



CANADA

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GOOD YEAR FOR CANADIAN NATIONAL

The following is part of a year-end review of the activities during 1966 of the Canadian National Railways by Mr. Donald Gordon, Chairman and President:

Canadian National's sales and operating performance during 1966 vividly demonstrated the company's success in attracting a record volume of business and handling it at unprecedented levels of efficiency.

Revenue increases were recorded in all services and, despite the effects of a nine-day strike and mounting labour, material and other costs, there was an overall improvement in CN's financial outcome for the sixth straight year.

Revenues from freight services increased by almost 7 per cent, reflecting a favourable economic environment together with growing customer response to CN's aggressive marketing techniques. Passenger services revenues jumped a remarkable 18 per cent, CN telecommunications revenues moved ahead about 10 per cent and CN operated hotels saw an increase of 7 per cent.

Expenses rose about 7 per cent, and among the contributing factors were costs resulting from a greater workload, higher wage costs, extensive equipment renovations, higher taxes and increased pension costs.

DEFICIT MISLEADING

In 1966, CN will show an operating profit, which will mean an encouraging reduction in the overall deficit. The overall deficit continues to obscure the system's actual performance, because it arises from heavy interest charges on an unrealistic debt structure. CN proposals for a revision of its capital structure have been before the Government for a

number of years and action has been forecast in several speeches from the Throne.

Canadian National strides into Canada's centennial year with a spirit of optimism for a continuation, if not an acceleration, of the rate of progress it has been making in the past number of years. This is particularly so in view of the transportation legislation now before the House of Commons, which enunciates a national transportation policy having as its objective an economic and efficient transportation system making the best use of all modes of transport in a competitive environment.

While the legislation is not likely to provide any immediate financial benefits to the railways, it will, when enacted, remove out-moded restrictions and regulations which have hampered them in the past and place upon them the responsibility of paying their way in a highly competitive situation.

CN stands ready to shape itself into a self-supporting part of such a national system.

The adjustment will not be accomplished immediately, but will take place over a period of time. Meanwhile, CN management has a stern, yet exciting challenge in the coming year to expand sales and further hone the efficiency and productivity of the system.

LABOUR PROBLEMS

This challenge is especially important in view of the substantial increase in wages and other benefits that have been extended to employees as a result of new contracts worked out with employees in the non-operating and operating groups.

CN, along with other Canadian railways, was shut down for nine days in late summer by a strike. The final three-year settlement, which was before

the membership for ratification at year-end would add approximately \$100 million to the annual wage bill of Canadian National when all of the terms are implemented.

INCREASED FREIGHT CHARGES

The increases in freight revenues in 1966 were stimulated by heavier movements of potash, wheat, forest products, chemicals and minerals. New daily and weekly records for freight-carriings were set during the year and CN moved a record amount of grain for export.

In a move to bring freight charges in line with rising transportation costs, rates were increased 10 per cent on traffic-moving under so-called competitive rates. Notice was given also of similar increases to be applied on agreed charges, effective in 1967.

The railway purchased more than 3,500 pieces of freight equipment during the year, many of them designed to handle a specific kind of traffic. For example, CN added to its fleet more than 400 "yellow door" box-cars for newsprint shipments, and some 1,100 cylindrical steel hopper cars for the movement of prairie potash and other bulk commodities, such as cement and chemicals. As well, the railway modified and rebuilt parts of its existing freight fleet to tailor equipment to customer requirements.

New motive power was added to the system's diesel fleet with the purchase of 35 high-powered locomotives. Sixteen of the units generate 3,000 hp. each and can pull twice the load of older locomotives.

Attention was also paid to the tail-end of freight trains in 1966. The company bought 150 "new look" cabooses which offer greatly improved amenities and working conditions for crews....

Work started on a \$7-million express-freight complex for Toronto. Covering 40 acres in the north-east corner of Toronto Yard, it will handle rail and air express, less-than-car-load freight and piggy-back shipments. It is so designed that it may be expanded to handle a 70 percent growth in business.

PASSENGER TURBO-TRAINS

In a year that saw revenue passenger miles climb to two billion - highest since 1946 - dramatic new developments were launched to compete for an enlarged share of the passenger travel market and as steps towards making CN's passenger operations a paying proposition by the early 1970s.

CN turbo-trains, the most significant advance in the technology of railway passenger service in 100 years, will begin operating between Montreal and Toronto by next June. Designed by United Aircraft Corporation, the turbo-trains have a new type of suspension system and wheel assembly which permits higher speeds over existing track, while at the same time providing a smoother ride.

