Well, no.

The Chairman: We do not mind changing it, you know.

Dr. Reid: No. The discussion was countering a proposal, I think, brought up by one of the other groups.

The Chairman: I see.

Then they recommended that the priority of live animals should be raised so that they will only be preceded by passengers and their baggage, and that "animals" should not be bumped from flights during transit.

I suppose the idea there is to get them to their destination as quickly as possible. Are you aware that this is a practical difficulty, that this is a hazard in shipment; that they sometimes end up being placed on another plane, perhaps?

Dr. Reid: This has come up in the discussions before the Canadian Council on Animal Care, in which it was brought out by representatives of the airlines that mail receives priority over live freight shipments. Perhaps Dr. Morrissey is better able to respond to the actual circumstances of this occurring.

Dr. J.B. Morrissey, Chief, Transport of Animals, Health of Animals Branch, Canada Department of Agriculture: This is quite true, that at present in Canada mail and news films do have priority over live animals; but it was my understanding at this meeting and from experience that once an animal is on an aircraft it is not going to be taken off at a stop-over point to make room for some other shipment. Once the animal is on, it is not going to be subsequently bumped in transit.

The Chairman: So you think it does not happen.

Dr. Morrissey: I do think that mail and news films have priority at present over animals in Canada—Not in the United States; but I do not think animals are bumped in transit.

Senator McGrand: This was presented to us by Dr. Harry Rowsell. He is a veterinary pathologist. He is chairman of animal care services at the University of Ottawa. Evidently he has considerable experience with this sort of thing. He has been involved in it, and he must think it is quite important or he would not have presented it.

Senator McNamara: I have another query. Would this be controlled by this act, or is this transportation? I just do not know why we could not put it into this act. It might be a good idea.

Senator McGrand: It is more a question of transportation.

The Chairman: Yes. Dr. Wells was saying that to me just quietly up here, and I think it is being repeated now, that it is not something that would be under this act. I presume that if it were something the committee were exercised about, they might make a recommendation about doing something under some other act.

Senator McGrand: It does include the health of animals, I suppose.

The Chairman: Whether you could legislate in this act something that affects priorities in air transportation, I do not know. Since the representative of the Department of Justice is here and our own Law Clerk, I should not be giving my opinion.

Mr. Hopkins: I think it is a transportation matter.

Senator McNamara: An international transportation matter.

Dr. Reid: Dr. Bell indicated to us that this was one of the terms of the contract negotiated between the government and Air Canada for the transportation of mail, as to the priority given to the cargo.

The Chairman: Well, I think it is something that should be watched. The department should watch it, and if you feel or find that it is a difficulty, you should approach the proper authorities to see that it happens as little as possible.

Can we proceed?

In Clause 15: Section 34 should be amended to read, "in section 31-33 livestock means any non-human vertebrate animal, including cattle, horses, sheep, and swine.

Clause 15, relating to section 34, is found on page 14 of the bill.

Do you want to explain that, Mr. Chambers?

Mr. Chambers: I think that the Canadian Council on Animal Care was concerned that possibly the definition in section 34 was not quite broad enough in its initial impact; that other animals may be prescribed and sort of tacked on at the end, instead of in the inclusive part at the beginning. They thought this would better define it.

The Chairman: Mr. Johnson?

Mr. Johnson: These provisions that have come into this part of the act were taken from the Livestock Shipping Act, which has now been repealed. When they were

brought in, it was with the intention that they take over that function that was formerly exercised by the Minister of Transport. When dealing with livestock, it was intended at that time to restrict it to cattle, horses, sheep and swine. If you wish to go to a more all-inclusive definition of animals, it is simply a matter of administration and the time it takes to oversee the various items; and that would be a policy decision. I am just explaining why it is the way it is.

The Chairman: Or a parliamentary decision.

Mr. Johnson: Yes.

The Chairman: Do you have any comment on that, Dr. Wells?

Dr. Wells: No, the department would not be averse to automatically including all animals. Certainly, under section 34 it would be the intention of the department to prescribe additional animals by ministerial order and regulation. If, in fact, it were felt—and I have not discussed this with Mr. Johnson—that it should be all-inclusive, then I would think that section 34 could be deleted entirely, and we would simply fall back upon the definition of "animal" which we find on page 1 of the bill, where it says:

"animal" includes bees, fertilized eggs of poultry or reptiles, live poultry, ova and reptiles;"

That is all-inclusive. So, Mr. Chairman and honourable senators, if it is felt that for the purposes of transportation the department should act automatically, without the necessity of having additional animals prescribed then the department would not be averse to such alteration. I can add that there is further legislation to come up for consideration, and it might well be that we would find ourselves totally involved in these things anyway.

The Chairman: But do you think that perhaps there should be an amendment to this bill? If you thought that there might be and we are not asking you to commit yourself—then I am sure we could postpone final consideration until such time as you had given further thought to this—even if it meant that finally you did not recommend any change.

Dr. Wells: Certainly, I think that the department feels that the transportation of small animals such as dogs and cats and laboratory animals must be brought under some form of control. To do it under these provisions would merely be a matter of writing regulations and having these animals prescribed by name in accordance with section 34 on page 14. This is the intention of the department. However, I do not think it would make a great deal of difference if section 34 were amended, but it would automatically be mandatory that they come in under the transportation regulations, without the necessity for the minister prescribing them. I think, Mr. Johnson, that is the position.

Mr. Johnson: That is right.

The Chairman: My opinion is that if the final result of what you are going to do is to include small animals, then it would be better to have them included in the act itself, so that the public can see that it is open and certain and that that is the way it is. However, that is just my opinion.

Senator McGrand: Which would be the more effective, to put it in the legislation or in the regulations?

The Chairman: If it is in the act itself, then the regulations can take care of its application and the details.

Dr. Wells: It would be more effective if it were in the act; then it would become mandatory on the part of the department.

The Chairman: I would think that having reached this point in the discussion we should allow the officials to see if they can come up with an amendment to cover this point, and I am sure we will be happy to entertain such a proposed amendment and, if it is suitable, to include it. If somebody wants to work on that now, we can go on with our examination item by item, and then, at some point, we can stand the proceedings. Then a further meeting could be held quite quickly. We want to get it through the Senate this week, but the urgency is not so great that it has to be done tonight. If Mr. Johnson would care to draft something now, we have our Law Clerk here, and we could make a note of what he would suggest.

Mr. Johnson: Mr. Chairman, to implement your suggestion we would have to change the word "livestock" in the heading preceding section 31, and then throughout sections 31, 32 and 33, and then delete section 34. The word to be substituted for "livestock" would be "animal". It would take me some time to draft this, but I can have it ready for you fairly quickly.

The Chairman: In other words, you suggest another meeting. I see Senator Lafond shaking his head.

Senator Lafond: If this is all we have to do, and we are reverting to the definition of "animal" in clause 3, then I do not think it is a matter of extensive drafting.

The Chairman: No, but it has to be clear that what we have before us is formal enough so that everybody can understand it and so that it will accomplish what is needed.

Mr. Johnson: If I could have an hour or so, I could deal with it.

The Chairman: All right. Would it be satisfactory to the committee if we were to have a meeting at 7.45 this evening to consider this? Would that sound reasonable? Perhaps we could even meet at 7.30 p.m., before the Senate meets, and we could deal very quickly with this point which would then be before us.

Senator Lafond: Assuming we have nothing else to do.

The Chairman: We could formalize this intention at that time.

