

to and connected with our grain elevator facilities, and the use of the grain elevator in Halifax in the rear of said pier as an overflow storage house, said mill to be operated by the Atlantic Flour Mills Limited under the presidency and general management of Mr. R. J. Pinchin of the Copeland Flour Mills, Midland, Ontario, my colleague, the Hon. Mr. Ilsley, has again brought your application to my attention urging immediate consideration by the government of your request for terms.

The national harbours board, I understand, indicated to you previously that they would not be justified in recommending the leasing of existing harbour-front transit facilities for anything other than transit purposes and, in answer to your request for an alternative site in the rear of pier 23, after investigation by the board's engineers, they considered there was not area enough there to contain the flour mill and enable the board and the flour mill company to have sufficient extra space required for their respective operations.

A meeting was called by the Hon. Mr. Ilsley in his office last week to give further consideration to your application. A thorough discussion took place developing various phases of your application and its implications, if granted, which application I may say has caused no little concern to the authorities here because of the rather unusual request which, if granted, will immobilize a pier and shed built in 1918, at a cost of approximately \$1,000,000, as a foundation upon which to construct a flour mill, and the further disadvantage of immobilizing partially during the summer season and totally at least during part of the winter season, an elevator costing roughly \$2,250,000.

In answer to your inquiry for terms to lease pier 23 and the grain elevator storage space required, the meeting in Mr. Ilsley's office came to the following conclusions:

1. That the government would not be justified in leasing the pier and elevator on the basis of a nominal rental;
2. That the rental, in answer to your inquiry for terms, should be based on the relationship of the capital invested, together with the potential earnings of the pier in question;
3. That the national harbours board is willing to instruct its engineering staff to investigate at once the question of an alternative location in Halifax harbour on property administered by the board but not occupied by transit facilities;
4. That in no circumstances if an agreement is reached on (2) could the government allow construction on pier 23 or any other operations or undertakings connected therewith which would interfere in any way with the mobility of transit business across the pier until, not only the end of the German-Japanese war, but, running into the post-war period, a sufficient time to satisfy the authorities that the facility would no longer be required for accelerated after-war business.

When you have considered these various points, I sincerely trust you will write me as we are all anxious to assist in whatever reasonable way we can the policy of your government to establish a flour mill in Nova Scotia.

The members of the national harbours board are expecting to be in Halifax on Tuesday and Wednesday of next week, the 20th and 21st instant, and I asked them to contact you or the Hon. Mr. Connolly, Minister of Industry and Publicity in this connection.

Yours very truly,

J. E. Michaud.

That letter set out clearly the position of the national harbours board, and since it was written the board met the premier of Nova Scotia and his cabinet, had a thorough discussion with them, and thereafter agreed to send one of the senior engineers to Port Arthur to discuss alternative sites on the board's property in Halifax, with the persons who were to manage the proposed flour mill. Later, engineers were sent by the board to Halifax to make a complete survey in order to ascertain whether other space was not available on the harbour property. The engineers made a survey and reported that there was such a site inshore to the south of the cold storage plant which could be made available. The board was told that that site was not satisfactory and that it was pier 23 or nothing at all.

That, Mr. Speaker, is the position so far as the establishment of the flour mill is concerned, and I say this to the house. It is not the business or the duty of the national harbours board to immobilize its transit facilities by making them available either to private corporations or to other bodies. It is its business to assist private corporations, governments and other bodies in any way it can, and I say that it has done so. To have asked the board to immobilize a transit facility such as pier 23 and to use that as a foundation upon which to build a flour mill, at no cost or at nominal cost, is, I think, going beyond the jurisdiction for which the board was established.

The house knows there is a National Harbours Act by virtue of which parliament gave the national harbours board certain powers, duties and obligations, and parliament certainly did not give to the board the obligation or the power to do what was asked here. At any rate, it would appear quite clear that if the industry itself cannot support a costly site of this nature it should not be the function of the national harbours authority to provide it on more favourable terms than to any other interest requiring harbour property. Even if reasonable financial arrangements had been proposed, the board could not at that time justify any recommendation to reduce shipping facilities in Halifax. The board was then inclined to doubt that it was the proper body to receive or entertain proposals on such a basis, however desirable the project may be in relation to the province's objective. It appeared to the board that it is only within its field when it recommends granting the use of facilities under its administration on terms and for purposes that appear to be warranted, having regard to the interests of harbour operations.