CN is obtaining five sets of the equipment on a leasing arrangement with United Aircraft of Canada Limited. Each set will have seven cars, including the power dome units at each end, which contain the turbine engines. They will run in tandem sets of 14 cars and will reduce the running time between the

two cities to just under four hours.

The turbo-trains, which will have morning, afternoon and early evening departures, will be operated in addition to existing trains, such as CN's now famous *Rapido*. In the fall, "Rapido" became the trademark for a type of service. Morning *Rapido* service was instituted between Montreal and Toronto, as well as morning and afternoon service between Montreal and Quebec City....

IMPROVED PASSENGER SERVICE

Work proceeded during 1966 to develop a more efficient method of handling passenger reservations and, early in 1967, an electronic reservations system will be implemented. The new system will handle coach and parlour-car reservations at the start and will be capable of receiving and answering 11,000 requests a day from 47 Canadian cities.

CN's red, white and blue pricing system, which has proved highly successful in Canada, was extended to CN's U.S. subsidiary, the Grand Trunk Western, between Detroit and Chicago. This is the first application of this unique rail fare conception in the United States.

The railway continued to provide existing and prospective customers with a comprehensive industrial location service aimed at attracting new resource, industrial and commercial development in areas served by the system.

Upwards of 400 resource developments, manufacturing plants and major warehousing and distributing facilities were established in locations served by several miles of new private sidings and industrial spurs.

RAILS TO RESOURCES

While work continued on the 432-mile Great Slave Lake Railway, a start was also made on the 100-mile Alberta Resources Railway, which CN is constructing for the Alberta Government. It will run northwest from CN's main line west of Hinton, Alberta, to tap a rich resource area, including coal, near the Smoky River and, when completed, will be operated by Canadian National....

In Montreal, construction of the \$75-million Place Bonaventure convention and trade centre over CN terminal tracks proceeded on schedule, and work nears completion on the 26-storey Terminal Tower office building on CN land beside the Queen Elizabeth Hotel. Both are being erected by private developers under lease of aerial rights from the railway. Studies continued for the redevelopment of CN property in downtown Toronto.

In Western Canada, the country's newest, and most modern railway station was opened early in the year - in the 26-storey CN Tower Building in Edmonton. The Tower also provides an arcade of shops, a bank and a dining room.

In Vancouver, site-clearing and excavation work is under way preparatory to construction of a combined multi-level garage and office building which will be connected to the Hotel Vancouver. This project is also being carried out by a private developer under a long-term ground lease from the railway....

DIRECT LINE TO EXPORT

Mr. Robert H. Winters, Minister of Trade and Commerce, inaugurated a nation-wide communications system, on January 5, which will link Canadian businessmen with Department of Trade and Commerce officers across Canada. Mr. Winters described it as the Department's latest bid to encourage greater contact between his Department and the export community as a means of realizing the \$11.25-billion export goal the Government has set for 1967.

Speaking to the Empire Club of Canada in Toronto, Mr. Winters demonstrated the coast-to-coast extent of the system by calling first to his Department's regional office in Vancouver and then, moments later, to St. John's, Newfoundland.

He explained that, while these calls exhibited the breadth of the venture, in actual fact businessmen using the toll-free *Zenith 0-1967* number would be connected to the nearest office of the Department.

The Trade Minister, who only recently wrote directly to 6,000 exporters and potential exporters in Canada to stimulate extension of the export community's activity, described a recognized communications gap that he felt discouraged potential exporters from using fully the services of the Department of Trade and Commerce in penetration of international markets.

"This communication gap...has concerned me," the Minister said, resulting in establishment of this "nation-wide communications network that will link businessmen in all parts of Canada with the Trade and Commerce office nearest them - by telephone, toll-free."

Mr. Winters explained that businessmen in cities possessing Trade and Commerce offices, Vancouver, Edmonton, Winnipeg, Montreal, Halifax, St. John's and Ottawa, would continue to use local calling numbers as always.

However, in all other centres, the telephone operator will connect the *Zenith 0-1967* caller to the nearest office where the businessman will be able to discuss his export situation with an officer familiar with international market conditions.

SIGNIFICANCE OF ESP

Mr. Winters introduced the businessmen to ESP - a term his Department will be promoting all through the centennial year. The Trade Minister applied ESP to: Export Sales Potential, Export Selling Power, Export Sales Partnership and finally, Enjoy Substantial Profits.