Senator McNamara: I do not see why "livestock" cannot be amended to include these small animals, without changing the other clauses. Is a cat not livestock?

Mr. Johnson: There would be no real problem with that, but then we would have two definitions in the act. We have the definition of "animal" in clause 3 and the definition of "livestock" in section 34, and they would cover the same group of animals.

The Chairman: I think this could be somewhat complicated and it would be better to leave it with the officials to come back with their formal suggestions.

Then we go on to the next paragraph here:

(d) that there should be a ban on the importation of exotic animals except by bonafide zoological gardens

or for research under special licences ensuring provision for necessary quarantine and health examination. (exotic species—are those vertebrates excluding fish which normally live in a wild or natural state and have not been subjected to domestication through selected or controlled breeding)

What is your comment on that, Dr. Wells?

Dr. Wells: While one might have sympathy with respect to that proposal, it is not considered that the bill in its present form is a vehicle for the total banning of the entrance of any animals into the country. There are, in fact, other agencies through which this could be accomplished.

Senator McGrand: I think the purpose of that is to provide a means for getting rid of these exotic animals. People bring these animals in and they sell them in pet shops, and you have the situation where somebody buys a snake as long as the table and then three months later it escapes. The same thing applies to monkeys. And you really cannot call them "livestock", can you?

Dr. Wells: That is right. I think that in principle one can agree.

Senator McGrand: If the legislation prohibited the transportation of these animals from place to place, then this business would cease to exist, wouldn't it?

Senator Lafond: The proposal here reads: "... ensuring provision for necessary quarantine and health examination." Does that not in fact apply now under the regulations, or otherwise?

Dr. Wells: Yes, there is a difference between complete and total ban on importation of the animal, as opposed to control of the animal for health. None of these animals would be permitted in unless it was considered healthy under the provisions of the present bill.

Senator Lafond: As it stands now?

Dr. Wells: Yes.

Senator McGrand: Would a snake two feet long be inspected as to its health?

Dr. Wells: Yes, it is inspected now, in that it must be in a healthy condition when it arrives. That is, it must be alive and sufficiently vigorous to indicate its health without any outward signs of ill health.

Senator McGrand: What about these animals that carry with them the possibility of infectious diseases? Monkeys carry tuberculosis but are not X-rayed to see if they have it.

Dr. Wells: No, there are some problems, doctor, of which I am sure you are well aware, with respect to the testing of monkeys for tuberculosis other than by X-ray. Our laboratory staff are working on this problem now, in the hope that an intradermic tuberculin test can be applied, such as is used in the case of cattle and other livestock.

Senator McGrand: A skin test?

Dr. Wells: Yes.

The Chairman: My information is that this very point is under consideration now by the government and there is every possibility that action may be taken to deal with it.

Senator McGrand: Under different legislation.

The Chairman: Perhaps, but my offhand opinion is that since the problem is before the government for active consideration it would not be advisable for us to endeavour to come to a conclusion at this point.

Senator McGrand: I agree with you.

The Chairman: To proceed, the Canadian Association for Laboratory Animal Science made the recommendation that:

legislation should require that all animals be transported in proper vehicles and be attended by persons competent in animal care.

Is that not the case now?

Senator McGrand: During the discussion recently I gained the impression that that is the case now, but you know of the complaints which are received in this respect. Again, it is a question of transportation.

Dr. Wells: To be perfectly frank, this would be a totally impossible situation. It would mean that some competent, qualified livestock attendant would travel in every railroad car moving cattle from the West to the East. I believe that every care and precaution can be taken and the ends achieved without the necessity of such formalizing, which would bog down the department and livestock producers and add an unnecessary cost to the movement of livestock and other animals.

Senator McGrand: It is a question of the transportation, rather than disease, is it not?

Senator Lafond: "... that all animals be transported in proper vehicles ..." I was pleased at noon, while driving over to lunch through the Gatineau Parkway, that we could see three flights of Canada geese honking their way north. Surely, they were using the proper vehicles!

The Chairman: The Canadian Federation of Humane Societies suggested that:

In clause 4(4)—the provisions should be extended by having the following words added "and provide for humane treatment of all such animals" after the words "contagious disease".

Dr. Wells: This pertains to zoos and game farms and was discussed within the departmental group at noon today. This very point was considered as a result of this representation, and it was felt that adequate control of infectious contagious diseases in this instance requires adequate care and proper handling of animals with respect to proper caging and sanitation of the cages.

Again, it is my opinion, Mr. Chairman and honourable senators, that this will be provided for in accordance with this. Rather than providing specifically for humane treatment within a bill designed for animal disease and transportation control, I assure you that the care of these animals in zoos would become a part of the normal maintenance of health.

The Chairman: I think that would satisfy the point.

The Federation further proposed that:

In clause 15: section 32, paragraph (1) after the words "humane treatment of animals" add the words "during transportation from original point of shipment to final destination".

The suggestion is this: "... humane treatment of animals during transportation from original point of shipment to final destination."

Senator Sparrow: Mr. Chairman, may I ask who provides for the humane treatment of animals during transportation, or if there is any responsibility accepted by any organization or provision made by federal law?

Dr. Wells: No, it is just within the Criminal Code. The provisions of the Criminal Code will, of course, remain with respect to the inhumane treatment of any animal. There is, however, no specific federal law or regulation providing details for such treatment, other than those under the Criminal Code. As you are well aware, anyone in the country may lay a charge under the Criminal Code and, of course, it is done primarily by the Humane societies.

Senator Sparrow: May I ask, then, are there any provincial laws pertaining to humane treatment?

Dr. Wells: Other than those providing authority for the Humane societies of the various provinces, to my knowledge there are none.

Senator Sparrow: I would comment further that I would be reluctant, as was discussed earlier, to see too many of these particular aspects included in this bill.

Dr. Wells: Mr. Chairman, if I may, I would just say that when it is provided in the act that "For the purpose of reducing the incidence of disease and sickness in livestock entering or leaving Canada or being transported within Canada . . .", "transported within Canada" fundamentally means, of course, from the point of origin to the point of destination. In my opinion, the addition of those words would not in fact add anything to the intent.

The Chairman: The jurisdiction now is from the farm to the packing house.

Dr. Wells: Transportation within Canada, sir, yes.

The Chairman: Or within a province or municipality.

Dr. Wells: In fact, our discussions with the industry with regard to this point have made it clear that it includes all transportation.

Senator Lafond: This covers the limits of our geographical jurisdiction.

Dr. Wells: That is correct.

The Chairman: If we have the assurance that the bill before us now is as broad as it would be with the suggested amendment, which would seem to me to be the case, I do not believe there is any need for additional words.

The Federation also suggested that:

In clause 15: section 32(a) include the word "veterinary" before the word "examination" in line 13.

Dr. Wells: The wording is:

(a) requiring, in such circumstances as may be prescribed, the examination of livestock before being loaded on board any aircraft, . . .

The suggestion is that the word "veterinary" should be used before the word "examination". I assure you, that this is absolutely and totally beyond the scope of the total

veterinary population of this country to do, even if they were doing nothing else but that.

We use livestock loading centres and we have trained technicians employed by the Health of Animals Branch of the Department of Agriculture. Those people are trained fundamentally to separate the normal from the abnormal. If there are abnormal animals—in other words, animals suffering in any way, from the norm—they would be held back and a veterinary officer would be called. But to require specifically that a veterinarian examine each animal before it is loaded is totally unnecessary and beyond the means of the total veterinary force of this country.

Hon. Senators: Agreed.

The Chairman: We pass on to the next suggestion:

in clause 15: Section 32(i) wording should also include the words "crates, cases, boxes, kennels and all items of containment."

That, I take it, refers to:

(i) to disinfect and clean any aircraft, railway car, vehicle or vessel that such company, operator or owner uses for the transportation of livestock,

I can see the purpose of the suggestion.

Mr. Chambers: Mr. Chairman, it refers to page 13. They want regulations concerning not only the vehicles, et cetera, but more specifically concerning what the animals will be shipped in.

The Chairman: The suggestion, which goes slightly beyond the present wording, is that the paragraph should include reference to the crates and boxes in which the animals are packed.

Dr. Wells: Mr. Johnson has suggested the use of the word "containers".

Mr. Johnson: Mr. Chairman, I would suggest, for further clarity, that we use the word "containers," although I do think that the word "pens" would cover it.

The Chairman: You are suggesting that we add after the word "pens" the word "containers"?

Mr. Johnson: Yes.

The Chairman: Would it mean that the containers would have to be provided by the aircraft company? In some cases, would the owner of the animal bring the animal in a crate that goes on the aircraft?

Mr. Johnson: As I understand it, the owner of the animal would bring it. In many instances when someone is transporting an animal, the kennel is brought with the dog in it.

The Chairman: Did you say that as the paragraph now reads it would cover the particular crate in which the animal is brought to the aircraft?

Mr. Johnson: Yes, I would say so, because it refers to "pens". I think that would cover it.

The Chairman: You are suggesting that after the word "pens" we should insert the word "containers"?

Mr. Johnson: Yes.

The Chairman: Could we have a motion from the committee to that effect? It is moved by Senator Lafond,

seconded by Senator McGrand, that on page 13, in section 32(i), after the word "pens" the word "containers" be inserted. Is the committee in favour of that amendment?

Senator McNamara: On division. I think the word "pens" covers the situation.

Hon. Senators: Agreed.

The Chairman: Carried.

The next suggestion is that:

reference should be made in the bill to the priority of live animals over all types of inanimate cargo, in air transport.

That has already been discussed.

The next suggestion is:

that the bill should clearly define the responsibility for animals in transit.

That is a general matter.

Senator Lafond: That is a matter for transport legislation, and should not be dealt with in connection with this bill.

The Chairman: Yes. We have a couple of amendments. Shall we leave everything else until 7.30 p.m., or shall we deal with them at this point?

Senator McNamara: Could we have an explanation of the amendment on the first page?

The Chairman: That is a recommendation to be considered when we reach the point of considering the report. We have to decide whether this should appear in the report. It is merely a recommendation and not an amendment.

Senator McNamara: Who suggested it?

Mr. Chambers: That should have appeared on the last page instead of the first. Senator Argue asked me to prepare a recommendation on this subject-matter to submit to the committee at the time the report was developed for consideration.

The Chairman: It may not be practicable, but the thinking behind it is that an act such as this depends to a very large extent on the regulations for its effect. In other words, the regulations are almost of equal importance to the act itself. Perhaps it would lead to a clearer understanding if the department, when bringing in the proposed act, would bring in also the draft regulations, so that, in a sense, the whole picture could be reviewed.

Senator McNamara: I do not think it is at all practicable. I do not think we should bring in the regulations before the act is passed. Regulations are subject to change.

The Chairman: The idea would be to bring in the proposed regulations, not to put them in the form of the act itself.

Senator McNamara: We would accept the regulations, and the department would then change them.

Senator McGrand: If a regulation does not work, who has the authority to change it?

The Chairman: The Governor in Council.

Senator McGrand: Rather than go through the procedure of changing the act?

Dr. Wells: Mr. Chairman, on page 12 of the bill, section 32(b) now reads:

prohibiting the transportation of livestock affected with or suffering from an infectious or contagious disease;

The suggestion has been made that this, in fact, prohibits the transportation of livestock solely if it can be shown that they have an infectious or contagious disease. The department, of course, and you gentlemen as well, are all concerned with other things, such as infirmity, illness, injury and fatigue, being close to parturition. In other words, we do not want to put an animal in a crate and send it to Africa on an aircraft if it is going to have a calf half-way across the Atlantic Ocean. We have therefore considered, if your committee would be prepared to agree, to recommend that lines 17, 18, 19 and 20 be replaced by the words:

"(b) respecting the transportation of livestock affected with or suffering from an infectious or contagious disease or suffering from or affected by age, infirmity, illness, injury, fatigue or other incapacity;"

This would then give us clear-cut authority to concern ourselves with such things as pregnancy. There was a specific case where we did refuse an animal going overseas in an aircraft because of close parturition. The owner objected very strenuously. As a matter of fact, Dr. Morrissey was the man who made the decision, and he made the right decision; he refused to permit the animal to go; the animal was taken back, and in fact had twins within 36 hours. It would not have been fair to that animal to have let it go. Dr. Morrissey and the department were severely criticized by the owner for doing this, yet we feel we were right. If this could be changed, this kind of circumstance would be covered.

The Chairman: The suggestion appeals to me. Would a senator care to move that?

Senator Sparrow: I so move.

Senator Lafond: I second it.

The Chairman: The amendment has been duly moved and seconded.

Hon. Senators: Agreed.

The Chairman: Mr. Johnson, I take it that what you have now placed before me would deal with what we were discussing a little while ago, and if we act on this now we would not require a further meeting. Is that right?

Mr. Johnson: Yes.

The Chairman: What is proposed is:

That clause 15 of Bill S-2 be amended by striking out the word "livestock" where it appears on pages 12 to 14 and the word "animals" be substituted therefor.

I take it that would broaden the definition.

Further:

That clause 15 of Bill S-2 be amended by striking out lines 7 to 10 on page 14.

This comes from Mr. Johnson of the Department of Justice. The other officials have given consideration to it. It would carry out what appeared to be the wishes of the committee a little while ago. I wonder if on pages 12 to 14 you would quickly run through one or two places where

the word "livestock" appears so that we could see the effect.

Mr. Johnson: It appears in almost every paragraph of section 32, and it appears in section 31. Section 32(d) would read:

Requiring animals to be segregated during transport according to class, age and sex.

In other words, anywhere else you see the word "livestock" you would read the word "animals".

Dr. Wells: Would this require us to separate snakes by age and by sex? We could probably sort out their ages, but sex would be difficult.

Mr. Johnson: It would not require it. It means that you have the power to implement regulations, and you can deal with it as you wish.

The Chairman: Mr. Hopkins, do you think that does the trick for us? The bill would have to be edited to see that it is brought about, and we will have to have a new bill for the Senate when we report back to the Senate.

Mr. Hopkins: I think that is satisfactory. We have a fairly unique way of expressing things in terms of Senate amendments. I will discuss it with Mrs. Pritchard.

Senator McNamara: Is the whole of section 34 to be deleted?

Mr. Chambers: Lines 7 to 10 would be deleted. Section 34.1 follows thereafter.

Mr. Hopkins: All of section 34 is deleted. Section 34.1 is another section.

Senator McNamara: Would that become section 34?

Mr. Hopkins: You do not need to re-number everything. It would have the effect that the definition of "animal" in the definition section would cover that situation.

The Chairman: I think we know what our intentions are. If our legal adviser says the moving of this amendment would accomplish that, I think it would be in order to have it moved.