Elaborating, he said that almost "every Canadian producer of goods or provider of technical services has one form of ESP...." He pledged his Department's energies to exposing this quality and helping to develop it. Once the potential is recognized, he said, the export selling power must be applied. He urged wider use of the 75 years of experience of his Department and formation of Export Sales Partnership - the producer and Trade and Commerce.

Mr. Winters described the functions of various branches of Trade and Commerce that are constantly in close contact with world market conditions and

opportunities, and he offered these services to the Canadian business community on a continuing basis.

TRADE COMMISSIONERS VISIT

The Minister said that senior trade commissioners from 67 posts abroad - "officers intimately familiar with market conditions," will be brought to Canada in April to meet businessmen interested in discussing export opportunities.

These trade commissioners will travel from coast to coast, setting up hotel-room offices in Vancouver, Edmonton, Saskatoon, Winnipeg, Toronto, Montreal, Halifax and Saint John, New Brunswick.

"We are bringing the mountain to Mohammed," Mr. Winters said, "no businessmen will have to venture far to get the benefit of our contribution in Export Selling Partnership."

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LABOUR LEGISLATION SURVEY

Mr. John R. Nicholson, the Minister of Labour, said recently that, from a legislation point of view, the past year had been extremely active for departments of labour throughout Canada.

Mr. Nicholson was referring to a survey entitled "Developments in the Enactment and Administration of Labour Laws in Canada," prepared recently by the legislation Branch of the Department of Labour.

Originally a discussion paper for the annual conference of the Canadian Association of Administrators of Labour Legislation, the 67-page survey covers the period from August 1965 to September 1966, and indicates that significant advances were made in most areas of labour department activity.

MINIMUM WAGE RATES

During the 12 months, there was an upward revision of minimum wages in six provinces, with the result that most provinces have either reached, or are approaching, a minimum rate of \$1 an hour. That is now the general legal minimum rate in British Columbia, Alberta, Manitoba, Ontario, and the Metropolitan Montreal area of Quebec. In April, the Quebec minimum will become \$1.05 for the Metropolitan Montreal area, and \$1 elsewhere in the province. In Prince Edward Island, the general minimum rate for men is \$1.10 an hour.

The interim minimum rates prescribed under the Canada Labour (Standards) Code for feed mills, feed warehouses and seed-cleaning mills (\$1.05 an hour April 1, 1966, increasing to \$1.15 on October 1) expired on December 31 when the \$1.25 rate became effective for this industry as well as all others subject to the Code.

COLLECTIVE BARGAINING

In labour relations, the right to bargain collectively was extended to new groups of employees in several provinces. These included civil servants in Quebec, Alberta and Manitoba, and large numbers of municipal public service employees in Ontario. At the same time, the Bill providing for a system of collective

bargaining in the Public Service of Canada was before Parliament.

ANTI-DISCRIMINATION LAWS

Alberta adopted a Human Rights Act, prohibiting discrimination in employment, trade union membership and in public accommodation on grounds of race, religious beliefs, colour, ancestry or place of origin. Ontario passed the Age Discrimination Act, which makes it an offence for employers and unions to discriminate against persons between 40 and 65 years of age solely because of their age. This made Ontario the second province, after British Columbia, to ban discrimination of this nature.

British Columbia adopted legislation designed to ensure that a working woman has a right to maternity leave and does not lose her employment because of it.

PENSION-COST-OF-LIVING TIE

Also during the 12 months under study, workmen's compensation benefits were increased in several provinces, including British Columbia, Manitoba, Nova Scotia and Prince Edward Island. Of particular significance was the British Columbia provision, the first of its kind in Canada, which ties pension increases to increases in the cost of living.

STRATFORD FESTIVAL TOUR

A new production of an internationally-popular Russian comedy and one of Shakespeare's best-known plays are in rehearsal now for the Stratford Festival Company's first coast-to-coast tour of Canada. Under the banner of "Festival Canada," the company will open its centennial year tour on February 15 in Calgary, Alberta, and will continue across Canada for six weeks.

David William, one of Britain's busiest directors, is changing the focus of his highly-successful *Twelfth Night*, from Stratford's "thrust" stage to the traditional proscenium stages the company will encounter on tour. A special setting designed by Brian Jackson, who is also responsible for the costumes, will permit what Mr. William terms, "the choreography and the swift pace of the popular 1966 Festival production".

Mr. William flew in from Britain recently with the leading lady for the play, Ann Firbank, who toured North America two years ago as a principal in the Royal Shakespeare Company's presentation of the *Hollow Crown*. Miss Firbank has appeared in films, television shows and stage productions in London. She will portray Viola in *Twelfth Night*. Leo Ciceri and Bernard Behrens will appear in the play.

The Festival Theatre's stages are also occupied with rehearsals for Michael Langham's production of *The Government Inspector*, for which a new translation has been provided by Dr. Leonid Ignatieff and adapted by Peter Raby. William Hutt and Tony van Bridge will appear in this comedy of life in a small

provincial town, which has been an international favourite for many years. Production of *The Government Inspector* was made possible by a special grant from the Centennial Commission.

The productions, cast and crates of costumes and sets will be flown from city to city during the tour.

Cities included in the tour are Victoria, Vancouver, Winnipeg, Fredericton, Halifax, St. John's, Newfoundland, Charlottetown and Ottawa.

INDIAN ADULTS RETURN TO SCHOOL

Indian adults, and many other Canadians, are now taking educational up-grading courses in a number of large cities in Canada.

"Programme Five" is the official name for the up-grading course which, in the case of the Indian people, is sponsored mainly by the Department of Manpower and partly by the Indians Affairs Branch.

Most jobs require a minimum education of grade ten. When a person has not reached this level, Programme Five can help them get the necessary education in a matter of ten months, at the most. Regardless of how little education a person may have, he may be still qualified to take the up-grading course and possibly reach the grade 12 level. However, all applicants must be 18 years of age or older, unemployed, and out of school at least one year. Living expenses and accommodation are provided for these students while attending the course.

Under a federal-provincial arrangement, Programme Five began in Ottawa about four years ago. Since then, almost 75 Indian adults have studied under the plan, either at the Adult Training Centre or the Vocational Centre. The latter offers apprenticeship courses in trades such as hairdressing and machine shop work.

At present, there are about 40 Indian students in the 18-to-33-age group studying at the Adult Training Centre. They applied for the course through their agency office. A regular elementary and high school education is provided and each student is tested periodically to make sure he or she is progressing at a satisfactory pace.

FRESHWATER FISH MARKETING

The establishment, under Federal legislation, of a Freshwater Fish Marketing Board to handle all export and interprovincial sales of freshwater fish in Northwestern Ontario, Manitoba, Saskatchewan, Alberta, and the Northwest Territories has been recommended by a royal commission. The report of the one-man Royal Commission of Inquiry into Freshwater Fish Marketing was tabled in the House of Commons recently by Trade and Commerce Minister R.H. Winters. The Commissioner was George H. McIvor.

The report proposes that the suggested Freshwater Fish Marketing Board should be the sole buyer of freshwater fish from the fishermen, but that the services of present exporters, packers and processors be utilized under contract with the Board.

The report is being studied by the Government, which will consult with provincial governments and with representatives of the trade before decisions are made regarding its recommendations.

The Royal Commission's inquiry arose from recommendations made by the Federal-Provincial Prairie Fisheries Committee which had been studying instability of prices and demand in freshwater fisheries products and the means for improving returns to primary producers by more efficient marketing.

MANITOBA'S IMMIGRATION DRIVE

The Manitoba Government is taking vigorous steps to ensure that it gets a good share of the workers being brought to Canada under Federal and provincial immigration programmes.

The programme began in August and has already started to show results. After a survey of more than 125 Manitoba manufacturers and service industries, a Manitoba representative went overseas for a preliminary investigation of labour pools in Britain and on the Continent. At the same time, four Manitoba companies took advantage of the opportunity to participate in the programme and sent representatives overseas to recruit workers. As a result of this first excursion, more than 130 skilled workers, technicians and professional engineers were hired to fill specific employment gaps.

MISSION OVERSEAS

With the preliminary groundwork done in Europe and all indications encouraging, recruiting action was stepped up. In November, Mr. Sidney Spivak, Manitoba's Minister of Industry and Commerce, led a major immigration mission overseas. The mission included 20 Manitoba businessmen and provided a good cross-section of industrial employment needs in telecommunications, mining, the garment trade, education, the printing trade, diesel mechanics and the civil service. Personnel was recruited in Britain, Holland, France and Italy.