Senator Lafond: I so move.

Senator McGrand: I second.

Hon. Senators: Carried.

The Chairman: Our witnesses have some other amendments for us. These were put to us before. They have been distributed. Perhaps Dr. Wells would read them and explain them, and then perhaps a senator would formally move them.

Dr. Wells: The first one deals with "veterinary biologics", which is defined on page 3 at the bottom. The present definition reads:

"veterinary biologics" means any substance or mixture of substances derived from animals, helminths, protozoa or micro-organisms, manufactured, sold or represented for use in the diagnosis, treatment, mitigation or prevention of disease or the modification or alteration of the physiological state in animals, and includes serums, antitoxins, vaccines, bacterins, tuberculins and hormones but does not include antibiotics.

The proposed amendment is:

"veterinary biologics" means any substance or mixture of substances derived from animals, helminths, protozoa or micro-organisms, manufactured, sold or represented for use in

(a) the diagnosis, treatment, mitigation or prevention of a disease, disorder, abnormal physical state, or the symptoms thereof, in animals, or

(b) restoring, correcting or modifying organic functions in animals.

The broadening of the definition makes it possible to include in this hormones which may be used for modifying the physiological state or the organic functions of an animal.

The Chairman: Are we ready to accept the recommendation that the scope should be broadened to include hormones?

Senator Lafond: As a layman, could I have the quickest possible explanation of what "helminths" is?

Dr. Wells: Helminths are worms.

Senator Lafond: Thank you. That was a quick explanation.

Dr. Wells: Intestinal parasites.

The Chairman: Will someone move that amendment?

Senator Lafond: I so move.

Senator McNamara: I second.

Hon. Senators: Carried.

The Chairman: There is one further technical amendment.

Dr. Wells: On page 6, in lines 41 to 45, right at the bottom, it reads presently:

(t) generally, for the better execution of this Act and for the elimination or prevention of infectious or contagious disease among animals.

It will read:

(t) for the marking of animals and the affixing of tags and other devices to animals by inspectors or other officers appointed pursuant to this Act for the better execution of this Act and for the elimination or prevention of infectious or contagious disease among animals; and

(u) generally, for the better execution of this Act and for the elimination of infectious or contagious disease among animals.

The primary purpose of this amendment is to make it legal for us, without question, to be able to mark animals with tags or other devices and that these will be the legal mark of the government, so that they cannot be removed. And if they are removed for any purpose other than final disposal of the circumstances which required the tag, the person who removed them would be in contravention of the act and the regulations made thereunder.

The Chairman: Does someone wish to move that amendment?

Senator Sparrow: I move the amendment. Did you not have this power previously?

Dr. Wells: No, for the last hundred years the department has used marks on animals but, in fact, there has never been any legal authority whereby they could put them on and demand that they stay on.

Senator Sparrow: You have had the power to put them on?

Dr. Wells: We have put them on without specific authority.

Senator Sparrow: And this?

Dr. Wells: This provides that authority, senator, should it be necessary to identify animals permanently for any purpose. This provides the authority to do it.

The Chairman: It is moved by Senator Sparrow and seconded by Senator Fournier (Restigouche-Gloucester), that the proposed amendment be adopted. All those in favour?

Hon. Senators: Carried.

The Chairman: As far as I know, this is the end of the suggested amendments. We have been through our discussion paper, so we know the right terminology. I take it we are back on the bill.

Senator Sparrow: Might I ask Dr. Wells again, although the amendment has been passed, what tags he is thinking of specifically, when he brings this amendment in?

Dr. Wells: At the moment we require tags in the normal activity of exporting or importing animals, where they are not actually identified. In dealing with tuberculosis or brucellosis diseases, or any other type of disease, we put on ear tags with a number on one side and "H of A" on the other side, indicating that they are Department of Agriculture tags.

We have not had any serious objection to this marking of animals. Where reactors are found, in order to identify the reactors adequately we have put on red ear tags. We have tried electric branding and branding with chemical brands but all these have their own problems. We have never had a serious question put to us with respect to the use of ear tags. We have had with respect to branding, but we have discontinued it anyway.

The real problem is that there is no authority to say that when a tag is put on by the department official it cannot be removed, that it is contrary to the law to remove it. Therefore, one could switch ear tags. While we have never had, in my experience, any proof that such has been done, we have had suggestions that it has been done. In the case of purebred animals where we have the pedigree, of course it is not as serious a matter because they are identified by virtue of the pedigree. But in the case of animals which are not pedigree, this is the only means of identification. What we are asking is that the department have a legal right and authority to apply these marks and insist that they stay there.

Senator Sparrow: Thank you.

Dr. McClenaghan: I must apologize for an omission. In "reportable diseases", on page 3, I discovered only this morning that we should add one more disease to that list. The name is "African swine fever".

Then there are a number of what appear to be wrong translations. I am not an authority on the French language but I have been told that on line 8 of page 3 the term "la

fièvre catarrhale" is not a proper translation of the English term "blue-tongue" and it should read "la fièvre catarrhale du mouton".

In line 7 on page 3 the French term is "la peste aviaire asiatique" but we do not want the word "asiatique" there.

Dr. Morrissey: We wish to leave out the word "asiatique", so that it will read "la peste aviaire (maladie de Newcastle),"

Dr. McClenaghan: On line 18 there is a French translation of the "vesicular disease of swine" and they have "les maladies vésiculaires du porc", but since this is singular it has been suggested that the French translation be singular, that the article "la" should be there instead of "les".

Then, for the addition of "African swine fever", if that is agreed to, we suggest "peste porcine africaine."

The Chairman: What do we really have to do to check this?

Dr. McClenaghan: I am sorry I did not find this out earlier.

Mr. Hopkins: If you can give us that in writing, it would be helpful.

Senator Sparrow: I would recommend those changes. I am not so sure that I am competent to recommend the French portion. I would recommend that the translation be rechecked to make sure it means the same thing in French as it does in English.

Dr. McClenaghan: I am sorry that I overlooked this.

Senator Sparrow: Those are the two motions.

The Chairman: We will take the second one first. The motion is:

That "African swine fever" be added to the list on page 3, at the beginning of the list.

This is seconded by Senator McNamara. Is it agreed, honourable senators?

Hon. Senators: Agreed.

The Chairman: It is carried.

For clarification, does that require any action by this committee?

Mr. Hopkins: Since we are adding a new disease, you might as well do the full job.

The Chairman: I would take a motion from Senator Lafond.

Senator Lafond: I will move it, on the translation.

The Chairman: It is seconded by Senator Fournier (Restigouche-Gloucester). Is it agreed?

Hon. Senators: Agreed.

The Chairman: It is carried.

Dr. Reid: There is a translation on page 6, item (r), the French translation is, "des maladies d'animaux"; and the English is, "infectious or contagious disease". It should be corrected in the French version to, "une maladie infectieuse ou contagieuse".

The Chairman: Will you agree on that, Senator Lafond?

Senator Lafond: Yes.

The Chairman: It is moved by Senator Lafond and seconded by Senator Fournier (Restigouche-Gloucester). All in favour?

Hon. Senators: Agreed.

The Chairman: It is carried.

Mr. Hopkins: Mr. Chairman, in order to assist us, it would be helpful to have these suggested amendments sent in writing to Mrs. Pritchard, and then we can construct them.

The Chairman: Yes, otherwise we might not know exactly what we are dealing with.

There is the possibility of a suggestion from the government as to a further amendment. The question is: Should we report the bill now and deal with any further amendments in the house itself on third reading, or should we delay reporting the bill in order to deal with any suggested amendments here in committee?

Senator Sparrow: I would prefer to hold the bill in committee.

The Chairman: All right.

The committee adjourned.

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SECOND SESSION—TWENTY-NINTH PARLIAMENT

1974

THE SENATE OF CANADA
PROCEEDINGS OF THE
STANDING SENATE COMMITTEE ON
AGRICULTURE

The Honourable HAZEN ARGUE, *Chairman*

Issue No. 9

THURSDAY, MAY 2, 1974

Fifth and final Proceedings on Bill S-2, intituled:

“An Act to amend the Animal Contagious Diseases Act”

REPORT OF THE COMMITTEE

(Witnesses: See Minutes of Proceedings)

STANDING SENATE COMMITTEE ON AGRICULTURE

The Honourable Hazen Argue, *Chairman*

The Honourable Hervé J. Michaud, *Deputy Chairman*

The Honourable Senators:

- | | |
|--|------------|
| Argue | McGrand |
| Benidickson | McNamara |
| Côté | Michaud |
| *Flynn | Molgat |
| Fournier (<i>Restigouche-Gloucester</i>) | Norrie |
| Haig | Petten |
| Hays | Phillips |
| Inman | Sparrow |
| Lafond | Welch |
| *Martin | Williams |
| McElman | Zuzyk—(22) |

**Ex officio members*

20 MEMBERS

(Quorum 5)

REPORT OF THE COMMITTEE

(Witnesses: See Minutes of Proceedings)

Minutes of Proceedings

Thursday, May 2, 1974.

Pursuant to adjournment and notice, the Standing Senate Committee on Agriculture met this day, at 10.00 a.m. to resume consideration of Bill S-2, *intituled*: "An Act to amend the Animal Contagious Diseases Act".

Present: The Honourable Senators Argue (*Chairman*), Benidickson, Hays, McGrand, McNamara, Molgat, Norrie and Yuzyk. (9)

The following witnesses were heard.

Department of Agriculture:

Dr. R. J. McClenaghan,
Special Project Officer,
Health of Animals Branch.

Dr. I. R. Reid,
Executive Assistant,
Health of Animals Branch.

Dr. J. B. Morrissey,
Chief, Transport of Animals,
Health of Animals Branch.

Upon Motion of the Honourable Senator Hays, it was *Resolved* to report the Bill with the following amendments:

1. *Page 3*: Strike out clause 3(8) and substitute therefor the following:

"(8) Section 2 of the said Act is further amended by adding thereto, immediately after the definition "prescribed", the following definition:

"reportable disease, means African Swine Fever, anaplasmosis, anthrax, avian pneumoencephalitis (Newcastle Disease), blue-tongue, brucellosis, cysticercus bovis, equine infectious anemia, equine piroplasmosis, foot and mouth disease, fowl typhoid, glanders, hog cholera, maladie du coït (dourine), mange, pullorum disease, rabies, rinderpest, scrapie, sheep scab, trichinosis, tuberculosis, vesicular disease of swine, vesicular exanthema of swine, vesicular stomatitis or such other disease as may, from time to time be designated by the Minister;"

2. *Pages 3 and 4*: Strike out lines 37 to 40, inclusive, on page 3 and lines 1 to 8, inclusive, on page 4 and substitute therefor the following:

"“veterinary biologics” means any substance or mixture of substances derived from animals, helminths, protozoa or micro-organisms, manufactured, sold or represented for use in

(a) the diagnosis, treatment, mitigation or prevention of a disease, disorder, abnormal physical state, or the symptoms thereof, in animals, or

(b) restoring, correcting or modifying organic functions in animals."

3. *Page 6*: Strike out lines 41 to 45, inclusive, and substitute therefor the following:

"by this Act to be prescribed;

(t) for the marking of animals and the affixing of tags and other devices to animals by inspectors or other officers appointed pursuant to this Act for the better execution of this Act and for the elimination or prevention of infectious or contagious disease among animals; and

(u) generally, for the better execution of this Act, and for the elimination of infectious or contagious disease among animals."

4. *Page 12*: Strike out the word "livestock" where it appears on page 12, and substitute therefor the word "animals".

5. *Page 12*: Strike out lines 17 to 20, inclusive, and substitute therefor the following:

"(b) respecting the transportation of animals affected with or suffering from an infectious or contagious disease or incapacitated by reason of age, infirmity, illness, injury, fatigue or any other reason;"

6. *Page 13*: Strike out the word "livestock" where it appears on page 13 and substitute therefor the word "animals".

7. *Page 13*: Strike out line 17 and substitute therefor: "stalls, containers, pens and fetterings in aircraft,"

8. *Page 14*: Strike out the word "livestock" where it appears on page 14 and substitute therefor the word "animals".

9. *Page 14*: Strike out lines 7 to 10 inclusive.

10. *Page 14*: Strike out "34.1" in line 11 and substitute therefor "34".

At 10.35 a.m. the Committee adjourned to the call of the Chairman.

ATTEST:

Mrs. Aline Pritchard,
Clerk of the Committee.

Report of the Committee

Thursday, May 2, 1974.

The Standing Senate Committee on Agriculture to which was referred Bill S-2, intituled: "An Act to amend the Animal Contagious Diseases Act", has, in obedience to the order of reference of Thursday, March 28, 1974, examined the said Bill and now reports the same with the following amendments:

1. *Page 3:* Strike out clause 3(8) and substitute therefor the following:

"(8) Section 2 of the said Act is further amended by adding thereto, immediately after the definition "prescribed", the following definition:

"reportable disease, means African Swine Fever, anaplasmosis, anthrax, avian pneumoencephalitis (Newcastle Disease), blue-tongue, brucellosis, cysticercus bovis, equine infectious anemia, equine piroplasmiasis, foot and mouth disease, fowl typhoid, glanders, hog cholera, maladie du coït (dourine), mange, pullorum disease, rabies, rinderpest, scrapie, sheep scab, trichinosis, tuberculosis, vesicular disease of swine, vesicular exanthema of swine, vesicular stomatitis or such other disease as may, from time to time be designated by the Minister;"

2. *Pages 3 and 4:* Strike out lines 37 to 40, inclusive, on page 3 and lines 6 to 8, inclusive, on page 4 and substitute therefor the following:

"veterinary biologics" means any substance or mixture of substances derived from animals, helminths, protozoa or micro-organisms, manufactured, sold or represented for use in

(a) the diagnosis, treatment, mitigation or prevention of a disease, disorder, abnormal physical state, or the symptoms thereof, in animals, or

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6. *Page 13:* Strike out the word "livestock" where it appears on page 13 and substitute therefor the word "animals".

7. *Page 13:* Strike out line 17 and substitute therefor:

"stalls, containers, pens and fetherings in aircraft,"

8. *Page 14:* Strike out the word "livestock" where it appears on page 14 and substitute therefor the word "animals".

9. *Page 14:* Strike out lines 7 to 10 inclusive.

10. *Page 14:* Strike out "34.1" in line 11 and substitute therefor "34".

Respectfully submitted.

Hazen Argue,
Chairman.

The Standing Senate Committee on Agriculture

Evidence

Ottawa, Thursday, May 2, 1974.