Some 1,400 replies were received from advertisements placed on behalf of the participating employers before the mission arrived in Europe. When interviews were completed, more than 200 firm offers of employment had been made. Early in December, the first recruit hired as a result of the mission arrived with his family in Winnipeg.

FINANCIAL ASSISTANCE

The incentive comes from Government and industry-assisted programmes. An immigrant to Canada, under the Federal immigration programme, may be eligible for an interest-free loan to cover his transportation costs. Under the Manitoba plan, the Manitoba Government will enter into a shared-cost arrangement with

the employer to repay such Federal transportation loans on behalf of an immigrant over a two-year period. In other words, transportation costs are written off in full for a worker, provided he remains with the recruiting firm for two years. As a pre-condition for assistance, employers must undertake to provide immigrants, recruited under the plan, with relocation loans of \$240 for a family and \$120 for a single person.

FIRST POWER FROM NEW A-PLANT

The first electricity was fed into the Ontario Hydro network from the Douglas Point Nuclear Power Station on January 7. The output of the station will now be gradually increased while a series of tests is carried out. Full power output of 200,000 kilowatts, enough to serve a city the size of Ottawa, will be attained at the end of these tests which were expected to last about a week.

The Douglas Point Nuclear Power Station was built at a cost of \$85 million by Atomic Energy of Canada Limited with the co-operation of Ontario Hydro. The station, Canada's first full-scale nuclear-electric generating plant, is situated on the eastern shore of Lake Huron half way between Kincardine and Port Elgin, Ontario.

The Douglas Point reactor went into operation on November 15. This was the first step in bringing the whole station into operation, following which a series of physics tests took place to check the performance of the reactor systems. After the tests were finished, the reactor heat output was increased gradually until enough heat was being produced to generate steam for the turbine.

After a period of trials, the station will be operated as a base-load plant on Ontario Hydro's east system. When the plant has proved itself a dependable generating unit, Ontario Hydro will buy it from AECL at a price calculated to make the cost of energy produced equal to that from a comparable coal-burning station.

DEVELOPMENT AID TO MEXICO

The Secretary of State for External Affairs, Mr. Paul Martin, announced recently that Canada would assist Mexico in a series of studies designed to improve agricultural and industrial development.

Up to \$540,000 in special development loan funds from Canada's external aid programme will be included in an overall loan from the Inter-American Development Bank to NAFIN (Nacional Financiera, S.A.) the financial agent of the Government of the United States of Mexico. The funds, which carry three-quarters of 1 per cent service charge but are otherwise free of interest, have 50-year maturity with a grace period of ten years. They are part of a \$30-million loan fund administered by the Bank on Canada's behalf, and will be used to pay for Can-

adian equipment and services involved in a planned, overall expenditure of \$250 million on technico-economic feasibility studies outlined in Mexico's National Investment Plan in agriculture (irrigation and water supply), potable water and sewerage, transportation and industrial expansion.

GOOD RECORD OF GROWTH

During the past 15 years, Mexico has had one of the most successful records of consistent growth in Latin America. Agricultural production at constant prices rose by 85 per cent and industrial production by 200 per cent, made possible by massive public investments in manufacturing and export agriculture.

The Mexican Government has committed itself to promote the decentralization of industry in order to spread benefits to less-developed regions. To date, the bulk of industrial investment has been centred in the Valley of Mexico, Monterey, Guadalajara and Mexicali. The task is to identify projects suitable for installation in the relatively underdeveloped areas. The private sector's need to develop new projects is also evident in agriculture, where new methods of storage and transport may improve Mexico's competitive position and in fishing, where Mexico has only begun to develop its great potential.

REMOTE-CONTROL CAR-STARTER

An electrical manufacturing company in Winnipeg, Manitoba, claims to have the answer to Canada's cold-winter blues - a car-starter that is remote controlled.

Consisting of two small units, a receiver and a master unit connected by twin lead wires, the invention, which is considered to be the only one of its kind on the world market, is capable of starting a car from as far away as 200 feet. The receiver unit containing the starting mechanism is mounted under the car dashboard and a vacuum control is installed to activate the throttle and allow the automatic choke and fast idle to function.

The master unit can be installed anywhere in the home. It consists of a switch, light and button. All the car owner has to do to start his car is flick the switch to the "on" position and press the starter button until the red light glows, indicating that the car is running and warming up. A warm-up period of ten minutes is suggested by the manufacturer.

Application has been made for patents in Canada and the United States.

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