The Standing Senate Committee on Agriculture, to which was referred Bill S-2, to amend the Animal Contagious Diseases Act, met this day at 10 a.m. to give further consideration to the bill.

Senator Hazen Argue (*Chairman*) in the Chair.

The Chairman: Honourable senators, the reason we did not formally pass Bill S-2, together with the proposed amendments thereto at our last meeting was because Dr. Wells was meeting with certain members of the Cabinet on a related matter. It appeared that there might be further amendments to this legislation and, if so, that it might be better to have them dealt with in the Senate rather than have them go through the House of Commons. Apparently, however, there is little likelihood of any further proposals for amendment coming in the near future, so it now seems that we should go ahead with the bill as we have it before us and with those amendments which have already been agreed upon. In that sense, our meeting this morning will consist merely of formal adoption of the proposed amendments and a motion to report the bill with amendments back to the Senate.

Before we get into that aspect, I understand that Senator Hays has one or two points he wants to raise. If he wishes to ask any of the departmental officials questions, now would be the time to do so.

Senator Hays: Mr. Chairman, my first question deals with the amount of compensation.

The Chairman: Perhaps Dr. Reid can answer that.

Dr. I. R. Reid, Executive Assistant to the Veterinary Director General, Health of Animals Branch, Department of Agriculture: Mr. Chairman, I am a little better prepared to deal with this today than I was on the last occasion. At the last meeting I gave the maximum compensation figure for purebreds as being \$400, and I want to correct that; it is now \$450.

I have here Order in Council PC-1974-664 which was passed recently. It reads as follows:

The new increased rates were arrived at using information from Statistics Canada.

In 1972, the average sale price of grade dairy cattle was \$367.42, and the average slaughter value of slaughter cows was \$221.60. This was a difference of \$145.82 and the compensation was \$150.00.

In November 1973, the average sale price of grade dairy cattle was \$465.30 and the average slaughter value of cows was \$296.30. This was a difference of \$169.00 and as it is considered that the packers discount reactor cattle for the additional handling and

work involved, it was recommended that the compensation be increased by \$50.00 making the new maximum \$200.00 for grade cattle.

In 1972, the average sale price of purebred cattle was \$518.88 and the average slaughter value of slaughter cows was \$221.60. This was a difference of \$297.28 and the compensation was \$300.00.

In November 1973, the average sale price of purebred cattle was \$716.71 and the average slaughter value of slaughter cows was \$296.30. This was a difference of \$420.41 and as it is considered that the packers discount reactor cattle for the additional handling and work involved it was recommended that the compensation be increased by \$150.00 making the new maximum \$450.00 for purebred cattle.

This is the second time the rates have been revised in the past year. New rates went into effect on June 1 of last year, and a further revision in the rates went into effect in the last month.

Senator Hays: So, you are offering \$450 compensation for purebred cattle with an average price of \$716?

Dr. Reid: Yes, That is over and above what they would bring on the market in terms of beef value.

Senator Hays: So, you take \$716 and add the beef price? There is always some salvage.

Dr. Reid: Yes. We are trying to arrive at a figure where we take the salvage value, add the compensation which is awarded, and arrive at approximately an average price of \$716. There may also be a few dollars in the way of a discount, so that it is not profitable to be in the position of having diseased animals.

Senator Hays: And this is covered, for the most part, in cases of programs of brucellosis and tuberculosis?

Dr. Reid: Yes, that is right.

Senator Hays: In the case of a foot and mouth outbreak, it would be an entirely different set of values with regard to the animals?

Dr. Reid: Yes. In those situations, because of the great dangers involved, we do not move the animal off the farm, as you know. We slaughter them there and, as well, we slaughter any animal that may have had the remotest contact with the diseased animal. In those situations we move in and value the animals and pay full compensation.

Senator Hays: I suppose this is a selective committee?

Dr. Reid: That is right.

Senator Hays: And there is a right of appeal in so far as this is concerned?

Dr. Reid: There is an appeal procedure set up under this legislation. We have referred to the procedures outlined under the Pesticide Residue Compensation Act for the mechanics of it.

Senator Hays: In the case where an individual has a purebred herd of Charolais that cost a good deal of money—you could be looking at several hundred thousands of dollars—are there any special provisions in respect of such a breeder in the event of a brucellosis attack? In such cases the individual would have invested a great deal of money in that herd of animals.

Dr. Reid: There are no provisions for special situations of that nature, senator. Our position has been that there is commercial insurance available for high-value animals. If I am not mistaken, one company offers rates of 3 per cent for under 10 animals and 1-½ per cent for over 10 animals. I could be in error on those rates. The feeling is that if an individual has a high-priced herd, it would be to his advantage to insure them on the commercial market.

We do have provision under exceptional circumstances to place very high-valued animals in permanent quarantine. In the case of Charolais cows valued at approximately \$25,000 in permanent quarantine at the present time. This procedure has not been followed very often. It is only done in exceptional circumstances, but that provision does exist for high-valued animals.

Senator Hays: So that if one has a \$25,000 animal and it reacts to brucellosis it can be placed in permanent quarantine?

Dr. Reid: Yes.

Senator Hays: Is this the right of the breeder?

Dr. Reid: Yes. In other words, if a breeder has a high-priced animal, assuming he has suitable facilities for the maintenance of such animals, the Veterinary Director General may consider his request to have the animal placed in permanent quarantine.

Senator Hays: That is a very old program. We did that years ago.

Dr. Reid: Yes. As I say, it is not applied very often, but there are two animals in such circumstances at the present time. The procedure in such a case is to move the calf out at birth and test it, and if the test proves negative the calf is allowed to go back with the rest of the herd.

Dr. R. J. McClenaghan, Special Project Officer of Animals Branch, Department of Agriculture: Senator Hays, this was the procedure followed in our brucellosis program. At that time there were relatively large numbers, perhaps up to 100 animals, under permanent quarantine. That procedure has not been used very often in the last few years, but when it involves very high-priced animals, assuming the owner has adequate facilities, as Dr. Reid has pointed out, we would allow it. Generally, it would require separate premises and separate attendants. Therefore, it would not apply to each and every reactor, but only to those where there were adequate facilities and the individual was willing to expend the moneys required to provide the necessary isolation.

Senator Hays: In that context, if an animal worth \$25,000 or \$30,000 has a reaction to brucellosis and is placed in quarantine for purposes of continued breeding, will her offspring at birth be free from brucellosis?

Dr. McClenaghan: Sometimes yes; sometimes no. They will generally react shortly after birth.

Senator Hays: As a vaccinated animal would in titer?

Dr. McClenaghan: Very similar to that. After a calf has been weaned for a period of from 60 to 90 days and has been apart from the dam, it very often goes back negative—probably in more than 90 per cent of such cases. There would be the odd animal that would still retain the infection.

Dr. Reid: The calves seem to have some degree of natural resistance which lasts until they are about a year old. Unfortunately, there are exceptions to that. Because of that, the procedure is to remove them from the dam and hold them in isolation where they can be tested, and provided they prove negative, they are then permitted to rejoin the herd. The antibodies against brucellosis which are circulated in the dam would be passed on to the calf in the same manner as antibodies for other diseases are passed on.

Senator Hays: There is nothing in this bill that says that an individual who has a high-priced animal must appeal to the Veterinary Director General for this type of procedure?

Dr. Reid: It is provided for in the amendments. It is not dealt with in the act itself, but rather in the regulations. The compensation is also dealt with in the regulations. The act merely provides authority for the payment of compensation.

Senator Hays: Mr. Chairman, those were the concerns I wanted to express.

Senator Norrie: Is there any compensation provided for the loss of services of these animals while they are in quarantine?

Dr. Reid: The owner is permitted to maintain his breeding program with the animals while they are in quarantine, senator. The procedure followed is that the calves are removed from the dam at the time of birth and placed in isolation where they are tested. If the calves go negative and remain negative, indicating that they are not infected, they are then permitted to rejoin the herd.

Senator Hays: If an individual finds himself in this position, Dr. Reid, is there any provision under the regulations whereby he could follow a program of transplants?

Dr. Reid: This was tried on one animal, senator, but without success. The brucellosis organism has an affinity for the genital tract, and it appeared in that case that there was sufficient metritis involved as a result of the infection that the transplant procedure was unsuccessful. That animal was moved to the clinic in Calgary, as a matter of fact, for the procedure, but it was unsuccessful.

Senator Hays: The brucellosis organism killed the fetus?

Dr. Reid: Well, it prevented conception in the dam.

Senator Hays: Has there been enough research conducted to come to the conclusion that this is the case in all animals?

Dr. Reid: Basically, that is the history of the infection. The brucellosis organism, after there is initial general bacteremia throughout the whole body, settles in the reproductive organs where it causes inflammation. For that

reason we get abortions occurring at about the seventh month due to the effect on the uterus of the cow. In an infected animal it can prevent conception because of the inflammation that is in the uterus. There are records of herds having sterility problems up to 50 per cent because of the infection occurring.

I do not know whether laboratory proof has been established in this particular instance, but it is a very good bet, shall we say, that it was the brucellosis organism that prevented conception. They just could not get the fetus to hold. As you are aware, in the transplant procedure they breed the animal and remove the fetus on the fifth day, but they were not getting development at all. They were just not getting anywhere with that procedure.

The Chairman: Are there any other questions before we get to the bill itself?

Senator Norrie: Assuming the animal proves sterile, Dr. Reid, is there any provision for compensation for the individual who maintained and tested the animal for several months?

Dr. Reid: As I mentioned earlier, senator, there is a maximum amount of compensation for purebred animals, which is designed to meet the average situation. It is expected that owners of animals of a higher calibre would insure them on the commercial insurance market. The commercial insurance rates seem to be quite reasonable. As I recall, one of the insurance companies is willing to provide insurance against reaction on tests for eradication programs.

As I mentioned, I believe the premium rates are something in the area of 3 per cent for less than 10 animals and 1½ per cent for over 10 animals. I could stand corrected on those percentages.

The Chairman: If there are no further questions, we will get down to the bill itself. At the last meeting, as honourable senators will recall, we did move and pass a number of amendments. What we have before us this morning, in the main, is merely the work necessary to attach those amendments to the bill for reporting to the chamber. Also, we have before us a new amendment from the department. This document is signed by Dr. Morrissey, and the pertinent matter is on page 3, where you will see subclause (8) of clause 3.

I think we should ask the spokesman for the department to explain what they wish us to do by way of this further proposed amendment.

Dr. Reid: On reviewing the text of the bill, Mr. Chairman, we noted that one serious disease of swine had been omitted in error from the list of diseases, and this is African swine fever. It is the first disease listed in the amendment that you have before you, in the English text. The amendment is simply to add this very serious disease of swine to the list of named diseases, or reportable diseases, on which the department takes action.

In the French text, there is also the addition of this disease, plus several corrections in the names of the diseases in translation.

In the printed French text, on page 3, the word "asiatique" in line 7 has to be removed because it creates confusion in the name of the disease being referred to.

In line 8, the expression "la fièvre catarrhale" is incomplete. The words "du mouton" are to be added.

Further down, in line 18, we have a transposition to the plural here from the singular, and the change is simply to return this from "les maladies vésiculaires du porc" to "la maladie vésiculaire du porc."

The Chairman: I do not know how our amendment should be worded. We seem to be dealing with two things. Maybe we should have two amendments. We will take a motion, first of all. It has been suggested that we should take a motion to delete the present clause 3(8), I take it, and substitute for it everything that is before you on page 3 and that has been referred to now. In other words, by that one single amendment, we would add African swine fever and do the corrections in the French text. Do we have a mover?

Senator Yuzyk: I so move.

Senator Hays: I second the motion.

The Chairman: It is moved by Senator Yuzyk, seconded by Senator Hays, that the present clause 3(8) be deleted. We will do the editing of this afterwards. The motion, then, would read that all of 3(8), after the word "definition," be deleted, and that the words before us be substituted therefor. I take it that that is the motion. Are you ready for the question? All in favour?

Hon. Senators: Agreed.

The Chairman: The motion has been carried.

Now, I take it we have before us the bill as amended. Are you prepared to report the bill, with the amendments agreed to?

Hon. Senators: Agreed.

The Chairman: We will report the bill with the attached amendments.

We have before us a suggestion, made at our last meeting,—and I would wish the witnesses to correct me if they think what I am saying is not correct—along the lines that in legislation such as we have before us now, which is, in a sense, enabling legislation, and requires for its full implementation a very large number of regulations, we should make a recommendation to the Senate that when we have this kind of legislation presented to us, if it is at all possible, we should have, at the time we are dealing with it, the regulations proposed by the department.

Senator McNamara made an objection to this. I am entirely in your hands. I am neither promoting this, nor am I opposing it, but we do have a problem. When we deal with legislation like this, and when most of it, really, is to come later by regulations, there is a problem as to whether there should or should not, in some formal way, be before us the suggested regulations.

Mr. McClenaghan: Mr. Chairman and senators, it would be very difficult for us to provide all the regulations we are thinking about at the present time. We have worked on proposed regulations, which I suppose is not strictly right, because we had no authority even to think about it until the bill here has been passed, but we could submit some ideas about these regulations. I am certainly with the recommendation that this committee accepted at its last meeting, that instead of "livestock" the word "animals" be substituted, for the purpose of regulating the transport, not of "livestock" but of "animals". This would require

quite a number of changes in the regulations. While we want to accommodate you in every way, and would be happy to show you the regulations that we have in draft form at the present time, there are bound to be many changes. If you wish to have some—

The Chairman: This has really nothing to do with what we have now before us. It is really just a recommendation to government that in any legislation from any department which is, in the main, enabling legislation, in so far as possible, regulations and information as to what will follow the bill should be brought forward at the time of presenting the bill. I can appreciate the difficulty. You have to consult after you have the power, and it is pretty difficult—indeed, it is rather presumptuous—to try to do all this consultation with people that may be involved, before you have the authority. On the other hand, it is pretty difficult for the committee to consider the meat of the bill without all this extra information.

Senator Hays: That is why we have to amend bills from time to time, after we see the regulations.

The Chairman: I think the committee would agree with me when I say that the government, in so far as it is possible, in the future, when it brings in enabling legislation, should see to it that all pertinent information available at that time about proposed regulations is brought to the attention of the committee.

That would not be putting it in a formal way, it would be just a recommendations by this committee. All we would say is, "Bring all your working papers with you for discussion purposes," without any hard and fast instructions. In other words, you would have to bring an almost finished product. You are doing that, anyway, in the sense that you are bringing us the information, although you may not have brought us any written material.

Senator Hays: Is this something new in bills? Or are you just suggesting that a lot of information be brought here that might be put in the regulations?

The Chairman: You can go back and forth on it. You ask Parliament to put something in the law so that regulations can follow, and sometimes the regulations become more important than the law, and nobody knows what the law is because they do not know what the regulations are. I think it is preferable to have it in the law, so that one can get it off the statute book, but it cannot all be done in that way.

Mr. McClenaghan: Certainly we have been working on the regulations, and there is a rough draft of the regulations, but they are not in completed form, ready for submission to counsel at this time; so it would take quite some time to discuss them and attempt to explain them. However, basically they will be the same as the regulations which presently exist in the act—that is, in the old act, without the amendments. Any changes are simply to clarify certain areas and to provide broader authority in these particular areas. There is no intention to introduce regulations which have never been introduced heretofore. Would you agree with that, Dr. Reid?

Dr. Reid: Yes. The main purpose of the bill, originally, was to deal with the transportation of animals, and regulations had to be established for that. Some thought has been given to that point. In many other aspects, the bill simply provides authority for things which we have been doing and which our legal advisers tell us we did not really have the authority to do.

The Chairman: Well, it is great to be legal if you can, especially when you work for the government.

Senator Hays: How did you propose to word that?

The Chairman: I have forgotten. It is only part of our record. It is not going to the chamber.

My suggestion was that we just recommend that in the future, when enabling legislation is introduced, in so far as it is possible the departments give us their proposed draft regulations. In this case, our witnesses now tell us they have regulations in their hands.

Senator McNamara: Mr. Chairman, with all deference to you, sir, this proposal is not related to this bill at all. I mean, we are not talking about this particular bill. As I understand what you said the other day, the idea would be that the committee would recommend to the Senate that, in future, bills introduced by the government should be accompanied by the regulations, or the draft regulations. I respectfully suggest that that is not practical. I do not think the officials, even though they would try to do so, can really adopt regulations until a bill has been passed by Parliament.

They can tell us what they think might be the regulations, but when they get into consultation with other departments they might find that those cannot be the regulations. So we would misled if they indicated the type of regulations and if we accepted that, and then they turned out not be the regulations at all.

I do not think that this committee, or the Senate as a whole, can make a recommendation to Parliament that something like this should be the policy of government. It is not a practical policy for the officials to endeavour to follow. On that basis I would oppose the adoption of this resolution.

The Chairman: There is no resolution before us, Senator McNamara, nor did I make any proposal that there should be a resolution before us.

Senator McNamara: What are we talking about, then?

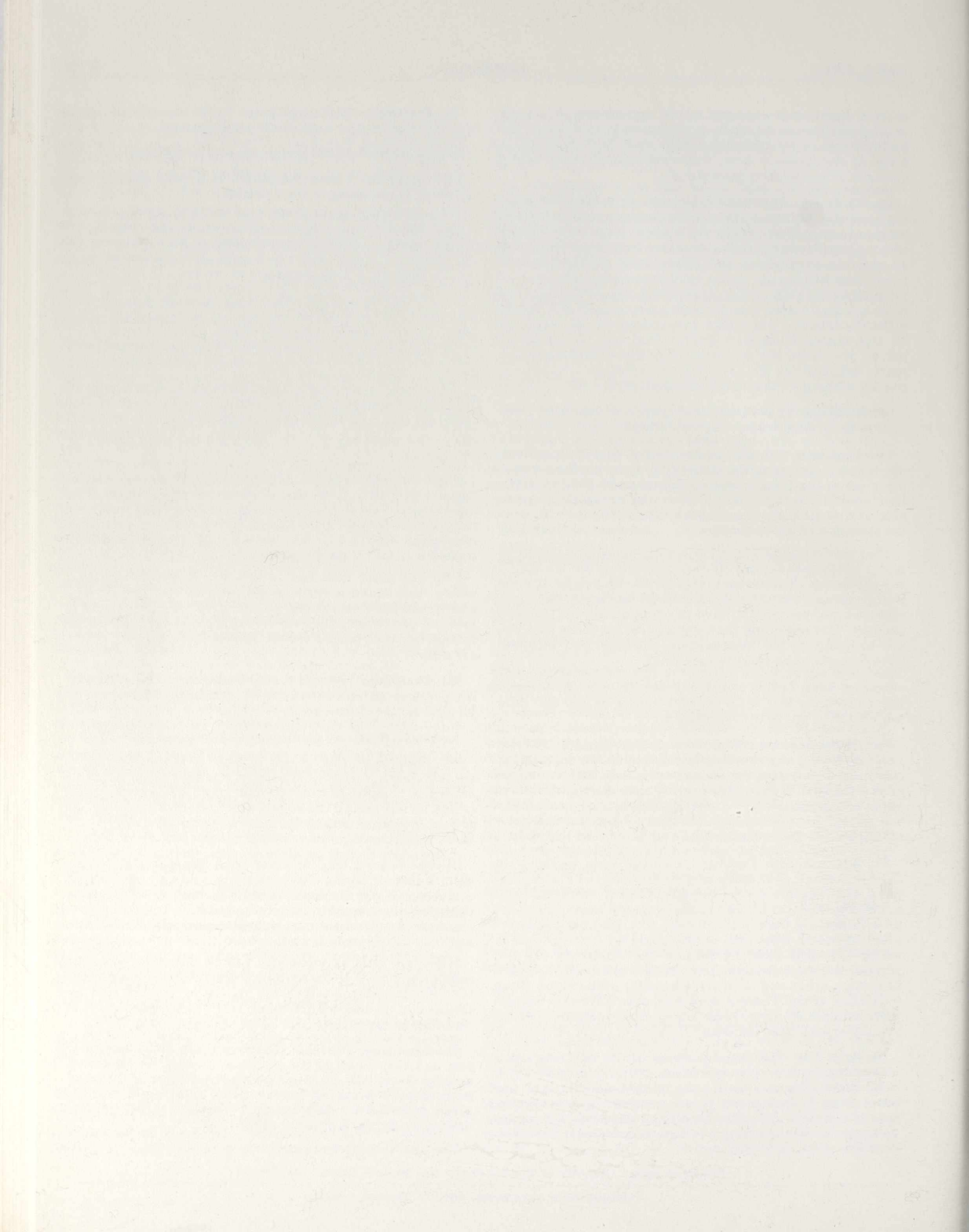
The Chairman: We can talk without a formal motion, if we feel like it, and the suggestion was that there might be a motion. Nobody has moved one, and I was merely trying to put on our record the suggestion that if we could see the proposed regulations in the case of future bills, that would be all to the good.

Senator Hays: I tend to agree with Senator McNamara, Mr. Chairman. In my experience it would be very difficult and it would put the department in an embarrassing situation, because something might be put in that they had not anticipated, in which case it would come back on them and they would be in for a lot of criticism.

After all, that is what the bill is all about and the regulations have to be defined within the meaning of the bill. We would get into a big hassle in the Senate, Mr. Chairman, on this sort of thing, and it is something I may not want to support.

The Chairman: That is a pertinent point and I respect it, just as I respect all of the opinions expressed today: Personally, I am one of those people who think that everybody should bring all the available information at any given point on a public question which is up for general discussion by the legislators. That is all.

The committee adjourned.









Second Session—Twenty-Ninth Parliament

1974

THE SENATE OF CANADA

STANDING SENATE COMMITTEE

ON

AGRICULTURE

The Honourable HAZEN ARGUE, *Chairman*

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OF PROCEEDINGS

(Issues Nos. 1 to 9 inclusive)



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